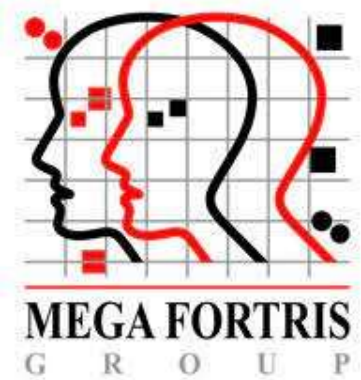


MEGA FORTRIS BERHAD

RELATED PARTY TRANSACTION POLICY

1. SCOPE

This policy applies to all employees including part-time, temporary and contract employees of Mega Fortris Berhad ("**Mega Fortris**" or "**Company**") and its subsidiaries ("**Group**").

In formulating this Related Party Transaction Policy ("**Policy**"), the Company has taken into account the requirements contained in Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") to ensure compliance with the obligations imposed.

2. OBJECTIVE

The Group is committed to the highest possible standards of ethical, moral and legal business conduct. The objective of this Policy is to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying and treating Related Party Transactions ("**RPTs**") to ensure compliance with the Listing Requirements and other applicable laws.

This Policy sets out the requirements to be applied to all related party transactions entered into by the Group to ensure that such transactions are conducted on an arm's length basis and following good governance and with appropriate disclosures.

3. APPLICATION

This Policy outlines the framework and the processes for purposes of identifying, monitoring, evaluating, reporting and approving the RPTs and recurrent related party transactions ("**RRPTs**").

The Policy applies to all Directors and Employees of the Group. It also serves as a guide to the Audit Committee ("**AC**") and Board of Directors ("**Board**") of the Company in discharging its role, which is to provide oversight over RPTs and RRPTs within the Group.

The objectives of this Policy are: -

- to specify the principles to be adopted concerning the conduct of RPT between the Company and/or its subsidiary/ies with a related party or parties;

- to provide guidance in the interpretation and application of those principles;

- to standardise the practices and strategies identifying with the conduct of RPTs; and

- to indicate the premise of appropriate and proper disclosure of such RPTs.

4. DEFINITION OF RELATED PARTY & RELATED PARTY TRANSACTION

The following are some of the main definitions provided by the Listing Requirements:-

(a) Related Party refers to "a director, major shareholder or persons connected with the such director or major shareholder" *(Reference: Chapter 1 and 10 of the Listing Requirements)*;

(b) Related Party Transaction refers to "a transaction entered into by the Company or its subsidiaries, which involves the interest, direct or indirect, of a related party" where the disclosure requirement is governed by percentage ratio threshold as detailed out in Section 8 of this Policy, whilst the computation of the percentage ratio is provided under Section 7 of this Policy. *(Reference: Chapter 1 and 10 of the Listing Requirements)*;

(c) Recurrent Related Party Transaction refers to "a related party transaction which is recurrent, of a revenue or trading nature, which is necessary for day-to-day operations of the Company or its subsidiaries". *(Reference: Chapter 1, Chapter 10 and Guidance Note 8 of the Listing Requirements)*;

(d) Transactions include: -

(i) the acquisition, disposal or leasing of assets;
(ii) the establishment of joint ventures;
(iii) the provision of financial assistance;
(iv) the provision or receipt of services; or
(v) any business transaction or arrangement entered into

by the Company or its subsidiaries BUT excludes transactions entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiaries *(Reference: Chapter 10 of the Listing Requirements)*;

(e) Transactions that are not normally regarded as RPT and are exempted from the disclosure requirements that apply to RPTs are prescribed under Section 9 of this Policy. For the avoidance of doubt, such transactions are still subject to disclosure requirements as set out in the Listing Requirements. (*Reference: Chapter 10 of the Listing Requirements*); and

(f) Transactions that are not regarded as RRPTs are set out under Section 10 of this Policy. In relation to these transactions, the shareholder mandate as described under Section 10 of this Policy does not apply. (*Reference: Practice Note 12 of the Listing Requirements).*

5. CORPORATE COMPLIANCE AND SCOPE OF WORK

The Company established a Corporate Compliance function ("**CCF**") under the purview of the Finance Department. The CCF is to ensure that the business adheres to external rules and internal controls. The Finance Department will keep the list of related parties duly identified by the Group (which is not exhaustive) and made available on the Company's internal portal and circulated periodically to the head of respective department within the Group ("**HOD**").

