



## **CABNET HOLDINGS BERHAD**

Registration No. 201401045803 (1121987-D)

*(Incorporated in Malaysia)*

### **POLICY ON RELATED PARTY TRANSACTIONS (“RPT”)**

*“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.”*

#### **1. PURPOSE**

The following are the objectives of the RPT Policy.

- To assist the Audit and Risk Management Committee (“ARMC”) and the Board in review of any RPTs that may arise within the Group.
- To ensure that all RPTs are made at arm’s length and on normal commercial terms which are not more favourable to the related parties than those available to the public and on terms that are not detrimental to the minority shareholders of the Company.
- To ensure compliance with the ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other applicable laws.

#### **2. POLICY**

Cabinet Holdings Berhad (“Cabinet” or “the Company”) recognizes that RPTs can present potential or actual conflicts of interest and may raise questions on the management’s integrity and whether such transactions are consistent with the Company’s and its stakeholders’ best interests.

As a general rule, the Group will refrain and avoid entering into any RPTs unless:

- the transaction is deemed necessary and beneficial for the Company’s business and commercial interest. (adequate supporting rationale and justifications to be furnished);
- The ARMC shall be entrusted and authorized to review all RPT’s in accordance with the procedures and guidelines set forth in this policy and thereafter to report and make its recommendations to the Board and where appropriate the shareholders of the Company;

#### **3. SCOPE AND DEFINITION**

This policy applies to Cabinet and its subsidiaries.

The following definitions are applicable to facilitate an understanding of this policy:

- “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.

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- “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 Cabnet and its subsidiaries or holding company; or
  - ii) a chief executive of Cabnet, its subsidiaries or holding company.
- “Major Shareholder” means a person who has an interest or interests in one or more voting shares in a Cabnet Holdings 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.
- “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 to in sub-Rules (c) and (d) above.
- “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 / 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.
- “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.

- “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 pursuant to Chapter 10 of the ACE LR of Bursa Securities.

#### **4. LISTING REQUIREMENTS**

The provisions in relation to transactions as set out under Chapter 10 of the ACE LR of Bursa Securities is relevant and applicable to this RPT Policy and all directors and key management are required to be proficient with the applicable provisions.

#### **5. RELATED PARTY TRANSACTION GUIDELINES/PROCEDURES**

##### **I. Identification/Record keeping**

The Finance Department overseen by the Group Finance Manager (“GFM”) shall maintain:

##### **a) Register/Database of:-**

- all related parties;
- all persons connected to related parties.  
*(Prescribed Disclosure Form under Appendix 1 to be completed by Related Party)*

##### **b) Register/Database on:-**

- all accounts payable comprised of vendors, suppliers, consultants, service providers providing supply goods and services to the Company listing out ownership/partners/shareholders of the respective entities.  
*(Disclosure format under Appendix AP 1)*
- all accounts receivables comprised of customers, clients, users, consumers etc. listing out ownership/partners/shareholders of the respective entities.  
*(Disclosure format under Appendix AR 1)*

##### **II. Review Procedures**

##### **a) The Finance Department is entrusted with the responsibility to ensure that any:**

- acquisitions, 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 to be entered into by the Company or its subsidiaries

is reviewed, vetted and screened against the Related Party register/database to determine whether any related party is involved.

All Accounts Payable and Accounts Receivable will be cross checked and screened against the RPT Register/Database. Where any account has been identified to have linkage with a related party the relevant details will then be furnished to the GFM, Chief Executive Officer (“CEO”)/ Deputy CEO for review.

- b) After review by the GFM and CEO/Deputy CEO, any proposed RPT will then be:
- terminated if deemed not necessary or beneficial or in the Company’s best interest; or
  - escalated to the ARMC for review with the proper supporting rationale and justification in accordance with the RPT policy together with the Management’s recommendations. Any related party or employee who has any Conflict of Interest (“COI”) in respect of the proposed RPT will be required to comply with the Board’s COI policy guidelines where applicable.
- c) The ARMC will determine whether the transaction does, in fact, constitute a RPT or RRPT.
- d) The ARMC and Board may engage the services of a competent professional or seek third-party opinion on the matter, if deem necessary.
- e) Notwithstanding the procedures set out under 5.II(a to d) above, it is the responsibility of the relevant related party to disclose and bring to the attention of the Management and the ARMC on any RPT that they become aware of as soon as it comes to their knowledge.
- f) The ARMC shall ensure that the Group’s internal audit plan includes a review of the guidelines and procedures established to monitor RPT and RRPT to ensure that they have been complied with.

