

**POLICY ON RELATED PARTY TRANSACTION  
AND RECURRENT RELATED PARTY TRANSACTION**

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**1. POLICY**

- 1.1. Cabnet Holdings Berhad (the "Company" or "Cabnet") recognizes that Related Party Transactions (as defined below) 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.

Therefore, this policy regarding the review, approval or ratification of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth:-

- the guidelines under which certain transactions must be reviewed and approved or ratified by the Audit and Risk Management Committee of the Board of Directors; and
  - the disclosure requirements for Related Party Transactions and Recurrent Related Party Transactions.
- 1.2. All Related Party Transactions and Recurrent Related Party Transactions or potential Related Party Transactions and Recurrent Related Party Transactions, including Recurrent Related Party Transactions which the shareholders' mandate obtained but expired at the date of transaction, must be reported to the Audit and Risk Management Committee and referred for approval or ratification by the Audit and Risk Management Committee in accordance with this policy and for Audit and Risk Management Committee to report to the Board of Directors for approval.
- 1.3. Recurrent Related Party Transactions with the shareholders' mandate obtained and not expired shall be governed by the shareholders' mandate obtained.

**2. SCOPE AND DEFINITIONS**

For the purposes of this policy, the following definitions apply:-

- "Chief Executive" means the principal executive officer of Cabnet for the time being, by whatever name called, and whether or not he is a director.
- "Director" has the meaning given in Section 2(1) of the Capital Markets and Services Act 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, its subsidiary or holding company; or
  - ii) a chief executive of Cabnet, its subsidiary or holding company.

- “Major Shareholder” means person who has an interest or interests in one or more voting shares in Cabnet and the number or aggregate number of those share 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 Cabnet where such person is the largest shareholder of Cabnet. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Companies Act.

It 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 of Cabnet.

- “Person Connected” means person connected as defined in Chapter 1.01 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“AMLR”).
- "Related Party" means a related party as defined in Chapter 1.01 of the AMLR. It generally refers to a Director, Chief Executive or Major Shareholder of Cabnet or Person Connected with such Director, Chief Executive or Major Shareholder of Cabnet, who are interested in the Related Party Transaction.
- "Related Party Transaction" (“RPT”) means any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness or financial assistance) or any series of similar transactions, arrangements or relationships in which Cabnet or any Cabnet subsidiary was, is or is proposed to be a participant and in which a Related Party has, had or may have a direct or indirect interest pursuant to Chapter 10 of the AMLR.
- A “Recurrent Related Party Transaction” (“RRPT”) means a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of Cabnet or its subsidiaries pursuant to Chapter 10 of the AMLR.

### **3. IDENTIFICATION REVIEW, APPROVAL AND RATIFICATION OF RPTS AND RRPTS**

- 3.1. All Related Parties of Cabnet and its subsidiaries are responsible for providing written notice to the Audit and Risk Management Committee of any potential RPT and RRPT involving him/her or Person Connected to him/her, including any additional information about the transaction that the Audit and Risk Management Committee may reasonably request. The Audit and Risk Management Committee will determine whether the transaction does, in fact, constitute a RPT and RRPT, and may engage professional or third party opinion on the matter as required.
- 3.2. In addition, at least once a year, during the annual evaluations, all Directors, Chief Executive and Major Shareholder (if practical) are required to complete a questionnaire disclosing names of companies in which he/she and/or their person connected hold directorships and/or substantial shareholding and any potential RPT and RRPT, if any.

- 3.3. Sales and Marketing and Purchasing Department personnel are required to submit new customer/supplier opening forms in which the owners/directors/shareholders of the new customers/suppliers will need to be disclosed. These forms need to be reviewed and approved by Chief Financial Officer.
- 3.4. Prior to any provision of any financial assistance under Chapter 8 of AMLR, Chief Financial Officer to obtain the identity of the owners/directors/shareholders of the entity to which the financial assistance is to be provided.
- 3.5. The Finance Department, overseen by the Chief Financial Officer, to compile a listing of related parties, nature of RPTs and RRPTs, estimated value of annual transactions and control(s) put in place, subject to update from time to time based on clause 3.1 to 3.4, and subject to review by the Chief Financial Officer. Such acknowledged listing of RPTs and RRPTs will be disseminated to all Finance Department's personnel and HOD's of Business Sales and Marketing and Purchasing Department.
- 3.6. It is the responsibility of the Chief Financial Officer to notify the Audit and Risk Management Committee of the new RPTs and RRPTs, except for Pre-Approved Transactions as defined in clause 5.1, with information per clause 4.1. In the event that the Chief Financial Officer has an interest in the RPTs and RRPTs, the transaction shall be reported to the Audit and Risk Management Committee by Cabnet's Group Managing Director.
- 3.7. All RPTs and RRPTs, except for Pre-Approved Transactions as defined in clause 5.1, must be subjected to formal review and approval or ratification by the Audit and Risk Management Committee, supported by information and documentations per clause 4.1., prior to the commencement of the transaction.
- 3.8. All RPTs and RRPTs will be reviewed by Management, without the participation of the interested Related Party(ies), on monthly basis, and reported by the Chief Financial Officer to the Audit and Risk Management Committee for review and approval or ratification at least once every quarter, during the quarterly Audit and Risk Management Committee and Board of Directors' meetings

