



Related Party Transaction Policy

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Aoxing BioPharmaceutical

Related Party Transaction Policy

Aoxing BioPharmaceutical (the "Company") Board of Directors (the "Board") has adopted the following policy and procedures with regard to Related Party Transactions. The policy sets out the procedure governing Related Party Transactions that must be followed by the Company to ensure compliance with all applicable laws and regulations. The Audit Committee will review this Policy from time to time and propose any amendment required to the Board of Directors as necessary.

This Policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties in the best interest of the Company and its stakeholders.

The provisions of this Policy are designed to govern the transparency of the approval process and disclosure requirements to ensure fairness in the conduct of related party transactions, in accordance with applicable laws.

1. Definitions

"Audit Committee" or **"Committee"** shall mean the sub-committee of the Board of Directors of the Company constituted under applicable legal and exchange guidelines.

"Board" shall mean the Board of Directors of the Company.

"Company" shall mean Aoxing BioPharmaceutical.

"Control" shall have the same meaning as defined as greater than 50% ownership of outstanding corporate shares.

"Key Managerial Personnel" shall mean C-level executives and corporate directors, as the case may be, and includes:

- i. Managing Director;
- ii. Chief Executive Officer, or in their absence, a whole-time director;
- iii. Company Secretary;
- iv. Chief Financial Officer.

"Material Related Party Transaction" shall mean a transaction with a related party if the transaction(s) to be entered into, individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per its last audited financial statements.

"Ordinary Course of Business" shall mean the conduct of business activity within normal commercial customs and usages, characterized by one or more of the following factors:

- i. The business activity is normal or otherwise unremarkable;
- ii. The business activity is frequent;
- iii. The business activity is regular;

- iv. The business activity involves a variable amount of money and resources;
- v. The business activity is a source of income for the Company;
- vi. The business activity involves a service or product that is offered to the Company's customers.

Note: Since interpretation of whether an activity falls within the definition of "Ordinary Course of Business" is ultimately a question of judgment, difficult cases will be referred to the Board for consideration.

"Policy" shall mean this Related Party Transaction Policy.

"Related Party" shall mean a person or entity that is related to the Company. Parties are considered related if one party has the ability to Control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions, and includes a person or a close member of that person's family in the following capacities:

1. A person is a Related Party if they are:

- i. A director or their relative;
- ii. A key managerial personnel or their relative;
- iii. A partner in a firm in which a director, manager, or their relative is also a partner;
- iv. A member or director of a private company in which a director or manager, or their relative, is also a member or director;
- v. A director of, or a holder along with relatives of more than two percent of the paid-up share capital of, a public company in which a director or manager also holds such a position;
- vi. Any body corporate whose board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions, or instructions of a director or manager;
- vii. Any person under whose advice, directions, or instructions a director or manager is accustomed to act, provided that this and the preceding clause do not apply to advice, directions, or instructions given in a professional capacity;
- viii. Any company which is a holding, subsidiary, or associate company of the Company, or a subsidiary of a holding company to which the Company is also a subsidiary;
- ix. A director (other than an Independent Director) or key managerial personnel of the holding company, or their relative, with reference to the Company; or a person who has control, joint control, or significant influence over the Company, or is a key management person of the Company or of a parent of the Company.

2. An entity is related to the Company if any of the following conditions applies:

- i. The entity and the Company are members of the same group (each parent, subsidiary, and fellow subsidiary is related to the others); or
- ii. One entity is an associate or joint venture of the other (or of a member of a group of which the other entity is a member); or

- iii. Both entities are joint ventures of the same third party; or
- iv. One entity is a joint venture of a third entity and the other entity is an associate of that third entity; or
- v. The entity is a post-employment benefit plan for the benefit of employees of the Company or an entity related to the Company (if the Company is itself such a plan, the sponsoring employers are also related to the Company); or
- vi. The entity is controlled or jointly controlled by a person identified in (1); or
- vii. A person identified in (1) has significant influence over the entity (or over a parent of the entity), or the entity is a Related Party under applicable accounting standards.

"Related Party Transaction" shall mean any transaction directly or indirectly involving a Related Party which is a transfer of resources, services, or obligations between the Company and a related party, regardless of whether a price is charged, and includes:

- i. Sale, purchase, or supply of any goods or materials;
- ii. Selling or otherwise disposing of, or buying, property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services, or property;
- vi. Appointment of a Related Party to any office or place of profit in the Company or its subsidiary or associate companies; and
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Company.

Note: A "transaction" with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

"Relative" shall mean a person who is related to another as any of the following: spouse; father (including step-father); mother (including step-mother); son (including step-son); son's spouse; daughter; daughter's spouse; brother (including step-brother); or sister (including step-sister).

Policy & Procedures

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy, on a regular basis and consistent with all applicable regulations and laws. All Related Party Transactions require prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company, subject to compliance with the following conditions:

- i. The Audit Committee shall establish written policy criteria for granting omnibus approval, in line with this Policy, applicable to transactions that are repetitive in nature; and

- ii. The Audit Committee shall evaluate whether such omnibus approval is in the interest of the Company.

Such omnibus approval shall specify:

- i. The name of the Related Party, nature of transaction, period of transaction, and maximum amount of transaction that can be entered into;
- ii. The indicative base price / current contracted price, and the formula for any price variation; and
- iii. Any other conditions the Audit Committee may deem fit.

