



SWIFT ENERGY GROUP OF COMPANIES

RELATED PARTY TRANSACTIONS POLICY AND PROCEDURES

1. POLICY STATEMENT

The objectives of this policy and procedures are to set out the general guidelines and the review, approval or ratification and monitoring procedures to be adopted across Swift Energy Technology Berhad (“SETB” or Company”) and its subsidiaries (“Group”) on Related Party Transactions (“RPT”) for ensuring related party transactions are on terms not more favourable than those generally available to the public.

2. DEFINITION

In this Policy, the following terms have the following definitions:

- a. Related Party refers to a director, major shareholder or person connected with such director or major shareholder.
- b. Related Party Transaction refers to a transaction entered into by SETB which involves the interest, direct or indirect, of a related party.
- c. A Director refers to:
 - i) a director of SETB, its subsidiary or holding company;
 - ii) an independent director of SETB, its subsidiary or holding company; or
 - iii) a chief executive of SETB, its subsidiary or holding company;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.
- d. Major Shareholder refers to a person who has an interest or interests in one or more voting shares in SETB and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is –
 - i) 10% or more of the aggregate of the nominal amounts of all the voting shares in SETB; or
 - ii) 5% or more of the aggregate of the nominal amounts of all the voting shares in SETB where such person is the largest shareholder of SETB;

including 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 SETB or any other corporation which is its subsidiary or holding company;

Percentage ratio refers to the value of a transaction against SETB’s issued and paid-up capital.

3. SCOPE OF POLICY

Related party transactions are broadly categorised into the following:

- a. Recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations as set out in Guidance Note 8 of the ACE Market Listing Requirements (“ACE LR”), including:
 - i) The acquisition or disposal of assets;
 - ii) The entry into a lease of:
 - A property for a period exceeding 3 years; or
 - Such other assets
 - iii) Management services and technology license agreements.
- b. Non-recurrent transactions are transactions which are made at least once in 3 years and are not recurring in nature.
- c. Transactions which are not normally regarded as related party transactions are attached in Appendix A.

4. PROCEDURES

RECURRENT RELATED PARTY TRANSACTIONS

The following procedures are established to ensure recurrent related party transactions are undertaken at arm’s length and on terms not more favourable to related parties than those generally available to the public, and not to the detriment of the minority shareholders

- a. SETB shall immediately announce a recurrent related party transaction if:
 - the consideration, value of the assets, capital outlay or costs of the transaction is RM1 million or more; or
 - the percentage ratio of such recurrent related party transaction is 1% or more,whichever is the lower.
- b. However, SETB may seek approval by shareholders of the Company for all recurrent related party transactions, including for transactions where the aggregate value is equal to or more than the threshold prescribed in item i above, at the AGM via a general mandate.
 - For the purpose of obtaining shareholders approval for recurrent related party transactions, the Finance Department will identify all recurrent related party transactions on a periodical basis (depending on the timing of AGM).
 - The recurrent related party transactions identified are then compiled into a circular which will be issued to shareholders prior to the AGM.
 - The circular will then be submitted to the Exchange together with a checklist showing compliance with such information.

- At the AGM, shareholders' approvals for recurrent related party transactions are then sought.
 - Any existing mandate for recurrent related party transactions shall lapse at the conclusion of the forthcoming AGM unless a renewal is obtained from the shareholders at the AGM.
 - Should SETB form a subsidiary, a list of Mandated Related Parties will be circulated to SETB's subsidiaries to notify them that all recurrent related party transactions are required to be entered into at arm's length and on normal commercial terms and on terms not more favourable to related parties than those generally available to the public.
 - When the actual value of a recurrent related party transaction entered into by SETB exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10% or more, the Company shall immediately announce it to the Exchange.
- c. Records will be maintained by the Company to capture all recurrent related party transactions entered into pursuant to the general mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- d. The annual internal audit plan shall incorporate a review of all recurrent related party transactions entered into pursuant to the general mandate.
- e. Disclosure will be made in the Annual Report of the Company of the actual breakdown of the aggregate value of related party transactions conducted during the financial year. Disclosure will also be made in the Annual Reports for subsequent financial years during which the shareholders' mandate remains in force.

