

ORGABIO HOLDINGS BERHAD

Company Registration No. 201801016797 (1278813-M)
(Incorporated in Malaysia)

POLICY AND PROCEDURE ON RELATED PARTY TRANSACTION

1. DEFINITIONS

For the purpose of this policy, unless the context otherwise requires:

- (a) **'ARMC'** shall mean the Audit and Risk Management Committee of the Company.
- (b) **'Bursa Securities'** shall mean Bursa Malaysia Securities Bhd.
- (c) **'Company'** or **'ORGABIO'** shall mean Orgabio Holdings Berhad.
- (d) **'Listing Requirements'** shall mean ACE Market Listing Requirements of Bursa Securities.
- (e) **'Percentage Ratios'** shall mean the figures, expressed as a percentage, resulting from computation based on the formulas prescribed under Rule 10.02 (g) of the Listing Requirements.
- (f) **'Related Party(ies)'** shall mean director, chief executive, major shareholder or person connected with such director, chief executive or major shareholder of the Company, its subsidiary or holding company.
- (g) **'Recurrent Related Party Transaction' ("RRPT")** shall mean a related party transaction which is recurrent, of revenue or trading nature, which is necessary for day-to-day operations of the Company or its subsidiaries and which has been made or will be made by the Company and/or its subsidiaries at least once in 3 years in the course of its business.
- (h) **'Related Party Transaction' ("RPT")** shall mean a transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a related party.
- (i) **'Transaction'** shall mean 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 transactions entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary.

2. PROCEDURES TO ENTER INTO NEW AND RECURRENT RPT

(a) Obligation to Report

All Directors, Senior Management, Department and Division Heads of the Company to report any new and recurrent RPT (irrespective of the nature and amount) to the Executive Director/Chief Financial Officer of the Company for his onward transmission to the ARMC of the Company for review.

The report shall include (but not limited to) the following:

- i) Executive summary of the transaction.
- ii) Documents to support the transaction.
- iii) Particulars of the Department and Division Head such as name, e-mail address and telephone number.

(b) Approving Authority

All RPTs of 0.25% or more of the Percentage Ratios or RM1,000,000, whichever is lower, to be entered shall be subject to the review and approval of the ARMC and Board of Directors of the Company before the transactions are carried out, except for RRPTs where general mandate to enter into such transaction has been obtained from the shareholders at general meeting.

All RPTs of below 0.25% of the Percentage Ratios or RM1,000,000, whichever is lower, shall be approved by the Executive Director or the Board members who has no interest in the transaction and table to the ARMC every quarterly for information, except for RRPTs where general mandate to enter into such transaction has been obtained from the shareholders at general meeting.

When determining the transaction, the following factors shall be considered:

- i) How the terms of the overall transaction compare with those of any comparable transactions on an arm's length basis;
- ii) The nature and content of the bargaining process;
- iii) The impact of the transaction on the Company or its subsidiaries or registered scheme;
- iv) Any other options available to the Company or its subsidiaries;
- v) Any expert advice received by the Company or its subsidiaries; and
- vi) Any other factors which the ARMC or Board of Directors of the Company or its subsidiaries deem fit as per requirements of Bursa Securities.

(c) Review Methods or Procedures

- i) Updated list of Related Parties will be circulated within the Group regularly to notify and remind all departments that all RRPT(s) are required to be carried out on an arm's length basis and on normal commercial terms not more favourable to the Related Parties than those extended to the public and are not detrimental to the minority shareholders.
- ii) Records will be maintained to record all RRPT(s) which are/will be entered into, which will be available for review by, among others, the auditors and ARMC, on a quarterly basis. Any member of the ARMC may as he deems fit, request for additional information pertaining to RRPT(s) from independent sources or advisers.
- iii) Where applicable, the terms of the pricing of the RRPT(s) shall be consistent with the Group's usual business practices and policies and will take into consideration to, amongst others, the demand and supply of the products, quality, level of service, credit terms and reliability of supply, where relevant, practical and feasible. At least two other contemporaneous transactions with unrelated third parties for similar

products and/or quantities will be used as comparison, wherever available or possible, to determine whether the price and terms offered to/by all related parties are fair and reasonable and comparable to those offered to/by unrelated third parties for the same or substantially similar type of products/services and/or quantities.

- iv) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on usual business practices and policies of the Group to ensure that the RRPT(s) are not detrimental to the Company and/or the Group.
- v) For the RRPT(s), where RRPT(s) is one with a value equal to or in excess of RM1.0 million or 1% of Orgabio's Net Assets (whichever is lower), it will be reviewed by the ARMC and recommended to be approved by the Board of Directors who has no interest in the transaction. Where the RRPT(s) is one with a value below RM1.0 million or 1% of Orgabio's Net Assets (whichever is lower), it will be reviewed and approved by any 1 of the Executive Director or the Board members who has no interest in the transaction.
- vi) If a member of the Board or of the ARMC has an interest, as the case may be, he/she shall declare their interest in transaction and abstain from any matter relating to the decision making by the Board or ARMC in respect of the said transactions.
- vii) The said interested Director shall undertake that he/she will ensure that persons connected with him/her abstain from voting on the resolution deliberating or approving the RRPT(s) at a general meeting.
- viii) The annual internal audit plan shall incorporate a review of all RRPT(s) entered into pursuant to the shareholders' mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to. Any divergence will be reported to the ARMC.
- ix) The Board and the ARMC will have the overall responsibility for the determination of the review procedures, including any addition or variation thereto, where applicable.

3. REVIEW OF THIS POLICY

The Company will review and assess the effectiveness of this Policy as and when required and any recommendation for revisions shall be highlighted to the ARMC and the Board for approval.

-End-