



**SERN KOU RESOURCES BERHAD**  
**[REGISTRATION NO. 200001016496 (519103-X)]**

**RELATED PARTY TRANSACTION POLICY**

**ADOPTED ON 20 FEBRUARY 2020**

**SERN KOU RESOURCES BERHAD**  
**[REGISTRATION NO. 200001016496 (519103-X)]**

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

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## SERN KOU RESOUACES BERHAD

[REGISTRATION NO. 200001016496 (519103-X)]

### RELATED PARTY TRANSACTION (“RPT”) POLICY

#### 1. INTRODUCTION

Sern Kou Resources Berhad (“the Company”) and its subsidiaries (“the Group” or “SKRB”), may enter into transactions of revenue or trading in nature with a related party or parties.

Accordingly, the Company has formulated a RPT Policy, taking into account the requirements contained in the Main Market Listing Requirements by Bursa Malaysia Securities Berhad (“MMLR” or “the Listing Requirements”) and Companies Act 2016 (“Act”) to ensure compliance with the obligations imposed.

#### 2. OBJECTIVE

The objective of this Policy is to provide a guide for employees and relevant parties to understand the policies and procedures that need to be adhered to in identifying and treating RPT to ensure compliance with the MMLR and other applicable laws.

#### 3. SCOPE AND APPLICATION

This policy outlines the framework and the processes for purposes of identifying, monitoring, evaluating, reporting and approving the RPTs and recurrent related party transactions (“RRPTs”). It also serves as a guide to the Audit Committee (“AC”) and Board of Directors (“Board”) of SKRB in discharging its role, which is to provide oversight over RPTs and RRPTs within the Group.

The Policy applies to all directors of the Company and its subsidiaries.

The main features of this Policy are:

- a) to specify the principles to be adopted in relation to the conduct of a RPT between the Company and/or its subsidiaries with a related party or parties;
- b) to provide guidance in the interpretation and application of those principles;
- c) to standardize the practices and procedures relating to the conduct of RPTs; and
- d) to specify the basis of proper disclosure of such RPTs as required by MMLR.

#### 4. DEFINITIONS

Definitions relating to parties and transactions under RPT as provided by the MMLR and the Act are set out **Appendix A**.

#### 5. IDENTIFICATION

##### 5.1 Register of Related Parties

The **register of related parties** shall be kept by the Company Secretary. The Finance Department shall update the subsidiaries/departments on the latest list of related parties (**Appendix B**) which contained directors and major shareholders' interest on quarterly basis. 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 a RPT, provided it fulfills the requirements stated in the MMLR.

5.2 The relevant Head of Department or officer-in-charge of the Company/subsidiaries is required to report such transaction to the Chief Financial Officer (“CFO”)/Group Accountant.

## 6. DISCLOSURE REQUIREMENTS

### 6.1 RPT

The disclosure requirements of RPT as prescribed by the MMLR and the Act are governed by percentage ratio threshold. The computation of the percentage ratios is provided for in Part 6.3 and **Appendix E** of this Policy.

The detailed requirements in accordance with the MMLR are disclosed under **Appendix C**.

### 6.2 Transactions Not Regarded as RPT

Certain transactions are not normally regarded as RPT under paragraph 10.08 (11) of MMLR.

The transactions are listed under **Appendix D**.

### 6.3 Percentage Ratios

Percentage ratios mean the ratios used to determine the materiality of a RPT and are expressed as a percentage resulting from the calculations as set out in **Appendix E**.

## 7. REPORTING PROCESS - RPT

7.1 Before entering into a commercial contract/agreement/transaction, the originator/buyer must identify and check for RPT element and contract value. To obtain verification from the Finance Department and Company Secretary, where necessary.

7.2 If it involves RPT, to notify and furnish the contract/agreement/transaction to the Finance Department and Company Secretary.

7.3 Finance Department and Company Secretary will, based on the requirement of MMLR (where necessary):

- a) draft announcement or
- b) preparation of draft circular to obtain shareholders’ approval; and
- c) preparation of draft circular to obtain shareholders’ approval, appointment of independent and main advisors.

7.4 Seek clearance from the AC on the announcement and AC to confirm that the terms and conditions of the RPT are on normal commercial terms that are not more favorable to the Related Parties than those generally available to the public and are in the best interests of the Company, fair, reasonable and not detrimental to the interests of the minority shareholders.