NON-RECURRENT RELATED PARTY TRANSACTIONS

The following procedures are established to ensure non-recurrent related party transactions, where the value of consideration of the transaction exceeds RM100,000, are undertaken at arm's length and on terms not more favourable to related parties than those generally available to the public, and not to the detriment of the minority shareholders:

- a. SETB shall immediately announce the related party transaction to the Exchange when its percentage ratio is 0.25% or more, incorporating the information set out in the Appendices 10A and 10C of the ACE Market Listing Requirements.
- b. When the percentage ratios of a non-recurrent related party transaction equals or exceeds 5%, SETB shall:
- Send a circular which includes the information set out in Appendices 10B and 10D of the ACE Market Listing Requirements to the shareholders.
 - Submit the circular to the Exchange together with a checklist showing compliance with the Appendices.
 - Appoint an independent adviser, and engage the services of a Sponsor or Adviser, as the case may be, before the terms of the transaction are agreed upon. Obtain the

approval from shareholders of the Company in a general meeting (either AGM or EGM), and

- For the purpose of obtaining shareholders approval for non-recurrent related party transactions, the Finance Department will identify the relevant related party transactions.

c. In a meeting to obtain shareholder's approval:

- The interested director, shareholder or person connected with a director or major shareholder with any interest, direct or indirect; and
- Where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder,

must not vote on the resolution approving the transaction.

d. An interested director in a related party transaction, must inform the board of directors of SETB as the case may be, of the details of the nature and extent of his interest, including all matters in relation to the proposed transaction that he is aware or should reasonably be aware of, which is not in the best interest of SETB or its subsidiary, as the case may be.

e. A director with any interest, direct or indirect, must abstain from board deliberation and voting on the relevant resolution in respect of the related party transaction.

All related party transactions will be reviewed by a management committee comprising at least one independent non-executive director and one senior management staff. The review should be conducted on a quarterly basis.

The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor related party transactions have been complied with and this review shall be done on a quarterly basis.

Disclosure will be made in the Annual Report of the Company of the actual breakdown of the aggregate value of related party transactions conducted during the financial year. Disclosure will also be made in the Annual Reports for subsequent financial years during which the shareholders' mandate for recurrent related party transactions remains in force.

5. DECLARATION FORM FROM RELATED PARTIES

The Human Resources Department shall obtain signed declaration letters from key management, Major Shareholder and Directors of the Company and its subsidiaries on an annual basis as to their interest in any transaction with companies within the Group.

6. REVISION PROCEDURE

This Standard Operating Procedure must be updated or revised prior to any modification to the implementation of related party transactions procedure.

APPENDIX A

TRANSACTIONS THAT ARE NOT NORMALLY REGARDED AS RELATED PARTY TRANSACTIONS AS PER THE ACE MARKET LISTING REQUIREMENTS

The following transactions are not normally regarded as related party transactions:

- a. The payment of dividend, issue of securities by the listed corporation by way of a bonus issue or for cash (subject to Rule 6.07), subdivision of shares, consolidation of shares or reduction in the par value of shares;
- b. A transaction between a listed corporation or any of its subsidiaries and an investee corporation, where the related party has no interest in the investee corporation other than via the listed corporation;
- c. A transaction between the listed corporation 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 –
 - i) Shareholdings in the other person which is less than 1% other than via the listed corporation; and
 - ii) No other interest such as commission or other kinds of benefits received from the listed corporation or any of its subsidiaries or the other person in relation to the said transaction;
- d. An acquisition or disposal by the listed corporation or any of its subsidiaries from or to a third party of an interest in another corporation where the related party holds less than 5% in that other corporation other than via the listed corporation;
- e. 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;
- f. Directors fees and remuneration, and employment remuneration;

- g. A transaction between a listed corporation or any of its subsidiaries and another person for the provision or receipt of goods or services which are 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.

