



Success Transformer Corporation Berhad

[Registration No. 200301034518 (636939-W)]

(Incorporated in Malaysia)

RELATED PARTY TRANSACTION POLICY AND PROCEDURE

1. INTRODUCTION

The STC Group is principally engaged in design, manufacturing and distribution of transformers, electrical apparatus and industrial lighting.

The Group's main business operations encompass manufacturing of power transformers and electrical apparatus products such as automatic voltage stabilizers, detuned harmonic circuit filter reactor, battery chargers and testers. The Group's portfolio includes LED range of industrial lighting products such as floodlights, streetlights, highbays and HID lighting.

The content of this Related Party Transaction ("RPT") Policy and Procedure serves as the general guidelines to be adopted across the STC Group in dealing with or managing RPT and recurring related party transaction ("RRPT").

2. OBJECTIVES

The main purpose of this RPT Policy and Procedure is to help the employees, Directors, major shareholders and persons related to the Director and/or major shareholders of the Group to understand the procedures and steps that need to be adhered in identifying and managing RPT which include:

- (i) Specification of the principles to be adopted in relation to the conduct of RPT between the Company and/or the Group with a related party;
- (ii) Compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and other applicable laws;
- (iii) Threshold for approval for mandated RPT and RRPT;
- (iv) Provision of guidance in the interpretation and application of those principles; and
- (v) Specification of the basis of proper disclosure of such RPT and RRPT.

3. SCOPE

This RPT Policy and Procedure outlines the framework and the processes for the purpose of identifying, monitoring, evaluating, reporting and approving the RPT and RRPT to ensure such transactions are conducted on 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 STC with good governance.

It also serves as a guide to the Audit Committee ("AC") and Board of Directors of STC ("Board") in discharging its role, which is to provide oversight over RPTs and RRPTs within the STC Group.

4. DEFINITIONS

For the purposes of this RPT Policy and Procedure, the following definitions shall apply:

(i) Chief executive

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.

(ii) Director

Director has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 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:

- (a) a Director of STC, its subsidiary or holding company;
- (b) a chief executive of STC, its subsidiary or holding company.

(iii) Major shareholder

Major shareholder means a person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares is:

- (a) 10% or more of the total number of voting shares in the Company; or
- (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the Company.

Major shareholder 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, a major shareholder of the Company or its subsidiary or holding company.

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

(iv) Person Connected

Person connected in relation to any person (referred to as, "said person") means such person who falls under any one of the following categories:

- (a) a family member of the said person;

"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.

- (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 the said person 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.

(v) Related party

Related party in relation to a corporation means a director, major shareholder or persons connected with such director or major shareholder of the Company or its subsidiaries.

(vi) RPT

RPT means a transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a related party.

(vii) RRPT

RRPT means a RPT which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the Company or its subsidiaries.

(viii) Transaction shall include *inter-alia* the following:

- (a) the acquisition, disposal or leasing of assets;
- (b) the establishment of joint ventures;
- (c) the provision of financial assistance;
- (d) the provision of receipt of services; or
- (e) 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 subsidiary.

5. PROVISION UNDER THE LISTING REQUIREMENTS

The provision as disclosed below are not extensive and should be read in conjunction with the Listing Requirements:

RPT

The disclosure requirements of RPT is governed by percentage ratio threshold as prescribed under Paragraph 10.08 of the Listing Requirements as below:

- (i) Where any one of the percentage ratios of a RPT is **0.25% or more**, STC must announce the RPT to Bursa Securities as soon as possible after the terms of the transaction have been agreed, unless the value of the consideration of the transaction is less than RM500,000 or it is a RRPT.
- (ii) Subject to Paragraphs 10.08(9) and 10.08(10) of the Listing Requirements, where any one of the percentage ratios of a RPT is **5% or more**, in addition to subparagraph (i) above, STC must:
 - (a) send a circular to its shareholders;
 - (b) obtain shareholders' approval of the transaction in general meeting; and
 - (c) appoint an independent adviser before the terms of the transaction are agreed upon.

