

**LEFORM BERHAD**  
**Related Party Transaction Policy and Procedures**

**THIS POLICY APPLIES TO ALL LEFORM GROUP EMPLOYEES, DIRECTORS, MAJOR SHAREHOLDERS  
AND PERSONS RELATED TO THE DIRECTORS OR MAJOR SHAREHOLDERS**

**FOREWORD**

The Company is in the business of manufacturing and trading in steel products, transport and carrier.

Finance and Accounts division is one of the important role in the Company's quest to assist in making strategic decisions. The content of this policy serves as guidelines to align all the Company's goals, which are expected to be modified from time to time to deal with changing economics, business, regulatory or social environment.

Should any doubts or questions in relation to this booklet arises, please do not hesitate to consult Executive Directors of the Company.

This Related Party Transaction Policy and Procedures has been approved and adopted by the Board on 22 February 2022.

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## 1. Introduction

### 1.1 Objective

1.1.1 The main purpose of the Related Party Transaction (“RPT”) policy is to help employees understand the policies and procedures that need to be adhered to in identifying and treating RPT where:-

- Specification of the principles to be adopted in relation to the conduct of RPT between the Company and/ or the Group with a Related Party;
- Compliance with the Ace Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other applicable laws;
- Provision of guidance in the interpretation and application of those principles; and
- Specification of the basis of proper disclosure of such RPT.

1.1.2 The Company shall not enter into any RPTs unless:-

- (i) The Audit and Risk Management Committee has reviewed such transaction in accordance with the guidelines set forth herein;
- (ii) The RPT is approved in conjunction with the **Corporate Approval Policy**.

### 1.2 Scope

This part of the Policy and Procedure Manual outlines the framework and the processes for the purpose of identifying, monitoring, evaluating, reporting and approving the RPT and Recurrent Related Party Transactions (“RRPT”) to ensure such transactions are conducted on an arm’s length basis with good governance.

It also serves as a guide to the Audit and Risk Management Committee (“ARMC”) and Board of Directors (“BOD”) of **Leform Berhad (“the Company”)** in discharging its role, which is to provide oversight over RPTs and RRPTs within the **Leform Group (“the Group”)**.

### 1.3 Application of the manual

This Policy applies to all directors and major shareholder of Leform or Leform’s subsidiaries or person connected with such director or major shareholder.

### 1.4 Deviations from this manual

As a general rule Leform’s management expects this manual to be followed as written. In exceptional cases where a deviation from the manual is required to deal with urgent situations that are not covered in this manual, a deviation can be made and the reasons for the deviation must be documented in writing, and approved by the **CFO and Executive Director/MD**.

Whenever in doubt as to whether the proposed transaction is a related party transaction, the employee is encouraged to contact the **Senior Accounts Manager and/or CFO** in

written email. Although a RPT may give rise to a conflict of interest, such a RPT is allowed under the law, provided that the RPT is entered into in the best interest of the Company and complies with the applicable laws.

### 1.5 Distribution and monitoring responsibilities

It is the **Finance and Accounts Division's** responsibility to ascertain and distribute appropriate sections of the manual to all business units of the Group; and to provide training and assistance in its interpretation.

Questions with regard to the application or interpretation of any of these sections should be directed to the Finance Department.

### 1.6 Revisions to the manual

The **CFO** is responsible for reviewing all proposed revisions to the Company's RPT Policies and Procedures Manual. **CFO** will then submit a recommendation for manual revision to **ED and MD** for approval.

Once the amendment is approved by the **ED and MD**, the revised copy together with the changes to the RPT procedures manual will be sent by the **CFO** to all the Company's staff. If the revision is significant, BOD approval is required.

### 1.7 Abbreviations

These are the abbreviations used in this manual.

Abbr.	Full description
MD	Managing Director
ED	Executive Director
CFO	Chief Financial Officer
BOD	Board of Director
HoD	Head of Department
ARMC	Audit and Risk Management Committee
SC	Securities Commission
Cosec	Company Secretary
RPT	Related Party Transactions
RRPT	Recurrent Related Party Transactions
Bursa Securities	Bursa Malaysia Securities Berhad
AMLR	Ace Market Listing Requirements
CMSA	Capital Markets and Services Act 2007
DCR	Directors' Circular Resolution

### 1.8 Definition

1.8.1 **"Director"** has the meaning given in section 2(1) of the Capital Markets and Services Act 2007 ("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.

