



COMFORT GLOVES BERHAD
Registration No. 193701000006 (852-D)
(Incorporated in Malaysia)

Related Party Transactions Policy

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COMFORT GLOVES BERHAD and GROUP OF COMPANIES

RELATED PARTY TRANSACTIONS POLICY

1. Introduction

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

In formulating this policy, the Company has taken into account the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other applicable laws to ensure compliance with the obligations imposed.

2. Objectives

This Policy outlines the framework and the processes for purposes of identifying, monitoring, evaluating, reporting and approving the related party transactions (“RPT”) and recurrent related party transactions (“RRPT”). It also serves as a guide to the Audit Committee (“AC”) and Board of Directors (“Board”) of the Company in discharging its role, which is to provide oversight over RPTs and RRPTs within the Group.

3. Definition

- 3.1. “Chief Executive” in relation to a corporation, means the principal executive officer of the corporation 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 6 months of the date on which the terms of the transaction were agreed upon
 - i. a Director of the listed issuer, its subsidiary or holding company; or
 - ii. a Chief Executive of the listed issuer, 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:
 - i. spouse;
 - ii. parent;
 - iii. child including an adopted child and step-child;
 - iv. brother or sister; and
 - v. spouse of the person referred in point (iii) and (iv) above.

3.5. "Person connected" in relation to a Director or major shareholder, means such person who falls under any one of the following categories:

- i. a family member of the Director or major shareholder;
- ii. a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director or major shareholder, is the sole beneficiary;
- iii. a partner of the Director or major shareholder, or a partner of a person connected with that Director or major shareholder;
- iv. a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or major shareholder;
- v. a person in accordance with whose directions, instructions or wishes the Director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- vi. a body corporation or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or major shareholder;
- vii. a body corporate or its Directors whose directions, instructions or wishes the Director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
- viii. a body corporate in which the Director or major shareholder, or person connected with him/her are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
- ix. body corporate which is a related corporation.

3.6. "Related party" means a director, major shareholder or person connected with such director or major shareholder.

3.7. "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.

3.8. "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 its subsidiaries;

3.9. Transaction includes:

- (i) the acquisition, disposal or leasing of assets;
- (ii) the establishment of joint ventures;
- (iii) the provision of financial assistance;
- (iv) the provision or receipt of services; or
- (v) any business transaction or arrangement entered into,

by the Company or its subsidiaries BUT excludes transaction entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiaries

4. DISCLOSURE REQUIREMENTS

4.1 . Related Party Transaction (“RPT”)

- 4.1.1 Comfort must make an immediate announcement to the Bursa, of a RPT, where the percentage ratio is 0.25% or more after the terms of the transaction has been agreed upon provided that the value of the consideration of the transaction is RM500,000 or more and it is not recurrent in nature.
- 4.1.2 If the percentage ratio for the RPT is equal to or exceeds 5%, the Company must:
- (i) send a circular to the shareholders;
 - (ii) obtain shareholder's approval of the transaction in a general meeting; and
 - (iii) appoint an independent adviser approved by the Securities Commission (“SC”).
- 4.1.3 If the percentage ratio for the RPT is equal to or exceeds 25%, the Company must in addition to 4.1.2 above appoint a main adviser, who is a Principal Adviser approved by the SC.

The Principal Adviser must undertake the following:

- (i) advise the Company whether such transaction is carried out on fair and reasonable terms and conditions and not to the detriment of minority shareholders of the Company;
 - (ii) ensure that such transaction complies with the relevant laws, regulations or guidelines, where applicable;
 - (iii) ensure full disclosure of all information required to be disclosed in the announcement and circular; and
 - (iv) confirm to the Bursa Securities that it has discharged its responsibility with due care in regard to the transaction, after the transaction has been completed and all the necessary approvals have been obtained.
- 4.1.4 A director with interest, direct or indirect, must abstain from deliberation and voting on the relevant resolution in respect of the RPT at the Board meeting. In a general meeting to obtain shareholders’ approval, a director or major shareholder with any interest, direct or indirect, or person connected to them must not vote on the resolution approving the transaction.
- 4.1.5 Any vote of shareholders taken at the general meeting on the resolution approving the transaction is taken on a poll.
- 4.1.6 RPT entered by a subsidiary with another person where the percentage ratio is equal to or exceeds 5%, and the only related party having an interest in such transaction is not a related party to Comfort, only immediate announcement is required, subject to the following conditions:
- (i) Board of directors of Comfort approves the transaction before the terms of transaction are agreed upon;

- (ii) That the transaction is fair and reasonable and is in the best interests of The Group. When a RPT is involved, the Heads of Department (“HoD”) or officers-in-charge of the subsidiaries are required to be mindful of the value of the contract/transaction.

