

PROCUREMENT POLICY AND PROCEDURE

KINABALU INTERNATIONAL HOTEL SDN. BHD.

1. Direct Purchase

Direct purchase for supply, service and work involving an annual aggregate expenditure of **not more than RM25,000** in respect of any items or class of related items may be approved by the Chief Executive Officer by sourcing quotations from a minimum of three (3) selected firms known for consistently dealing at favourable prices, offering competitive prices and with acceptable quality.

2. Quotation

Purchases in respect of any one item or class of related items for supply, service and work involving an aggregate annual expenditure of **more than RM25,000 but not exceeding RM200,000** may be made by inviting quotations from at least five (5) companies. Group of related items refers to goods, which are usually used together/ jointly/ mutually such as chair and table, stationary, tyre and tube. If the required number of quotations could not be obtained, the Quotation Committee must be satisfied that the number of supplier/ contractor available is less than five (5).

The method of notifying the quotation must be specified that is either through registered mail/ post or by hand. In notifying the identified company, a standardized method is to be practiced for each quotation to ensure that a fair and just principle is applied on the companies.

Apart from inviting quotations from identified participating companies, the notice of quotation should also be put up/ advertised on SEDCO's and Hyatt's Regency Kinabalu's public notice board. This is to give the opportunity for other qualified and interested companies to participate. The notice should be put up on the same date when the offer was made to the identified companies. The notice of the quotation on SEDCO's and Hyatt Regency Kinabalu's public notice board should specify:

- i) Name of the Company calling for the quotation;
- ii) Title of the quotation;
- iii) The required qualification of participation companies;
- iv) Registration Field/ Class/ Heading; and
- v) Venue, date and time for the quotation to be accepted and closed.

The quotation period should be at least seven (7) working days and the notice should remain on the notice board at all time during the period.

3. Tender

Purchases in respect of any one item or class of related items for supply, service and work involving an aggregate annual expenditure of **more than RM200,000** may be made by calling for tender. Regulation on the advertisement of tender are as follows:

- a) All tender offers should be advertised in the newspaper. Advertisement should be published at least in one (1) main/ major local daily newspaper. Notice of tender advertisement in the newspaper should be clear, neat, short and would not raised any doubt or wastage. The notice of tender should also be put up/ advertised on SEDCO's and Hyatt's Regency Kinabalu's public notice board.
- b) Tender notice should specify:
 - i) Title of the advertised tender;
 - ii) Condition for the interested company to enter tender, that is those who have code/ field/ class, heading and sub-heading in the registration for supply, service and work;
 - iii) Venue, date and time for the tender document to be sold;
 - iv) Price, method and post of the person accepting payment of the tender document; and
 - v) Venue, date and time for the quotation to be accepted and closed.
- c) In order to minimize/ reduce the advertisement cost, the Company is encouraged to combine a number of tender notices into one tender notice only.
- d) Companies participating in the tender should be given sufficient time to study the offer and prepare for the tender. For this purpose, the tender period must be at least:
 - i) 21 days for local tender
 - ii) 45 days for local tender which require goods to be imported
- e) KIH would specify the closing time to accept the tender document from participating companies (time for opening the tender) on the day the offer is closed.
- f) KIH would be responsible to send a copy of the advertised tender notice to Sedcovest Holdings Sdn Bhd. The purpose is to enable Sedcovest Holdings Sdn Bhd to inform their panels on the opportunity to enter the particular tender.

4. Quotation/ Tender Procedure

The Quotation and Tender committee needs to be formed and empowered by the Board to carry out the function of opening, reviewing and providing recommendation to the Board with regards to quotations/ tenders for procurement purposes.

Quotation/ Tender should be submitted, received, opened and scheduled as outlined below:

(a) Quotation/ Tender Notice

Quotation/ Tender notice shall specify that the quotation/ tender submitted should be enclosed in sealed envelope with certain reference written on it so that the particular quotation/ tender can be identified before the envelope is opened. The closing hour for receiving the quotation/ tender should be as stipulated in the quotation/ tender notice.

