



Related Party/Parties

"Related Party" means any

- (i) director or executive officer of SOUTHERN CABLE;
- (ii) beneficial owner (other than a financial or investment institution) of more than 5% of SOUTHERN CABLE's voting securities;
- (iii) Immediate Family Member of a director, executive officer, chief financial officer, nominee for director or beneficial owner of more than 5% of SOUTHERN CABLE's voting securities;
- (iv) an entity which is owned or controlled by someone who falls within the categories listed above in (i), (ii) or (iii); or
- (v) an entity in which someone listed above in (i), (ii) or (iii) has a substantial ownership interest or control.

"Related Party Transaction" means any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness or financial assistance) or any series of similar transactions, arrangements or relationships in which SOUTHERN CABLE or any SOUTHERN CABLE subsidiary was, is or is proposed to be a participant and in which a Related Party has, had or may have a direct or indirect material interest.

"Immediate Family Member" means any child, stepchild, parent, stepparent, spouse, sibling of any director, nominee for director or executive officer of SOUTHERN CABLE, and any person (other than a tenant or employee) sharing the household of any director, executive officer or nominee for director of SOUTHERN CABLE.

Audit and Risk Management Committee Review of Related Party Transactions

The Audit and Risk Management Committee shall be provided with the material facts of all new, existing or proposed Related Party Transactions that require the Audit and Risk Management Committee's approval (including the terms of the transaction and the business purpose of the transaction) and either approve, disapprove or ratify such transactions. In assessing a Related Party Transaction, the Audit and Risk Management Committee shall consider such factors as it deems appropriate:

- the business reasons for SOUTHERN CABLE to enter into the Related Party Transaction;
- the commercial reasonableness of the terms of the Related Party Transaction;
- the materiality of the Related Party Transaction to SOUTHERN CABLE;
- whether the terms of the Related Party Transaction are fair to SOUTHERN CABLE and on the same basis as would apply if the transaction did not involve a Related Party;
- the extent of the Related Party's interest in the Related Party Transaction; if applicable,
- the impact of the Related Party Transaction on a non-employee director's independence; and
- the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.



No director shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party and will abstain from voting on the approval of the Related Party Transaction, except that the director shall provide all material information concerning the Related Party Transaction to the Audit and Risk Management Committee and may otherwise participate in some or all of the Audit and Risk Management Committee's discussions if so requested by the Audit and Risk Management Committee.

If a Related Party Transaction will be ongoing, the Audit and Risk Management Committee may, in its discretion, establish guidelines for SOUTHERN CABLE 's management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit and Risk Management Committee shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Audit and Risk Management Committee's guidelines.

Review and Approval of Transactions

Below are the Proposed procedures for reviewing and approving a recurrent transaction:-

- a. Any Director has an interest (direct or indirect) in any Recurrent Related Party Transaction, such Director (or his alternate, where applicable) shall abstain from deliberation and voting on any decision to be taken by the Board in respect of such Recurrent Related Party Transaction, if any.
- b. Any member of the Audit and Risk Management Committee is interested in any Recurrent Related Party Transaction, that member shall abstain from deliberation and voting on any decision to be taken by the Audit and Risk Management Committee with respect to such transaction.
- c. 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 or/and from the Related Parties are fair and reasonable and comparable to those offered to or/and from the public for the same or substantially similar type of products/ services and/or quantities.
- d. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/ customers of similar products or services, or if the product/service is a proprietary item), management will ensure the Recurrent Related Party Transaction will only be entered into with the Related Party(ies) after taking into account the pricing, level of services, quality of products and other related factors to ensure that the Recurrent Related Party Transaction is not detrimental to the SOUTHERN CABLE.



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- e. SOUTHERN CABLE shall put in place adequate procedures and processes for monitoring, tracking and identifying Recurrent Related Party Transaction in a timely and orderly manner, and the adequacy and appropriateness of procedures and processes are reviewed on annual basis or whenever the need arises.
- f. The Audit and Risk Management Committee shall review the guidelines and procedures and are satisfied that the guidelines and procedures are adequate to ensure that the Recurrent Related Party Transactions are/will be:
- (i) on terms not more favorable to a Related Party than those generally available to and/or from the public;
 - (ii) not to the detriment of the minority shareholders; and
 - (iii) at arm's length and on normal commercial terms having taken into account, inter-alia, pricing, quality of the products and services, track records, experience and financial position of the supplier or vendor, speed of delivery, quality of after sales support service and maintenance and etc.

Pre-Approved Transactions

The following types of transactions ("Pre-Approved Transactions") will not be reviewed by the Audit and Risk Management Committee and do not require approval or ratification:

- Single / one off transaction in the ordinary course of business that does not exceed 0.25% of the Net Tangible Asset in any financial year;
- Executive Director and director compensation arrangements approved by the Remuneration Committee of the Board of Directors;

Disclosure

All Related Party Transactions that are not exempted pursuant to the "Pre-Approved Transactions" shall be disclosed and reviewed by the Audit and Risk Management Committee and Board of Directors.

Exempted Transactions

The following types of transactions ("Exempted Transactions") will not be reviewed by the Audit and Risk Management Committee and do not require approval:

- (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Transactions is below RM1 million; or



- (ii) the percentage ratio of such Recurrent Transaction is lower than 1% (percentage ratio) whichever is the higher.(as per the Securities Commission on Equity Guideline, where the percentage ratios are defined to mean the figures, expressed as a percentage, resulting from each of the following computations:
- The net assets value of the assets which are the subject of the transaction divided by the net assets value of the listed corporation;
 - The revenue attributable to the assets which are the subject of the transaction divided by the revenue of the listed corporation (this is a new ratio under the new guidelines);
 - The after-tax profits attributable to the assets which are the subject of the transaction divided by the after-tax profits of the listed corporation;
 - The aggregate value of the consideration for the subject transaction (including amounts to be assumed by the purchaser, such as the vendor's liabilities) divided by the aggregate market value of all the ordinary shares of the listed corporation; or
 - The number of new shares issued by the listed corporation as consideration for the transaction divided by the number of shares in the listed corporation in issue prior to the transaction.

Disclosure

All Recurrent Related Party Transactions that are not exempted shall be disclosed and reviewed by the Audit and Risk Management Committee and Board of Directors. Thereafter, shareholders mandate shall be sought and obtained from the Shareholders accordingly.