4.2 Transactions not regarded as RPT

4.2.1 The following transactions are not normally regarded as RPT under paragraph 10.08(11) of the Listing Requirements:

- (a) The payment of dividend, issue of securities by the Company or its subsidiaries by way of a bonus issue or for cash (subject to paragraph 6.06 of the Listing Requirements), the grant of options, the issuance of securities arising from the exercise of options under the Share Issuance Scheme, subdivision of shares, consolidation of shares, reduction in the par value of shares or subscription of securities on a pro rata basis;
- (b) A transaction between the Company or its subsidiaries and another person where there are no other interested relationships except for common directorships and the directors who have common directorships having shareholdings which is less than 5% other than via the Company. There is no other interest such as commission or other kinds of benefits received from the Company or any of its subsidiaries or the other person in relation to the said transaction;
- (c) An acquisition or disposal by the Company or its subsidiaries from or to a third party of an interest in another corporation, where the related party holds less than 10% in that other corporation other than via the Company;
- (d) The provision or receipt of financial assistance or services upon normal commercial terms and in the ordinary course of business by a licensed institution whose activities are regulated by written law and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as the Exchange deems appropriate;
- (e) Director's fees and remuneration, and employment remuneration;
- (f) A transaction between the Company or its subsidiaries, and another person for the provision or receipt of goods and services which are considered exempted transactions where:
 - (i) the goods or services are purchased, sold or rendered based on a non-negotiable fixed price or rate which is published or publicly quoted; and
 - (ii) all material terms including the prices or charges are applied consistently to all customers or classes of customers.

(the definition of goods, classes of customers and exempted transactions is as per the MMLR).

- (g) The entry into or renewal of tenancy of properties of not more than three years, the terms of which are supported by an independent valuation;
- (h) A contract that is awarded by or on behalf of the Government or State Government to the Company or its subsidiaries provided that an immediate announcement of the same is made to Bursa Malaysia;
- (i) A contract that is awarded by way of public tender;
- (j) A transaction between the Company or any of its subsidiaries and another person which involves the sharing of services or facilities provided by one or more of such parties or other similar arrangements whereby the consideration merely involves reimbursement or sharing of costs in proportion to the utilisation of the services or facilities.

Note: Reference shall be made to the Listing Requirements for a complete list of the exempted transactions.

4.3 Recurrent Related Party Transaction (“RRPT”)

4.3.1 Paragraph 10.09 of the Listing Requirements states that a Company with an issued and paid-up capital of less than RM60 million, must immediately announce a RRPT if:

- (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
- (b) the percentage ratio of the RRPT is 1% or more,

whichever is the lower.

4.3.2 Nevertheless, Comfort may seek a mandate from the shareholders for RRPTs which following conditions are met:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report in respect of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the prescribed threshold stated in paragraph 4.3.1 above;
- (c) the circular to shareholders for the shareholders’ mandate includes the information as prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;

- (d) in a meeting to obtain the shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder and the interested person, must not vote on the resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected to the interested director or interested major shareholder abstain from voting on the resolutions approving the transactions;
- (e) Comfort must immediately announce to Bursa Malaysia when the actual value of the RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as maybe prescribed by Bursa Malaysia in its announcement; and

4.3.3 Where Comfort has procured a shareholders' mandate, the provisions of Paragraph 10.8 on the RPT shall not apply.

5. PERCENTAGE RATIOS

Percentage ratios are figures, expressed as a percentage, used to determine the materiality of RPT resulting from each of the following calculations ("Bursa Securities Percentage Ratios"):