7.5 Submit the RPT announcement to the Board for deliberation and approval based on AC’s recommendation (the Board’s approval is not required if percentage ratios of a related party transaction is less than 0.25% of the value of the consideration of the transaction is less than RM500,000 and no announcement will be made to Bursa Malaysia Securities Berhad (“Bursa Securities”).

- 7.6 Completion and signing of agreement/contract by the Company or its subsidiary.
- 7.7 Immediate announcement by the Company Secretary (where necessary) to Bursa Securities.
- 7.8 Update of Register of Related Party by the Company Secretary.
- 7.9 Internal Auditor ("IA") to review all RPTs.
- 7.10 Update AC on RPT records on quarterly basis.

## **8. REPORTING PROCESS – RRPT**

8.1 Before entering into a commercial contract/agreement/transaction, the originator/buyer must identify and check for RRPT element and contract value. To obtain verification from the Finance Department and Company Secretary, where necessary.

8.2 If it is RRPT, to notify and furnish the contract/agreement/transaction to the Finance Department and Company Secretary.

8.3 The Finance Department and Company Secretary will:

- a) update the RRPT records; and
- b) monitor if RRPT breach the threshold. Immediate announcement will be made if the percentage ratio of a RRPT is 1% or more and the contract value is RM1 million or more, whichever is the higher; or
- c) make immediate announcement when the actual value of RRPT exceeds the estimated value of the RRPT disclosed in the circular by 10% or more.

8.4 IA to review RRPTs on a quarterly basis.

8.5 RRPT records are tabled to the AC and Board on a quarterly basis.

## **9. ROLES AND RESPONSIBILITIES**

The roles and responsibilities of the Finance Department and Company Secretary in providing the RPT/RRPT information are as follows:

- a) to update the Register of Related Party upon notification received by Director, major shareholders and/or person connected to them;
- b) to update Directors of any new items and amendments to the Listing Requirements in relation to RPTs and RRPTs disclosure;
- c) to advise and assist the Board on compliance with the disclosure requirement of the Listing Requirements with respect to RPTs and RRPTs; and
- d) to review circular to shareholders and relevant documents for obtaining the shareholders' mandate on the new RRPTs and/or their subsequent renewals.

## **10. GENERAL OBLIGATIONS OF THE TRANSACTING PARTY**

10.1 The general obligation is to act in the best interests of the Company. This means that the transacting department/subsidiary is required to ensure that the proposed transaction is conducted at arm's length and on a commercial basis or better.

10.2 In originating a report to the AC for review, the transacting company/subsidiary should disclose the following:

- a) appropriate documentation or records to justify the transaction;
- b) the price/value of the transaction;
- c) rationale for the RPT; and
- d) any other terms and conditions upon which the RRPT was entered into.

In submitting a report to the AC for review, the transacting company/subsidiary should disclose the following (**Appendix F**: Matters to be tabled to the AC on RPT) – Corporate Governance Guide Pull-out II *Guidance on effective Audit and Risk Management*

10.3 A report by the IA Department or an independent party on the reasonableness of the terms would be required.

## **11. MAINTENANCE OF RECORDS**

11.1 Directors and/or major shareholders will be required to sign a form of declaration (**Appendix G**) 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 and/or major shareholder. [Practice: RPT declaration to be made annually by Directors]

11.2 Corporate Services Department shall ensure proper maintenance and retention of documentation, to allow the RPTs to be scrutinised by regulators or auditors. Such documentation should be readily accessible to regulators and other interested parties.

**12. This policy was adopted by Board of Director on 20 February 2020.**

## APPENDIX A

### SERN KOU RESOURCES BERHAD RELATED PARTY TRANSACTION POLICY Definitions

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.
2. **CMSA”** means the Capital Markets and Services Act 2007 and including any subsequent amendment(s) or enactment of the said Act.
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 Company, its subsidiary or holding company; or
  - b. a Chief Executive of the Company, its subsidiary or holding company.
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.
5. a) **“Major Shareholder”** means a person who has interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:-
  - a. 10% or more of the total number of voting shares in the corporation; or
  - b. 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

b) **“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. a major shareholder of the listed issuer as defined under paragraphs 5a) or any other corporation which is its subsidiary or holding company;
  - b. in relation to a business trust, a major shareholder of the trustee-manager, its subsidiary or holding company;
  - c. in relation to a closed-end fund, in addition to a major shareholder of the closed-end fund, a major shareholder of the Managers, its subsidiary or holding company; and
  - d. in relation to a REIT, a major shareholder of the management company.

