



SKYWORLD DEVELOPMENT BERHAD

**RELATED PARTY TRANSACTIONS (“RPT”)
POLICY**

1 January 2023

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1.0 OBJECTIVE

The objective of this Related Party Transactions Policy (“Policy”) is 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 SkyWorld Development Group.

This policy also aims to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying and treating RPT to ensure compliance with the Main Market Listing Requirement (“MMLR”) and other applicable laws.

This Policy also aims to comply with the Part E, Paragraph 10.08 and 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

2.0 SCOPE

This Policy is applicable all RPT with Related Party.

3.0 DEFINITION

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|-------------------------|---|
| ARMC | Audit & Risk Management Committee of SkyWorld Development Group. |
| 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: - (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. |
| Family Member | in relation to a person, means: - a. A spouse of the person; b. A brother or sister of the person, or their spouses; c. A lineal ascendant or descendant of the person (e.g. parents or children); d. The son-in-law or daughter-in-law of the person. |
| Major Shareholder | a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is – (i) 10% or more of the total number of voting shares in the corporation; or (ii) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; 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 major shareholder of the listed issuer or any other corporation which is its subsidiary or holding company. |
| 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 corporate 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 20% of the votes attached to voting shares in the body corporate; or (ix) a body corporate which is a related corporation. |
| Recurrent Related Party | shall mean a related party transaction which is recurrent, of revenue or trading nature, which is necessary for day- to-day operations of the Company or its subsidiaries and |

| | |
|---|---|
| Transactions or “RRPT” | which has been made or will be made by the Company and/or its subsidiaries at least once in 3 years in the course of its business. |
| Related Party or Related Parties | shall mean director, major shareholder or person connected with such director or major shareholder of the Company, its subsidiary or holding company. |
| Related Party Transactions or “RPT” | shall mean a transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a related party. |
| Transaction | shall mean the acquisition, disposal or leasing of assets, the establishment of joint ventures, the provision of financial assistance, the provision or receipt of services or any business transaction or arrangement entered into, by the Company or its subsidiaries but excludes transactions entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary. |

4.0 ABBREVIATIONS

| | |
|--|---|
| SkyWorld Development Group or Company | SkyWorld Development Bhd and its subsidiaries |
| HOD | Head of Department |
| HOT | Head of Talent Department |
| BOD | Board of Director |
| CEO | Chief Executive Officer |
| ED | Executive Director |
| EXCO | Executive Committee |
| BOD | Board of Directors |

5.0 IDENTIFICATION OF RELATED PARTY

The list of Related Parties (which is not exhaustive) will be kept by the Finance department and made available on the Company's intranet and circulated on periodic basis to the respective personnel.

As the list may change from time to time, the Finance department shall update all HODs on the latest Directors and Major Shareholders' interest on semi-annual basis.

All HODs are advised to fully understand and familiarize themselves with the list of Related Parties that may be considered as RPT or Recurrent RPT and share with their department accordingly.

In the event that 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 as a RPT, provided it fulfills the requirement stated in the MMLR.

The HOD of the transacting department is required to report such transaction to the Finance Department.

6.0 PROCEDURES

- 6.1** Implementation and Governance Before entering into a Transaction, the originator/buyer must notify and furnish the details of contract/agreement/transaction to the Finance Department for verification of whether it is a RPT.
- 6.2** RPT which is below RM500,000 in value for each transaction is subject to the approval of CEO or ED of the Company.
- 6.3** RPT which is RM500,000 and above in value shall be reviewed and approved by the ARMC and the BOD before entering into the Transaction.
- 6.4** The ARMC and the Board shall satisfy that the Transaction is: -
 - in the best interest of the Company;
 - fair, reasonable and on normal commercial terms; and
 - not detrimental to the interest of the minority shareholders.
- 6.5** If a member of the ARMC or the Board or the Board of SkyWorld Development Group has any interest (direct or indirect), in the RPT, he/she shall:
 - declare his/her interest in the RPT and abstain from any deliberation and decision making by the ARMC or the Board or SkyWorld Development Group in respect of such RPT and continue to abstain from voting on the resolution approving the RPT; and
 - undertake that he/she will ensure that persons connected with him/her abstain from voting on the resolution deliberating or approving the proposal at the general meeting.
- 6.6** The Finance Department will maintain and update a Register of RPTs and to ensure that all relevant announcements are released to Bursa Securities accordingly.
- 6.7** The Finance Department shall report the RPTs to the ARMC and the Board on a quarterly basis and to disclose any material RPTs in the quarterly report to Bursa Securities.

7.0 DISCLOSURE REQUIREMENTS

7.1 Related Party Transactions

- 7.1.1** The Disclosure requirement below is not applicable to RPT where value of the consideration of the transaction is less than RM500,000.

7.1.2 The United Nations Guiding Principles on Business and Human Rights (“UNGPs”) and, where applicable, the Organisation for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises. The disclosure requirements of RPT as prescribed by paragraph 10.08 of the MMLR are governed by percentage ratio threshold. The computation of the percentage ratio is provided for in Appendix 1. The disclosure requirements are as follows:-

| No. | Percentage ratio | MMLR Requirement |
|-----|---|---|
| 1 | $\geq 0.25\%$ And \geq RM500,000/- | Immediate announcement to Bursa Securities |
| 2 | $\geq 5.00\%$ | In addition to item 1, - Send circular to the shareholders; and - Obtain shareholders approval in a general meeting; and - Appoint an independent adviser approved by the Securities Commission. |
| 3 | $\geq 25\%$ | In addition to item 2, - Appoint a Principal Advisor approved by the Securities Commission. |

7.1.3 The SkyWorld Development Group must also ensure that 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 shareholder's 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.

7.1.4 SkyWorld Development Group must ensure that any vote of shareholders taken at the general meeting on the resolution approving the transaction is taken on a poll.

7.1.5 Where any one of the percentage ratios of a related party transaction entered into between a subsidiary of a SkyWorld Development Group 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 listed issuer or a holding company of the listed issuer) (“said director” or “said major shareholder”); or
- (b) a person connected with the said director or said major shareholder.

the Company is required to make immediate announcement only, subject to the following conditions:

- (i) Board of Directors approve the transaction before the terms of transaction are agreed upon; and
- (ii) That the transaction is fair and reasonable and is in the best interests of the Company.

7.2 Recurrent Related Party Transactions

7.2.1 Under paragraph 10.09 of the MMLR, a Company with an issued and paid-up capital of RM60 million and above, 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 applicable percentage ratios of the RRPT is 1% or more,

whichever is the higher.

7.2.2 Notwithstanding as stated in 7.2.1, SkyWorld Development Group may seek a Mandate from its shareholders for RRPTs subject to the following:

- (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 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 the aggregate value is equal to or more than the prescribed threshold;
- (c) the Company's 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 shareholders' Mandate, the relevant interested related party, must not vote on the resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected to him abstain from voting on the resolutions approving the transactions;
- (e) SkyWorld Development Group must immediately announce to Bursa Securities when the actual value of the RRPT entered into by SkyWorld Development Group, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement; and
- (f) where SkyWorld Development Group has procured the shareholders' Mandate, the provisions under 7.1 above shall not be applied.

7.3 Transactions not regarded as RPT

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

- (a) The issue of securities by the Company for cash (subject to paragraph 6.06 of the MMLR), 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 the Share Issuance Scheme, subscription of securities on a pro rata basis, subdivision of shares, consolidation of shares or payment of dividend;
- (b) A transaction between the Company or 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 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 Bursa Securities 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 (3) 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 provided an immediate announcement of the same is made to Bursa Securities;
- (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.

Reference shall be made to the MMLR for a complete list of the exempted transactions.

8.0 MAINTENANCE OF RECORDS

The directors and major shareholders will be required to sign a form of declaration which shall be kept securely and confidentially by the Company Secretary.

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.

9.0 QUARTERLY REPORTING

All RPTs shall be and reported to the ARMC and where necessary to 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 the meet the following criteria:

- (a) It should be in the best interest of the Company as a whole;
- (b) It should represent fair value and be reasonable;
- (c) It should be properly documented;
- (d) It should be appropriately disclosed.

10.0 MODIFICATION

The directors and major shareholders will be required to sign a form of declaration which shall be kept securely and confidentially by the Company Secretary.

====THE END====

APPENDIX 1: BURSA SECURITIES PERCENTAGE RATIOS

Percentage Ratios means the ratios used to determine the materiality of a RPT and are expressed as a percentage resulting from the following calculations (Reference: Chapter 10 of the Listing Requirements):-

| | |
|-------|---|
| 1 | $\frac{\text{Asset value of the subject matter of transaction ("Trx")}}{\text{Net assets of SkyWorld}}$ |
| 2 | $\frac{\text{Net profits of Trx}}{\text{Consolidated net profits attributable to owners of SkyWorld}}$ |
| 3 | $\frac{\text{Aggregate value of consideration received/given}}{\text{Net assets of SkyWorld}}$ |
| 4 | $\frac{\text{The number of shares issued by SkyWorld as consideration for an acquisition}}{\text{Total number of Shares Previously in Issue (excluding treasury shares)}}$ |
| 5 | $\frac{\text{Aggregate value of consideration given / received}}{\text{Market Value of all the Ordinary Shares of SkyWorld (excluding treasury shares)}}$ |
| 6 | $\frac{\text{Total assets of Trx}}{\text{Total assets of SkyWorld}}$ |
| 7 (a) | In respect of joint ventures, business transactions or arrangements. $\frac{\text{The Total Project Cost Attributable to SkyWorld}}{\text{Total assets of SkyWorld}}$ |
| 7 (b) | In respect of the Joint Venture Corporation is incorporated as result of the joint venture: $\frac{\text{The Total Equity Participation of SkyWorld in the joint venture corporation}}{\text{Net assets of SkyWorld}}$ |
| 8 | $\frac{\text{Aggregate original cost of investment of Trx}}{\text{Net assets of SkyWorld}}$ (In the case of a disposal and where the acquisition of the subject matter took place within last 5 years) |