If the proposed transaction is to be entered into with any of the parties identified as a related party in the list of related parties, the proposed transaction shall be deemed as RPT, provided it fulfils the requirements stated in the Listing Requirements. The relevant HOD or officer-in- charge of the Company and/or its subsidiaries is required to report such transaction to the Finance Department. The Finance Department is to be contacted, whenever in doubt as to whether the proposed transaction is RPT.

6. LIST OF RELATED PARTIES

"**Appendix 1**" sets out the persons who are included in the definition of the related party as per the Listing Requirements. This list shall be updated from time to time by the CCF/Finance Department.

7. COMPUTATION OF PERCENTAGE RATIO

The disclosure requirements of RPTs as prescribed by the Listing Requirements are guided by, among others, the percentage ratio of the RPT. The percentage ratios are calculated following formulas that are provided in the Listing Requirements. The formula to be used would depend on the type of contract/transaction. One transaction may involve the calculation of the percentage ratios based on several formulas as stated

below. The relevant obligations under the Listing Requirements will be invoked if any one of the thresholds as set out in Section 8 of this Policy is met.

Percentage ratios are figures, expressed as a percentage, used to determine the materiality of RPT resulting from each of the following calculations: -

(a) $$\frac{\text{The Value of the Assets which are the subject matter of the transaction}}{\text{Net Assets of the listed corporation}}$$

(b) $$\frac{\text{Net Profits of the assets which are the subject matter of the transaction}}{\text{Net Profits attributable to the owners of the listed corporation } \textit{(before other comprehensive income of loss)}}$$

(c) $$\frac{\text{The Aggregate Value of the consideration given or received in relation to the transaction}}{\text{Net Assets of the listed corporation}}$$

(d) $$\frac{\text{The number of shares issued by the listed corporation as consideration for an acquisition}}{\text{Total number of Shares Previously in Issue } \textit{(excluding treasury shares)}}$$

(e) $$\frac{\text{The Aggregate Value of the Consideration given or received in relation to the transaction}}{\text{Market Value of all the Ordinary Shares of the listed corporation } \textit{(excluding treasury shares)}}$$

(f) $$\frac{\text{The Total Assets which are the subject matter of the transaction}}{\text{Total Assets of the listed corporation}}$$

(g) (i) In respect of joint ventures, business transactions or arrangements: -

$$\frac{\text{The Total Project Cost Attributable to the listed corporation}}{\text{Total Assets of the listed corporation}}$$

(ii) In respect of the Joint Venture Corporation is incorporated as a result of the joint venture: -

$$\frac{\text{The Total Equity Participation of the Listed Corporation in the joint venture corporation } \textit{(based on the eventual issued capital of the joint venture corporation)}}{\text{Net Assets of the listed corporation}}$$

(The value of the transaction should include shareholders' loans and guarantees to be given by the listed corporation)

(h) $$\frac{\text{The Aggregate Original Cost of Investment of the subject matter of the transaction}}{\text{Net Assets of the listed corporation}}$$
(in the case of disposal and where the acquisition of the subject matter took place within the last 5 years)

(i) In respect of a transaction entered into by a REIT: -

$$\frac{\text{The value of the transaction}}{\text{The Total Asset Value of the REIT}}$$

8. DISCLOSURE REQUIREMENTS AND RESTRICTIONS ON INTERESTED RELATED PARTIES

a) Depending on the highest percentage ratio calculated based on the formulas as set out in Section 7 of this Policy, the disclosure requirements for RPTs are as follows: -

Percentage ratio and/or value of the transaction	The Company's obligation
Where the highest percentage ratio is 0.25% or more provided that the value of the consideration of the transaction is RM500,000 or more, and the transaction is not a RRPT	The Company must make an announcement on the RPT to Bursa Securities as soon as possible after terms of the transaction have been agreed.

If the Company wishes to voluntarily announce the RPT to Bursa Securities even though the highest percentage ratio for the proposed transaction is less than 0.25%, the Company must prepare the announcement in accordance the requirements stated in Listing Requirements.

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Additionally,

Percentage ratio and/or value of the transaction	Obligation
Where the highest percentage ratio is 5% or more provided that the value of the consideration of the transaction is RM500,000 or more and the transaction is not a RRPT	The Company must: (a) appoint an independent adviser approved by the Securities Commission ("SC") before the terms of the transaction are agreed upon; (b) send a circular to the shareholders (subject to Bursa Securities' clearance of the circular); and (c) obtain shareholders' approval of the transaction in a general meeting.

