

POLICY ON RELATED PARTY TRANSACTIONS

1. PURPOSE

The following are the objectives of the Related Party Transaction ("RPT") Policy.

- To help the employees to understand the policies and procedures that need to be adhered to in identifying and treating RPT.
- To ensure that all RPT in the course of business are made at an arm's length and at a normal commercial term which is not more favourable to the related party than those available to the public and these terms are not detrimental to the other shareholders of the Company who are not part of the transactions.
- To ensure compliance with the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable laws.

2. POLICY

AGX Group Berhad ("AGB" or "the Company") recognizes that the RPT can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stockholders' best interests.

It is the policy of the Company not to enter into any RPT unless:

- The Audit and Risk Management Committee ("ARMC") of the Board of Directors review and approve or rectify such transactions in accordance with the guidelines and for ARMC to report to the Board of Directors ("Board") for approval;
- The disclosure requirements for RPT.

3. SCOPE AND DEFINITION

This policy applies to AGB's and its subsidiaries.

For the purpose of this policy, the following definitions apply:

- "Director" has the meaning given in section 2(1) of the Capital Markets and Service Act (CMSA) 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:
 - (i) a director of AGB and its subsidiaries or holding company; or
 - (ii) a chief executive of AGB, its subsidiaries or holding company.
- "Major Shareholder" means a person who has an interest or interests in one or more voting shares in a AGX Group Berhad and the number or aggregate number of those shares is:
 - (i) 10% or more of the total number of voting shares in the corporation; or
 - (ii) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

- "Person Connected" in relation to any person (referred to as, "said Person") means such person who falls under any one of the following categories:
 - (i) a family member of the said Person;
 - (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
 - (iii) a partner of the said Person;
 - (iv) a person, or where the person is a body corporate, the body corporate or its directors, who is or are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
 - (v) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - (vi) a body corporate in which the said Person or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (vii) a body corporate which is a related corporation of the said Person.

- "Related Party" means a director, Major Shareholder or person connected with such director or Major Shareholder including any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a Major Shareholder or chief executive of the Company and/or its subsidiaries or holding company.

- "Related Party Transaction" ("RPT") means a transaction entered into by the Company or any of its subsidiaries which involves the interest, direct or indirect, of a related party pursuant to Chapter 10 of the ACE LR of Bursa Securities.

- "Recurrent Related Party Transaction" ("RRPT") means a RPT which is recurrent and of a revenue and/or trading nature which are necessary for the day-to-day operations of the Group and are on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders which involves the interest, direct or indirect, of the Related Party.

- "Transaction" means the acquisition, disposal or leasing of assets; the establishment of joint ventures; the provision of financial assistance; the provision or receipt of services; or any business transaction or arrangement entered into by the Company or its subsidiaries; and excludes transactions entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary, and has the same meaning and scope under Chapter 10 of the ACE LR of Bursa Securities.

- This definition is solely for the purposes of Rule 10.08(11)(g) of the ACE LR of Bursa Securities:
 - "goods" excludes securities;

- "classes of customers" excludes such class by reason solely or otherwise that the customers are related parties of the listed corporation or its subsidiaries;
 - "Exempted Transactions" means the following:
 - (a) provision or usage of public utility services such as water, electricity, telecommunications, broadcasting services, postal or courier services, insurance, unit trusts, stockbroking services, public transport, education, medical services, provision or usage of tolled highways, hotel facilities and recreational services, provision or consumption of fuel on retail or food and beverage at eateries, provision or purchase of goods at retail outlets such as supermarkets, hypermarkets or departmental stores; and

- (b) such other types of transactions that may be prescribed by the Exchange from time to time;
- The below definition is only applicable for Rule 10.08(1 I)(q).

“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 Rule 10.08(1 I)(q)(ii) below will not be applicable in such instances.

4. LISTING REQUIREMENTS

- (i) Rule 10.08(1) of the ACE LR states that where any one of the percentage ratios of a RPT is 0.25% or more, a listed corporation must announce the RPT to the Exchange as soon as possible after terms of the transaction have been agreed, unless -
 - (a) the value of the consideration of the transaction is less than RM200,000; or
 - (b) it is a RRPT.