6. **“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;
  - 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.
7. **“Related Party”** means a director, major shareholder or persons connected with such director or major shareholder.
8. **“Related Party Transaction”** means a transaction entered into by the Company or its subsidiaries, which involves the interest, direct or indirect, of a related party.
9. **“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 the Company or its subsidiaries.
10. **“Substantial Shareholder”** means a person has a substantial shareholding in the Company:-
- a. if the person has an interest in one or more voting shares in the Company and the number or the aggregate number of such shares is not less than five per centum (5%) of the total number of all the voting shares included in the Company; or
  - b. being a company the share capital of which is divided into:-
    - (i) two or more classes of the shares, if the person has an interest in one or more voting shares include in one of those classes; and
    - (ii) The number or the aggregate number of such shares is not less than five per centum of the aggregate number of the total number of all the voting shares included in that class of shares.A person who has a substantial shareholding in a company is a substantial shareholder in such company.
11. **“Transaction”** includes:
- a. the acquisition, disposal or leasing of assets;
  - b. the establishment of joint ventures;
  - c. the provision of financial assistance;
  - d. the provision or 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.



## APPENDIX B

**SERN KOU RESOURCES BERHAD**  
**RELATED PARTY TRANSACTION POLICY**  
**List of related parties (As at 19 September 2019)**

Existing Directors/ Directors for the past six months	Major Shareholders/ Major Shareholders for the past six months	Person Connected with Directors and Major Shareholders  As defined under paragraph 1.01 of the MMLR and Section 228 of the Act
<p><b>Tan Sri Abdul Rahim Bin Mohd Noor</b> <i>Chairman / Independent Non-Executive Director</i></p> <p><b>Low Peng Sian @ Chua Peng Sian</b> <i>Managing Director</i></p> <p><b>Koh Kun Chuan</b> <i>Senior Executive Director</i></p> <p><b>Loo Eng Hua</b> <i>Executive Director</i></p> <p><b>YBhg Datuk Dr Haris Bin Haji Salleh</b> <i>Senior Independent Non-Executive Director</i></p> <p><b>Dr Tan Chee Huat</b> <i>Independent Non-Executive Director</i></p> <p><b>Datuk Tay Puay Chuan</b> <i>Independent Non-Executive Director</i></p> <p><b>Leou Thiam Lai</b> <i>Independent Non-Executive Director</i></p> <p><b>Lee Shen Wang</b> <i>Executive Director</i> <i>(Appointed on 21 August 2019)</i></p>	<p><b>Genius Success Capital Sdn. Bhd.</b> 20%</p> <p><b>Low Peng Sian @ Chua Peng Sian</b> 12.89% (Direct) 20% (Indirect)</p> <p><b>Koh Poh Seng</b> 10.38%</p> <hr/> <p><b>Substantial Shareholders/Substantial Shareholders for the past six months</b> As defined under Section 136 of the Act</p> <hr/> <p><b>Koh Kun Chuan</b> 5.08%</p>	<p style="text-align: center;">-</p>

## APPENDIX C

### **SERN KOU RESOURCES BERHAD RELATED PARTY TRANSACTION POLICY**

#### **Disclosure Requirements**

SKRB must make an immediate announcement to Bursa Malaysia Securities Berhad of a RPT, where the percentage ratio is 0.25% or more after the terms of the transaction has been agreed upon provided that the value of the consideration of the transaction is more than RM500,000 and it is not recurrent in nature.

If the percentage ratio for the RPT is 5% or more, the Company must:

- (a) send a circular to the shareholders as per requirement of MMLR;
- (b) obtain shareholder's approval of the transaction in general meeting; and
- (c) appoint an independent adviser who is a corporate finance adviser within the meaning of the Securities Commission's Principal Adviser Guidelines, before the terms of the transaction are agreed upon.