(b) The independent adviser above must be a person who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Market Services Act 2007 ("**CMSA**").

(c) The independent adviser, concerning the transaction, undertake the following: -

(i) comment as to whether such transaction is fair and reasonable so far as the shareholders of the Company are concerned, and not to the detriment of minority shareholders of the Company, and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

(ii) advise minority shareholders of the Company on whether they should vote in favour of the transaction; and

(iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advise as set out in (i) and (ii) above.

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Additionally,

Percentage ratio and/or value of the transaction	Obligation
Where the highest percentage ratio is 25% or more provided that the value of the consideration of the transaction is RM500,000 or more and the transaction is not a RRPT	The Company must: (a) appoint a main adviser, who is a Recognised Principal Adviser before the terms of the transaction are agreed upon; (b) appoint an independent adviser approved by the Securities Commission ("SC") before the terms of the transaction are agreed upon; (c) send a circular to the shareholders (subject to Bursa Securities' clearance of the circular); and (d) obtain shareholders' approval of the transaction in a general meeting.

(d) The Recognised Principal Adviser must: -

(i) advise the Company whether such transaction is carried out on fair and reasonable terms and conditions, and not to the detriment of minority shareholders of the Company;

(ii) ensure that such transaction complies with the relevant laws, regulations or guidelines, where applicable;

(iii) ensure full disclosure of all information required to be disclosed in the announcement and circular; and

(iv) confirm to Bursa Securities after the transaction has been completed and all the necessary approvals have been obtained, that it has discharged its responsibility with due care in regard to the transaction.

(e) The Company must also ensure that a director with any interest, direct or indirect, must abstain from board deliberation and voting on the relevant resolution in respect of the RPT. In a general meeting to obtain shareholders' approval, a director or major shareholder with any interest, direct or indirect,

must not vote on the resolution in respect of the transaction. Such interested director or interested major shareholder must also ensure that persons connected to them shall also abstain from voting on the resolution in respect of the RPT. Where the interested related party is a person connected with a director or major shareholder of the Company, such director or major shareholder must not vote on the resolution in respect of the RPT.

(f) The interested director in a RPT, must inform the board of directors approving the transaction, which may be the Board of the Company or the board of directors of a subsidiary, as the case may be, the details of the nature and extent of his interest, including all matters concerning the proposed transaction that he is aware or should reasonably be aware of, which is not in the best interest of the Company or its subsidiary.

(g) Any vote of shareholders taken at the general meeting on the resolution voting on the transaction is taken on a poll.

(h) For RPT entered into between a subsidiary of the Company and another person where the highest percentage ratio is equal to or exceeds 5%, and there are no other interested relationships except for a related party having an interest in such transaction who is: -

(i) a director or major shareholder of such subsidiary or the holding company of such subsidiary (other than the Company or the holding company of the Company) ("**said director**" or "**said major shareholder**"); or

(ii) a person connected with the said director or said major shareholder; the Company is exempted from –

a) Issuing a circular to shareholders;
b) obtaining shareholders' approval on the transaction in a general meeting; and
c) appointing an independent adviser or engaging the services of Sponsor or Adviser, as the case may be;

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subject to the following conditions: -

(i) the Board of the Company approves the transaction before the terms of the transaction are agreed upon; and
(ii) the Board of the Company ensures that the transaction is fair and reasonable to the Company and is in the best interests of the Company.

However, if RPT entered into between a subsidiary of the Company and another person where the highest percentage ratio is equal to or exceeds 25%, the Company is required to undertake the following obligation: -

Percentage ratio and/or value of the transaction	**Obligation**
Where the highest percentage ratio is 25% or more provided that the value of the consideration of the transaction is RM500,000 or more and the transaction is not a RRPT	The Company must: (a) appoint a main adviser, who is a Recognised Principal Adviser before the terms of the transaction are agreed upon; (b) appoint an independent adviser approved by the Securities Commission ("SC") before the terms of the transaction are agreed upon; (c) send a circular to the shareholders (subject to Bursa Securities' clearance of the circular); (d) obtain shareholders' approval of the transaction in a general meeting; and (e) comply with the provisions of Paragraph 10.07, Part F or Part F(A) of Chapter 10 of the Listing Requirements

(i) When a RPT is involved, the HODs are required to be mindful of the value of the contract/transaction and report to Finance Department. The Finance Department will closely monitor cumulative value of transactions from time to time. Where the transaction reaches a certain threshold of the percentage ratios, the Company is required to comply with the obligations under the Listing Requirements as explained above. The relevant obligations under the Listing Requirements will be invoked if any one of the thresholds is met.

