



EP MANUFACTURING BHD

Registration No. 199601017765 (390116-T)
(Incorporated in Malaysia)

RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION

EP Manufacturing Bhd (“the Company” or “EPMB”) and its subsidiaries (“the Group”) would, in ordinary course of business, enter into transactions of revenue or trading in nature with related party(ies).

The objectives of this policy are to set out the general guidelines for identifying, monitoring, evaluating, reporting and approving the Related Party Transactions (“RPT”) and Recurrent Related Party Transactions (“RRPT”) and ensuring the RPT and RRPT are entered into, in accordance with the highest standard of ethical and business conducts.

In formulating this policy, the Company has made reference to the requirements contained in the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

2. SCOPE AND APPLICATION

- 2.1 This Policy is applicable to all the Directors of the Company and its subsidiaries and person connected to them and major shareholders of the Company.
- 2.2 This policy outlines the framework and the processes which serves as a guide to the Audit and Risk Management Committee (“ARMC”) and Board of Directors (“Board”) of EPMB in discharging its role in providing oversight over RPT and RRPT within the EPMB Group.
- 2.3 The Group Chief Executive Officer (“GCEO”) and the Head of Corporate Services are responsible for the implementation of the procedures relating to RPT and RRPT.

3. DEFINITIONS

- 3.1 “**Chief Executive**” in relation to a corporation, means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a Director.
- 3.2 “**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:
 - 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.

3.3 **“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.

3.4 **“Person Connected”** in relation to any person (referred to as “said person”), means such person who falls under any one of the following categories:

- a. a family member of the said person;
- b. 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;
- c. a partner of the said person;
- d. 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;
- e. 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;
- f. 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
- g. a body corporate which is a related corporation of the said person.

3.5 **“Related Party”** means a director, major shareholder or persons connected with such director or major shareholder.

3.6 **“Related Party Transaction”** means a transaction entered into by the Company or its subsidiaries, which involves the interest, direct or indirect, of a related party.

3.7 **“Recurrent Related Party Transaction”** means a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the Company or its subsidiaries.

3.8 **“Transaction”** includes:

- a. the acquisition, disposal or leasing of assets;
- b. the establishment of joint ventures;
- c. the provision of financial assistance;
- d. the provision or receipt of services; or
- e. 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.

4. SAFEGUARDS

- 4.1 Although a RPT may give rise to a conflict of interest, such a 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.
- 4.2 The GCEO, Head of Corporate Services and Company Secretaries are to be contacted, whenever in doubt as to whether the proposed transaction is a RPT.
- 4.3 The terms of pricing of the RPT/RRPT should be consistent with EPMB Group's usual business pricing practices and policies where the transactions are established under arm's length negotiated terms and in accordance with the Group's standard operating procedures. At least two 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 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 from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on that offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the RPT/RRPT is not detrimental to the Group.
- 4.4 In view of the sensitivity of a RPT, the transacting department/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 transacting department/subsidiary to obtain an independent review of the RPT. Documentation relating to the basis under which the RPT was entered into should be properly maintained.

5. IDENTIFICATION

- 5.1 All Related Parties of the Company and its subsidiaries are responsible for providing written notice to the ARMC of any potential RPT/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/ RRPT, and may engage professional or obtain third party opinion on the matter as required.
- 5.2 All Directors, Chief Executive and Major Shareholder (if practical) are required to complete an annual declaration disclosing names of companies in which he/she and/or their person connected hold directorships and/or substantial shareholding and any potential RPT/RRPT.
- 5.3 The list of related parties shall be kept by the Company Secretaries and be circulated to the Board and management of the Company and its subsidiaries to notify that all RPT/RRPT are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

