

Principles of Disclosure of Material Information and Price Sensitive Information (PSI) Policy of H.R. Textile Mills Limited

Introduction

Bangladesh Securities and Exchange Commission through a directive, made it mandatory for all listed companies to formulate a Material Information (MI) and Price Sensitive Information (PSI) Policy and disclose the policy in the company's website.

Objective

Company believes that, the goals of these guidelines are to guarantee that information is continuously, appropriately, accurately and promptly disclosed to stock exchanges so that investors can make well-informed investment decisions. The purpose of the policy is to provide sound guidance to the Board of Directors of the company on material or price-sensitive information.

Key Price Sensitive Information

Sub-clause (1) of Clause 3 of the BSEC Notification states that the Company shall disclose all information that it considers to be Price-Sensitive Information and that which may have an impact on an investor's choice to make an investment. For the Company, the following records will be considered price-sensitive information, including:

- ❖ Financial status reports, financial performance reports or basic information related to financial conditions;
- ❖ Information related to dividends and corporate announcements;
- ❖ Information related to corporate structural changes, such as mergers, demergers, acquisitions, disposals, restructuring or transfers;
- ❖ Information related to the change in capital structure;
- ❖ Information related to business expansion, changes etc;
- ❖ Any information that is designated as price-sensitive information in any laws, rules, orders or guidelines that the Commission and the Stock Exchanges have passed, approved or issued; and
- ❖ Any information specified by the Commission through government gazette notifications at specified times.

Methods of Disclosure of Price Sensitive Information:

- 1) Price-sensitive information (PSI) of the company, signed by its Chairman, Managing Director or Company Secretary and will be sent by email, fax, digital submission platform, special message or in exceptional circumstances, courier service, to the Commission and stock exchanges immediately upon taking a decision or requesting approval from the appropriate controlling authority or governing body or on the date that PSI becomes visible. The information should be promptly published in widely circulated two national daily news papers (one in Bangla and the other in English) and in an online news paper and be posted in the Company website;
- 2) No false or untrue Price-Sensitive Information shall be disclosed for the purpose of manipulating the share price of company, nor shall any individual be induced to provide false or untrue information;



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- 3) The Price Sensitive Information sent and published by the company should contain the date and time of decision-making by the Board of Directors or in some cases indicates the date the information becomes visible to the public;
- 4) If any proposed Price Sensitive Information (PSI) is submitted to the relevant controlling authority by the company for approval, that must be mentioned in the relevant PSI, as soon as the approval or decision received from the controlling authority, following the sub-section (1) procedure within 2 (two) hours the PSI must be republished;
- 5) Price-Sensitive Information should be disclosed in an easily understandable and reliable language for any kind of reader;
- 6) Every matter related to Price-Sensitive Information will be stored in the form of digital database; and
- 7) The company will store all the published Price Sensitive Information and Material information on its website for at least 3 years.

Material Information:

Additionally, the Board may disclosure Policy the following aspects or state of affairs to decide on all information that will be considered material information for the Company in terms of price-sensitive information, including:

1) Changes in financial status, including:

- a) Changes in financial statements, such as income, expenses, cash flow, receivables liabilities or assets or significant changes in assets or revaluation of significant assets or any information, disclosure or comment related to significant decrease or increase in assets;
- b) Comparative financial information:
 - (i) Earnings per share;
 - (ii) Net cash flow per share; and
 - (iii) Net asset value per share.
- c) Significant changes in the value of the Company's assets or the composition of assets;
- d) Changes in provisioning by the Company's controlling authority or any changes to previously provided specific instructions; and
- e) Any changes in the Company's accounting policies, etc.

2) Information regarding corporate announcements, including:

- (a) Any decision related to dividends; (b) Decisions or issuance regarding right share, bonus share, or provision of similar benefits to security holders;
- (c) Corporate announcements or any other information related to shareholders; and
- (d) Changes in dividend distribution policy, etc.



- 3) Information relating to corporate structural changes, including:**
- (a) Acquisition or disposal of 5% or more of existing assets or any other significant asset;
 - (b) Consolidation or acquisition with another company or acquisition or disposal of significant shares of another company;
 - (c) Division (split) of any unit of the company;
 - (d) Transformation or discontinuation of any unit of the company;
 - (e) Changes in corporate activities through capital reorganization, consolidation, or division;
 - (f) Proposal for acquisition of another company or proposal for acquisition of internal services;
 - (g) Changes in ownership that can influence corporate control; and
 - (h) Changes in name or address, etc.
- 4) Information regarding changes in capital structure, including:**
- (a) Any decision regarding private or public rights offer, or changes in its capital structure;
 - (b) Any decision regarding the repurchase or redemption of the company's share;
 - (c) Any decision related to the consolidation of shares, share exchange, conversion of any security into equity securities, or conversion of bonds into shares; and
 - (d) Significant changes in rights of security holders, etc.
- 5) Information regarding business expansion, changes, etc., includes:**
- (a) Significant development or change related to the company's technology, production or establishment;
 - (b) Significant investment or notable change in the purpose of the company;
 - (c) Significant new contracts, production, patents, services or business changes;
 - (d) Collection of significant long-term outstanding liabilities;
 - (e) Changes, resignations, or retirements of key executives, Managing Director, Chief Financial Officer, Company Secretary or Top management personnel;
 - (f) Change of statutory auditor, corporate governance compliance auditor and credit rating Company of the Company;
 - (g) Initiation of legal proceedings or development of regulatory matters or any significant judgment or order;
 - (h) Delisting of securities from the stock exchange or change from one category to another;
 - (i) Significant management contracts, investor relations agreements, service agreements or related party transactions that could materially affect the financial statements of the Company;
 - (j) Decision on the acquisition or sale of any fixed asset or the refurbishment, development or expansion of plants or machinery (BMRE) or information related to the acquisition of new business units or establishments; and
 - (k) Significant lending, borrowing or advances between the parent company, subsidiary or associate companies or any borrowing or lending with the director.

6) Information related to loan management, including:

- (a) Borrowing and repayment of loans exceeding 25% or more of the paid-up capital or net asset value, whichever is higher;
- (b) Significant asset encumbrance or asset release;
- (c) Failure to repay a bank, creditor or debenture within a period of more than 6 (six) months;
- (d) Significant new loan agreements; and
- (e) Foreign loan agreements or investment contracts etc.

7) Miscellaneous, including:

- (a) Canceling or materially amending any important agreement previously declared/signed;
- (b) Any significant damage or destruction of the Company's assets;
- (c) Canceling or materially amending any previously announced project; and
- (d) Submission of qualified reports by the company's auditor, etc.

Review of Policy and Amendment

The Company's Board of Directors may periodically review the policy and propose changes to the principles in accordance with constitutional & Regulatory Rules and Regulations. The Board also retains the authority to modify, add, delete or amend any of the principles' provisions with the consent of the Board of Directors.

Effective Date

This Principles of Disclosure of Material Information and Price Sensitive Information Policy, formulated by the company has been approved and adopted by the Board of Directors. This policy is effective from date of its approval by the Company Board on January 27, 2024.

