

CARLO RINO GROUP BERHAD
(formerly known as CRG Incorporated Berhad)
Registration No. 200901037127 (880257-A)
Incorporated in Malaysia

RELATED PARTY TRANSACTIONS POLICY

1.0 Overview

- 1.1 Carlo Rino Group Berhad (formerly known as CRG Incorporated Berhad) (“CRG” or “Company”) and/or its subsidiaries (collectively, “CRG Group” or “Group”) may, in the ordinary course of business, enter into transactions with a related party or parties, either one-off or recurring in nature.
- 1.2 This Policy is designed to regulates all the related party transactions (collectively and individually referred to as “RPT”) and recurrent related party transactions (collectively and individually referred to as “RRPT”) between CRG Group and the related parties.
- 1.3 This Policy should be read together with the following legislation, where relevant:
- Companies Act 2016;
 - Capital Markets and Services Act 2007 (Amendment 2012); and
 - the applicable listing requirements of Bursa Malaysia Securities Berhad.
- (Note: This Policy is not intended to contain a comprehensive summary of the applicable legal principles. Board members requiring advise in respect of any matter referred to in this Policy may contact the Company Secretary of CRG)
- 1.4 This Policy is complementary to the applicable legislation and the provisions of the Constitution of the Company. Where there is a conflict between the contents of this Policy and the aforementioned legislations or the Constitution of the Company, the relevant enumerations contained in the said legislations or the Constitution of the Company shall prevail.
- 1.5 In formulating this Policy, the Company has also taken into account the disclosure obligations contained in the Corporate Governance Guide 4th Edition issued by Bursa Malaysia Securities Berhad, and the recommendations contained in the Malaysian Code on Corporate Governance 2021 (“MCCG”) issued by the Securities Commission Malaysia.

2.0 Definitions

- 2.1 Unless otherwise stated, the abbreviations and definitions used throughout this Policy shall have the same meanings as those defined in the applicable listing requirements of Bursa Malaysia Securities Berhad in relation to RPT and RRPT.

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3.0 Review and approval of RPT and/or RRPT

3.1 Audit & Risk Management Committee (“ACom”) of CRG

- All the transactions which are identified as RPT and/or RRPT and subsequent modifications thereof (if any), shall be considered by the ACom in the manner specified under the applicable listing requirements of Bursa Malaysia Securities Berhad. The ACom shall consider all relevant factors while deliberating the RPT and/or RRPT for its decision.
- Any member of the ACom who has a potential interest in any RPT or RRPT shall disclose his interests, recuse himself and abstain from discussion and voting on the decision of such RPT or RRPT.
- If a RPT or RRPT is deemed appropriate to be carried out, the ACom shall recommend it to the Board of Directors of CRG for further consideration and decision of the RPT or RRPT.
- A RPT which is (i) not in the ordinary course of business, or (ii) not at arm’s length price, would require approval of the Board of Directors of CRG or of CRG’s shareholders, as detailed in subsequent paragraphs.

3.2 Board of Directors (“Board”) of CRG

- Upon receiving the recommendations from the ACom, the Board shall further consider such transactions which are identified as RPT or RRPT and subsequent modifications thereof (if any) by taking into consideration all relevant factors while deliberating the RPT or RRPT for its decision.
- Any member of the Board who has any interest in any RPT or RRPT shall disclose his interest, recuse himself and abstain from discussion and voting on such RPT or RRPT.
- If the RPT or RRPT is deemed appropriate to be carried out and shareholders’ approvals are not required as per the applicable listing requirements of Bursa Malaysia Securities Berhad, the Board may approve such RPT or RRPT at Board level.

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- In case any RPT or RRPT that are referred by the ACom to the Board for its consideration due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may require such modifications to transaction terms as it deems appropriate under the circumstances.
- The Board shall seek shareholders' approvals for those material RPT or RRPT in the manner as prescribed in the applicable listing requirements of Bursa Malaysia Securities Berhad.

3.3 Shareholders of CRG

- If a RPT or RRPT is (i) a material transaction as per the applicable listing requirements of Bursa Malaysia Securities Berhad, or (ii) not in the ordinary course of business, or not at arm's length price, then such RPT or RRPT and any subsequent material modification thereto (if any), shall require shareholders' approval by a resolution.
- In such a case, any member of the Company who is a related party or any person connected to him, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such RPT or RRPT.

4.0 Policies and Procedures for RPT and RRPT

4.1 In assessing a RPT or RRPT, the following factors (including without limitation) shall be appropriately considered:

- 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, and the percentage ratio of the contemplated transaction;
- 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;

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- the extent of the related party's interest in the transaction, if applicable;
 - the actual or apparent conflict of interest (if any) of the related party participating in the transaction; and
 - the control(s) put in place to manage and mitigate conflict of interest (if any).
- 4.2 The RPT or RRPT 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).
- 4.3 The terms and conditions of the RPT or RRPT will be determined by the product provider's usual commercial terms or in accordance with applicable industry norm.
- 4.4 Records will be maintained by the Group to record all the RPT and RRPT entered into pursuant to the shareholders' mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- 4.5 At least 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 from 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 RPT or RRPT are not detrimental to the Group.
- 4.6 The ACom has in place adequate procedures and processes to review, monitor, track and identify RPT or RRPT in a timely and orderly manner, and the frequency of review of these procedures and processes.

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- 4.7 The ACom periodically reviews the procedures set by CRG to monitor RPT and RRPT to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party or parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. All reviews by the ACom are reported to the Board for further action. In its review and approval of such transactions, the ACom may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals.
- 4.8 All the Directors are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of the ACom. In addition, the Directors have given their undertakings that all business transactions entered into between the Group and themselves and/or persons connected with them shall be negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related party/parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.
- 5.0 Threshold for RPT and RRPT**
- 5.1 The threshold for RPT and RRPT are subject to the provisions in the applicable listing requirements of Bursa Malaysia Securities Berhad and/or the Companies Act 2016, where applicable.
- 6.0 Disclosure**
- 6.1 Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of RPT and/or RRPT conducted, types of RPT or RRPT made, names of the related party or parties involved in each type of the RPT or RRPT and their relationship with the Company pursuant to the shareholders' mandate during the financial year, and in the Annual Report for the subsequent financial year that the shareholders' mandate continues to be in force.

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7.0 Periodic Review

7.1 This Policy shall be reviewed by the Board as and when is necessary.

[End]

Document ID	Version	Approval
Related Party Transaction Policy	V1	Approved by the Board on 01 July 2023 Effective date: Upon listing on ACE Market of Bursa Malaysia Securities Berhad

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

A reference to a statute or a statutory provision herein shall be deemed to include any modification, re-enactment or consolidation thereof and any regulations, rules, orders, guidelines, practice notes, practice directives, circulars or other statutory instruments made pursuant thereto.