If the percentage ratio for the RPT is 25% or more, the Company must in addition to the above requirement, before the terms of the transaction are agreed upon, appoint a main adviser, who is the Principal Adviser.

The Principal Adviser must:

- (a) advise the Company whether such transaction is carried out on fair and reasonable terms and conditions and not to the detriment of minority shareholders of the Company;
- (b) ensure that such transaction complies with the relevant laws, regulations or guidelines, where applicable;
- (c) ensure full disclosure of all information required to be disclosed in the announcement and circular; and
- (d) confirm to Bursa Securities after the completion of the transaction and all the necessary approvals have been obtained, that it has discharged its responsibility with due care in regard to the transaction.

SKRB must also ensure that a director with interest, direct or indirect, must abstain from Board deliberation and voting on the relevant resolution in respect of the RPT. In a general meeting to obtain shareholders' approval on RPT, a director or major shareholder with any interest, direct or indirect, or person connected to them must not vote on the resolution in respect of the RPT.

Where any one of the percentage ratios of a related party transaction 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 of 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.

the Company is exempted from-

- (i) issuing a circular to shareholder;
- (ii) obtaining shareholder approval of the transaction in general meeting; and
- (iii) appointing a main adviser and independent adviser, as the case may be;

provided that the Board of the Company –

(aa) approves the transaction before the terms of transaction are agreed upon; and

(bb) ensures that the transaction is fair and reasonable to the listed issuer and is in the best interests of the Company. Where the transaction reaches certain threshold of the percentage ratios, the Company is required to comply with the obligations under the MMLR as explained above.

The percentage ratios are calculated in accordance with formulas that are provided in the MMLR (reproduced in Appendix E). The formula to be used depends on the type of contract/transaction. At times, one transaction may involve calculation of the percentage ratios based on several of the formulas as stated in Appendix E. Therefore, all formulas must be tested as the relevant obligations under the MMLR will be invoked if any one of the figures of the percentage ratios is met.

## APPENDIX D

### **SERN KOU RESOURCES BERHAD RELATED PARTY TRANSACTION POLICY Transactions not regarded as RPT**

The following transactions are not normally regarded as related party transactions as per the MMLR:

1. the issue of securities by the Company for cash (subject to paragraph 6.06), the issue of securities by way of bonus issue, the grant of options and the issue of securities arising from the exercise of options under a Share Issuance Scheme (subject to compliance with Chapter 6), subscription of securities on a pro rata basis, subdivision of shares, consolidation of shares or payment of dividend;
2. 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:
  - a. shareholdings in the other person which is less than 5% other than via the Company; and
  - b. no other interest such as commission or other kinds of benefit received from the Company or any of its subsidiaries or the other person in relation to the said transaction;
3. 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;
4. 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 the Exchange deems appropriate;
5. directors' fees and remuneration, and employment remuneration;
6. a transaction between a Company or any of its subsidiaries and another person for the provision or receipt of goods or services which are Exempted Transactions where-
  - a. the goods or services are purchased, sold or rendered based on a nonnegotiable fixed price or rate which is published or publicly quoted; and
  - b. all material terms including the prices or charges are applied consistently to all customers or classes of customers;
7. 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;
8. a contract that is awarded by or on behalf of the Government of Malaysia or a State Government to the Company or its subsidiary provided that the Company immediately announces the contract to the Exchange and include information as per MMLR;
9. a contract that is awarded by way of a public tender

10. a transaction between a 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;
11. a transaction between the Company or any of its subsidiaries and another person where there are no other interested relationships except for the related party having shareholdings in the other person which is less than 10% other than via the Company;
12. a transaction between the Company or any of its subsidiaries and another person where there are no other interested relationships except for –
  - a. common major shareholders; or
  - b. a person connected with a major shareholder being a major shareholder of the other person, subject to satisfying conditions listed per MMLR
13. a transaction between the Company and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the Company or person connected with such director or major shareholder having an interest in the transaction;
14. a transaction between a subsidiary of a Company (“transacting subsidiary”) and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the Company (other than the transacting subsidiary or holding companies of the transacting subsidiary) or a person connected with such director or major shareholder having an interest in the transaction;
15. subscription to or acquisition by the Company or its subsidiaries not listed on any stock exchange, of debt securities and/or redeemable preference shares issued or guaranteed by the Government of Malaysia, Bank Negara Malaysia, a State Government or an equivalent foreign regulatory authority as the Exchange deems appropriate; or
16. a disposal by a Company or any of its subsidiaries of an interest in an investee corporation where a related party is also a major shareholder or person connected with a major shareholder of the investee corporation (other than via the Company), provided that –
  - a. the related party, person connected with the related party or both, are not a party, initiator or agent to the said disposal; and
  - b. the disposal is effected on the Exchange where the counterparty's identity is unknown to the Company or its subsidiaries (as the case may be) at the time of the disposal.

