



# CRITICAL HOLDINGS BERHAD

(Registration No. 202201031781 (1477478-K))  
(Incorporated in Malaysia)

## **TRANSFER PRICING**

### **1.0 POLICIES AND PROCEDURES**

1.1 Critical Holdings Berhad applies the Transfer Pricing Guidelines 2012 for the acquisition or supply of properties or services between associated persons, where at least one person is assessable or chargeable to tax in Malaysia.

1.2 Before determining the transfer price, the Financial Controller shall document the transfer pricing methodology used in the Transfer Pricing Documentation to ensure that the pricing determined is at arms-length basis. The methods include:

- Comparable uncontrolled price method
- Resale price method
- Cost plus method
- Profit split method
- Transaction net margin method

1.3 Transfer Pricing Documentation shall consist of:

- Organization structure
- Group financial report
- Nature of business / industry and market conditions
- Controlled transactions
- Pricing policies
- Assumption, strategies and information regarding factors that influenced the setting of pricing policies
- Comparability, functional and risk analysis
- Selection of the transfer pricing method
- Application of the transfer pricing method
- A list of advance pricing arrangements entered into by members of the Group with respect to transactions to which the taxpayer is a party
- Documents that provide the foundation for or otherwise support, or were referred to, in the development of the transfer pricing analysis

1.4 The Financial Controller is responsible for ensuring that transfer pricing documentation are made readily available and information that were used in preparing the transfer pricing documentation as they are necessary to support the transfer pricing analysis. This may include:

- i. Official publications, reports, studies and databases;
- ii. Reports of market research studies carried out by recognized institutions;
- iii. Technical publications brought out by recognized institutions;
- iv. Agreements and contracts entered into with associated persons or with unrelated persons, which may be of relevance to the international transactions;
- v. Letters and other correspondence documenting any terms negotiated between the Group and the associated person;
- vi. Supporting documents for the economically significant activities and functions undertaken by the taxpayer.
- vii. Other relevant documents.

1.5 When necessary, the Financial Controller shall engage the services of the Group's appointed tax agent or third party consultant to assess the transfer pricing documentation and transfer pricing determination analysis.

1.6 All transfer pricing documentation shall be filed in the Transfer Pricing File and kept for a period of seven years from the end of the year to which income from the business relates, as provided under paragraph 82(1)(a) of the Act.

1.7 All transfer pricing records relating to any business in Malaysia must be kept and retained in Malaysia. These records include books of accounts, invoices, vouchers, receipts and other documents necessary to verify entries in any books of accounts.

1.8 If the transaction with an associated person is entered into in the basis year for a year of assessment, the Chief Financial Officer shall also prepare and keep contemporaneous documentations.

1.9 The Financial Controller shall make available all Transfer Pricing Documentation to the IRBM within 30 days upon request.