(b) Quotation/ Tender Box

Quotation and tender shall be deposited unopened immediately on receipt in a locked Quotation/ Tender Box on which shall be marked the date and time at which it is to be opened. Two locks shall be provided for the box and the keys shall be separately held by an officer of Kinabalu International Hotel and officer from Hyatt Regency Kinabalu. The security of the Quotation/ Tender Box shall be maintained at all time.

(c) Opening Quotation/ Tender

Quotation/ Tender should be opened by Quotation/ Tender Opening Committee, which should consist of:-

- | | |
|---------------|--|
| i) Chairman | - One (1) Board member |
| ii) Secretary | - Officer of KIH |
| iii) Members | - Board Members representing the Ministry of Finance/ his Alternate Director/ Officer representing Ministry of Finance |
| iv) | - SEDCO Finance Officer |
| v) | - Director of Finance, Hyatt Regency Kinabalu |

The number of member to form a quorum for the Opening Quotation/ Tender Committee meeting is three (3) members.

The committee shall open the quotation/ tender box at the specified time preferably **immediately after the closing hour of receiving the Quotation/ Tender**. Each tender shall be opened and numbered serially and shall be initialed by each member of the Opening Committee. The name of the tenderer and the amount quoted/ tendered shall then be entered in the tender schedule form. The Opening Committee shall record on the form the time at which the tender was opened and shall sign on the form.

Any material alterations or double typing in quotation/ tender should be initialed by the Quotation/ Tender Opening Committee.

Quotation/ Tender documents shall be handed to the Quotation/ Tender Evaluation committee for preparation of Quotation/ Tender analysis and recommendation to the Quotation/ Tender Committee.

The Quotation/ Tender Evaluation committee members should consist of:-

- a) Hyatt Director of Engineering
- b) SEDCO Officer
- c) One (1) independent member with the related expertise to be appointed on case-to-case basis.

The number of members to form a quorum for the Tender/ Quotation Evaluation committee meeting is two (2) members.

Assessment and decision on the Quotation/ Tender should be made by a Quotation/ Tender Committee. The Quotation/ Tender committee should accept the best offer in terms of price and quality based on the company requirement and quotation specification. If the lowest offered is not accepted, reasons for the rejection should be stated in the quotation decision.

The Quotation/ Tender Committee members should consist of:-

- a) Chairman - One (1) Independent Board member
- b) Secretary - Company Secretary, KIH
- c) Members - Managing Director
- d) - Board Members representing the Ministry of Finance/ his Alternate Director/ Officer representing Ministry of Finance
- e) - General Manager, Hyatt Regency Kinabalu
- f) - One (1) independent member with the related expertise to be appointed on case-to-case basis.