For the purpose of this subparagraph, a “disposal” includes a disposal by a Company or any of its subsidiaries of an interest in an investee corporation on a pro-rata basis or arising from an acceptance of a take-over offer, except that subparagraph (16)(b) above will not be applicable in such instances

*Reference should be made to the MMRL for a more comprehensive write-up on the exempted transactions.*

## APPENDIX E

### SERN KOU RESOURCES BERHAD RELATED PARTY TRANSACTION POLICY Percentage Ratio Calculation

- (i) *the value of the assets which are the subject matter of the transaction, compared with the net assets of the Company*

**The Value of the Assets which are subject matter of the transactions**  
**Net Assets of the Company**

- (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 Company (before other comprehensive income or loss);*

**Net Profits of the assets which are subject matter of the transaction**  
**Net Profits attributable to the owners of the Company (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 Company;*

**The Aggregate Value of the consideration given or received in relation to the transaction**  
**Net Assets of the Company**

- (iv) *the number of shares issued by the Company as consideration for an acquisition, compared with the total number of shares previously in issue (excluding treasury shares);*

**The Equity Share Capital issued by the Company as consideration for an acquisition**  
**Equity Share Capital Previously in Issue (excluding treasury shares)**

- (v) *the aggregate value of the consideration given or received in relation to the transaction, compared with the market value of all the ordinary shares of the Company (excluding treasury shares);*

**The Aggregate Value of the Consideration given or received in relation to the transaction**  
**Market Value of all the Ordinary Shares of the Company (excluding treasury shares)**

- (vi) *the total assets which are the subject matter of the transaction compared with the total assets of the Company;*

**The Total Assets which are the subject matter of the transaction**  
**Total Assets of the Company**

- (vii) *in respect of joint ventures, business transactions or arrangements, the total project cost attributable to the Company compared with the total assets of the Company or in the case where a joint venture corporation is incorporated as a result of the joint venture, the total equity participation of the Company in the joint venture corporation (based on the eventual issued capital of the joint venture corporation)*

a) In respect of joint ventures, business transactions or arrangements:-

**The Total Project Cost Attributable to the Company**

**Total Assets of the Company**

b) in respect of Joint Venture Corporation is incorporated as result of the joint venture:-

**The Total Equity Participation of the Company in the joint venture corporation**

**(based on the eventual issued capital of the joint venture corporation)**

**Net Assets of the Company**

*compared with the net assets of the Company. The value of the transaction should include shareholders' loans and guarantees to be given by the Company;*

(viii) *the aggregate original cost of investment of the subject matter of the transaction divided by the net assets of the Company, in the case of a disposal and where the acquisition of the subject matter took place within last 5 years;*

**The Value of the Assets which are subject matter of the transactions**

**Net Assets of the Company**

*Source: Chapter 10 of the MMLR*

## APPENDIX F

### **SERN KOU RESOURCES BERHAD RELATED PARTY TRANSACTION POLICY Matters to be tabled to the AC on RPT**

The following is an illustrative list. It is not exhaustive but is intended to stimulate thoughts as to the type of matters that should be tabled to the audit committee in relation to the related party transactions/recurrent related party transactions.

