

RELATED PARTY TRANSACTIONS POLICY

1. Introduction

Rex Industry Berhad ("**the Company**") and its subsidiaries ("**the Group**") may enter into transactions with a related party.

2. Objectives

This policy is designed to ensure that related party transactions are made at arm's length and on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not on terms that are detrimental to the minority shareholders of the Company, and where they are recurrent related party transactions, they are also carried out in the ordinary course of business.

3. Definition

- 3.1 "**Chief Executive**" means the principal executive officer of the Company for the time being, by whatever name called, and whether or not he is a Director.
- 3.2 "**CMSA**" means the Capital Markets and Services Act 2007.
- 3.3 "**Director**" has the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six 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.
- 3.4 "**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 to in (c) and (d) above.
- 3.5 "**Listing Requirements**" means Bursa Malaysia Securities Berhad's Main Market Listing Requirements.
- 3.6 "**Major Shareholder**" means any person who has or had within the preceding six months of the date on which the terms of the transaction were agreed upon, an interest or interests in one or more voting shares in the Company or any other corporation which is its subsidiary or holding company, and the number or aggregate number of those shares, is –

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- (a) 10% or more of the total number of voting shares in the Company or any other corporation which is its subsidiary or holding company; or
- (b) 5% or more of the total number of voting shares in the Company or any other corporation which is its subsidiary or holding company where such person is the largest shareholder of the Company or any other corporation which is its subsidiary or holding company.

For the purpose of this definition, "**interest**" shall have the meaning of "**interest in shares**" given in Section 8 of the Companies Act 2016.

3.7 "**Person Connected**" in relation to a Director or Major Shareholder ("**said Person**") of the Company, means such said 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 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 him 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.

3.8 "**Related Party**" in relation to a corporation, means a Director, Major Shareholder or Person Connected with such Director or Major Shareholder.

3.9 "**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.

3.10 "**Related Party Transaction**" means a transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party.

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4. Policies and Procedures

- 4.1 The transactions with the Related Party will only be entered into after taking into account pricing, quality, 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 and subject to the availability of the products 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).
- 4.2 The terms and conditions of the transactions will be determined by the product provider's usual commercial terms or in accordance with applicable industry norm.
- 4.3 Records will be maintained by the Company to record all the Recurrent Related Party Transactions entered into pursuant to any shareholder mandate obtained pursuant to Paragraph 10.09(2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- 4.4 At least two 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 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 a quotation or comparative pricing from/to unrelated third parties cannot be obtained/given (for instance, if there are no unrelated third party vendors/customers of similar products, or if the product is a propriety item), the transaction price will be determined based on the margin or price transacted for other similar product/services and the transaction price will be reviewed taking into account prevailing market rates or 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.

- 4.5 The Audit Committee of the Company shall put in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner, and the frequency of review of these procedures and processes.
- 4.6 The Audit Committee shall periodically review the procedures set to monitor Related Party Transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the Related Party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

All reviews by the Audit Committee are reported to the Board. In its review and approval of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals.

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4.7 All the Directors and Major Shareholders are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of the Audit Committee.

In addition, the Directors and Major Shareholders have given their undertakings that all business transactions entered into between the Group and themselves and/or Persons Connected with them shall be negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

5. Threshold for Approval

The threshold for Recurrent Related Party Transactions will be determined by the Audit Committee and the Board on a yearly basis, subject to the provisions in the Bursa Malaysia Securities Berhad's Main Market Listing Requirements and/or the CMSA, where necessary. Where any Director has an interest (direct or indirect) in any Recurrent Related Party Transactions, such Director shall abstain from deliberation and voting on the matter.

6. Periodic Review of this Policy

This policy shall be reviewed from time to time by the Board when deemed necessary.

7. Effective Date

This policy has been revised by the Board of Directors on 18 October 2018.