9. TRANSACTIONS NOT REGARDED AS RPT

Certain specified transactions are ***not*** normally regarded as RPT under Paragraph 10.08(11) of the Listing Requirements. Some of these include: -

(a) The issue of securities by the Company or its subsidiary/ies for cash (subject to Paragraph 6.06 of the Listing Requirements), issue of securities by the Company or its subsidiary/ies by way of a bonus issue, the grant of options and the issue of securities arising from the exercise of options under the Share Issuance Scheme (subject to compliance with Chapter 6 of the Listing Requirements), subscription of securities on a pro-rata basis, subdivision of shares, consolidation of shares or payment of dividend;

(b) A transaction between the Company or its subsidiary/ies and another person where there are no other interested relationships except for common directorships and the directors who have common directorships having shareholdings which are less than 5% other than via the Company. There is no other interest such as commission or other kinds of benefit received from the Company or any of its subsidiary/ies or the other person in relation to the said transaction;

(c) An acquisition or disposal by the Company or its subsidiary/ies from or to a third party of an interest in another corporation, where the related party holds less than 10% in that other corporation other than via the Company;

(d) The provision or receipt of financial assistance or services, upon normal commercial terms and in the ordinary course of business, from a corporation whose activities are regulated by any written law relating to banking, finance corporations or insurance and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as Bursa Securities deems appropriate;

(e) Director's fees and remuneration, and employment remuneration;

(f) Insurance coverage and indemnities for directors as permitted under the Companies Act 2016;

(g) A transaction between the Company or its subsidiary/ies, and another person for the provision or receipt of goods and services which are considered exempted transactions where: -

(i) the goods or services are purchased, sold or rendered based on a non- negotiable fixed price or rate which is published or publicly quoted; and

(ii) all material terms including the prices or charges are applied consistently to all customers or classes of customers.

(iii) the definition of goods, classes of customers and exempted transactions are as per the Listing Requirements).

(h) The entry into or renewal of tenancy of properties of not more than three (3) years, the terms of which are supported by an independent valuation;

(i) A contract that is awarded by or on behalf of the Government or State Government provided an immediate announcement of the same is made to Bursa Securities and includes the information set out in Appendices 10A and 10C of the Listing Requirements in the announcement;

(j) A contract that is awarded by way of public tender in accordance with the Listing Requirements;

(k) A transaction between the Company or any of its subsidiary/ies and another person which involves the sharing of services or facilities provided by one or more of such parties or other similar arrangements whereby the consideration merely involves reimbursement or sharing of costs in proportion to the utilisation of the services or facilities.

(l) A transaction between the Company or any of its subsidiary/ies and another person where there are no other interested relationships except for the related party having shareholdings in the other person which is less than 10% other than via the Company;

(m) A transaction between the Company or any of its subsidiary/ies and another person where there are no other interested relationships except for: -

(i) common major shareholders; or

(ii) a person connected with a major shareholder being a major shareholder of the other person, provided that the following conditions are satisfied:-

(aa) the major shareholder and/or the person connected with the major shareholder is/are not the largest shareholder of the listed corporation;

(bb) the major shareholder and/or the person connected with the major shareholder is/are not a party to the said transaction, initiator, agent or involved in any other manner in the said transaction;

(cc) the major shareholder does not have any representative in an executive capacity on the board of directors of the listed corporation or any of its subsidiaries; and

(dd) the major shareholder is: -

(A) a statutory institution who is managing funds belonging to the general public;

(B) a closed-end fund, unit trust or investment fund (but excluding an investment holding corporation); or

(C) an insurance corporation whose activities are regulated by any written law relating to insurance and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as Bursa Securities deems appropriate and the said insurance corporation is managing its insurance fund (together with its own shareholders' funds or otherwise).

