

## **Related Party Transactions Policy**

### **1. Introduction**

Securemetric Berhad (“the Company”) is principally an investment holding company. It is anticipated that the Company and its subsidiaries (“the Group”) would, in ordinary course of business, enter into transactions of revenue or trading nature with a related party or parties.

### **2. Objectives**

This policy is designed to ensure the related party transactions (“RPT”) are carried out in the ordinary course of business, are made at arm’s length and on normal commercial terms which are not more favourable to the related party or parties than those generally available to the public and are not on terms that are detrimental to the minority shareholders of the Company.

This policy also aims to comply with the Part E, Rule 10.08 and 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad.

### **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

- a) a Director of the listed issuer, its subsidiary or holding company; or
- b) 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:

- a) spouse;
- b) parent;
- c) child including an adopted child and step-child;
- d) brother or sister; and
- e) spouse of the person referred in point (c) and (d) above.

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- 3.5. “**person connected**” in relation to a Director or major shareholder, means such person who falls under any one of the following categories:
- a) a family member of the Director or major shareholder;
  - b) 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;
  - c) a partner of the Director or major shareholder, or a partner of a person connected with that Director or major shareholder;
  - d) 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;
  - e) 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;
  - f) 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;
  - g) 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;
  - h) 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
  - i) a 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. “**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 a listed issuer or its subsidiaries;
- 3.8. “**related party transaction**” means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party.

#### **4. Policies and Procedures**

- 4.1. The transactions with the Related Party or Parties will only be entered into after taking into account the pricing, quality of product, expertise and other related factors. The transaction prices will be determined by market forces which will depend on the supply and demand of the products and subject to the availability of the products in the market or at prices similar to those prices for transactions with unrelated third parties including, where appropriate, preferential rates and discounts accorded for bulk purchases (the same as are accorded to third party bulk purchase).
- 4.2. The terms and conditions of the transactions will be determined by the product provider's usual commercial terms or in accordance with applicable industry norm.
- 4.3. Records will be maintained by the Company to record all the Recurrent Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- 4.4. At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Party or Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing to unrelated third parties cannot be obtained (for instance, if there are no unrelated third party customers of similar products, or if the product is a propriety item), the transaction price will be determined based on the margin transacted for other similar product/services and the transaction price will be reviewed taking into account prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure the Recurrent Transaction is not detrimental to the Group.
- 4.5. The Audit Committee of the Company has in place adequate procedures and processes to monitor, track and identify Recurrent Transactions in a timely and orderly manner, and the frequency of review of these procedures and processes.
- 4.6. The Audit Committee periodically reviews the procedures set by the Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company. All reviews by the Audit Committee are reported to the Board for further action. In its review and approval of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals; and

- 4.7. All the Directors and major shareholders are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of the Audit Committee. In addition, the Directors and Major Shareholders have given their undertakings that all business transactions entered into between the Company and themselves and/or Persons Connected with them shall be negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

## **5. Threshold for Approval**

The threshold for Recurrent Transactions will be determined by the Audit Committee on a yearly basis, subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any Director has an interest (direct or indirect) in any Recurrent Transactions, such Director shall abstain from deliberation and voting on the matter.

## **6. Disclosure**

Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of Recurrent Transactions conducted, types of Recurrent Transactions made, names of the Related Party or Parties involved in each type of Recurrent Related Party Transactions and their relationship with the Company pursuant to the Proposed Shareholders' Mandate during the financial year, and in the Annual Report for the subsequent financial year that the Proposed Shareholders' Mandate continues to be in force.

## **7. Review**

The Related Party Transaction Policy is to be regularly reviewed by the Board as and when required.

This Policy is dated 7 November 2018 and supersedes any terms of reference previously in force.