A listed corporation must include the information set out in Appendices 10A and I0C in the announcement.

- (ii) Rule 10.08(2) of the ACE LR states that, subject to the provisions of sub-Rules 10.08(9) and I0.08(10), where any one of the percentage ratios of a RPT is 5% or more, in addition to sub-Rule 10.08(1), a listed corporation must-
 - (a) engage the services of a Sponsor or Adviser, as the case may be, and appoint an independent adviser, before the terms of the transaction are agreed upon;
 - (b) send a circular which includes the information set out in Appendix I0B and Appendix 10D to the shareholders; and
 - (c) obtain its shareholder approval of the transaction in a general meeting.
- (iii) Rule 10.08(3)(a) defines the role of the independent adviser as referred to in sub-Rule I 0.08(2)(a) above must -
 - (a) fall within the definition of a corporate finance adviser under the SC’s Principal Adviser Guidelines; and
 - (b) if appointed during the Sponsorship Period, be a person other than the listed corporation’s Sponsor.

The independent adviser must, in relation to the transaction -

- (i) comment as to -
 - whether the transaction is fair and reasonable so far as the shareholders are concerned; and
 - whether the transaction is to the detriment of minority shareholders; 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 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 advice in sub-Rules (i) and (ii) above.
- (vi) Other than that, Rule 10.08(4) spells out the duty and responsibility of the Sponsor or Adviser referred to in sub-Rule 10.08(2)(a) above to -

- (a) advise a listed corporation whether such transaction is carried out on fair and reasonable terms and conditions, and not to the detriment of minority shareholders of a listed corporation;
 - (b) ensure that such transaction complies with the relevant laws, regulations or guidelines, where applicable;
 - (c) ensure full disclosure of all information required to be disclosed in the announcement and circular;
 - (d) submit a copy of the draft circular to the Exchange for perusal together with a checklist showing compliance with Appendix 1OB and Appendix 1OD; and
 - (e) confirm to the Exchange 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.
- (v) Furthermore, Rule 10.08(5) mentioned that the Exchange has the discretion not to allow an independent adviser to continue to act or be appointed as an independent adviser if, in its opinion, the adviser is deemed not to be independent.
- (vi) Under Rule 10.08(6), a director with any interest, direct or indirect ("interested director") must abstain from board deliberation and voting on the relevant resolution in respect of the RPT.
- (vii) In a meeting to obtain shareholder approval, Rule 10.08(7) explains that-
- (a) a related party with any interest, direct or indirect ("interested related party") must not vote on the resolution in respect of the RPT;
 - (b) an interested related party who is a director or major shareholder must ensure that persons connected with it abstain from voting on the resolution in respect of the RPT; and
 - (c) where an interested related party is a person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution in respect of the RPT.
- (viii) Moreover, if there is an interested director in a RPT, Rule 10.08(8) mentioned that they must inform the board of directors of the listed corporation or its subsidiary, as the case may be, the details of the nature and extent of his interest, including all matters in relation to the proposed transaction that he is aware or should reasonably be aware of, which is not in the best interest of the listed corporation or its subsidiary, as the case may be.
- (ix) Under Rule 10.08(9), where anyone of the percentage ratios of a RPT entered into between a subsidiary of the listed corporation and another person, is 5% or more and there are no other interested relationships except for a related party having an interest in the transaction who is-
- (a) a director or major shareholder of such subsidiary or the holding company of such subsidiary (other than the listed corporation or the holding company of a listed corporation) ("the said director" or "said major shareholder"); or
 - (b) a person connected with the said director or the said major shareholder;
- the listed corporation is exempted from -
- a. appointing an independent adviser or engaging the services of a Sponsor or Adviser;
 - b. issuing a circular to shareholders; and
 - c. obtaining shareholder approval of the transaction in general meeting,

Provided that the board of directors of the listed corporation -

- approves the transaction before the terms of the transaction are agreed upon; and
- ensures that the transaction is fair and reasonable to the listed corporation, and is in the best interests of the listed corporation.

(x) However, Rule 10.08(10) stated that sub-Rules (2), (3), (4) and (9) do not apply to a RPT where the value of the consideration of the transaction is less than RM200,000.