#### **4. AUDIT AND RISK MANAGEMENT COMMITTEE REVIEW OF RELATED PARTY TRANSACTIONS**

- 4.1. The Audit and Risk Management Committee shall be provided with the material facts of all new, existing or proposed RPTs that require the Audit and Risk Management Committee's approval (including the terms of the transaction and the business purpose of the transaction) and either approve, disapprove or ratify such transactions. In assessing a RPT, the Audit and Risk Management Committee shall consider such factors as it deems appropriate, including without limitation:-
  - the business reasons for Cabnet to enter into the RPT;
  - the commercial reasonableness of the terms of the RPT;
  - the materiality of the RPT to Cabnet;

- the terms of the transaction and whether the terms of the RPT and RRPT are at arms-length, on terms not more favourable to related party(ies) than those generally available to the public, are not to the detriment of the minority shareholders and/or would apply on the same basis if the transaction did not involve a Related Party;
  - the extent of the Related Party's interest in the RPT, if applicable;
  - the impact of the RPT on a non-employee director's independence;
  - the actual or apparent conflict of interest of the Related Party participating in the RPT;
  - the control(s) put in place; and
  - Percentage ratio per Chapter 10 of AMLR.
- 4.2. Interested Director shall not participate in the discussions, evaluation or approval of any RPTs and RRPTs for which he or she is a Related Party and will abstain from voting on the approval of the RPTs and RRPTs, except that the director shall provide all material information concerning the RPTs and RRPTs to the Audit and Risk Management Committee.
- 4.3. If RPTs and RRPTs will be ongoing, the Audit and Risk Management Committee may, in its discretion, establish guidelines for Cabnet's Management (except interested Related Party(ies)) to follow in its ongoing dealings with the interested Related Party(ies). Thereafter, the Audit and Risk Management Committee shall periodically review and assess ongoing relationships with the Related Party(ies) to see that they are in compliance with the Audit and Risk Management Committee's guidelines.
- 4.4. If in any event, the Audit and Risk Management Committee decides not to ratify a RPT and RRPT that has been commenced without approval, the Audit and Risk Management Committee may direct additional actions, including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a RPT and RRPT, the Audit and Risk Management Committee has authority to modify or waive any procedural requirements of this policy.

## **5. PRE-APPROVED TRANSACTIONS**

The following types of transactions ("Pre-Approved Transactions") will not be reviewed by the Audit and Risk Management Committee and do not require approval or ratification:

- Single/ one off transaction in the ordinary course of business that does not exceed 0.25% of the Percentage Ratio in any financial year;
- For RRPT, if the consideration, value of the assets, capital outlay or costs of the RRPT is RM200,000 or less; or
- Executive Director and Directors' compensation arrangements reviewed by the Remuneration Committee of the Board of Directors in compliance with Board's Remuneration Policy.

**6. DISCLOSURE**

- 6.1. All RPTs and RRPTs that are not exempted pursuant to the “Pre-Approved Transactions” shall be reviewed by the Audit and Risk Management Committee and Board of Directors to determine whether it is to be disclosed. For the avoidance of doubt, all RPTs and RRPTs must be disclosed based on the Chapter 10 of AMLR.
- 6.2. The Chief Financial Officer is responsible to compile the percentage ratio of all RPTs and RRPTs in compliance of the Chapter 10 of AMLR. The Chief Financial Officer is to ensure that all disclosures on RPTs and RRPTs are to be in compliance with requirements per AMLR and Corporate Disclosure Policy.
- 6.3. Prior to announcement of the RPT and RRPT, draft announcement and draft circular of RPTs and shareholders’ mandate for RRPT shall be subject to review and approval by the Audit and Risk Management Committee on the draft announcement and draft circular.

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

As the Audit and Risk Management Committee is entrusted by the Board with the task of executing and managing this policy, the Audit and Risk Management Committee 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 on Related Party Transaction and Recurrent Related Party Transaction was approved and adopted by the Board on 12 April 2016.

This Policy on Related Party Transaction and Recurrent Related Party Transaction was reviewed by the Board on 23 February 2018.