1.8.2 **“Major Shareholder”** means a person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares is:

- a) 10% or more of the total number of voting shares in the Company; or
- b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the Company.

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 major shareholder of the Company or its subsidiary or holding company.

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Companies Act 2016. It also 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 (as defined above) of the Company or any other company which is its subsidiary or holding company.

1.8.3 **“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;  
“Family” in relation to a person means such person who falls within any one of the following categories:
  - i. spouse;
  - ii. parent;
  - iii. child including an adopted child and step-child;
  - iv. brother or sister; and
  - v. spouse of the person referred in point (iii) and (iv) above.
- 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.
- 1.8.4 **“Related Party”** in relation to a corporation means a director, major shareholder or persons connected with such director or major shareholder.
- 1.8.5 **“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.
- 1.8.6 **“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.
- 1.8.7 **“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 of 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.

## 1.9 Execution and Maintenance

- 1.9.1 Execution  
This manual becomes effective as of 22 February 2022 or any earlier date possible. The **CFO** is responsible for the execution of this manual. When there are indications that a policy or procedure is not followed, the **CFO** should take necessary actions to correct this.
- 1.9.2 Maintenance  
After implementation, the manual will be updated or reviewed annually before **31 December**, or earlier or as and when deemed necessary.
- 1.9.3 Legal framework  
Any agreement or contract issued by the Group shall be governed by Malaysian law, unless as otherwise specified in the agreement or contract.

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## 2. Identification

### 2.1 Register of Related Parties

- 2.1.1 The register of related parties shall be kept by the **Finance Department**.
- 2.1.2 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 timely basis.
- 2.1.3 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 fulfils the requirements stated in the AMLR.

## 3. Disclosure Requirements

The disclosure requirements of RPT as prescribed by the AMLR is governed by percentage ratio threshold; and the exception is:-

- the RPT is less than 0.25% or the consideration of the transaction is less than RM200,000; or/and
- it is a Recurrent Related Party Transaction.

Under the exception clauses, no announcement is required and Finance Department shall update ARMC on a quarterly basis for RPT transactions.

The Company's **Finance Department** will compute the percentage ratio which is elaborated in item 4 of this manual. The disclosure requirements are as follows:

- 3.1 RPT is 0.25% or more but less than 5% - the Company must make an immediate announcement to Bursa Securities.
- 3.2 RPT is 5% or more, the Company shall:
  - 3.2.1 send a circular to shareholders
  - 3.2.2 obtain shareholders' approval of the transaction in general meeting; and
  - 3.2.3 engage the services of a Sponsor or Adviser, as the case may be, and appoint an independent adviser approved by the SC to review the terms of the transactions before it is agreed upon.
- 3.3 RPT is 25% or more, the Company shall:
  - 3.3.1 send a circular to shareholders
  - 3.3.2 obtain shareholders' approval of the transaction in general meeting;
  - 3.3.3 appoint an independent adviser who is a corporate finance adviser; and
  - 3.3.4 appoint a sponsor or adviser who is a principal adviser before the terms of the transaction are agreed upon.
  - 3.3.5 appoint a Principal Adviser approved by the SC to:
    - 3.3.5.1 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;



- 3.3.5.2 ensure that such transaction complies with the relevant laws, regulations or guidelines, where applicable;
  - 3.3.5.3 ensure full disclosure of all information required to be disclosed in the announcement and circular; and
  - 3.3.5.4 confirm to Bursa Securities after the transaction has been completed and all the necessary approvals have been obtained, that it has discharged its responsibility with due care in regard to the transaction.
- 3.4 A director with any interest, direct or indirect ("interested director") must abstain from board deliberation and voting on the relevant resolution in respect of the RPT. In a general meeting to obtain shareholders' 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.
- 3.5 RPT entered by a subsidiary with another person where the percentage ratio is 5% or more, and the only related party having an interest in such transaction is not a related party to the Company, the only immediate announcement is required, subject to the following conditions:
  - 3.5.1 the BOD of the Company approves the transaction before the terms of transaction are agreed upon; and
  - 3.5.2 that the transaction is fair and reasonable and is in the best interests of the Company.
- 3.6 The following **transactions are not normally regarded as RPT** under Rule 10.08 (11) of the AMLR:
  - 3.6.1 The issue of securities by the Company for cash (subject to Rule 6.06 of 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 a Share Issuance Scheme, subscription of securities on a pro-rata basis, a subdivision of shares, consolidation of shares or payment of dividend;
  - 3.6.2 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 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 transactions;
  - 3.6.3 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;
  - 3.6.4 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 Bursa Securities deems appropriate;