For the purposes of item (C) above, "insurance fund" has the meaning given in section 2 of the Financial Services Act 2013;

(n) A transaction between the Company and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the Company or person connected with such director or major shareholder having an interest in the transaction;

(o) A transaction between a subsidiary of the Company ("**transacting subsidiary**") and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the Company (other than the transacting subsidiary or holding companies of the transacting subsidiary) or a person connected with such director or major shareholder having an interest in the transaction;

(p) Subscription to or acquisition by the Company or its subsidiaries not listed on any stock exchange, of debt securities and/or redeemable preference shares issued or guaranteed by the Government of Malaysia, Bank Negara Malaysia, a State Government or an equivalent foreign regulatory authority as Bursa Securities deems appropriate; or

(q) A disposal by the Company or any of its subsidiary/ies of an interest in an investee corporation where a related party is also a major shareholder or person connected with a major shareholder of the investee corporation (other than via the listed corporation), provided that –

(i) the related party, person connected with the related party or both, are not a party, initiator or agent to the said disposal; and'

(ii) the disposal is affected on Bursa Securities where the counterparty's identity is unknown to the Company or its subsidiaries (as the case may be) at the time of the disposal.

For the purpose of the item (q) above, a "disposal" includes disposal by a listed corporation or any of its subsidiaries of an interest in an investee corporation on a pro- rata basis or arising from an acceptance of a take-over offer, except that sub-paragraph (q)(ii) above will not be applicable in such instances.

**Reference shall be made to the Listing Requirements for a complete list of the exempted transactions.*

10. RECURRENT RELATED PARTY TRANSACTION ("RRPT")

Paragraph 10.09 of the Listing Requirements states that a Company with an issued and paid-up capital of more than RM60 million, must immediately announce a RRPT if:

(a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or

(b) the percentage ratio of the RRPT is 1% or more. whichever is the higher.

Paragraph 10.09 of the Listing Requirements states that a Company with an issued and paid-up capital of less than RM60 million, must immediately announce a RRPT if:

(a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or

(b) the percentage ratio of the RRPT is 1% or more. whichever is the lower.

In addition to the above obligation to make an immediate announcement, Paragraph 10.08(2) of Listing Requirements states that where any one of the percentage ratios of a RPT is 5% or more, the Company must issue a circular to its shareholders, obtain specific shareholder approval of the RRPTs and appoint an independent adviser.

Nevertheless, the Company may seek a mandate in respect of such RRPTs from the shareholders as long as the following conditions are met:

(a) the transactions are in the ordinary course of business, on terms not more favourable to the related parties than those generally available to the public;

(b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report in respect of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the prescribed threshold for RRPTs as set out above;

(c) the circular to shareholders for the shareholders' mandate includes the information as prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;

(d) in a meeting to obtain the shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder and the interested person connected, must not vote on the resolutions approving the transactions.

Such interested director or interested major shareholder must also ensure that persons connected to them shall also abstain from voting on the resolution in respect of the RRPT. Where the interested related party is a person connected with a director or major shareholder of the Company, such director or major shareholder must not vote on the resolution in respect of the RRPT; and

(e) the Company must immediately announce to Bursa Securities when the actual value of the RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where the Company has procured a shareholders' mandate for its RRPT, the provisions of Paragraph 10.08 and 10.09(1) of the Listing Requirements shall not apply on such RRPTs.

The mandate will be subject to annual renewal and shall continue to be in force until:

(i) the conclusion of the next annual general meeting ("**AGM**") of the Company. thereafter, the said mandate will lapse, unless renewed;

(ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Companies Act (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

11. TRANSACTIONS NOT REGARDED AS RRPT

Some of the following transactions are ***not*** regarded as RRPTs and as such the shareholders' mandate does ***not*** apply:

(a) the acquisition or disposal of land or land-based property except in the circumstances set out in Paragraph 3.3(a) of the Practice Note 12 of the Listing Requirements;

(b) the acquisition or disposal of vessels, aircraft and plants;

(c) the entry into a lease of:

(i) a property for a period exceeding three (3) years; or
(ii) such other assets,

which involve payments of rental or such consideration on a lump sum basis (i.e. other than on an equal pro-rated monthly or annual instalments).

(d) the provision of financial assistance pursuant to Paragraph 8.23 of the Listing Requirements;

(e) the acquisition or disposal of securities except in the circumstances set out in paragraph 3.3(b) of the Practice Note 12 of the Listing Requirements;

(f) the entry into joint ventures;

(g) the grant or exercise of an option in relation to matters set out in subparagraph (a), (b), (c) and (e) herein; and

(h) such other transactions as may be determined by Bursa Securities from time to time.

