

	CRITICAL HOLDINGS BERHAD CORPORATE POLICY <small>This document is strictly PRIVATE & CONFIDENTIAL</small>	Doc. Ref. : CHB-CP-CA-011 Rev. No. : 2 Page No. : 1 of 2
RELATED PARTY TRANSACTION		

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To establish a clear framework for identifying, documenting, and managing related party transactions (RPTs) within the Group to ensure transparency, compliance with applicable laws and regulations (APPENDIX 2 of the MAIN Market Listing Requirement), and proper governance.

A Related Party Transaction is a business deal or arrangement between two parties who are connected through common interests, such as family ties, ownership, management, or control. These may involve transactions like:

- Purchase or sale of goods and services
- Leasing arrangements
- Loans or borrowings
- Guarantees, or
- Any financial transaction or exchange of value.

Definition of the Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- (i) Key management personnel, which is defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Directors of the Group; and
- (ii) Companies in which Directors of the Group have significant financial and controlling interests.

Identification of Related Party Transactions

Review of Relationships: Periodically update and maintain an accurate list of related parties, including key management, directors, affiliates, subsidiaries, and any other associated entities.

Transaction Review: Ensure that all transactions involving the related parties are documented and checked against the related party list. If an entity is a related party, its transactions should be flagged for further review.

Disclosure Requirements: Ensure the transactions are properly disclosed in financial statements and in compliance with local regulatory requirements.

Approval Process for Related Party Transactions

Initial Review:

Any RPT should first be reviewed by the Compliance or Legal Team or Sponsor to ensure that the transaction complies with legal and regulatory requirements.

Material Transactions (those above a threshold APPENDIX 2 of the MAIN Market Listing Requirement) should be escalated to the Audit Committee or Board of Directors for review.

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Approval Process:

Related party transactions should require written approval by the appropriate governing body (e.g., Audit Committee and Board of Directors).

Approval should be granted only after the transaction is assessed for fairness, reasonableness, and market competitiveness.

Fairness Opinions:

For significant transactions, the organization should engage independent third-party experts (such as auditors, legal advisors, or valuation specialists) to provide fairness opinions to ensure that the transaction is not detrimental to the organization and is conducted at arm's length.

Documentation and Record-Keeping

Detailed Documentation: Maintain comprehensive records of all related party transactions, including the nature of the relationship, terms of the transaction, and justifications for the transaction.

Disclosure in Financial Statements: Ensure proper and transparent disclosure in the financial statements, as required by relevant accounting standards.

Periodic Review: Review related party transactions periodically to ensure compliance with the internal policies and regulatory requirements.

Monitoring and Reporting

Monitoring: Monitoring the ongoing related party transactions, if any from time to time to ensure they are executed as approved and that they align with the best interests of the organization.

Quarterly/Annual Reports: The Group should include related party transactions in the quarterly or annual report, providing full transparency on these transactions.

Anti-Fraud and Corruption Policy: Related party transactions should align with the organization's anti-fraud and anti-corruption policies, ensuring no conflict of interest or fraudulent activities.

Announcement and disclosure shall be made in accordance with the APPENDIX 2 of the MAIN Market Listing Requirement.