

HOMERITZ CORPORATION BERHAD

Registration No.: 200801004508 (805792-X)

Related Party Transactions Policy and Procedures

RELATED PARTY TRANSACTIONS POLICY AND PROCEDURES

1. Purpose

This main purpose of this policy is to establish a clear framework to identify, review, approve, report and monitor Related Party Transactions (RPTs), ensuring compliance with the Companies Act 2016, Main Market Listing Requirements (MMLR) and best corporate governance practices. It aims to prevent conflicts of interest and ensure all RPTs are carried out fairly, transparently and in the best interest of the company and its shareholders.

2. Scope

This policy applies to all directors, major shareholders, key management personnel and persons connected with them.

3. Definitions

Director:

has the meaning given in section 2(1) of the Capital Markets and Services Act 2007 (CMSA) and includes any person who is or was within the preceding 6 months from 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.

Key Management Personnel:

Those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company.

For the purpose of this policy, the Key Management Personnel of the Company comprise the Managing Director and the Executive Directors, as they are the only individuals with such authority and responsibility.

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;

“Family member” in relation to a person means such person who falls within any one of the following categories:

- i. Spouse;
- ii. Parent;
- iii. Child including an adopted child and step-child;
- iv. Brother or sister; and
- v. Spouse of the person referred in point (iii) and (iv) above.

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.

Recurrent Related Party Transaction (RRPT):

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 the subsidiaries.

Related Party:

A Related Party means a director, major shareholder, or person connected with such director or major shareholder of the Company or the subsidiaries.

Related Party Transaction (RPT):

A transaction entered into by the Company or the subsidiaries which involves the interest, direct or indirect, of a related party.

Transaction:

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 but excludes transaction entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary.

4. Policy Principles

4.1 All RPTs and RRPTs must be at arm's length, based on normal commercial terms.

4.2 RPTs and RRPTs should not be detrimental to minority shareholders, the Company or the Group.

4.3 RRPTs must fall within shareholders' mandate.

5. Procedures**5.1 Identification Process**

- (a) Annual Review: The Company will review its related parties at least once a year to ensure the list is current.
- (b) Declarations: Directors and key management personnel will submit an annual declaration of related parties.
- (c) Ongoing Monitoring: Any changes in relationships will be monitored and updated regularly.

5.2 Record Keeping

A register of all related parties will be maintained by the Accounts Department and updated regularly.

5.3 Disclosure and Reporting

- (a) Immediate announcements must be made to Bursa Malaysia Securities Berhad where applicable.
- (b) All RPTs must be disclosed in the Annual Report and financial statements.
- (c) Records pertaining to the RRPT will be analysed and monitored by the management of the Company. The status of the RRPT will be reported by the management of the Group to the Audit and Risk Management Committee on a quarterly basis. RRPTs require shareholder mandate renewal annually, with circulars to shareholders.

6. RPT

6.1 Where any one of the percentage ratios of a RPT is 0.25% or more, the Company must announce the related party transaction to Bursa Malaysia Securities Berhad as soon as possible after terms of the transaction have been agreed, unless -

- (a) the value of the consideration of the transaction is less than RM500,000; or
- (b) it is a Recurrent Related Party Transaction.

6.2 Where any one of the percentage ratios of a RPT is 5% or more, the Company must:

- (a) send a circular to the shareholders;
- (b) obtain its shareholder approval of the transaction in general meeting; and
- (c) appoint an independent adviser who is permitted to carry on the regulated activity of advising on corporate finance under the CMSA, before the terms of the transaction are agreed upon.

6.3 Where any one of the percentage ratios of a RPT is 25% or more, in addition to subparagraph 6.2 above, the Company must, before the terms of the transaction are agreed upon, appoint a main adviser, who is a Recognised Principal Adviser.

7. RRPT

7.1 Immediate announcements must be made to Bursa Malaysia Securities Berhad when:

- (a) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or
 - (b) the percentage ratio of such RRPT is 1% or more,
- whichever is the higher.

7.2 The Company may seek a mandate from its shareholders for RRPTs 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) disclosure will be made in the Annual Report of the Company or in the Group's audited financial statements of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate;
- (c) the Company's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Malaysia Securities Berhad. The draft circular must be submitted to Bursa Malaysia Securities Berhad together with a checklist showing compliance with such information;
- (d) the directors having interests in any RRPT shall abstain from Board deliberations and shall ensure that the major shareholders and persons connected with them are also abstained from voting on the resolution approving the Proposed Shareholders' Mandate;
- (e) the Company immediately announces to Bursa Malaysia Securities Berhad when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia Securities Berhad in its announcement.

7.3 Where the Company has procured a shareholder mandate pursuant to subparagraph 7.2 above, the provisions of paragraph 10.08 of MMLR will not apply.

7.4 The interested directors and major shareholders, if any, will be informed and briefed on the procedures put in place by the management of the Group in relation to transactions to be entered into by the Company or the Group. The interested directors and major shareholders, if any, are required to declare and disclose to the Board on transactions in which they are deemed interested as soon as practicable after they become aware of their interests. Details of the disclosure must be recorded in the minutes of the Board meeting at which the disclosure is made or the Board meeting held following the disclosure made.

7.5 The management of the Company or the Group will ensure that transactions are made based on terms that are not more favourable to the Related Parties than those generally available to the public by considering the prevailing market prices, commercial terms of transactions with third parties, business practices and policies and terms which are generally acceptable in the industry norms.

7.6 Any member of the Board and the Audit and Risk Management Committee of the Company or the Group may, as he deemed fit, request for additional information pertaining to the RRPT from independent sources or advisers.

7.7 The internal auditors will carry out periodic review to ascertain that the established guidelines and procedures mentioned above for RRPT have been complied with. Based on the findings of the internal auditors, the Audit and Risk Management Committee will consider whether the established guidelines and procedures mentioned above for RRPT have become inappropriate and/or are unable to ensure that the transactions will be on normal commercial terms and/or will prejudice the interests of minority shareholders.

7.8 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 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.

7.9 In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Company or the Group based on the usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms to ensure that the RRPT is not detrimental to the Company or the Group.

8. Review of Policy

This policy shall be reviewed by the Audit Committee annually or when required due to regulatory changes.

9. Board Approval

This Policy was reviewed and adopted by the Board.