(xi) Therefore, Rule 10.08(11) states the following transactions that are not normally regarded as RPTs:

- a. the issue of securities by a listed corporation for cash (subject to Rule 6.07), the issue of securities by way of a bonus issue, the grant of options and the issue of securities arising from the exercise of options under a Share Issuance Scheme (subject to compliance with Chapter 6), subscription of securities on a pro-rata basis, a subdivision of shares, consolidation of shares or payment of a dividend;
- b. a transaction between a listed corporation or any of its subsidiaries and another person, where there are no other interested relationships except for common directorships provided that the directors who have common directorships have -
 - (i) shareholdings in the other person which is less than 5% other than via the listed corporation; and
 - (ii) no other interest such as commission or other kinds of benefits received from the listed corporation or any of its subsidiaries or the other person in relation to the said transaction;
- c. an acquisition or disposal by a listed corporation or any of its subsidiaries 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 listed corporation;
- 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 the Exchange deems appropriate;
- e. directors' fees and remuneration, and employment remuneration;
- f. a transaction between a listed corporation or any of its subsidiaries and another person for the provision or receipt of goods or services which are 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.
- g. the entry into or renewal of tenancy of properties of not more than 3 years, the terms of which are supported by an independent valuation;
- h. a contract that is awarded by or on behalf of the Government of Malaysia or a State Government to a listed corporation or its subsidiary provided that the listed corporation immediately announces the contract to the Exchange and includes the information set out in Appendices 10A and 10C in the announcement;

- i. a contract that is awarded by way of a public tender -
 - a. in relation to the listed awardee or its subsidiaries provided that a listed corporation immediately announces to the Exchange the terms of the awarded contract, the value of at least the 3 closest bids or if not applicable, such lesser number of bids received, and an explanation of the basis for selecting the winning bid; and
 - b. in relation to the successful listed bidder or its subsidiaries provided that –
 - aa) the awardee is listed or is a subsidiary of a listed corporation;
 - ab) majority of the directors and members of the audit committees of a listed corporation (whether as the bidder or the awardee or the holding companies of the bidder or awardee subsidiaries) are different; and
 - ac) the listed bidder immediately announces the contract to the Exchange and includes the information set out in Appendices 10A and 10C in the announcement;
- j. a transaction between a listed corporation or any of its subsidiaries 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;
- k. a transaction between a listed corporation or any of its subsidiaries 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 listed corporation;
- l. a transaction between a listed corporation or any of its subsidiaries and another person where there are no other interested relationships except for -
 - (a) common major shareholders; or
 - (b) 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 a listed corporation;
- ab) 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;
- ac) the major shareholder does not have any representative in an executive capacity on the board of directors of a listed corporation or any of its subsidiaries; and
- ad) 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 the Exchange deems appropriate and the said insurance corporation is managing its insurance fund (together with its own shareholders' funds or otherwise).

- m. a transaction between a listed corporation 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 a listed corporation or person connected with such director or major shareholder having an interest in the transaction;
 - n. a transaction between a subsidiary of a listed corporation ("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 a listed corporation (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;
 - o. subscription to or acquisition by a listed corporation 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 the Exchange deems appropriate; or
 - p. disposal by a listed corporation or any of its subsidiaries 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, a person connected with the related party or both, are not a party, initiator or agent to the said disposal; and
 - (ii) the disposal is effected on the Exchange where the counterparty's identity is unknown to the listed corporation or its subsidiaries (as the case may be) at the time of the disposal.
- (xii) Pursuant to Rule 10.09, notwithstanding Rule 10.08(1)(6) above, a listed corporation must immediately announce a RRPT as follows:
- a. if a listed corporation holds a share capital of RM60 million and above -
 - the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - the percentage ratio of such RRPT is 1% or more, whichever is the higher; or
 - b. if a listed corporation holds a share capital below RM60 million -
 - the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - the percentage ratio of such RRPT is 1% or more, whichever is the lower.
- (xiii) A listed corporation may seek a mandate from its shareholders for RRPT subject to the following:
- a. the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
 - b. the shareholder mandate is subject to annual renewal and disclosure is made in the annual report 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 threshold prescribed under sub-Rule (1) above;

