

# ARROW SYSTEMS GROUP



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**ASM AUTOMATION GROUP BERHAD**

[Registration No. 202401033717 (1579565-M)]

## **RELATED PARTY TRANSACTION POLICY**

## **1. INTRODUCTION**

ASM Automation Group Berhad ("the Company") and its subsidiaries ("the Group") may, in the ordinary course of business, enter into transactions of a revenue or trading nature with related party(ies).

## **2. OBJECTIVE**

This Related Party Transaction Policy is designed to ensure the Related Party Transactions in the ordinary course of business are made at arm's length and on normal commercial terms which are not more favorable to the related party(ies) than those generally available to the public and are not on terms that are detrimental to the minority shareholders of the Company.

This policy also aims to comply with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and other applicable laws.

## **3. DEFINITION**

- 3.1 "Act" means the Companies Act 2016 as amended from time to time and any re-enactment thereof.
- 3.2 "ARMC" means the Audit and Risk Management Committee of the Company.
- 3.3 "Circular" means the Circular to Shareholders to be issued by the Company.
- 3.4 "CMSA" means the Capital Markets and Services Act 2007.
- 3.5 "Director" has the meaning given in Section 2(1) of the CMSA 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 Company, its subsidiary or holding company; or
  - b. a chief executive of the Company, its subsidiary or holding company.
- 3.6 "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.
- 3.7 "Major Shareholder" includes any person who is and was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares is:
  - (i) 10% or more of the total number of voting shares in the Company; or
  - (ii) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
- 3.8 "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 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 its directors, in accordance with whose directions, instructions or wishes of 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.
- 3.9 "Related Party" means a Director, Major Shareholder or Person Connected with such Director or Major Shareholder.
- 3.10 "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.
- 3.11 "Related Party Transaction" or "RPT" means a transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party.

#### **4. DISCLOSURE REQUIREMENTS**

##### **4.1 Related Party Transactions**

The disclosure requirements of RPT as prescribed by the Listing Requirements are governed by percentage ratio threshold. The computation of the percentage ratio is provided in Rule 10.02 of the Listing Requirements. The disclosure requirements are as follows:

- Where any one of the percentage ratios of a RPT is 0.25% or more, the Company must make an immediate announcement which includes the information set out in Appendices 10A and 10C in Chapter 10 of Listing Requirements to Bursa Securities of a RPT after the terms of the transaction have been agreed upon, provided that the value of the consideration of the transaction is RM200,000 and above and it is not recurrent in nature.
- Where any one of the percentage ratios of a RPT is equal to or exceeds 5%, the Company must:
  - (a) engage the services of a Sponsor or Adviser, as the case may be, and appoint an independent adviser, before the terms of the transaction are agreed upon;
  - (b) issue a Circular which includes the information set out in Appendices 10B and 10D in Chapter 10 of Listing Requirements to the shareholders; and
  - (c) obtain its shareholders' approval of the transaction in a general meeting.
- A Director with any interest, direct or indirect ("Interested Director"), in a RPT, must inform the Board of Directors of the Company or its subsidiary, as the case may be, the details of the nature and extent of his interest, including all matters in relation to the proposed transaction that he is aware or should reasonably be aware of, which is not in the best interest of the Company or its subsidiary, as the case may be.
- The Company must also ensure that an Interested Director to abstain from deliberation and voting on the relevant resolution in respect of the RPT at the Board meeting. In a general meeting to obtain shareholders' approval, a related party with any interest, direct or indirect, must not vote on the resolution approving the

transaction.

- Where any one of the percentage ratios of a RPT entered into between a subsidiary of the Company and another person, is equal to or exceeds 5% and less than 25%, and there are no other interested relationships except for a Related Party having an interest in the transaction who is:-
    - (a) a director or major shareholder of such subsidiary or the holding company of such subsidiary (other than the Company or the holding company of the Company) (“said director” or “said major shareholder”); or
    - (b) a person connected with the said director or said major shareholder;
- the Company is exempted from appointing an independent adviser or engaging the services of a Sponsor or Adviser; issuing a Circular to its shareholders; and obtaining shareholders’ approval of the transaction in a general meeting, provided that the Board of Directors of the Company:-
- (i) approve the transaction before the terms of transaction are agreed upon; and
  - (ii) ensure that the subject transaction is fair and reasonable to the Company and is in the best interests of the Company.
- Further reference should be made to Rule 10.08 (11) of the Listing Requirements whereby certain specified transactions are not normally regarded as RPT.

#### 4.2 Recurrent Related Party Transactions

- Rule 10.09 of the Listing Requirements states that a listed company must immediately announce a Recurrent Related Party Transaction as below:
  - (a) if the listed company with a share capital of RM60 million and above,
    - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
    - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,whichever is higher; or
  - (b) if the listed company with a share capital which is less than RM60 million,
    - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
    - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,whichever is lower.
- The Company may seek a mandate from its shareholders (“Mandate”) for Recurrent Related Party Transactions subject to the following:
  - (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
  - (b) the Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed above;

