



## **THONG GUAN INDUSTRIER BERHAD (324203-K)**

### **Related Party Transaction Policy**

#### **1) Introduction**

Thong Guan Industries Berhad (“TGIB” or the “Company”) and its subsidiaries (“the Group”) would, in ordinary course of business, enter into transactions of revenue or trading in nature with a related party or parties.

#### **2) Objectives**

This policy is designed to ensure the related party transactions (“RPT”) are carried out in the ordinary course of business and are made at an arm’s length and on normal commercial terms.

This policy also aims to comply with the Part E, Paragraph 10.08 and 10.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

#### **3) Definition**

- 3.1 “Related Party” means a Director, major shareholder or person connected with such Director or major shareholder.
- 3.2 “Recurrent Related Party Transaction”(“RRPT”) means a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed issuer or its subsidiaries.
- 3.3 “Related Party Transaction” (“RPT”) means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party.

#### **4) Policy and procedures**

- 4.1 The Finance Department at the Head Office of TGIB will maintain a list of Mandated Related Parties and the list will be circulated within the Group to ensure that all Recurrent Transactions are required to be undertaken on an arm’s length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public;
- 4.2 All RRPT to be entered into will be reviewed by Financial Controller at the finance Department of TGIB’s to ensure that the transactions are not more favourable to the related party and will not be to the detriment of minority shareholders;
- 4.3 Records of RRPT’s will be compiled and summarized for review by the Audit Committee on a quarterly basis to ascertain that the guidelines and procedures established to monitor RRPT have been complied with;



- 4.4 Disclosure on all Recurrent Transactions will be made in the Annual Report of the Company;
- 4.5 The transaction prices, terms and conditions are determined by market forces under similar commercial terms for transactions with third parties, which are at arm's length;
- 4.6 The interested directors who are members of the Board will abstain from deliberating and voting on all matters pertaining to the Recurrent Transactions at the relevant meetings of the Board or Audit Committee;
- 4.7 The Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and review of these procedures and processes on annually basis; and
- 4.8 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 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 from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on similar costing method of pricing used for other products/services and/or quantities to ensure that the RRPT is not detrimental to the Group.

The policy and procedure above also apply to RPT reporting.

#### **5) Threshold for Approval**

There are no specific thresholds for approval of RRPT or RPT within the TGIB Group. However, all RRPT or RPT will be reviewed by the Audit Committee and approved by the Board.

#### **6) Disclosure**

Disclosure will be made in the Company's Annual Report according to the MMLR Paragraph 10.08 and 10.09.

The policy has been adopted by the Board on 24 August 2017.