- (a)
$$\frac{\text{The Value of the Assets which are subject matter of the transaction}}{\text{Net Assets of the listed issuer}}$$
- (b)
$$\frac{\text{Net Profits of the assets which are subject matter of the transaction}}{\text{Net Profits attributable to the owners of the listed issuer (before other comprehensive income of loss)}}$$
- (c)
$$\frac{\text{The Aggregate Value of the consideration given or received in relation to the transaction}}{\text{Net Assets of the listed issuer}}$$
- (d)
$$\frac{\text{The number of shares issued by the listed issuer as consideration for an acquisition}}{\text{Total number of Shares Previously in Issue (excluding treasury shares)}}$$
- (e)
$$\frac{\text{The Aggregate Value of the Consideration given or received in relation to the transaction}}{\text{Market Value of all the Ordinary Shares of the listed issuer (excluding treasury shares)}}$$
- (f)
$$\frac{\text{The Total Assets which are the subject matter of the transaction}}{\text{Total Assets of the listed issuer}}$$
- (g) (i) In respect of joint ventures, business transactions or arrangements:

$$\frac{\text{The Total Project Cost Attributable to the listed issuer}}{\text{Total Assets of the listed issuer}}$$

(ii) In respect of the Joint Venture Corporation is incorporated as result of the joint venture:

The Total Equity Participation of the Listed Issuer in the joint venture corporation
(based on the eventual issued capital of the joint venture corporation)
Net Assets of the listed issuer

(h) The Aggregate Original Cost of Investment of the subject matter of transaction
Net Assets of the listed issuer (in the case of a disposal and where the acquisition of the subject matter took place within last 5 years)

6. REPORTING PROCESS

Comfort has established a process for all RPTs and RRPTs reporting, given as follows:

6.1 RPT

- (a) Before entering into a commercial contract/agreement/transaction the originator/buyer must identify and check for RPT element and contract value. To obtain verification from the HoD of the Company, where necessary.
- (b) Provision of available details of the proposed commercial contract/agreement/ transaction and submission of the RPT to Company Secretary of Comfort if it is RPT.
- (c) Company secretary of Comfort to prepare the following:
 - (i) draft announcement if the percentage ratio of a RPT is 0.25% or more and the contract value must be more than RM500,000; or
 - (ii) determine if the percentage ratio is 5% or more for preparation of draft circular to obtain Comfort shareholders' approval; and
 - (iii) determine if the percentage ratio is 25% or more for preparation of draft circular to obtain Comfort shareholders' approval, appointment of independent and main advisors.
- (d) Seek clearance from Comfort's Audit Committee for all RPT transactions by way of submission of necessary paper on the proposed transaction to Comfort's Audit Committee for review;
- (e) Comfort will then submit the matter to its Board for information. Comfort's Board is to take note of the review by Comfort's Audit Committee;
- (f) Seek clearance from the Board
- (g) Where the transaction reaches certain threshold of the percentage ratios, Comfort will comply with the obligations under the Listing Requirements

(h) To prepare and thereafter update RPT Register on quarterly basis

6.2 RRPT

- a) Processes are the same as RPT reporting procedures under steps 6.1.(a) to 6.1.(b) above:
- (i) Before entering into a commercial contract/agreement/transaction the originator/buyer must identify and check for RPT element and contract value. To obtain verification from the HoD of the Company, where necessary.
 - (ii) Provision of available details of the proposed commercial contract/agreement/ transaction and submission of the RRPT to Company Secretary of Comfort if it is RRPT.
- b) Comfort will:
- (i) update the RRPT register;
 - (ii) review or procure the review of the contract/agreement/transaction to ensure that the terms within satisfy the requirements under the MMLR; and
 - (iii) monitor if the RRPT breaches the annual cap imposed on such RRPT, and if a revision of annual cap is required, comply with the relevant requirements under MMLR before such cap is breached; or
 - (iv) make immediate announcement when the actual value of RRPT exceeds the estimated value of the RRPT disclosed in the circular by 10% or more.