- 3.6.5 Directors' fees and remuneration, and employment remuneration;
- 3.6.6 A transaction between the Company or any of its subsidiaries and another person for the provision or receipt of goods or services which are considered exempted transactions where:
  - 3.6.6.1 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
  - 3.6.6.2 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 transaction is as per AMLR)
- 3.6.7 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;
- 3.6.8 A contract that is awarded by or on behalf of the Government of Malaysia or a State Government provided an immediate announcement of the same is made to the Bursa Securities;
- 3.6.9 A contract that is awarded by way of a public tender;
- 3.6.10 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.

*Exempted transactions mean the following:*

- i) provision or usage of public utility services such as water, electricity, telecommunications, broadcasting, services, postal or courier services, insurance, unit trusts, stockbroking services, public transport, education, medical services, provision or usage of tolled highways, hotel facilities and recreational services, provision or consumption of fuel on retail or food and beverage at eateries, provision or purchase of goods at retail outlets such as supermarkets, hypermarkets or departmental stores; and*
- ii) such other types of transactions that may be prescribed by AMLR from time to time.*

3.7 Recurrent Related Party Transaction ("RRPT")

- 3.7.1 Under Rule 10.08(1)(b) of AMLR, a Company with an issued and paid-up capital of RM60 million and above, must immediately announce a RRPT if:
  - 3.7.1.1 the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
  - 3.7.1.2 the percentage ratio of such RRPT is 1% or more.

whichever is higher.

- 3.7.2 The Company may seek a mandate from its shareholders for RRPTs subject to the following:
- 3.7.2.1 the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
  - 3.7.2.2 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 prescribed under item 3.7.1 above;
  - 3.7.2.3 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;
  - 3.7.2.4 in a meeting to obtain 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 the persons connected to him abstain from voting on the resolutions approving the transactions; and
  - 3.7.2.5 The Company must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company, 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;

Where the Company has procured shareholders' mandate, the provisions of Rule 10.08 of AMLR on RPT shall not apply.

- 3.7.3 Pursuant to paragraph 3.2 of Guidance Note 8, the following **transactions are not regarded as RRPTs** and therefore, the shareholders' mandate shall not apply:
- 3.7.3.1 the acquisition or disposal of land or land-based property except in the circumstances set out in paragraph 3.3 (a) of the Guidance Note 8;
  - 3.7.3.2 the acquisition or disposal of vessels, air craft and plants;
  - 3.7.3.3 the entry into a lease of:
    - i) a property for a period exceeding three (3) years; or
    - ii) such other assets,which involve payments of rental or such consideration on a lump sum basis (i.e. other than on an equal pro-rated monthly or annual installments);

- 3.7.3.4 the provision of financial assistance pursuant to rule 8.25 of the AMLR;
- 3.7.3.5 the acquisition or disposal of securities except in the circumstances set out in paragraph 3.3 (b) of the Guidance Note 8;
- 3.7.3.6 the entry into joint ventures;
- 3.7.3.7 the grant or exercise of an option in relation to matters set out in subparagraph 3.7.3.1, 3.7.3.2, 3.7.3.3, and 3.7.3.5 above; and
- 3.7.3.8 such other transactions as may be determined by Bursa Securities from time to time.

#### 4. Percentage Ratios

Percentage ratio are figures, expressed as a percentage, used to determine the materiality of RPT resulting from each of the following calculations and all computation below will be used to determine the percentage ratio if applicable, whichever is higher:

- a) 
$$\frac{\text{The Value of the Assets which are the subject matter of the transaction}}{\text{Net Assets of the listed issuer}}$$
- b) 
$$\frac{\text{Net Profits of the assets which are the subject matter of the transaction}}{\text{Net Profits attributable to the owners of the listed issuer (before other comprehensive income or loss)}}$$
- c) 
$$\frac{\text{The Aggregate Value of the consideration given or received in relation to the transaction}}{\text{Net Assets of the listed issuer}}$$
- d) 
$$\frac{\text{The number of shares issued by the listed issuer as consideration for an acquisition}}{\text{Existing total number of share capital of listed issuer (excluding treasury shares)}}$$
- e) 
$$\frac{\text{The Aggregate Value of the Consideration given or received in relation to the transaction}}{\text{Market Value of all the Ordinary Shares of the listed issuer (excluding treasury shares)}}$$
- f) 
$$\frac{\text{The Total Assets which are the subject matter of the transaction}}{\text{Total Assets of the listed issuer}}$$
- g) (i) In respect of Joint ventures, business transactions or arrangements:
 
$$\frac{\text{The Total Project Cost attributable to the listed issuer}}{\text{Total Assets of the listed issuer}}$$
- (ii) In respect of Joint Venture Corporation is incorporated as a result of the joint venture:
 
$$\frac{\text{The total equity participation of the Listed Issuer in the joint venture corporation (based on the eventual issued capital of the joint venture corporation)}}{\text{Net Assets of the listed issuer}}$$

- h) The aggregate original cost of investment of the subject matter of the transaction  
Net Assets of the listed issuer

*(In the case of a disposal and where the acquisition of the subject matter took place within the last 5 years)*

## 5. Reporting Process

The Company has established a process for all RPTs and RRPTs as follows:

### 5.1 RPT reporting

- 5.1.1 Before entering into a commercial contract / agreement / transaction, the **Manager** must check for RPT element and contract value by referring to the RPT checkbox indicated in the Purchase Requisition. If the box on RPT is checked by requestor, **Account Department** shall reaffirm the RPT with **Finance Department**.
- 5.1.2 If it involves RPT, **the requestor** shall notify and furnish the contract / agreement to **Finance Department**.
- 5.1.3 **Finance and Accounts Division** shall check the disclosure requirement per item 3 of this policy and:
- 5.1.3.1 liaise with Cossec to draft announcement, Audit and Risk Management Committee Resolution and DCR if the percentage ratio of the RPT is 0.25% or more and RPT valued more than RM200,000;
- 5.1.3.2 liaise with Cossec to draft circular to obtain shareholders' approval if the percentage ratio of the RPT is 5% or more and appoint an independent advisor to review the terms of RPT; and
- 5.1.3.3 liaise with Cossec to draft circular to obtain shareholders' approval if the percentage ratio is 25% or more and appoint an independent advisor as well as a Principal advisor as per item 3.3.
- 5.1.4 **Finance and Accounts Division** shall submit the draft announcement per item 5.1.3.1 for BOD review. Once BOD is satisfied that the terms and conditions of the RPT is entered at arm's length, not favourable to the related party than those generally available to the general public and is in the best interest of the Company, **BOD shall approve and authorise Cossec** to make the announcement to Bursa Securities.
- 5.1.5 Once approval is obtained for RPT, **Finance Division** shall advise requestor to complete the signing of the agreement / contract of the RPT.
- 5.1.6 **Finance and Accounts Division** shall update the RPT register for ARMC's review quarterly.

5.2 RRPT reporting

- 5.2.1 Before entering into a commercial contract / agreement / transaction, the **Manager** must check for RRPT element and contract value by referring to the RRPT checkbox indicated in the Purchase Requisition. If the box on RPT is checked by requestor, **Account Department** shall reaffirm the RPT with **Finance Department**.
- 5.2.2 If it involves RRPT, **the requestor** shall notify and furnish the contract / agreement to **Finance Department**.
- 5.2.3 **Finance and Accounts Division** shall check the disclosure requirement per item 3.7 of this policy and:
- 5.2.3.1 update the RRPT records; and
  - 5.2.3.2 monitor if RRPT exceeded the threshold per item 3.7.1 of this policy and to notify Finance Department to make an immediate announcement; or
  - 5.2.3.3 liaise with Cossec to draft the announcement and DCR if the RRPT exceeded the estimated value per item 3.7.2.5.
- 5.2.5 **Finance and Accounts Division** shall submit the draft announcement per item 5.2.3 for BOD review. Once BOD is satisfied that the terms and conditions of the RRPT is entered at arm's length, not favourable to the related party than those generally available to the general public and is in the best interest of the Company, **BOD shall approve and authorise Cossec** to make the announcement to Bursa Securities.
- 5.2.6 Once approval is obtained for RRPT, **Finance Division** shall advise requestor to complete the signing of the agreement / contract of the RPT.
- 5.2.7 **Finance Department** shall update the RRPT registrar for quarterly ARMC review.

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