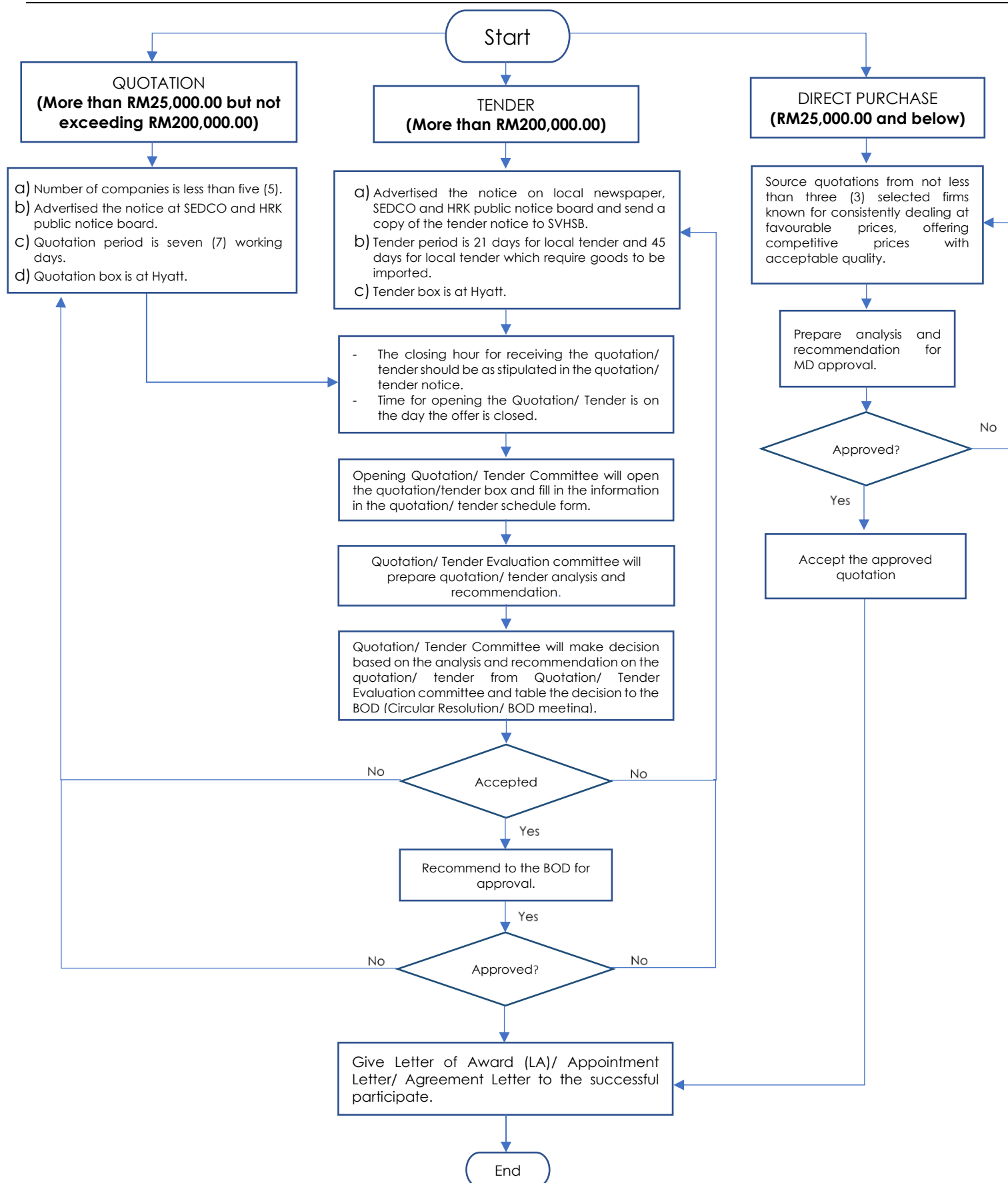
The number of member to form a quorum for the Quotation/ Tender Committee meeting is three (3) members excluding Secretary.

Members of the Opening Quotation/ Tender Committee, Quotation/ Tender Evaluation committee and Quotation/ Tender Committee shall be paid an attendance allowance of RM200.00 for every meeting attended.

Decision on the quotation/ tender/ minutes of the Committee meeting should be approved by the Company's Board of Directors.

A complete record relating to the consideration and decision should be kept by the Secretariat for audit purpose.

PROCUREMENT FLOWCHART



GUIDELINES FOR INTEGRITY PACT IMPLEMENTATION IN KINABALU INTERNATIONAL HOTEL SDN. BHD PROCUREMENT

1. OBJECTIVE

The Integrity Pact implementation is to enhance transparency in Company Procurement which will reduce and eradicate corrupt practices. This is in line with the one of the initiatives under the National Key Result Areas - Corruption.

The main objectives for the implementation are as follows:

- i. To avoid bidders from offering or giving bribes;
- ii. To require bidders to report any bribery/act of corruption to the authorities; and
- iii. To ensure the Company does not incur "unnecessary costs" in carrying out Company Procurement.