7. ROLES AND RESPONSIBILITIES

The roles and responsibilities of the respective department/subsidiaries in providing the RPT information are as follows: -

(a) Company Secretary

- (i) To provide the list of directors, major shareholders and persons connected with such directors or major shareholders (where information is made available to the Company Secretary) to the Management;
- (ii) To update and advise the Management of any new items and amendments to the Listing Requirements in relation to RPTs and RRPTs disclosure;
- (iii) To advise and assist Comfort on compliance with the disclosure requirement of the Listing Requirements with respect to RPTs and RRPTs;

(iv) To prepare the Circular to Shareholders document for obtaining the shareholders' mandate on the new RRPTs and/or their subsequent renewals.

b) Heads of Departments/Subsidiaries

(i) To identify the nature of each RPT/RRPT and their respective amount based on the list initially provide by the Company Secretary;

(ii) To inform the CFO of any RPT/RRPT that requires immediate announcement to Bursa;

(iii) To prepare the board paper on the RPT/RRPT for presentation to the Audit Committee and/or the Board.

8. GENERAL OBLIGATION OF THE TRANSACTING PARTY

The general obligation to act in the best interests of the Company means that the transacting company/subsidiary is required to ensure that the proposed transaction is conducted at arm's length and on a commercial basis or better.

In originating a report to the Audit Committee for review, the transacting company/subsidiary should disclose the following:-

(j) Appropriate documentation or records to justify the transaction;

(ii) The price/value of the transaction;

(iii) Rationale for the RPT; and

(iv) Any other terms and conditions upon which the RRPT was entered into.

The records must be similar to those maintained for transaction with non-related parties. A report on the reasonableness of the terms would be required. At least two (2) other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to or by the related parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products or services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on its usual business practice to ensure that the RPT and RRPTs are entered into on an arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to Comfort.

9. COMPLIANCE PROGRAMS

It is the responsibility of each Head of Departments/subsidiaries to set up and maintain an effective compliance program to prevent and detect violations of RPT under the Listing Requirements and applicable laws. The compliance program should be tailored to the special circumstances of the business. The compliance program should have the following elements:-

- set standards and procedures that are reasonably capable of reducing the prospect of violations of this policy and applicable laws;
- assign overall responsibility for compliance to specific personnel;
- screen employees and agents, to prevent discretionary authority from being delegated to persons who have demonstrated insensitivity to the requirements of this policy and the laws it covers;
- facilitate the employees with educational and training programs that will enable employees to understand the basic requirements of this policy and applicable laws;
- implement monitoring and auditing systems to detect violations of this policy and applicable laws;
- establish and communicate a procedure for promptly reporting possible violations and concerns that protects against fear of retribution;
- implement appropriate disciplinary mechanisms;
- take remedial action to correct weaknesses and prevent recurrence of failures.

10. MAINTENANCE OF RECORDS

The directors and major shareholders will be required to disclose any RPT, on a timely manner the brief details of the transaction and the sums involved. If there are any related party transactions to disclose, the brief details of the transaction and the sums involved need to be disclosed by such director or major shareholder.

Additionally, the transacting company/subsidiary shall ensure proper maintenance and retention of documentation, to allow the RPT to be scrutinized by regulators or auditors. Such documentation should be readily accessible to regulators and other interested parties.

11. RPT REVIEW

All RPTs shall be reviewed by the Comfort from time to time to ensure compliance with the Listing Requirements and applicable laws. The findings shall then be reported to the Audit Committee and the Board of Directors.

The transacting company/subsidiary shall, during the terms of an agreement governing, a RPT, ensure that such a transaction meets and continues to meet the following criteria:

- (i) It should be in the best interest of the Company as a whole;
- (ii) It should represent fair value and be reasonable;
- (iii) It should be properly documented;
- (iv) It should be appropriately disclosed.

12. RESOURCES

The Company will provide guidance, education, training, bulletins and procedures for implementing this policy, including requirements for reporting, monitoring and review.

13. MODIFICATIONS

Comfort reserves the right to modify or amend this policy at any time as it may deem necessary in order to align the policy with Listing Requirements, the Act, Malaysian Code on Corporate Governance 2021 ("MCCG 2021") and any other applicable laws enforced at the time being.