- (c) the Circular to shareholders for the Mandate includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to the Bursa Securities for perusal together with a checklist showing compliance with such information;
  - (d) in a general meeting to obtain a shareholder mandate, and the relevant related party with any interest, direct or indirect, must not vote on the resolution in respect of the Mandate; and
  - (e) the Company must immediately announce to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its immediate announcement.
- Where the Company has obtained a Mandate in respect of any Recurrent Related Party Transactions, the requirements of Rule 10.08 of the Listing Requirements will not apply to the Recurrent Related Party Transactions which are comprised in the Mandate. This means, during the period of validity of the Mandate, the disclosure obligation as set out in Rule 10.09(1) of the Listing Requirements, as well as the obligation to procure shareholder approval as set out under Rule 10.08 of the Listing Requirements will not apply to the Recurrent Related Party Transactions which are comprised in the Mandate.
  - Disclosure of the aggregate value of Recurrent Related Party Transactions in the Company's Annual Report in accordance with Paragraph 3.1.5 of Guidance Note 8 of the Listing Requirements .
  - The following are **not** regarded as Recurrent Related Party Transactions and as such the Mandate does not apply:
    - (a) The acquisition or disposal of land or land-based property except in the circumstances set out in Paragraph 3.3(a) of the Guidance Note 8 of the Listing Requirements;
    - (b) The acquisition or disposal of vessels, air craft and plants;
    - (c) The entry into a lease of:
      - (i) a property for a period exceeding three (3) years; or
      - (ii) such other assets,
 which involve payments of rental or such consideration on a lump sum basis (i.e., other than on an equal pro- rated monthly or annual installments);
    - (d) the provision of financial assistance pursuant to Rule 8.25 of the Listing Requirements;
    - (e) the acquisition or disposal of securities except in the circumstances set out in Paragraph 3.3(b) of the Guidance Note 8 of the Listing Requirements;
    - (f) the entry into joint ventures;
    - (g) the grant or exercise of an option in relation to matters set out in subparagraph (a), (b), (c) and (e) herein; and
    - (h) such other transactions as may be determined by Bursa Securities from time to time.

## 5. REPORTING PROCEDURES

The Company has established a reporting process for RPTs and Recurrent Related Party Transactions as follows:

### 5.1 RPTs

- (a) Provision of available details of the proposed commercial agreement/contract and submission of the RPT Declaration Form to Group Finance Department or legal advisor.
- (b) Check for RPT element and contract value.
- (c) Obtain verification from Group Finance Department or legal advisor.
- (d) If it is RPT, prepare draft agreement/contract by the subsidiary's legal officer. If the subsidiary does not have legal officer, preparation and review will be carried out by the Group legal advisor.
- (e) Subsidiary to furnish the required information set out in Appendices 10A and 10C in Chapter 10 of Listing Requirements to Group Finance Department for drafting announcement for contract value with percentage ratio of 0.25% or more but less than 5%, provided that the contract value is more than RM200,000.
- (f) Notify the Group Finance Department if the percentage ratio is 5% or more for preparation of Circular and to obtain the shareholders' approval in a general meeting.
- (g) Seek clearance from the ARMC for any transaction with a contract value more than RM200,000 by submitting the relevant proposal paper in respect of the proposed transaction to ARMC for review and make recommendation to the Board of Directors for approval.
- (h) Complete signing of agreement/contract by the subject subsidiary.
- (i) Announcement by the Company (where necessary) to Bursa Securities.
- (j) Group Finance Department to prepare and thereafter update RPT Register on quarterly basis.

### 5.2 Recurrent Related Party Transactions

- (a) Processes are the same as RPT reporting procedures under steps (a) to (d) above:
  - Provision of available details of the proposed commercial agreement/contract and submission of the RPT Declaration Form to Group Finance Department or legal advisor;
  - Check for RRPT element and contract value;
  - Obtain verification from Group Finance Department or legal advisor; and
  - Prepare draft agreement/contract by the Group legal advisor;
- (b) The status of the Recurrent Related Party Transactions will be reported by the Management to the ARMC and the Board on a quarterly basis.
- (c) Group Finance Department to consolidate all Recurrent Related Party Transactions entered by the Group.
- (d) Group Finance Department to prepare and thereafter update RRPT Register on quarterly basis.

- (e) The Recurrent Related Party Transactions will only be entered into by the Company or its subsidiary after taking into account the pricing, quality of product/service, 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/services and subject to the availability of the products/services 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).
- (f) The terms and conditions of the transactions will be determined by the product/service provider's usual commercial terms or in accordance with applicable industry norms.
- (g) At least two (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 to 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 Recurrent Related Party Transaction is not detrimental to the Group.

- (h) Records will be maintained by the Group Finance Department on all the Recurrent Related Party Transactions entered into pursuant to the Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are properly adhered to.
- (i) The internal auditors will carry out annual review to ascertain that the established guidelines and procedures mentioned above for the Recurrent Related Party Transactions have been complied with. Based on the findings from the internal auditors, the ARMC will consider whether the established guidelines and procedures mentioned above for the Recurrent Related Party Transactions have become inappropriate, and/or are unable to ensure that the transactions will be on normal commercial terms, and/or will prejudice to the interests of minority shareholders.

## **6. THRESHOLD FOR APPROVAL**

There is no specific threshold for approval for RRPT as the RRPT will be reviewed by the ARMC and approved by the Board of Directors of the Company.

## **7. ADOPTION**

This policy was approved and adopted by the Board of Directors of the Company on 24 September 2024.