Where a shareholders’ mandate for RRPT has been obtain, the annual internal audit plan shall include a review of all RRPT entered into pursuant to the shareholders’ mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to.

## **6. COMPLIANCE WITH LISTING REQUIREMENTS**

Where a transaction is confirmed to be a related party transaction, the obligations and requirement to comply with the following provisions under the ACE LR of Bursa Securities is required.

### **Rule 10.08 - Related party transactions (RPT)**

- (1) Where any one of the percentage ratios of a related party transaction is 0.25% or more, a listed corporation must announce the related party transaction 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 Recurrent Related Party Transaction.

- (2) Subject to the provisions of sub-Rules (9) and (10), where any one of the percentage ratios of a related party transaction is 5% or more, in addition to sub-Rule (1), a listed corporation must –
- (a) (i) engage the services of a Sponsor or Adviser, as the case may be; and  
(ii) 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 10B and Appendix 10D to the shareholders; and
  - (c) obtain its shareholder approval of the transaction in a general meeting.

Rule 10.09 - Recurrent Related Party Transactions (RRPT)

- (1) Notwithstanding Rule 10.08(1)(b) above, a listed corporation must immediately announce a Recurrent Related Party Transaction as follows:
- (a) in relation to a listed corporation with a share capital of RM60 million and above –
    - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
    - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,  
  
whichever is the higher; or
  - (b) in relation to a listed corporation with a share capital which is less than RM60 million–
    - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
    - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,  
  
whichever is the lower.
- (2) A listed corporation may seek a mandate from its shareholders for Recurrent Related Party Transactions 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) the 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) the listed corporation immediately announces to the Exchange when the actual value of a Recurrent Related Party Transaction entered into by the listed corporation, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

*[Cross reference: Guidance Note 8]*

- (3) Where a listed corporation has procured a shareholder mandate pursuant to sub-Rule (2) above, the provisions of Rule 10.08 will not apply.

## **7. GUIDING PRINCIPLES FOR ALL RPTs**

The Management shall not enter into any proposed RPT or RRPT irrespective of the amount unless such proposed transaction has been reviewed and approved by the ARMC and the Board.

- I. Any director interested in the transaction shall not be involved in any discussion, evaluation, consideration and recommendation of the transaction. The interested director will abstain from voting on the approval of the RPT at all meetings of the Board and Board Committees where the transaction is being considered.
- II. The ARMC shall be provided with all relevant details and facts of any RPTs that requires the ARMC review and approval including the terms of the transaction, the rationale and justification for the transaction and such other additional information that may be required to enable the ARMC to form an opinion on the following:
  - that the terms of the transaction are at arm’s length and on terms that are not more favourable than those generally available to the public, and are not detrimental to the interest of minority shareholders.
  - the relevant percentage ratios for the transaction in accordance with Chapter 10 of the ACE LR of Bursa Securities.
  - the nature and extent of the related parties interest in the RPT.
  - the justification for the market value of the transaction together with supporting valuation reports or evidence of last transacted prices for similar transactions.
  - in respect of RRPTs, the basis of justification on competitive prices of similar products and services in the open market having regard to the flexibility needed in terms of delivery and pricing options. (at least two other competitive quotes from unrelated parties for similar products/services and/or quantities will be used for comparison where ever possible to determine whether it is fair and reasonable)
  - due consideration will be taken in respect of the proprietary nature of the products/services and where comparative pricing cannot be obtained the terms of the transaction and pricing will be in accordance with the Group’s usual business practices in order to ensure that the RRPT is not detrimental to the Group.

- Any decision or intention to seek a Mandate for RRPTs will require the prior approval of the ARMC and Board.

**8. AUTHORITY OF AUDIT AND RISK MANAGEMENT COMMITTEE**

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 an external professional at the expense of the Company in carrying out its duties.

*This Policy on RPT was approved and adopted by the Board on 30 January 2024.*

*This Policy on RPT was last reviewed and approved by the Board on 30 January 2024.*