2. IMPLEMENTATION OF INTEGRITY PACT

2.1 For Board Member/ Member of Procurement Related Committees

2.1.1 Upon the appointment as Board Member/ Member of Committee

Every individual appointed as member or alternate member to any Board Member/ Procurement Related Committee member (Opening Tender/Quotation Committee, Tender/Quotation Committee or Other procurement related Committees (if any)) shall sign a Declaration by Board Member/ Member of Procurement Related Committees as in **APPENDIX A**. A copy of the declaration is to be kept by the secretariat in the relevant file.

2.1.2 Upon the completion of duties

Every Board Member/ Procurement Related Committee member is required to sign a Declaration by Board Member/ Member of Procurement Related Committees Upon Completion of Duties as in **APPENDIX B** at each meeting upon completion of duties. This declaration is to be attached to the relevant report and be kept by the secretariat in the relevant file.

2.2 For Bidders

2.2.1 Upon purchase/ collection of tender/ quotation documents

Company is to ensure a copy of the **Integrity Due Diligence Questionnaire** and **Bidder's Declaration** is attached together with the tender/quotation documents when the documents are made available to bidders. A copy of the Bidder's Declaration as per **APPENDIX C**.

2.2.2 Upon submission of tender/ quotation documents by bidders

Every bidder upon submission of tender/quotation documents must ensure the Integrity Due Diligence Questionnaire and Bidder's Declaration is duly completed and signed and is attached with the tender/quotation submitted.

2.2.3 Upon the issuance of Letter of Acceptance to successful bidder(s)

Upon the issuance of the Letter of Acceptance to the successful bidder(s), the Company must ensure the **Successful Bidder's Declaration** as in **APPENDIX D** is attached together with the Letter of Acceptance.

2.2.4 When Letter of Acceptance is duly signed by successful bidder(s)

Every successful bidder is to ensure the Successful Bidder's Declaration is duly completed, signed and attached with the Letter of Acceptance and returned to the KIH.

3.2.5 When procurement agreement is being signed by successful bidder(s) and the company

The Company is required to ensure that the provision on corruption is included in all contract documents, such as Appointment Letter/ Letter of Award etc.

3.3 For the Appointment of Consultants

3.3.1 Upon the issuance of Letter of Intent (if Letter of Intent is issued)

- i) Company shall ensure a Declaration of Interest by Consultant is attached with the Letter of Intent from the Agency to the consultant. A copy of the declaration as per **APPENDIX E**.
- ii) Company shall ensure the Declaration of Interest by Consultant form is duly signed and returned to the respective company before the commencement of any negotiation.

3.3.2 When Letter of Acceptance is duly signed by Appointed Consultants

- i) Company shall ensure Declaration by Appointed Consultants is attached with the Letter of Acceptance issued to the consultant. A copy of the declaration as per **APPENDIX F**.
- ii) Company shall ensure that clause on corruption is included in all consultancy agreements as per **APPENDIX G**.
- iii) Consultants are required to sign contracts with the clause on corrupt practices.

APPENDIX A**DECLARATION BY BOARD MEMBER/ MEMBER OF PROCUREMENT RELATED COMMITTEES**

I, NRIC No.
hereby sincerely declare that:-

- i. I shall abstain myself from any corrupt practice with any person(s) directly or indirectly in discharging my duties as a Board member of the Company/ member of **(Name of Procurement Committee)**;
- ii. I shall not collude with or be influenced by any party, that may affect the transparency and fairness during the procurement process;
- iii. I shall divulge any personal or vested interest in writing and withdraw myself from any decision making;
- iv. If there is any attempt of bribery from any party, I shall immediately lodge a report at the Malaysian Anti-Corruption Commission's (MACC) office or at the nearest police station. I am aware that failure to do so is an offence under the Malaysian Anti-Corruption Commission Act 2009 [Act 694].
- v. I hereby declare that none of my family member(s) or close relative(s) has any interest in any procurement activity undertaken by me; and
- vi. I duly understand that the failure to comply or the breach of any terms of the Declaration stated above may result in criminal and/or civil proceedings and/or disciplinary action taken against me up to and including termination or dismissal.

Name : _____
 NRIC No. : _____
 Signature : _____
 Designation : _____
 Date : _____

APPENDIX B**DECLARATION BY BOARD MEMBER/ MEMBER OF PROCUREMENT
RELATED COMMITTEES UPON COMPLETION OF DUTIES**

I, NRIC No.
from (Name of Company) hereby sincerely declare that:-

- i. I have performed my duties as a Board member/ member of (Name of Committee) for (Tender/ Quotation Title), without having any personal or vested interest, being influenced by any other party/parties or involved in any corrupt practices/gratification as defined in Malaysian Anti-Corruption Commission Act 2009 [Act 694];
- ii. None of my family member(s) or close relative(s) has any interest in the procurement activity undertaken by me;
- iii. I shall not divulge any confidential information related to this procurement to any other party/parties; and
- vii. I duly understand that the failure to comply or the breach of any terms of the Declaration stated above may result in criminal and/or civil proceedings and/or disciplinary action taken against me up to and including termination or dismissal.

Name : _____
 NRIC No. : _____
 Signature : _____
 Designation : _____
 Company Name : _____
 Date : _____

APPENDIX C

BIDDER'S DECLARATION
(Tender/Quotation Title and Reference Number)

I, (Name of Company Representative) NRIC No. representing (Name of Company) registration number (SSM/PKK/CIDB/ROS/ROC/ROB) hereby declare that I, or any individual(s) representing this company, shall not offer or give bribes to any individual(s) in (Name of Company) or any other individual(s), as an inducement to be selected in the aforementioned tender/quotation*. I attach herewith a Letter of Authorisation which empowers me, as a representative of the aforementioned company, to make this declaration.

If I, or any individual(s) representing this company, is offering or giving any bribes to any individual(s) in (Name of Company) or any other individual(s) as an inducement to be selected in the aforementioned tender/quotation*, I hereby agree, as a representative of the aforementioned company, for the following actions to be taken:

- a) Revocation of the contract offer for the aforementioned tender/quotation*; or
- b) Termination of the contract for the aforementioned tender/quotation*; and
- c) Other disciplinary actions according to the company's rules and regulations currently in force.

In the event where there is any individual(s) who attempts to solicit any bribe from me or any individual(s) related to this company as an inducement to be selected for the aforementioned tender/quotation, I hereby pledge to immediately report such act(s) to the Malaysian Anti-Corruption Commission (MACC)'s office or at the nearest police station.

Sincerely,

 (Signature)

Name:

NRIC No.:

Company stamp :

Note:

- i). This declaration is to be submitted together with Letter of Authorisation.

APPENDIX D

SUCCESSFUL BIDDER'S DECLARATION
(Tender/Quotation Title and Reference Number)

I, (Name of Company Representative) NRIC No. representing (Name of Company) registration number (SSM/PKK/CIDB/ROS/ROC/ROB) hereby declare that I, or any individual(s) representing this company, shall not offer or give bribes to any individual(s) in (Name of Company) or any other individual(s), as an inducement to be selected in the aforementioned tender/quotation*. I attach herewith a Letter of Authorisation which empowers me, as a representative of the aforementioned company, to make this declaration.

If I, or any individual(s) representing this company, is offering or giving any bribes to any individual(s) in (Name of Company) any other individual(s) as an inducement to be selected in the aforementioned tender/quotation*, I hereby agree, as a representative of the aforementioned company, for the following actions to be taken:

- a) Revocation of the contract offer for the aforementioned tender/ quotation; or
- b) Termination of the contract for the aforementioned tender/ quotation; and
- c) Other disciplinary actions according to the company's rules and regulations currently in force.