Where the need for a Related Party Transaction cannot be foreseen and the above details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value, as assessed by financial expenditure, not exceeding Company guidelines.

The Audit Committee shall review, at least quarterly, the details of related party transactions entered into pursuant to each omnibus approval. Each omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry.

Transactions not in the Ordinary Course of Business, not in compliance with Arm's Length pricing, or both, will be submitted for Board approval where applicable. Material Related Party Transactions may also be presented to Shareholders at the Annual General Meeting for approval. All Material Related Party Transactions will be carried out only after approval from Shareholders or the Board, as applicable, through special resolutions in which all Related Parties abstain from voting, irrespective of whether the entity is a party to the particular transaction.

Voting

In determining whether to approve or ratify a Related Party Transaction, the Audit Committee and/or Board shall take into account, among other factors it deems appropriate, whether the transaction is in the Ordinary Course of Business and on an arm's length basis, and the extent of the Related Party's interest in the transaction. For this purpose, the Audit Committee / Board may seek the assistance of any Company employee or independent experts, at the Company's expense.

- If any director is interested in a contract or arrangement with a Related Party, that director cannot be present during board discussions of the matter.
- Members who are Related Parties in the context of a related party contract or arrangement requiring a special resolution shall abstain from voting on that resolution; only disinterested shareholders (not Related Parties) are eligible to vote.

Arm's Length Pricing

- All Related Party transactions should be adequately supported by contracts, purchase orders, work orders, sales orders, or other documentation justifying arm's length pricing.

- If arm's length pricing cannot be justified for any transaction, approval must be obtained from the Board and/or Shareholders.

Approval For Transactions By Wholly Owned Subsidiaries

For transactions by any wholly owned subsidiary (WOS) of the Company that are not in the Ordinary Course of Business or not on an arm's length basis, or both, the same will be submitted for prior approval to the Audit Committee, Board, and Shareholders of the Company.

Procedure

A. Disclosure By Directors

Every Director and Key Managerial Personnel shall, at the beginning of each financial year, provide written notice to the Company regarding any concern or interest in an entity that may be considered a Related Party with respect to the Company, and shall provide a list of relatives regarded as related parties under this Policy. Directors and Key Managerial Personnel must also disclose any engagement with another entity during the financial year that may be regarded as a related party under this Policy.

B. Identification Of Transactions With Related Parties

Each Director and Key Managerial Personnel is responsible for providing notice of any potential Related Party Transaction in which they may be considered interested. The Audit Committee will determine whether a transaction constitutes a Related Party Transaction requiring compliance with this Policy. Directors and Key Managerial Personnel will ensure that notice of any potential Related Party Transaction is delivered well in advance so the Audit Committee has adequate time to obtain and review information about the proposed transaction.

C. Review And Approval Of Related Party Transactions

i. Audit Committee — All transactions identified by the Audit Committee as Related Party Transactions must be pre-approved by the Committee before being entered into. The Company Secretary shall place the details of all Related Party Transactions before the Committee at its subsequent meeting. The Committee shall consider the following factors when deliberating approval:

- Name of the party and details explaining the nature of the relationship;
- Nature of the transaction and its material terms, including value, if any;
- The manner of determining pricing, to ascertain whether it is fair and on an arm's length basis;
- The business rationale for entering into the transaction;
- Whether the transaction is in the Ordinary Course of Business or not;

- Any other relevant or important information needed to decide on the proposed transaction.

Any Committee member with a potential interest in a Related Party Transaction will recuse themselves from discussion and voting on its approval. If the Committee determines that a related party transaction is (i) a Material Related Party Transaction, or (ii) not in the Ordinary Course of Business or not at arm's length price, the Committee shall place the matter before the Board for approval.

ii. Board of Directors — Where Board approval is required for a Related Party Transaction, or the Board decides to review such a matter, or approval is mandatory under law, the considerations set out above shall apply to the Board's review, with such modification as may be necessary or appropriate. Any Board member with an interest in a Related Party Transaction will abstain from discussion and voting on its approval and will not participate in the decision-making process.

iii. Shareholder Approval — Shareholder approval is required where the Board refers a Related Party Transaction, including any Material Related Party Transaction, for approval. Shareholder approval is not required for transactions between the Company and its wholly owned subsidiary where accounts are consolidated with the Company and placed before Shareholders at the General Meeting for approval. If a shareholder is a Related Party under this Policy, that shareholder shall not vote on the resolution approving the transaction.

iv. Transactions Which Do Not Require Approval — Notwithstanding the foregoing, the following Related Party Transactions shall not require Audit Committee approval:

- a. Any transaction involving compensation to a Director or Key Managerial Personnel in connection with their duties to the Company, including reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, above \$5,000.
- b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company, where all holders of such securities receive the same benefits pro rata as the Related Party.

v. Related Party Transactions Not Approved Under This Policy — If a Related Party Transaction is entered into without being approved under this Policy, it shall be reviewed by the Committee, which may decide on appropriate action, including ratification, revision, or termination of the transaction. The Committee has authority to propose to the Board that it modify or waive any procedural requirements of this Policy in connection with such a review.

Disclosures

- Every Related Party Transaction, with proper justification, shall be disclosed in the Directors' Report.
- Details of all Material Related Party Transactions shall be disclosed quarterly, along with the compliance report on Corporate Governance.
- The Company shall disclose this Policy on its website and in its Annual Report.

- This Policy will be communicated to all operational employees and other concerned personnel of the Company.