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12. IDENTIFICATION AND REPORTING PROCESS

The Company has established a process for identification and reporting all RPTs and RRPTs reporting, given as follows:

12.1. RPT

Before entering into a commercial contract/agreement/transaction, the HOD must define and identify the RPT elements (based on the non-exhaustive list of related parties provided by CCF) by filling up a RPT contract requisition form (template as per "**Appendix 2**"):

(a) The vendors/customers transacting with the Group will also be requested to declare to the Company whether it is a RPT to the Group by completing and signing a declaration form provided by the Group Procurement Department (template as per "**Appendix 3**") or made available on the Company's internal portal;

(b) Provision of available details of the proposed commercial contract/agreement/transaction and submission of the RPT contract requisition form and Form of declaration on RPT to the Finance Department;

(c) Obtain verification from Finance Department in relation to whether the proposed transaction constitutes a RPT, where necessary;

(d) All RPTs must be reviewed by Finance Department. The Finance Department will perform the necessary internal checks to confirm whether the proposed transaction is an RPT, and obtain the necessary financial information from the finance department including the calculation of percentage ratio before determining the necessary disclosure obligations that would apply to the proposed transaction pursuant to the Listing Requirements;

(e) The HOD to provide details of the proposed transaction to Finance Department to prepare the relevant Bursa announcements and circular to shareholders pursuant to Section 8 of this Policy. Such announcements and circular to shareholders may also be prepared by the Adviser if appointed by the Company;

(f) If the transaction is not constituted a RPT, the HODs may proceed to deal with the vendors/customers and enter into the proposed contract with them;

(g) For RPT which does not require an announcement, the Finance Department shall update the AC during quarterly AC meetings on the transactions;

(h) For RPT which requires announcement, the Finance Department shall seek approval from the Company's AC by way of submission of the following necessary paper and supporting documents as per prescribed by Listing Requirements on the proposed transaction to the Company's AC for review on whether the terms and conditions of the RPT to be entered into are at arm's length, and on transaction prices and terms not more favourable to the related parties than those generally available to the public, fair and not detrimental to the minority shareholders of the Company and/or subsidiary/ies:-

(i) the details of RPT; and
(ii) the contents of the draft announcement prepared by the Finance Department;

(i) The Finance Department shall then circulate the meeting paper on the proposed RPTs which may require announcement under (h) above to the Company's Board for deliberation and approval on AC's recommendation. The Board shall approve the proposed RPTs and authorise the Company Secretary and/or other authorised person to release the RPT announcement to Bursa Securities via Bursalink (the Company's Board approval is not required for RPTs with contract value less than 0.25% and the value of the consideration of the transaction is less than RM500,000. No announcement will be made to Bursa Securities);

(j) The approval from the Board of the relevant subsidiary/ies shall be obtained if the RPT were to be entered by the respective subsidiary of the Company;

(k) Subject to subparagraphs (h) and (j) above, for a RPT, where any one of the percentage ratios is 5% or more, the Board of the Company is required to appoint an independent adviser to perform the role as set out in Section 8(b) of this Policy, before the terms of the transaction are agreed upon;

(l) the Finance Department shall prepare and send a circular to the shareholders (subject to Bursa Securities' clearance of the circular) for the proposed transactions with percentage ratios of 5% and the Board shall appoint an Adviser to prepare the circular to the shareholders. The Board shall appoint a main adviser other than an independent adviser if the proposed transactions with percentage ratios of 25% and above;

(m) The Board shall convene a general meeting to seek the approval of the Company's shareholders for proposed RPTs with percentage ratios of 5% or more;

(n) Signing of the letter of award/agreement/contract by the Company and/or its subsidiary by the authorised person duly approved by the Board upon completion of the relevant procedures as set out: -

(1) in subparagraph (a) to (j) above for proposed transactions with the percentage ratios 0.25% and above, but less than 5%; or

(2) in items (a) to (m) above for proposed transactions with the percentage ratios 5% or more; and

(o) Update of RPT Register by the Finance Department.