In the event where there is any individual(s) who attempts to solicit any bribe from me or any individual(s) related to this company as an inducement to be selected for the aforementioned tender/quotation, I hereby pledge to immediately report such act(s) to the Malaysian Anti-Corruption Commission (MACC)'s office or at the nearest police station.

Sincerely,

 (Signature)

Name:

NRIC No.:

Company stamp :

Note:

- i). This declaration is to be submitted together with Letter of Authorisation

APPENDIX E**DECLARATION OF INTEREST BY CONSULTANTS**

I,NRIC/Passport No.
 as owner(Name of Company) with registration
 no.(SSM/PKK/CIDB/ROS/ROC/ROB) hereby
 declare that I or any individuals representing this company will not offer or give
 bribes or any influence on any individuals in
(Name of Company) or any other individuals, as
 gratification to obtain this procurement.

If there is any attempt of bribery from any party, I shall immediately lodge a report
 at the Malaysian Anti-Corruption Commission's (MACC) office or at the nearest
 police station. I am aware that failure to do so is an offence under the Malaysian
 Anti-Corruption Commission Act 2009 [Act 694]

Sincerely,

(Signature)

Name	:
NRIC/ Passport No.	:
Date	:
Company stamp	:

Note:

- i). This declaration is to be submitted prior to any negotiation together with Letter of Intent

APPENDIX F**DECLARATION BY APPOINTED CONSULTANTS**

I,NRIC/Passport No..... as owner
(Name of Company) with registration no.
(SSM/PKK/CIDB/ROS/ROC/ROB) hereby declare
 that I or any other individual(s) that are representing this company will not offer
 or give bribe/ gratification to any individual(s) in
(Name of Company), as reward for obtaining
 offer of appointed consultant. I also will not give/offer bribe during the period
 and after the contract for whatsoever reason involving this procurement.

If I, or any individual representing this firm, is convicted of offering or giving bribes
 to any individual(s) in(Name of Company)
 or any other individual(s) directly or indirectly engaged with the procurement of
 the consultancy services, I hereby agree, as a representative of the
 aforementioned firm, for the following actions to be taken:

- a) Revocation of the Letter of Acceptance; or
- b) Termination of the contract for the consultancy services in accordance with
the provisions of the Agreement; and
- c) Disciplinary actions according to company's rules and regulations in force.

If there is any attempt of bribery from any party, I shall immediately lodge a report
 at the Malaysian Anti-Corruption Commission's (MACC) office or at the nearest
 police station. I am aware that failure to do so is an offence under the Malaysian
 Anti-Corruption Commission Act 2009 [Act 694]

Sincerely,

(Signature)

Name	:
NRIC/ Passport No.	:
Date	:
Company stamp	:

Note:

- i). This declaration is to be returned together with Letter of Acceptance

APPENDIX G**“CLAUSE ON PREVENTION ON CORUPTION IN KINABALU INTERNATIONAL HOTEL SDN BHD (KIH) PROCUREMENT DOCUMENTS”**

- (a) Without prejudice to any other rights of KIH, if the [Company/Firm], its personnel, servants or employees are convicted by a court of law for corruption or unlawful or illegal activities in relation to this [Agreement/Contract] or any other agreement that the [Company/Firm] may have with Kinabalu International Hotel Sdn Bhd, Kinabalu International Hotel Sdn Bhd shall be entitled to terminate this [Agreement/Contract] at any time, by giving immediate written notice to that effect to the [Company/Firm].
- (b) Upon such termination, Kinabalu International Hotel Sdn Bhd shall be entitled to all losses, costs, damages and expenses (including any incidental costs and expenses) incurred by Kinabalu International Hotel Sdn Bhd arising from such termination.
- (c) For the avoidance of doubt, the Parties hereby agree that the [Company/Firm] shall not be entitled to any form of losses including loss of profit, damages, claims or whatsoever upon termination of this [Agreement/Contract].