

Related Party Transaction Policy

1. Introduction

RGT Berhad (“RGT” or the “Company”) and its subsidiaries (“the Group”) would, in ordinary course of business, enter into transactions of revenue or trading nature with a Related Party or Parties.

2. Objectives

This policy is designed to ensure the related party transactions (“RPTs”) are carried out in the ordinary course of business, are made at arm’s length and on normal commercial terms which are not more favorable to the Related Party or Parties than those generally available to the public and are not on terms that are detrimental to the minority shareholders of RGT.

This Policy also aims to comply with the Part E, Paragraph 10.08 and 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad. Hence, the Audit Committee (“AC”) is to in place adequate procedures and processes, as set forth herein, to monitor, track and identify RPT/RRPT in a timely and orderly manner and the frequency of review of the procedures and processes.

3. Definition

This policy is not intended to provide for a comprehensive definition of all areas related to the subject matter and is therefore recommended that each transacting subsidiary which is directly involved in disclosing these RPT and RRPT to constantly liaise and obtain a copy of the relevant reference documents from the Group’s Finance Department or Company Secretary.

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

- 3.1. “the Act” means the Companies Act, 2016 as amended from time to time and any re-enactment thereof.
- 3.2. “CMSA” means the Capital Markets and Services Act, 2007.
- 3.3. “Director” has the meaning given in section 2(1) of the CMSA 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:
 - (a) a Director of the listed issuer, its subsidiary or holding company; or
 - (b) a Chief Executive of the listed issuer, its subsidiary or holding company.
- 3.4 “family” in relation to a person means such person who falls within any one of the following categories:
 - (a) spouse;
 - (b) parent;
 - (c) child including an adopted child and step-child;
 - (d) brother or sister; and
 - (e) spouse of the person referred in point (c) and (d) above.

3.5. "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad as modified, varied, supplemented or replaced from time to time and including any Practice Note issued.

3.6. "Major Shareholder" means a person who has an interest or interests in one or more voting shares in the Company and the nominal amount of the share, or the aggregate of the nominal amounts of these shares, is:

- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or
- (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.

For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act. It also 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, a Major Shareholder (as defined above) of the Company or any other company which is its subsidiary or holding company.

3.7. "person connected" in relation to a Director or Major Shareholder, means such person who falls under any one of the following categories:

- (a) a family member of the Director or Major Shareholder;
- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director or Major Shareholder, is the sole beneficiary;
- (c) a partner of the Director or Major Shareholder, or a partner of a person connected with that Director or Major Shareholder;
- (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
- (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
- (g) a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
- (h) a body corporate in which the Director or Major Shareholder, or person connected with him/her 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
- (i) a body corporate which is a related corporation.

3.8. "Related Party" means a Director, Major Shareholder and/or a person connected with such Director or major shareholder.

3.9. "RRPT" means a RPT which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations and is in the ordinary course of business of RGT and/or its subsidiaries.

3.10. "RPT" means a related party transaction entered into by RGT or any of its subsidiaries which involves the interest, direct or indirect, of a Related Party.

4. Safeguard

Whenever in doubt as to whether the proposed transaction is a RPT, employees are encouraged to contact the Chief Financial Officer ("CFO") (especially if it involves the drafting of agreement/contract for the proposed transaction).

Although a RPT may give rise to a conflict of interest, such RPT is allowed under the law, provided that the RPT is entered into in the best interest of the Company and complies with the applicable laws.

In view of the sensitivity of a RPT, the transacting subsidiary should ensure that no preference is given to a Related Party prior to initiating the transaction. Where practicable, it may be appropriate for the subsidiary to obtain an independent review of the RPT. In any event, there should be proper documentation relating to the basis under the RPT was entered into.

5. Policies and procedures

- 5.1. The transactions with the Related Party or Parties will only be entered into after taking into account the pricing, quality of product, expertise and other related factors. The transaction prices will be determined by market forces which will depend on the supply and demand of the products and subject to the availability of the products in the market or at prices similar to those prices for transactions with unrelated third parties including, where appropriate, preferential rates and discounts accorded for bulk purchases (the same as are accorded to third party bulk purchase);
- 5.2. The terms and conditions of the transactions will be determined by the product provider's usual commercial terms or in accordance with applicable industry norm;
- 5.3. Records will be maintained by the Company to record all the Recurrent Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- 5.4. At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Party or Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing to unrelated third parties cannot be obtained (for instance, if there are no unrelated third party customers of similar products, or if the product is a propriety item), the transaction price will be determined based on the margin/price transacted for other similar product/services and the transaction price will be reviewed taking into account prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure the Recurrent Transaction is not detrimental to the Group.

6. Reporting and Reviewing Process

- 6.1. A list of companies connected to the Related Parties will be circulated within the Group and all Related Parties will be notified that all RPTs/RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms.
- 6.2. Disclosures
All the Directors and Major Shareholders are required to declare and disclose RPT or RRPT any transactions must be subject to the scrutiny of the AC. In addition, the Directors and Major Shareholders have to give their undertakings that all business transactions to be entered into between the Group and themselves and/or persons connected with them shall be negotiated on and agreed at arm's length.
- 6.3. Periodical Declarations
All the Directors, key management, suppliers and customers shall submit periodical declarations, at least once a year, on any potential or actual conflict of interest and disclosure of RPT, and advise the Company of any changes throughout the financial year as and when they occur.
- 6.4. For an update to the AC on quarterly basis, the following steps will be observed:
 - a) the transacting subsidiary is required to record the RPTs and provide information on RPTs transacted in the preceding 12 months and the expected RPTs for the next 12 months (if any) by completing a prescribed form and submitting a copy to Finance Department on a quarterly basis; and
 - b) the duly complied quarterly update on RPTs of the Group will be tabled and reviewed by the AC of on quarterly basis for purpose of monitoring the thresholds prescribed under the Listing Requirements.
- 6.5. The AC periodically reviews the procedures set by RGT to monitor RPTs to ensure that these transactions are carried out on normal commercial terms not more favorable to the Related Party than those generally available to the public and are not detrimental to the minority shareholders of the Company. All reviews by the AC are reported to the Board for further action. In its review and approval of such transactions, the AC may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals.
- 6.6. The Board and the AC of the Company shall have overall responsibility for the determination of the review procedures with authority to sub-delegate to individuals or committees within the Company as they deem appropriate. If a member of Board or the AC has an interest in a RPT/RRPT, as the case may be, he will abstain from any decision making by the Board or the AC in respect of that RPT/RRPT.

7. Threshold for Approval and Announcement

The threshold for RPT/RRPT will be subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any Director has an interest (direct or indirect) in any Recurrent Transactions, such Director shall abstain from deliberation and voting on the matter.

The announcement of RPT and/or RPT as prescribed by the Listing Requirements that are governed by Percentage Ratio (Para 10.02 (g)(i) and 10.03) threshold is to be strictly complied with.

8. Disclosure

Disclosure will be made in the Company's Annual Report in accordance with approved Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia while disclosure on Bursa, if necessary, will be based on existing Listing Requirements.

9. Review of Policy

The Board and AC reserve the right to modify or amend this Policy at any time as it may deem necessary in order to align the policy with Listing Requirements, the Act, the latest Malaysian Code on Corporate Governance and any other applicable laws enforced at the time being. The Related Party Transaction Policy has been updated and adopted by the Board on 29 August 2022.