



ECKEM HOLDINGS BERHAD

202401003252(1549102-W)

RELATED PARTY TRANSACTION

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1.0 INTRODUCTION

1.1. OBJECTIVE

- (a) To ensure all related parties' transactions are properly accounted for and disclosed in the financial statements.
- (b) To ensure related parties transactions are properly announced in accordance with ACE Market Listing Requirements, where applicable.

1.2. SCOPE

Cover the activities from identifying, disclosing, reporting to announcing the related parties' transactions.

1.3. RESPONSIBILITIES

The Board of Directors and the Finance Department are responsible for ensuring the effective implementation of this procedure.

1.4. DEFINITIONS

- (a) Director – Includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon:
 - (I) A director of the listed corporation; or
 - (II) A chief executive of the listed corporation
- (b) Major Shareholder – Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation who has an interest in:
 - (I) 10% or more of the total number of all voting shares in a corporation; or
 - (II) 5% or more of the total number of voting shares in a corporation, where such person is the largest shareholder of the corporation.
- (c) Percentage Ratio – The figures, expressed as percentages, resulting from each of the following calculations:
 - (I) The value of the assets which are the subject matter of the transaction,

compared with the net assets of the listed corporation;

- (II) Net profits of the assets which are the subject matter of the transaction, compared with the net profits attributable to the owners of the listed corporation (before other comprehensive income or loss);
 - (III) The aggregate value of the consideration given or received in relation to the transaction, compared with the net assets of the listed corporation or;
 - (IV) The total assets which are the subject matter of the transaction compared with the total assets of the listed corporation.
- (d) Related Party Transaction – A transaction entered between the listed corporation or its subsidiaries and a related party, other than a transaction of a revenue nature in the ordinary course of business.
- (e) Related Party – A director, major shareholder, or a person connected with such director or major shareholder.
- (f) HOF – Head of Finance
- (g) HOD – Head of Department

1.4. IDENTIFICATION

Register of Related Parties

The register of related parties shall be kept by the Finance Department. As the register may change from time to time, the Finance Department shall update the subsidiaries/departments on the latest directors and major shareholders' interest on quarterly basis. If the proposed transaction is to be entered with any of the parties identified as a related party in the list of related parties, the proposed transaction shall be deemed an RPT, provided it fulfils the requirements stated in the MMLR.

The relevant Head of Department or officer-in-charge of the company / subsidiaries is required to report such transactions to the Finance Department.

1.5. SAFEGUARD

The Finance Department should be consulted whenever there is doubt as to whether the proposed transaction is a RPT. Although a RPT may give rise to a conflict of interest, such a RPT is permitted under the law, provided that the RPT is entered into in the best interest of the Company and complies with the applicable laws and regulations.

In view of the sensitivity of a RPT, the transacting department/subsidiary should ensure no preference is given to a related party prior to initiating the transaction. Where practicable, it may be appropriate for the transacting department/subsidiary to obtain an independent review of the RPT. In any event, there should be proper documentation to justify the basis under which the RPT was entered.

1.6. COMPUTATION OF MATERIALITY AS PER ACE MARKET LISTING REQUIREMENTS

- (a) In the case of total assets, net assets and net book value of assets, the figures should be taken from the most recent of the following:
 - (I) The latest published or announced audited financial statements of the listed corporation or audited consolidated financial statement of the listed corporation, if the listed corporation has subsidiaries;
 - (II) The adjustments to consider subsequent completed transactions, provided adequate information has already been issued to shareholders and the adjustments have been reviewed by the listed corporation's external auditors;
or
 - (III) The statement of financial position in its latest published or announced interim financial report, provided the report has been reviewed by the listed corporation's external auditors.

- (b) In the case of net profits, the figures should be derived from the following:
 - (I) The latest published or announced audited financial statements of the listed corporation or audited consolidated financial statement of the listed corporation, if the listed corporation has subsidiaries; or
 - (II) The unaudited 12-month results, provided the results have been reviewed by the listed corporation's external auditors.

2.0 PROCEDURES

2.1 RELATED PARTY TRANSACTIONS

- (a) Where any one of the percentage ratios of a related party transaction is 0.25% or more, a listed corporation must announce the related party transaction to the Exchange as soon as possible after terms of the transaction have been agreed, unless the value of the consideration of the transaction is less than RM200,000 or it is a Recurrent Related Party Transaction. The listed corporation must include the information set out in Appendix 10A of Ace Market Listing Requirements in the announcement.

- (b) Where any of the percentage ratios of a related party transaction is 5% or more, the listed corporation must:
 - (I) Engage the services of a Sponsor of Adviser, as the case may be and appoint

an independent adviser before the terms of the transaction are agreed upon; and

(II) Send a circular which includes the information set out in Appendix 10B and Appendix 10D of Ace Market Listing Requirements to the shareholders; and

(III) Convene a general meeting and obtain shareholder approval for the transaction.