For the purposes of this sub-Rule -

- i. **"goods"** excludes securities;
 - ii. **"classes of customers"** excludes such class by reason solely or otherwise that the customers are related parties of the listed corporation or its subsidiaries;
 - iii. **"Exempted Transactions"** means the following:
 - (aa) provision or usage of public utility services such as water, electricity, telecommunications, 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
 - (bb) such other types of transactions that may be prescribed by the Exchange from time to time;
- h. 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;
- i. A contract that is awarded by or on behalf of the Government of Malaysia or a State Government to the listed corporation or its subsidiary provided that the listed corporation immediately announces the contract to the Exchange and includes the information set out in Appendices 10A and 10C in the announcement;
- j. A contract that is awarded by way of a public tender –
- i) In relation to the listed awarder or its subsidiaries provided that the listed corporation immediately announces to the Exchange the terms of the awarded

contract and the value of at least the 3 closest bids or if not applicable, such lesser number of bids received; and

- ii) In relation to the successful listed bidder or its subsidiaries provided that –
 - (aa) The awarder is listed or is a subsidiary of a listed corporation;
 - (bb) Majority of the directors and members of the audit committees of the listed corporations (whether as the bidder or the awarder or the holding companies of the bidder or awarder subsidiaries) are different; and
 - (cc) The listed bidder immediately announces the contract to the Exchange and includes the information set out in Appendices 10A and 10C of the ACE Market Listing Requirements in the announcement;

k. A transaction between a listed corporation or any of its subsidiaries and another person which involves the sharing of services or facilities provided by one of 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;

l. A transaction between the listed corporation 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 5% other than via the listed corporation;

m. A transaction between the listed corporation or any of its subsidiaries and another person where there are no other interested relationships except for –

- i) Common major shareholders; or

- ii) A person connected with a major shareholder being a major shareholder of the other person, provided that the following conditions are satisfied:

- (aa) The major shareholder and/or the person connected with the major shareholder is/are not the largest shareholder of the listed corporation;

(bb) The major shareholder and/or the person connected with the major shareholder is/are not a party to the said transaction, initiator, agent or involved in any other manner in the said transaction;

(cc) The major shareholder does not have any representative in an executive capacity on the board of directors of the listed corporation or any of its subsidiaries; and

(dd) The major shareholder is -

- A statutory institution who is managing funds belonging to the general public;
- A closed end fund, unit trust or investment fund (but excluding an investment holding corporation); or
- An insurance corporation whose activities are regulated by any written law relating to insurance and are subject to supervision by Bank Negara Malaysia and the said insurance corporation is managing its insurance funds (together with its own shareholders' funds or otherwise). For the purposes of this sub-Rule, "**insurance funds**" has the meaning given in section 2 of the Insurance Act 1996;