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12.2. **RRPT**

Before entering into a commercial contract/agreement/transaction, the HOD must define and identify the RRPT elements (based on the non-exhaustive list of related parties provided by the Finance Department) by filling up a RPT contract requisition form (template as per **Appendix 2**):

(a) processes are the same as RPT reporting procedures in Sections 12.1(a) to (g) above;

(b) For RRPT with a percentage ratio of less than 1%:

(i) the relevant HODs is required to record the RRPTs on a monthly basis and provide information on RRPTs transacted in the preceding 12 months and the expected RRPTs for the next 12 months (if any) by completing a prescribed form in "**Appendix 4**" provided by CCF on quarterly basis;

(ii) CCF will consolidate all RRPTs entered by the Group, and if any RRPT (based on its accumulated transacted value and potential transactions within a period of 12 months) is likely to breach the relevant percentage ratio of 1%, the Company may consider obtaining a shareholders' mandate in respect of the RRPT at a general meeting;

(iii) the update on RRPTs of the Group for the past 12 months will be compiled for the AC's review quarterly, or when required from time-to-time basis;

(iv) The Finance Department will report the RRPT updates to the AC of the Company for review on a quarterly basis or when required. The Finance Department is to review and report to the AC with the relevant supporting documents and information as prescribed in the Listing Requirements as to whether the RRPT entered into by the Group was entered into at arm's length and on transaction prices and terms not more favourable to the related parties than those generally available to the public, fair, and not detrimental to the minority shareholders of the Company; and

(c) For RRPT with a percentage ratio of 1% or more but less than 5%, the Company is required to perform the obligation set out in Section 10 of this Policy. The procedure and internal approvals required are the same as those set out under Sections 12.1(h) to (m) above.

For the quarterly updates to the AC, the following steps will be observed:-

(i) the relevant HODs is required to record the RPTs / RRPTs and provide information on RPTs / RRPTs transacted in the preceding 12 months and the expected RPTs / RRPTs for the next 12 months (if any) by completing a prescribed form in "Appendix 4" provided by the Finance Department quarterly; and

(ii) the duly compiled quarterly update on RPTs / RRPTs of the Group will be tabled and reviewed by the AC of the Company quarterly for the purpose of monitoring the thresholds prescribed under the Listing Requirements.

13. ROLES AND RESPONSIBILITIES

The roles and responsibilities of the respective departments/subsidiary/ies in providing the RPT/RRPT information are as follows:

(a) Finance Department

(i) to provide the list of directors, major shareholders and persons connected with such directors or major shareholders to the HODs periodically;

(ii) to update and advise the HODs of any new items and amendments to the Listing Requirements concerning RPTs and RRPTs disclosure;

(iii) to perform the necessary internal checks to confirm whether the proposed transaction is an RPT, and obtain the necessary financial information from the finance department including the calculation of percentage ratio before determining the necessary disclosure obligations that would apply to the proposed transaction pursuant to the Listing Requirements;

(iv) to advise and assist the HODs, the interested directors, major shareholders and person connected to them on compliance with the disclosure requirement of the Listing Requirements concerning RPTs and RRPTs;

(v) to coordinate the preparation of announcements and/or circular to shareholders and relevant documents for obtaining the shareholders' mandate on the new RRPTs and/or their subsequent renewals;

(vi) to prepare the relevant documents for obtaining of internal approvals in relation to RPT / RRPTs, including presentations to the AC and/or the Board; and

(vii) to provide quarterly updates to the AC in relation to RPT / RRPT.

(b) HOD

(i) to identify the nature of each RPT / RRPT and their respective amount based on the declaration made by the vendors or customers (template in **Appendix 3**) and non-exhaustive list of related parties provided by CCF; and

(ii) to provide Finance Department with information of any RPT / RRPT that requires Finance Department's review and in preparing the necessary announcements and circulars in accordance with Section 12 of these policies and procedures.

14. GENERAL OBLIGATION OF THE TRANSACTING PARTY

The general obligation to act in the best interests of the Group means that the transacting department/subsidiary is required to ensure that the proposed transaction is conducted at arm's length, on transaction prices and terms not more favourable to the related parties than those generally available to the public and on a commercial basis or better.

The relevant HODs should ensure that the necessary information as set out in the Listing Requirements is provided to the Finance Departments for them to review the proposed transactions and prepare the report to the AC.

The AC shall review and report to the Board on any RPTs (including RRPTs) and conflict of interest situations that may arise within the Group. This includes any transaction, procedure or course of conduct that raises questions of management's integrity. The AC should therefore ensure that the transactions carried out are amongst others, in the best interest of the Company as well as not detrimental to the minority shareholders.

Every Director, key positions and major shareholder must declare and reveal any transactions that involve their interests. Furthermore, they are obligated to ensure that all business dealings between themselves, individuals affiliated with them, and the Group are conducted at arm's length, adhering to regular commercial terms. These transactions should not negatively affect minority shareholders and should not provide undue benefits to the related party/parties. Declarations and assessments will be conducted on a yearly basis.