- i. a description of the transaction;
- ii. parties to the transaction, including who the related party is and the relationship involved;
- iii. relevant details of the transaction, including value and percentage ratio, calculations based on the Listing Requirements. The percentage ratio should be calculated against all methods listed in Bursa Securities Listing Requirements and the calculations disclosed to the audit committee;
- iv. the nature of the transaction, including an explanation of the related party's interest and if it is a recurrent related party transaction, how the transaction meets the relevant criteria for being considered a recurrent related party transaction;
- v. whether advisors and/or valuers are to be appointed;
- vi. whether any other approvals are required;
- vii. rationale for the transaction and cost and benefit to the company/group;
- viii. comparative quotes, if available, including sources, methods and procedures through which transaction prices are determined;
- ix. justification as to why the transaction must be undertaken with the related party, for example that the services provided by a related party cannot be obtained elsewhere or if need be, a current independent valuation report annexed for that purpose;
- x. an explanation of how "arm's length" was maintained during negotiations and in ensuring negotiations and terms to the related party transactions/recurrent related party transactions were carried out were on a commercial basis;
- xi. an explanation of why the terms are considered fair and reasonable;
- xii. an explanation of why the transaction is considered in the best interest of the company/group;
- xiii. an explanation of why the terms are not detrimental to the minority shareholders;
- xiv. if the transaction has gone through the usual tender process, to state so and the recommendations of the tender committee;
- xv. management recommendations; and
- xvi. revision/changes to the related party transactions/recurrent related party transactions policy and procedures relating to compliance with mandates arising from the nature and volume of transactions.

*Source: Corporate Governance Guide, Pull-out II, Guidance on Effective Audit and Risk Management*



**APPENDIX G**

**SERN KOU RESOURCES BERHAD  
RELATED PARTY DECLARATION FORM**

This form is required to be completed in respect of all directors of the Company (including that of subsidiaries) who have held office as at [date].

1. List of body corporate/person that the director/major shareholder or person connected to the director/major shareholder had transacted and/or likely to have transaction with the Company and/or subsidiaries of SERN KOU RESOURCES BERHAD for the following periods:

(a) [the past 12 months]

Name of company/business/ family member	Shareholding (where relevant)	Position held	Nature of transaction(s)	Value of transaction for the period (RM)

(b) [the future 12 months]

Name of company/business/ family member	Shareholding (where relevant)	Position held	Nature of transaction(s)	Estimated value of transaction for the period (RM)

*Definition:*

*Person connected means such person who falls under any one of the following:*

- a) family member include (i) spouse (ii) parent (iii) child including adopted child and step-child (iv) brother or sister and (v) spouse of child, brother or sister;*
- b) a trustee of a trust (other than an employee share scheme or pension scheme) under which the director or a member of his family is the sole beneficiary;*
- c) a partner of the director or a partner of a person connected with the director;*
- d) a person or a body corporate who is accustomed or under obligation to act in accordance with the directions, instructions or wishes of the director;*
- e) a body corporate where the director or person connected with him 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*
- f) a body corporate which is a related corporation i.e. subsidiaries.*

Note: Please inform the Company in the event any such transaction described in (1) above arises in the future. Please return the completed form to the Company Secretary on or before [Date].

\_\_\_\_\_  
Signature  
Name:

Date:

**APPENDIX H**

**SERN KOU RESOURCES BERHAD**

**RELATED PARTY TRANSACTION POLICY**

Checklist for Related Party Transaction "RPT" (Audit Committee)

<b>RELATED PARTY TRANSACTIONS:</b>	<b>Yes/No/ NA</b>
1) Quarterly statement in summary form of RPT in ordinary course of business reviewed by AC.	
2) Details of material individual transactions with related parties which are not in normal course of business tabled to AC.	
3) Material individual transactions with related parties or others which are not on an arm's length basis together with justification from management for it.	
4) Whether company has list of related parties?	
5) Whether company has formulated policy on RPT?	
6) Whether prior approval of Audit Committee is taken in regards to RPT?	
7) Whether approval of shareholder is passed in regards to material RPT	
8) Whether details of all material related party transactions disclosed quarterly in the compliance report on corporate governance.	
9) Whether request has made to management on the nature and size of year-end adjustments and RPT?	
10) While review of financial statements of the Company: considering RPT, the financial impact of such transactions and whether they have been entered into according to the terms stipulated in the shareholders' mandate or in the best interests of the company;	
11) Whether management had established a comprehensive framework for the purposes of identifying, evaluating, approving, reporting and monitoring such situations and transactions. Whether the framework put in place enables RPT and conflict of interest situations to be brought to the attention of the AC for its consideration.	