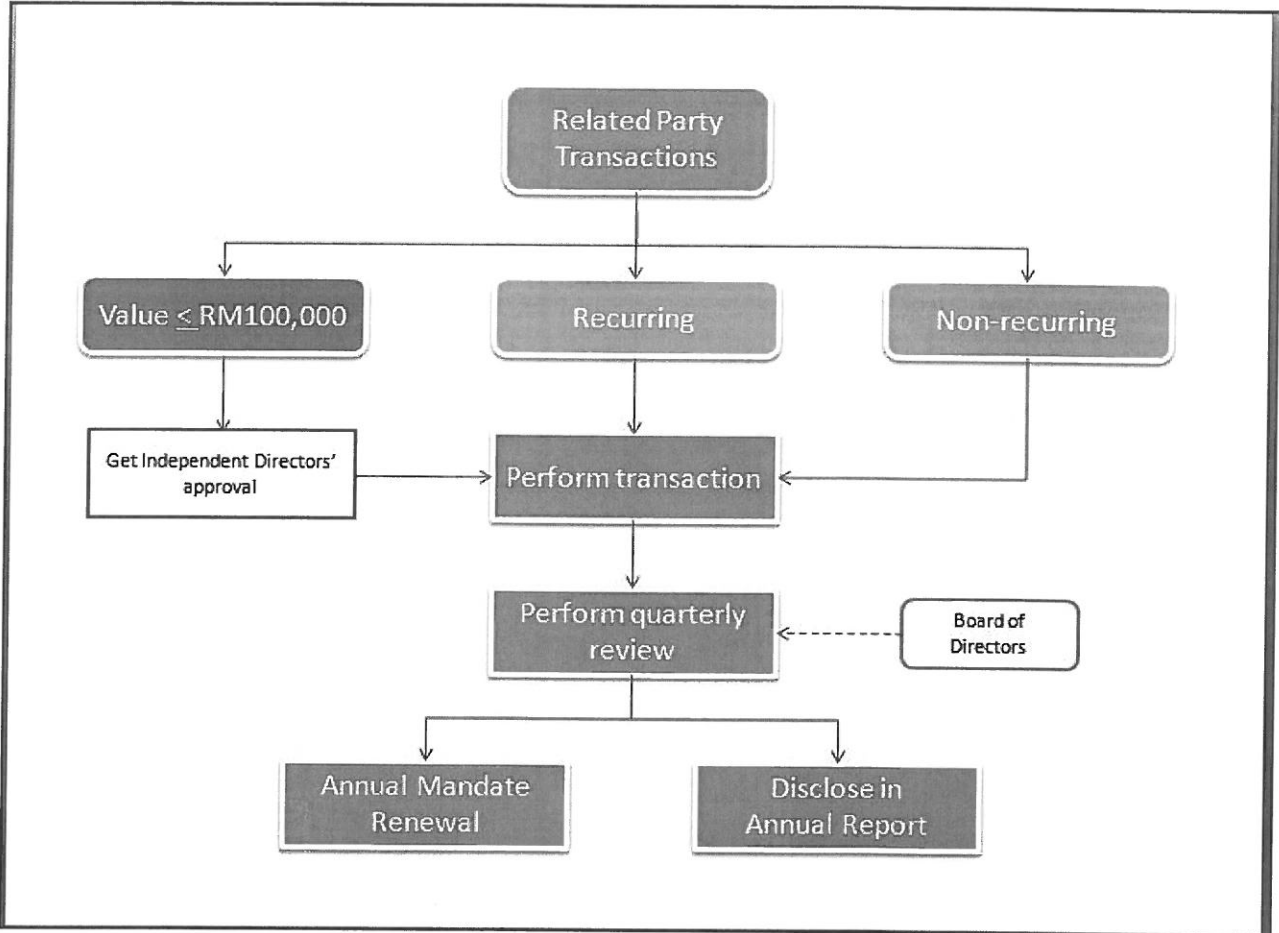
n. A transaction between the listed corporation and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the listed corporation or person connected with such director or major shareholder having an interest in the transaction;