The records must be similar to those maintained for transactions with non-related parties. A report on the reasonableness of the terms would be required. At least two (2) other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as a comparison, wherever possible, to determine whether the price and terms offered to or by the related parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products or services and/or quantities.

If a quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on its usual business practice to ensure that the RPTs and RRPTs are entered into on an arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

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15. COMPLIANCE PROCEDURES

It is the responsibility of each HOD to set up and maintain effective compliance procedures to prevent and detect violations of RPT under the Listing Requirements and applicable laws. The compliance procedures should be tailored to the special circumstances of the business.

The compliance procedures should have the following elements:

- HOD shall evaluate the pricing, quality, terms, and expertise of any goods or services provided by the Related Party. A comparison will be made against equivalent goods/services available in the open market, taking into consideration applicable preferential rates and discounts typically offered in standard industry practices;

- To establish a comparative analysis, the Company will obtain a minimum of two (2) additional contemporaneous transactions/quotations from unrelated third parties for equivalent products/services and/or quantities, whenever feasible. This practice aims to assess the fairness and reasonableness of the prices and terms offered to or by related parties;

- If comparable quotes from an unrelated third party are unavailable for identical or similar raw materials/services, the transaction prices and commercial terms will be established according to the Group's standard business practices and policies. This approach is implemented to ensure that RPTs do not adversely impact the Group;

- set standards and procedures that are reasonably capable of reducing the prospect of violations of this policy and applicable laws;

- assign overall responsibility for compliance to specific personnel;

- verify employees and agents, to prevent the discretionary authority from being delegated to persons who have demonstrated insensitivity to the requirements of this policy and the laws it covers;

- facilitate the employees with education and training programs that will enable employees to understand the basic requirements of this policy and applicable laws;

- implement monitoring and auditing systems to detect violations of this policy and applicable laws;
- establish and communicate a procedure for promptly reporting possible violations and concerns that protect against the fear of retribution;
- implement appropriate disciplinary mechanisms; and
- take remedial action to correct weaknesses and prevent the recurrence of failures.

16. MAINTENANCE OF RECORDS

The directors and major shareholders will be required to disclose any RPT, in a timely manner the brief details of the transaction and the sums involved, for monitoring and safekeeping by the Finance Department. The interested director and major shareholders are informed and briefed on the procedures put in place by the Company concerning transactions entered or to be entered by it.

Additionally, the Group shall maintain comprehensive records of all RPTs and RRPTs executed under the shareholders' mandate. This practice ensures that necessary approvals are secured, and thorough review processes are adhered to for these transactions. The Finance Department, under the oversight of the Chief Financial Officer, will assemble a list containing related parties' details, the nature of RPTs and RRPTs, approximate value of annual transactions, and implemented controls. This list will be subject to periodic updates and reviews by the Chief Financial Officer of the Company. The register of RPTs and RRPTs will be communicated to all personnel within the Finance Department, as well as the HODs.

17. RPT AND RRPTS REVIEW

All RPTs and RRPTs will undergo a review from time to time by the AC and Internal Auditors ("**IA**"). This regular evaluation is to oversee and ensure that these transactions maintain an arm's length relationship and adhere to standard commercial terms. They should not provide any party with more favourable terms than what is commonly accessible to the public. If deemed necessary, the AC will subsequently report their findings and recommendations to the Board of Directors for further consideration and action.

While conducting these reviews, the AC reserves the right to seek supplementary information from professional sources as necessary to ascertain that the transactions fall within the parameters of this policy. The AC will also assess the sufficiency of processes and procedures in place for effectively tracking and overseeing these RPTs and RRPTs in a prompt and organized manner to guarantee accuracy.

The Company and its subsidiaries shall, during the terms of an agreement governing a RPT/RRPT, ensure that such a transaction meets and continues to meet the following criteria: -

- It should be in the best interest of the Company as a whole;
- It should represent fair value and be reasonable;
- It should be properly documented; and
- It should be appropriately disclosed.

18. RESOURCES

The Finance Department may engage the external consultant to provide guidance, education, training and procedures for implementing this policy, including requirements for reporting, monitoring and review.

19. MODIFICATIONS

The Group reserves the right to modify or amend this policy at any time as it may deem necessary to align the policy with the Listing Requirements, Companies Act 2016, Malaysian Code on Corporate Governance and any other applicable laws enforced at the time being.

- END -

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