- c. A listed corporation's circular to shareholders for the shareholder mandate includes the information as may be prescribed by the Exchange. The draft circular must be submitted to the Exchange for perusal together with a checklist showing compliance with such information;
 - d. in a meeting to obtain a shareholder mandate, the relevant related party must comply with the requirements set out in Rule 10.08(7) above; and
 - e. Rule 10.09(2)(e) requires a listed corporation to immediately announce to the Exchange when the actual value of a RRPT entered into by the listed corporation, 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 the Exchange in its announcement.
- (xiv) Where a listed corporation has obtained a shareholder mandate pursuant to sub-Rule 10.09(2) above, the provisions of Rule 10.08 will not apply. This means, during the period of validity of the Mandate, the disclosure obligation as set out in Rule 10.09(1), as well as the obligation to procure shareholder approval as set out under Rule 10.08 will not apply to the RRPT which are comprised in the Mandate.

5. IDENTIFICATION PROCESS

- Finance Department shall ensure proper documentation for all the RPT and RRPT. There should be proper segregation of processes for the preparation of documents, verification and approval.
- The Finance Department, overseen by the Chief Financial Officer, to compile a listing of related parties, nature of RPT and RRPT, the estimated value of annual transactions and control(s) put in place, subject to update from time to time.
- All Directors and major shareholders are required to declare and disclose any transaction in which they are deemed to have an interest and give their undertakings that all business transactions entered between themselves and/or persons connected with them and the group of companies are negotiated and agreed at arm's length basis based on normal commercial terms and are not to the detriment of the minority shareholders and favourable to the related party/parties.
- The Company shall disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. Such disclosure includes a settlement of liabilities on behalf of the entity or by the entity on behalf of another party.

6. REPORTING PROCESS

The Board shall ensure that adequate procedures established by the Group to ensure that RPT and RRPT is undertaken on an arm's length basis and on the Group's normal commercial terms, consistent with the Group's usual business practices and policies, which are generally available to the public and are not detrimental to the minority shareholders. The procedures are as follows:-

- A list of Related Parties will be circulated to the Board and management of the Company. All Related Parties of the Company and its subsidiaries are responsible for providing written notice to the ARMC of any potential RPT and RRPT involving him/her or Person Connected to him/her, including any additional information about the transaction that the ARMC may reasonably request;
- The ARMC will determine whether the transaction does, in fact, constitute a RPT or RRPT;

- The Company may require to engage a professional or third-party opinion on the matter as required.
- The RPT and RRPT will be reviewed by the ARMC of the Company from time to time to ensure compliance with the ACE LR and applicable laws.
- Submit the RPT and RRPT announcement to the ARMC and the Board for consideration;
- When it is approved, submit the announcement to Bursa Securities.
- Update the RPT and RRPT Listing/Document.
- The annual internal audit plan shall incorporate a review of all RRPT entered into pursuant to the proposed shareholders' mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- The Board and the ARMC shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor RPT and RRPT have been complied with and the review shall be done at every quarter together with a review of the quarterly results.
- All RRPT shall be disclosed in the Annual Report of the Company and a breakdown of the transactions pursuant to the proposed shareholders' mandate during the financial year and for the subsequent financial year in the following manner:
 - (i) Aggregate value
 - (ii) Nature/ type
 - (iii) Names of the related party/parties involved in each type of the RRPT
 - (iv) Relationship of the related party/parties with the Company.

7. AUTHORITY OF AUDIT AND RISK MANAGEMENT COMMITTEE

As the ARMC is entrusted by the Board with the task of executing and managing this policy, the ARMC is vested with the following authority:

- have the adequate resources which it needs to perform its duties;
- have full access to any information which it requires in the course of performing its duties;
- have direct communication channels with the Directors, Executive Officer and major shareholder, the employees and any persons, as the case may be, to obtain information and feedback in performing its duties; and
- to obtain the services of the external professional at the expense of the Company in carrying out its duties.

This Policy of RPTs was approved and adopted by the Board on [●20 February 2022].