



PIMPINAN EHSAN BERHAD
(201601021838) (1192777-W)
(Incorporated in Malaysia)

RELATED PARTY TRANSACTIONS POLICY

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SCOPE

This policy applies to all PEB employees (including temporary and contract employees), directors, major shareholders and persons related to the directors or major shareholders.

PURPOSE

In line with PEB's commitment to ethical and legal business conduct, this policy aims to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying related party transactions (“**RPT**”) and recurring related party transactions (“**RRPT**”) to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and other applicable laws.

DEFINITIONS

This policy is not intended to provide for a comprehensive definition of all areas related to the subject matter based on the following reasons:

- a). The actual definition of RPTs and RRPTs are contained in the Listing Requirements. Hence, their deliberation in total within this procedure will only be a replication of such definitions; and
- b). Frequent amendments to the Listing Requirements may render the RPT and RRPT deliberations as deliberated herein, obsolete within a short time span.

It is therefore recommended that each department/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 Company Secretary.

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 to a director or major shareholder;
- b). **RPT** refers to a transaction entered into by the Company or its subsidiaries, which involves the interest, direct or indirect, of a related party;
- c). **RRPT** 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;
- d). Transaction includes:
 - 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 transaction entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiaries.

DISCLOSURE REQUIREMENTS

a). RPT

The disclosure requirements of RPT as prescribed by the Listing Requirements are governed by percentage ratio threshold. The disclosure requirements are as follows:

- i. The Company must make an immediate announcement to Bursa Malaysia (“the Exchange”), of a RPT, where the percentage ratio is **0.25% or more** after the terms of the transaction has been agreed upon, provided the value of the consideration of the transaction is more than RM500,000 and it is not recurrent in nature.
- ii. If the percentage ratio for the RPT is equal to or exceeds 5%, the Company must:
 - send a circular to the shareholders;
 - obtain shareholder's approval of the transaction in a general meeting; and
 - appoint an independent adviser, approved by the Securities Commission (“SC”).
- iii. If the percentage ratio for the RPT is **equal to or exceeds 25%**, the Company must in addition to paragraph (i) above, appoint a main adviser who is a Principal Adviser approved by the SC.
- iv. The Company must also ensure that a director with interest, direct or indirect must abstain from deliberation and voting on the relevant resolution in respect of the RPT at the Board meeting. In a general meeting to obtain shareholder’s approval, a director or major shareholder, with any interest, direct or indirect, or person connected to them must not vote on the resolution approving the transaction.

- v. RPT entered by a subsidiary with another person where the percentage ratio is **5% or more**, and the only related party having an interest in such transaction is not a related party to PEB, only immediate announcement is required, subject to the following conditions:
- the Board approves the transaction before the terms of transaction are agreed upon; and
 - that the transaction is fair and reasonable and is in the best interests of the Company.

b). RRPT

The Listing Requirements states that a Company with a share capital of RM60 million and above, must immediately announce a RRPT if:

- the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
- the percentage ratio of the RRPT is 1% or more.

whichever is higher.

The Company has established the following procedures and guidelines for the review and approval of RRPT:

- i. Where practical and feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities would be used as a comparison to determine whether the price and terms offered to/by a Related Party are fair and reasonable and comparable to those offered to/by other unrelated third parties. In the event that quotation or comparative pricing from/to unrelated third parties cannot be obtained, the transaction price would be determined based on commercial rates and at rates not more favourable to the Related Parties than those generally available to the public, usual business practices and policies of the Company and on terms which are generally in line with industry norms to ensure that the RRPT are not detrimental to our minority shareholders;

- ii. The Company's Chief of Finance shall be made aware of the requirements to monitor and put in place proper processes and systems to record and report all RRPT for compilation and reporting to the Audit & Risk Management Committee ("ARMC");
- iii. All RRPT will be tabled and reviewed by the ARMC on a quarterly basis. In its review of such transactions, the ARMC may, as it deems fit, request additional information from independent sources. ARMC will thereafter recommend the RRPT for approval by the Board. All RRPT must be approved by the Board before they can be entered into by the Company;
- iv. RRPT will be monitored to ensure that they are within the estimated value of the RRPT disclosed in the transaction. If the actual value of the RRPT entered into by the Company exceeds the estimated value of the RRPT disclosed in the transaction by **10% or more**, the Company will make an immediate announcement to Bursa Securities;
- v. The internal audit plan shall incorporate a review of RRPT to assess the underlying process and management's compliance with the related regulations, policies and procedures in respect of such RRPT;
- vi. The ARMC shall review, on an annual basis, the internal audit reports pertaining to the RRPT to ascertain that the approved policies and procedures to monitor the RRPT have been complied with;
- vii. In accordance with the Listing Requirements, disclosure in relation to a breakdown of the aggregate value of the RRPTs entered into during the financial year based on amongst others, the following information:
 - type of the RRPT entered into; and
 - names of the Related Parties involved in each type of RRPT made and their relationship with the Company,will be made available in the Company's annual report for the financial year during which the shareholders' mandate is in force.

- viii. Interested Directors who are members of the Board shall declare their interest in the transaction and abstain from Board deliberation and voting on resolution pertaining to the RRPT of a revenue or trading nature and will ensure that they and any person(s) connected to them will also abstain from voting on the resolution before them;
- ix. If the Board and ARMC are of the view that the procedures are no longer sufficient to ensure that the RRPT are made on arm's length basis, on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders, they shall have the discretion to discharge, vary and/or modify or implement new and/or additional procedures and guidelines without the approval of the shareholders provided that such amended, varied, modified, new or additional procedures are no less stringent than the existing procedures and guidelines;

GENERAL OBLIGATIONS OF THE TRANSACTING PARTY

The general obligation to act in the best interests of the Company means that the transacting party is required to ensure that the proposed transaction is conducted at arm's length and on a commercial basis or better.

In originating a report to the Board for review, the transacting party should disclose the following:

- Appropriate documentation or records to justify the transaction;
- The price/value of the transaction;
- Rationale for the RPT; and
- Any other terms and conditions upon which the RRPT was entered into.

The records must be similar to those maintained for transaction with non-related parties. A report by the Internal Audit Department or an independent party on the reasonableness of the terms, would be required.

MAINTENANCE OF RECORDS

The directors and major shareholders are required to sign a form of declaration, which shall be kept securely and confidentially by the Company Secretary.

If there are any RPT to disclose, the brief details of the transaction and the sums involved need to be disclosed by such director or major shareholder.

Additionally, the transacting company/subsidiary shall ensure proper maintenance and retention of documentation. Such documentation should be readily accessible to regulators and other interested parties.

MODIFICATIONS

The Company reserves the right to review, amend or update this policy at any time as it may deem necessary in order to be align modify or amend this policy at any time as it may deem necessary in order to align the policy with Listing Requirements, Companies Act 1965, Malaysian Code on Corporate Governance, and any other applicable laws.

This policy has been approved and adopted by the Board of Directors on 20 June 2022.