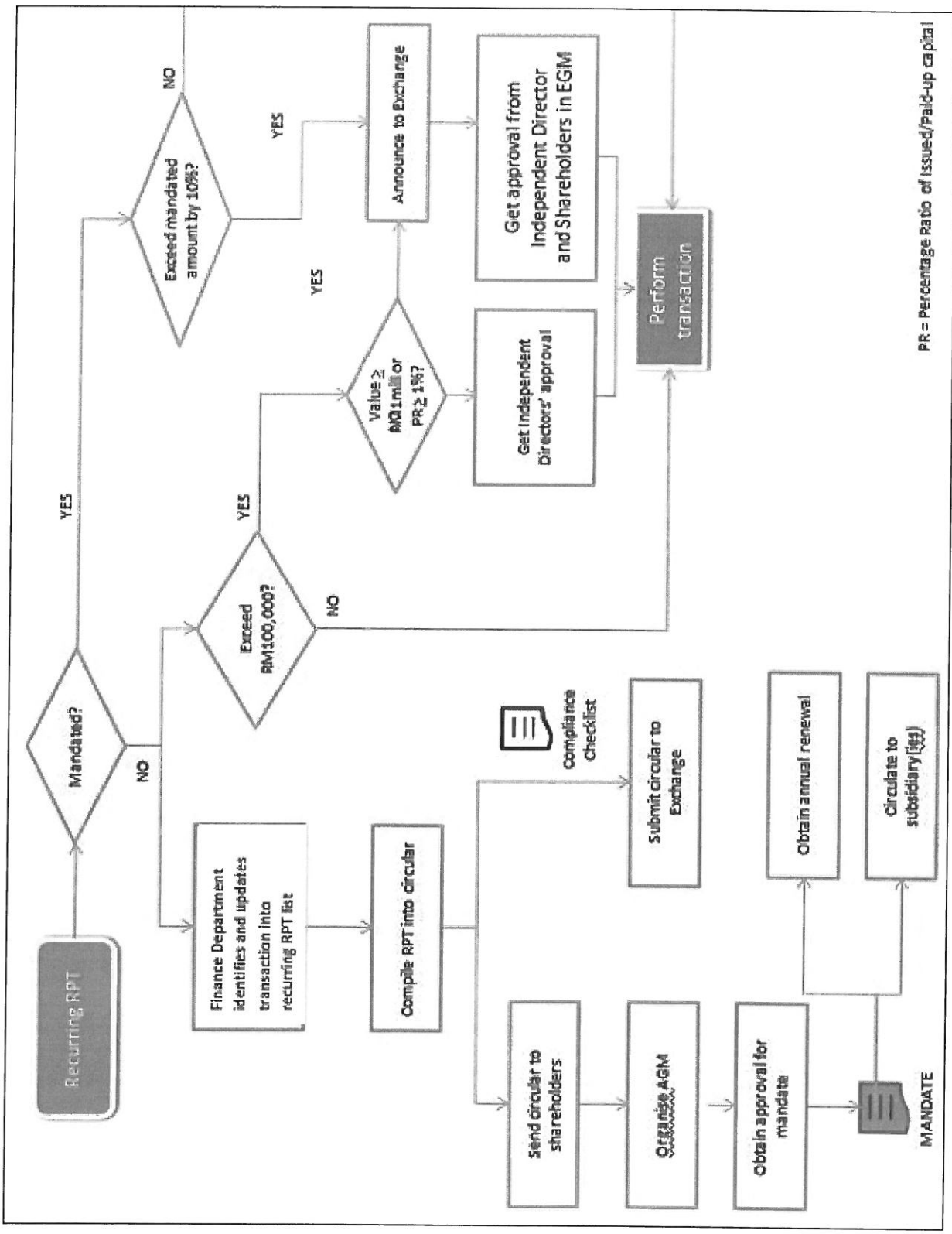
o. A transaction between a subsidiary of a listed corporation ("**transacting subsidiary**") and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the listed corporation (other than the transacting subsidiary or holding companies of the transacting subsidiary) or a person connected with such director or major shareholder having an interest in the transaction;

- p. Subscription to or acquisition by a listed corporation or its unlisted subsidiaries of debt securities and/or redeemable preference shares issued by or on behalf of the Government of Malaysia, Bank Negara Malaysia and/or a State Government; or

- q. A disposal by a listed corporation 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 listed corporation), provided that –
 - i) the related party, person connected with the related party or both, are not a party, initiator or agent to the said disposal; and
 - ii) the disposal is effected on the Exchange where the counterparty's identity is unknown to the listed corporation or its subsidiaries (as the case may be) at the time of the disposal.