6. DISCLOSURE AND REPORTING PROCESSES

- 6.1 Before entering into a commercial contract/agreement/transaction, the originator/buyer must identify and check for RPT/RRPT element and contract value. To obtain verification from the GCEO/Head of Corporate Services/Company Secretaries, where necessary.
- 6.2 If it involves RPT/RRPT, to notify and furnish the contract/agreement/transaction to the Company Secretaries and Legal Manager for review.
- 6.3 All RPT/RRPT must be reviewed by ARMC before the terms of the contract/agreement are agreed upon. In assessing a RPT/RRPT, the ARMC shall consider such factors as it deems appropriate, including without limitation:
- the business reasons for the Company or its subsidiaries to enter into the transaction;
 - the commercial reasonableness of the terms and conditions of the transaction;
 - the materiality of the transaction to the Group;
 - the terms of the transaction and whether the terms of the transaction are at arm's length, on terms not more favourable to Related Party(ies) than those generally available to the public, is 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 transaction, if applicable;
 - the actual or apparent conflict of interest of the Related Party participating in the transaction;
 - the control(s) put in place to manage and mitigate conflict of interest; and
 - Percentage Ratio of the contemplated transaction.
- 6.4 If in any event, the ARMC decides not to ratify a RPT/RRPT that has been commenced without prior approval, the ARMC 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.
- 6.5 The disclosure requirement of RPT/RRPT as prescribed by the MMLR are governed by percentage ratio threshold. The Company Secretaries will:

RPT:

- a) draft announcement if the percentage ratio of a RPT is 0.25% or more and the contract value is more than RM500,000; or
- b) draft circular to obtain EPMB shareholders' approval and appointment of independent adviser if the percentage ratio is 5% or more; or
- c) draft circular to obtain EPMB shareholders' approval and appointment of independent and main adviser if the percentage ratio is 25% or more.

RRPT:

- a) draft announcement if the percentage ratio of a RRPT is 1% or more; or if the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more, whichever is the higher.
- b) draft circular to obtain shareholders' general mandate in respect of the RRPT at a general meeting before the 5% percentage ratio is triggered.
- c) update the RRPT records.
- d) monitor if RRPT breaches the annual threshold imposed on such RRPT.

- e) make immediate announcement when the actual value of RRPT exceeds the estimated value of the RRPT disclosed in the circular by 10% or more.

- 6.6 Seek clearance from the ARMC on the RPT/RRPT as well as the announcement/circular and ARMC to confirm that the terms and conditions of the RPT/RRPT are on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public and are in the best interests of the Company, fair, reasonable and not detrimental to the interests of the minority shareholders.

- 6.7 Sought for Board's approval on the RPT/RRPT as well as the announcement/circular based on ARMC's recommendation. 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.

- 6.8 Completion and signing of agreement/contract by EPMB or its subsidiary.

- 6.9 Immediate announcement by the Company Secretaries (where necessary) to Bursa Securities.

- 6.10 All RPT/RRPT and their respective value, the basis of determining the transaction prices and supporting evidence and quotations obtained to support such basis shall be reported to the Head of Corporate Services as soon as proper approval is granted for execution.

- 6.11 Register of RPT and RRPT shall be maintained by the Head of Corporate Services and Company Secretaries.

- 6.12 The annual internal audit plan shall incorporate 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 are appropriate and sufficient.

- 6.13 The RPT/RRPT will be reviewed by the ARMC on a quarterly basis. The ARMC may, as it deems fit, request for additional information pertaining to the transactions, including from independent sources or advisers. The ARMC will report their findings to the Board.

7. General Obligations of the Transacting Party

- 7.1 The general obligation is to act in the best interests of the Company. This means that the transacting department/subsidiary is required to ensure that the proposed transaction is fair and reasonable and is in the best interest of EPMB Group.

- 7.2 In originating a report to the ARMC for review, the transacting company/subsidiary should disclose the following:
 - a) appropriate documentation or records to justify the transaction;
 - b) the price/value of the transaction;
 - c) rationale for the RPT/RRPT; and
 - d) any other terms and conditions upon which the RPT/RRPT was entered into.

- 7.3 A report by the Internal Audit or an independent party on the reasonableness of the terms, where necessary.

8. REVIEW OF THIS POLICY

This Policy shall be kept under review, updated and be revised as and when required in accordance with the needs of the Company, development of corporate governance practices, and/or any other applicable laws enforced at the time being. Any changes to the terms of the Policy shall be subject to the approval of the Board.

APPROVED BY THE BOARD ON 25 AUGUST 2023.