Pursuant to Paragraph 10.08(9) of the Listing Requirements, where any one of the percentage ratios of a RPT entered into between a subsidiary of the Company and another person, is 5% or more and there are no other interested relationships except for a related party having an interest in the transaction who is:

- (a) a director or major shareholder of such subsidiary or the holding company of such subsidiary (other than the Company or a holding company of the Company) ("said director" or "said major shareholder"); or
- (b) a person connected with the said director or said major shareholder,

STC is exempted from issuing a circular to shareholders, obtaining shareholders' approval of the transaction in general meeting and appointing a main adviser and independent adviser, as the case may be, provided that the Board:

- (a) approves the transaction before the terms of transaction are agreed upon; and
- (b) ensures that the transaction is fair and reasonable to the Company and is in the best interests of the Company.

The listed issuer must still comply with the requirements in Paragraph 10.07, Part F or Part F(A), as the case may be, if any one of the percentage ratio of the related party transaction under this subparagraph is 25% or more.

- (iii) Subject to Paragraph 10.08(9) of the Listing Requirements, for a RPT other than a RRPT, where any one of the percentage ratios is **25% or more**, in addition to subparagraph (ii) above, the listed issuer must, before the terms of the transaction are agreed upon, appoint a main adviser, who is a Recognised Principal Adviser in accordance with Paragraph 10.08(4) of the Listing Requirements.

Notwithstanding the above, the following transactions are not normally regarded as RPT under Paragraph 10.08(11) of the Listing Requirements:

- (i) The issue of securities by the Company for cash (subject to Rule 6.06 of LR), the issue of securities by way of a bonus issue, the grant of options and the issue of securities arising from the exercise of options under a Share Issuance Scheme, subscription of securities on a pro-rata basis, a subdivision of shares, consolidation of shares or payment of dividend;
- (ii) A transaction between the Company or any of its subsidiaries and another person, where there are no other interested relationships except for common directorships provided that the directors who have common directorships have shareholdings in the other person which is less than 5% other than via the Company. Also, there is no other interest such as commission or other kinds of benefits received from the Company or its subsidiaries or the other person in relation to the said transactions;
- (iii) An acquisition or disposal by the Company or any of 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;
- (iv) The provision or receipt of financial assistance or services, upon normal commercial terms and in the ordinary course of business, from a corporation whose activities are regulated by any written law relating to banking, finance corporations or insurance and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as Bursa Securities deems appropriate;
- (v) Directors' fees and remuneration, and employment remuneration;
- (vi) A transaction between the Company or any of its subsidiaries and another person for the provision or receipt of goods or services which are considered exempted transactions where:
- 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
 - 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 transaction" are defined in Paragraph 10.08(11)(g) of the Listing Requirements)

- (vii) The entry into or renewal of tenancy of properties of not more than 3 years, the terms of which are supported by an independent valuation;
- (viii) A contract that is awarded by or on behalf of the Government of Malaysia or a State Government to the Company or its subsidiaries provided that the Company immediately announces the same to Bursa Securities;
- (ix) A contract that is awarded by way of a public tender;
- (x) 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.

RRPT

Pursuant to Rule 10.09(1)(a) of the Listing Requirements, a listed issuer must make an immediate announcement to Bursa Securities of a RRPT where:

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

whichever is the higher.

However, under Paragraph 10.09(2) of the Listing Requirements, the listed issuer may seek a shareholders' mandate in respect of the RPT involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
 - (a) the consideration, value of assets, capital outlay or costs of the aggregated recurrent transaction is RM1 million or more; or
 - (b) any one of the percentage ratios of such aggregated recurrent transaction is 1% or more,

whichever is the higher;

- (iii) the issue of a circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;

- (iv) in a meeting to obtain shareholders' 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, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the listed issuer immediately announces to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transactions disclosed in the circular by 10% or more and must include the information as may be prescribed by the Bursa Securities in its announcement.

Where the Company has procured the shareholders' mandate pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements shall not apply during the period of validity of the shareholders' mandate.

6. REPORTING AND REVIEW PROCEDURE

All RPT and RRPT shall be reviewed by the AC and the Board to determine whether it is to be disclosed. For the avoidance of doubt, all RPT and RRPT must be disclosed based its percentage ratio as computed and guided by the disclosure requirements under Chapter 10 of the Listing Requirements.

Prior to the Company's announcement on a RPT and RRPT, the draft announcement and draft circular of RPT and shareholders' mandate for RRPT, where applicable, shall be reviewed and approved by the AC followed by the Board's approval.

Records pertaining to the RRPT will be analysed and monitored by the Finance Department. The status of these RRPT will be reported to the AC on a quarterly basis.

The management will ensure that transactions are made based on terms that are not more favourable to the related parties than those generally available to the public by considering the prevailing market prices, commercial terms of transactions with third parties, business practices and policies and terms which are generally acceptable in the industry norms.

Interested Director shall not participate in the discussions, evaluation or approval of any RPT and RRPT for which he or she is a related party and will abstain from voting on the approval of the RPT and RRPT (including persons connected to the interested Director if a general meeting is to be contended to approve the RPT and RRPT), except that the interested Director shall provide all material information concerning the RPT and RRPT to the AC.

The Company has established a process for all RPTs and RRPTs as follows:

(i) RPT reporting

Before entering into a commercial contract / agreement / transaction, the Head of Department (“HOD”) or the Manager for the respective department involved in the commercial contract / agreement / transaction shall check for RPT elements and contract value. If it is a RPT, a draft copy of the contract / agreement shall be furnished to the HOD of Finance Department of which further checks will be conducted based on the provisions in the Listing Requirements to reaffirm the RPT.

In the event shareholders’ approval is not required for the RPT, the Finance Department shall prepare and furnish the draft announcement to the AC for its review and approval followed by the Board’s approval. Once the terms and conditions of the RPT is determined to be transacted at arm’s length and on normal commercial terms which are not favourable to the related party than those generally available to the public and is in the best interest of the Company, the Managing Director or Deputy Managing Director of the Company will authorise to make the announcement to Bursa Securities.

Once approval is obtained for such RPT, HOD of Finance Department shall advise the HOD or interested party to complete the signing of the agreement / contract of the RPT.

In the event shareholders’ approval is required for the RPT, the Company must appoint a main adviser and independent adviser, as the case may be, before the terms of the transaction are agreed upon.

(ii) RRPT reporting

Before entering into a commercial contract / agreement / transaction, the HOD or the Manager for the respective department involved in the commercial contract / agreement / transaction must check for RRPT elements and contract value. If it is RRPT, Finance Department shall conduct further checks on the disclosure requirements based on the provision in the Listing Requirements and confirm the RRPT.

Finance Department shall monitor the RRPT and if the RRPT exceeds the threshold, Finance Department will make an immediate announcement to Bursa Securities, subject to the review and approval from the AC and the Board.

The Board may propose and table resolution(s) for the shareholders during its general meeting to consider and if thought fit to approve any new RRPT and renew its authority for existing RRPT. A circular containing all relevant information required to be disclosed under the Listing Requirements shall be prepared and despatched for shareholders’ information.

Finance Department shall update the RRPT records monthly and report to AC quarterly.

7. LETTER OF CONFIRMATION FROM RELATED PARTIES

The interested Directors, major shareholders and key management will be informed and briefed on the procedures put in place for our Group by the management in relation to transactions to be entered into by our Group. The interested Directors, major shareholders and key management are required to declare and disclose to the Company in a timely manner on transactions in which they are deemed interested.

Written confirmation from the Directors, major shareholders and key management of the Company and its subsidiaries are required on an annual basis as to their interest in any transaction with companies within the Group, including their directorship and / or shareholding interest in other companies.

8. EXECUTION AND MAINTENANCE

Directors and HOD of Finance Department of the Company are responsible for the execution of this RPT Policy and Procedure. This RPT Policy and Procedure will be reviewed or updated by the AC and approval will be obtained from the Board when deemed necessary.

Whenever in doubt as to whether the proposed transaction is a RPT, employees are encouraged to contact the Finance Department.

A copy of this RPT Policy and Procedure is available at STC's webpage. Questions with regard to the application or interpretation of any of these sections should be directed to the Finance Department.

This Related Party Transaction Policy and Procedure has been approved and adopted by the Board on 27 May 2025.