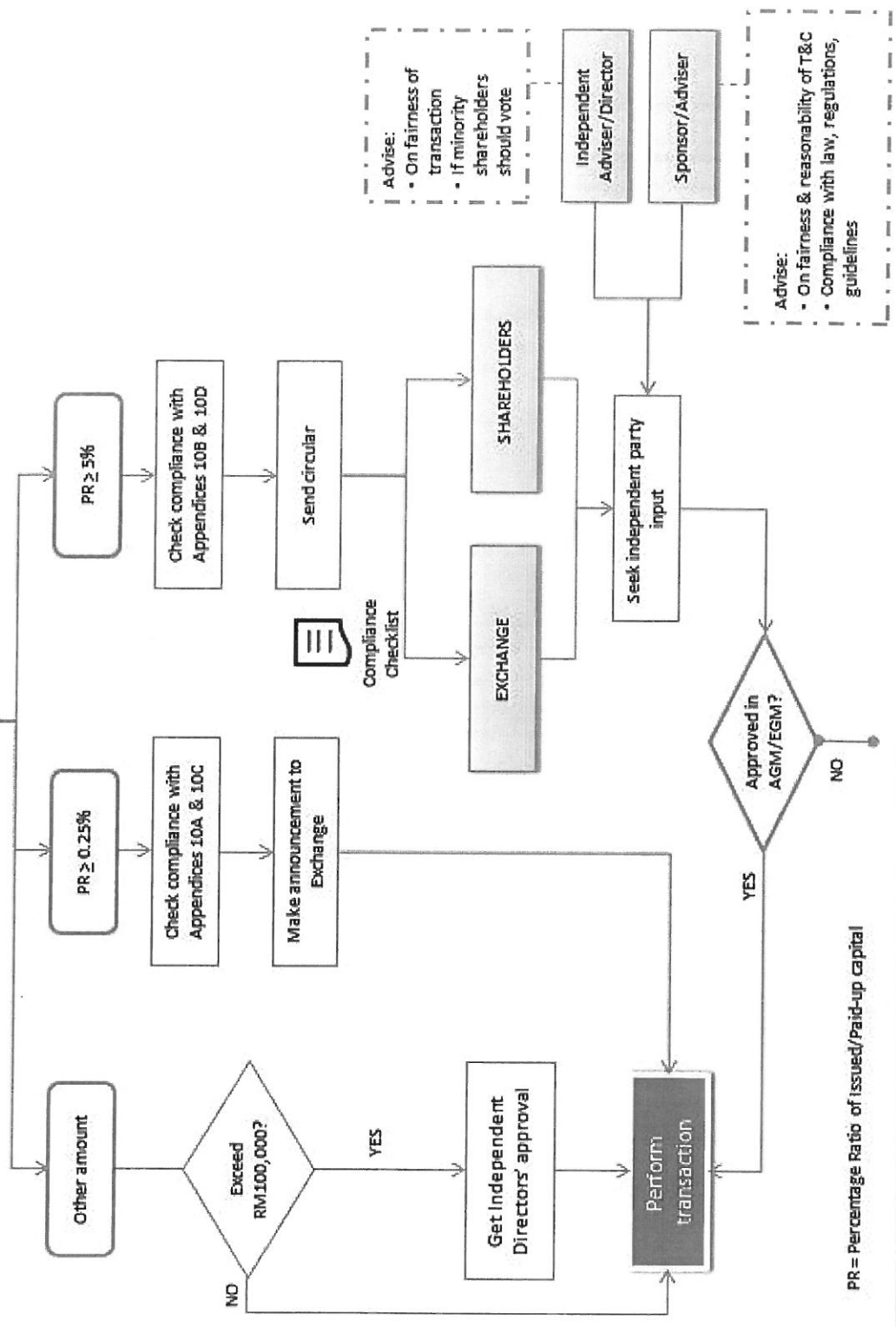
For the purpose of this sub-Rule (q), a “**disposal**” includes a disposal by a listed corporation or any of its subsidiaries of an interest in an investee corporation on a prorate basis or arising from an acceptance of a take-over offer, except that sub-Rule (q)(ii) above will not be applicable in such instances.





PR = Percentage Ratio of Issued/Paid-up capital

Non-Recurring RPT



PR = Percentage Ratio of issued/Paid-up capital

RELATED PARTY DECLARATION FORM

Company: Name of company

Form of Declaration

This form is required to be completed in respect of all directors of Swift Energy Technology Berhad (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 Swift Energy Technology Berhad for the following periods:
- a) the past 12 months

Name of related party	Shareholding (where relevant)	Position held	Nature of transaction(s)	Value of transaction for the period (RM)
i				
ii				
iii				

- b) the future 12 months

Name of related party	Shareholding (where relevant)	Position held	Nature of transaction(s)	Estimated value of transaction for the period (RM)
i				
ii				
iii				

Definition:

Related Party means a director, major shareholder or persons connected with such director or major shareholder.

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

- i. family member include spouse, parent, child (including adopted child and step-child), brother or sister and spouse of child, brother or sister;
- ii. 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;
- iii. a partner of the director or a partner of a person connected with the director;
- iv. 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;
- v. 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
- vi. 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 Human Resources Department on or before [Date].

Signature

Name:

Date: