

PROTASCO BERHAD

RELATED PARTY TRANSACTION POLICY AND PROCEDURES

1.0 **Definitions**

For the purpose of this Policy, unless the context otherwise requires -

- (a) **‘Bursa Securities’** shall mean Bursa Malaysia Securities Bhd.
- (b) **‘Company’** shall mean Protasco Berhad.
- (c) **‘Related Party’** shall mean director, chief executive, major shareholder or person connected with such director, chief executive or major shareholder of the Company, its subsidiary or holding company.
- (d) **‘Recurrent Related Party Transaction (“RRPT”)** shall mean a related party transaction which is recurrent, of revenue or trading nature, which is necessary for day-to-day operations of the Company or its subsidiaries and which has been made or will be made by the Company and/or its subsidiaries at least once in 3 years in the course of its business.
- (e) **‘Related Party Transaction (“RPT”)** shall mean a transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a related party.
- (f) **‘Transaction With Related Party’** shall mean—
 - (i) 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
 - (ii) excludes transactions entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary.

2.0 **Procedures to enter into new RPT and RRPT**

(a) **Obligation to Report**

It shall be compulsory for all Directors of the Company and its subsidiaries, Department and Division Heads to report any new RPT or RRPT (irrespective of the nature and amount) to the following personnel for his onward transmission to the Audit Committee of the Company for review:

Mr Yap Yik Yong, Chief Financial Officer (“CFO”)

Tel No. 03-8738 3388 (ext 393)

Email address: yikyong@protasco.com.my

The report shall include (but not limited to) the following:

- (i) Executive summary (as per the attached prescribed format) of the transaction.
- (ii) Documents to support the transaction.

Any potential Related Party Transactions that are brought to CFO’s attention are to be analyzed by the CFO in consultation with the legal manager and the company secretaries, to determine whether the transactions or relationship does, in fact, constitute Related Party Transactions which require compliance with this Policy.

(b) **Approving Authority**

All RPTs (irrespective of the nature and amount) to be entered into shall be made subject to the review of the Audit Committee and approval of the Board of Directors and/or Shareholders of the Company before the transactions are carried out.

(c) **Methods For Determination Of Transaction Price In Relation To RRPT**

- (i) At least 2 other contemporaneous transactions with unrelated third parties for similar product/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 produces/services and/or quantities.
- (ii) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a proprietary item), the Company and its subsidiaries’ pricing will be determined in accordance with the Company and its subsidiaries’ usual business practices and policies, consistent with the usual margin of the Company and its subsidiaries for the same or substantially similar type of transactions made by the Company and its subsidiaries with unrelated third parties.

(d) Monitoring Processes

- (i) All directors of Protasco Berhad and its subsidiaries, Department and Division Heads to report any new RPT or RRPT (irrespective of the nature and amount) to the CFO for his onward transmission to the Audit Committee of the Company for review and thereafter submit to the Board of Directors or shareholders of the Company for approval before the transactions are carried out.
- (ii) The Audit Committee and the Board of Directors shall review and access the transaction based on the following factors:
 - (a) Whether the transaction is conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies.
 - (b) Whether the transaction is carried out on fair and reasonable terms and conditions and not to the detriment of minority shareholders of the Company.
 - (c) Any other options available to the Company or its subsidiaries;
 - (d) Any expert advice received by the Company or its subsidiaries; and
 - (e) Any other factors which the Audit Committee deems fit as per the requirements of Bursa Securities.
- (iii) The CFO shall keep a record of all new and recurrent RPT which will be made available to the Audit Committee for inspection, as and when required.
- (iv) The Internal Audit Department of the Company will conduct periodic reviews of any or all of the new and recurrent RPTs to ascertain that the relevant approvals have been obtained and the procedures in respect of such transactions are adhered to. Any divergence shall be reported to the Audit Committee.
- (v) The Corporate Assurance Department will review the findings of internal audit reports (if any) on a quarterly basis to ascertain that the Policy and review procedures established to monitor the new and recurrent RPTs are complied with. The Audit Committee shall also review and revise these Policy and procedures on need basis.
- (vi) Any member of the Audit Committee and the Board of Directors may, as he/she deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including obtaining of valuation from professional valuers or advisers.

- (vii) If a member of the Board of Directors of the Company or its subsidiaries has any interest direct or indirect in any new and recurrent RPTs, he/she shall:
- (aa) proffer a written declaration of his/her interest (direct or indirect) as per requirements of Section 221 of the Companies Act, 2016; and
 - (bb) abstain from any deliberation and decision making by the Audit Committee or Board of Directors of the Company or its subsidiaries in respect of such transactions and continue to abstain from voting on the resolutions approving the transactions.
 - (cc) Undertake that he/she will ensure that persons connected with him/her abstain from voting on the resolution deliberating or approving the proposal at the general meeting.

3.0 **Enquiries**

For any enquiries, please contact the following personnel:

Ms. Khor Hooi Ling Company Secretary Tel. No.: 03-8738 3225 E-mail: hooiling@protasco.com.my	Mr. Zainal Abidin Abu Bakar Legal Manager Tel. No.: 03-8738 3280 E-mail: zainalabidin@protasco.com.my
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