(c) A director with any interest, direct or indirect, must abstain from board deliberation and voting on the relevant resolution in respect of the related party transaction.

2.1 RELATED PARTY TRANSACTIONS (CONT'D)

- (d) In a meeting to obtain shareholder approval, an interested related party and any other interested shareholder must not vote on the resolution in respect of the related party transaction.
- (e) An interested director in a related party transaction, must inform the board of directors of the listed corporation or its subsidiary, as the case may be, the details of the nature and extent of his interest, including all matters in relation to the proposed transaction that he is aware or should reasonably be aware of, which is not in the best interest of the listed corporation or its subsidiary, as the case may be.
- (f) The board of directors of the listed corporation, excluding interested directors, must ensure that a related party transaction is in the best interest of the listed corporation, fair, reasonable, on normal commercial terms and not detrimental to the interests of the minority shareholders.
- (g) The following transaction are not normally regarded as related party transaction:
- (I) The issues of securities by the listed corporation for cash, bonus issue, the grant of options and the issue of securities to a related party pursuant to a share issuance scheme, subscription of securities on a pro rata basis, subdivision of shares, consolidation of shares or payment of dividend;
- (II) A transaction between the listed corporation 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 on the other person which is less than 5% other than via the listed corporation; and
 - No other interest such as commission or other kinds of benefits received from the listed corporation or any of its subsidiaries or the other person in relation to the said transaction;
- (III) Director's fees and remuneration, and employment remuneration;
- (IV) An acquisition or disposal by the listed corporation 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 listed corporation or
- (V) The provision or receipt of financial assistance or service, 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 equivalent foreign regulatory authority as the Exchange deems appropriate.

- (VI) A transaction between a listed corporation or any of its subsidiaries and another person for the provision or receipt of goods or service which are Exempted Transactions where:

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- 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.
- (h) The director of the listed corporation or directors of the subsidiaries shall notify the group HOF their holding of other directorships and/or involvement in other business or corporations. The reporting should be done at least on a yearly basis or at when there are any updates/changes.
- (i) Prior to entering into a Related Party Transaction, the interested Directors of the subsidiaries shall notify the Group HOF of the facts and circumstances of the proposed transactions.
If the Group HOF determines that the proposed transaction constitutes a Related Party Transaction, it will be reported to the Board of Directors for review and approval at the next meeting.
- (j) The respective directors and/or HOD of the subsidiaries is required to report on all transactions involving the Related Parties. Records are maintained to capture all Related Parties Transaction which entered into. Details of the Related Party Transactions made during the financial year are submitted monthly/quarterly to the Group Finance Department for disclosure in the periodical report.
At the same time, the respective directors and/or HOD of the subsidiaries is to ensure that all Related Party Transaction undertaken are on arms-length basis and on normal commercial terms.

2.2 RECURRENT RELATED PARTY TRANSACTIONS

- (a) The group must immediately announce a Recurrent Related Party Transaction in the following circumstances:
- (I) In the event the listed corporation with an issued and paid-up capital of RM60 million and above:
- The consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 Million or more; or
 - The percentage ratio of such Recurrent Related Party Transaction is 1% or more, whichever is the higher.
- (II) In the even the listed corporation with an issued and paid-up capital which is less than RM60 million:

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- The consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 Million or more; or
 - The percentage ratio of such Recurrent Related Party Transactions is 1% or more, whichever is the lower.
- (b) The group may seek a mandate from its shareholders for Recurrent Related Party Transactions subject to the following:

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- (I) The transaction is in the ordinary course of business and are on terms not more favorable to the related party than those generally available to the public;
 - (II) The shareholder's mandate is subject to annual renewal and disclosure is made in the annual report 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 threshold prescribed under Section 2.2 (a) above;
 - (III) The listed corporation's circular to shareholders for the shareholder mandate includes the information as may be prescribed by the Exchange. The draft circular must be submitted to the Exchange for perusal together with a checklist showing compliance with such information;
 - (IV) In a meeting to obtain s shareholder mandate, the relevant party must comply with the requirements set out in Section 2.1 (d) above; and
 - (V) The listed corporation immediately announces to the Exchange when the actual value of Recurrent Related Party Transactions entered into by the listed corporation, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.
- (c) Where a listed Corporation has procured a shareholder mandate pursuant to Section 2.2 (b) above, Section 2.1 will not apply.

2.3 MAINTENANCE OF RECORDS

- (a) Directors and major shareholders will be required to sign a form of declaration (append herewith in this policy, marked as Appendix A) annually which shall be kept securely by the Corporate Services Department. If there are any RPTs to be disclosed, the brief details of the transaction and the sums involved need to be disclosed by such director or major shareholder.
- (b) Finance Department shall ensure proper maintenance and retention of documentation, to allow the RPTs to be scrutinized by regulators or auditors. Such documentation should be readily accessible to regulators and other interested parties.