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**10. RELATED PARTY TRANSACTIONS**

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**10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS****10.1.1 Related party transactions**

Under the Listing Requirements, a “**related party transaction**” is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A “**related party**” of a listed issuer is:

- (i) a director, having 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 in which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder, 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 major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an 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 all the voting shares in the corporation; or
  - (b) 5% or more of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

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**10. RELATED PARTY TRANSACTIONS (CONT'D)****10.1.2 Material related party transactions entered into by our Group**

Save as disclosed below, there is no material related party transaction, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the Financial Years Under Review and up to the LPD:

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			
			FYE 2021 (RM)	FYE 2022 (RM)	FYE 2023 (RM)	From 1 July 2023 up to the LPD (RM)
Our Company and Vendors	The Vendors, who are our Promoters, Directors and major shareholders, are also the directors and major shareholders of our Subsidiaries	Acquisitions - These are one-off transactions pursuant to our internal reorganisation for our Listing.  See Section 6.3 of this Prospectus for further details on the Acquisitions.	-	-	-	93,904.00 ( <sup>(1)</sup> N/A)
Green Borneo Industries and Multihope Enterprise Sdn Bhd	Tan Hwong Kuen, who is our Promoter, substantial shareholder and Non-Independent Non-Executive Senior Director, is also the director and shareholder of Multihope Enterprise Sdn Bhd	Sale of scrap irons, used battery, jumbo bag and replacement parts to Multihope Enterprise Sdn Bhd.	1,326.30 ( <sup>(2)</sup> 0.001%)	4,586.05 ( <sup>(2)</sup> 0.004%)	6,501.55 ( <sup>(2)</sup> 0.004%)	14,005.50 ( <sup>(1)</sup> N/A)
Life Water Marketing and Multihope Enterprise Sdn Bhd	Tan Hwong Kuen, who is our Promoter, substantial shareholder and Non-Independent Non-Executive Senior Director, is also the director and shareholder of Multihope Enterprise Sdn Bhd	Sale of drinking water and carbonated drinks to Multihope Enterprise Sdn Bhd.	3,890.04 ( <sup>(2)</sup> 0.004%)	4,590.20 ( <sup>(2)</sup> 0.004%)	5,651.50 ( <sup>(2)</sup> 0.004%)	2,386.00 ( <sup>(1)</sup> N/A)

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

Transacting parties	Nature of relationship	Nature of transaction	Transaction value			From 1 July 2023 up to the LPD
			FYE 2021 (RM)	FYE 2022 (RM)	FYE 2023 (RM)	
Life Water Marketing and Hong Seng Importer & Exporter Sdn Bhd	Lim Young Piau, who is our Promoter, substantial shareholder and Non-Independent Non-Executive Senior Director, is also the director and shareholder of Hong Seng Importer & Exporter Sdn Bhd	Sale of drinking water and carbonated drinks to Hong Seng Importer & Exporter Sdn Bhd.	3,171.70 ( <sup>(2)</sup> 0.003%)	3,031.40 ( <sup>(2)</sup> 0.002%)	3,942.10 ( <sup>(2)</sup> 0.003%)	2,255.80 ( <sup>(1)</sup> N/A)

**Notes:**

- (1) Not applicable as we did not prepare any financial statements from 1 July 2023 up to the LPD.
- (2) Calculated based on our Group's revenue for each of the respective financial years.

Our Directors (save for the interested Directors, where applicable) confirm that all the above related party transactions were carried out on arm's length basis as the respective considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not to the detriment to our non-interested shareholders.

Save for the transactions (i) between our Group and Multihope Enterprise Sdn Bhd and (ii) between our Group and Hong Seng Importer & Exporter Sdn Bhd, there are no other subsisting related party transactions after our Listing.

After our Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

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**10. RELATED PARTY TRANSACTIONS (CONT'D)**

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In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation/asset or of various parcels of land contiguous to each other. Upon our Listing, our Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

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## **10. RELATED PARTY TRANSACTIONS (CONT'D)**

### **10.1.3 Transactions that are unusual in nature or condition**

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years Under Review and up to the LPD.

### **10.1.4 Loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties**

Our Directors have confirmed that there are no loans (including guarantees of any kind) and/or financial assistance that have been made by our Group to or for the benefit of the related parties for the Financial Years Under Review and up to the LPD.

### **10.1.5 Loans and/or financial assistance (including guarantees of any kind) from related parties to our Group**

For the Financial Years Under Review and up to the LPD, our Promoters have provided personal guarantees for the banking facilities extended by CIMB Bank Berhad, Hong Leong Bank Berhad, HSBC Amanah Malaysia Berhad, HSBC Bank Malaysia Berhad, MIDF Berhad, Maybank Islamic Berhad, OCBC Bank (Malaysia) Berhad, Public Bank Berhad, RHB Bank Berhad and RHB Islamic Bank Berhad to our Group. Further, our Promoters have also provided personal guarantees for hire purchase facilities extended by Affin Bank Berhad, Hong Leong Bank Berhad, RHB Bank Berhad, HSBC Amanah Malaysia Berhad and MIDF Berhad to our Group.

In conjunction with our Listing, we have written to the abovementioned financiers to seek approval for the release and/or discharge of the personal guarantees, or substituting the same with a corporate guarantee from our Company. We have received conditional approvals (subject to our Listing) from all the above mentioned financiers for the release and/or discharge or substitution of the said personal guarantees, with a corporate guarantee from our Company which is subject to the successful Listing of our Group.

## **10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

### **10.2.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

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**10. RELATED PARTY TRANSACTIONS (CONT'D)**

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**10.2.2 Our Group's policy on related party transactions and conflicts of interest**

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties. Some of the directors of our Group are also directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interest in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework include, among others, the following:

- (i) our Board shall ensure that at least half of our Board members are independent directors and will undertake an annual assessment of the independence of our Independent Directors;
- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group. Upon such disclosure, the interested Director (with any interest, direct or indirect), must abstain from deliberation and voting at the relevant Board meeting. Additionally, the said interested Director must abstain from voting and shall procure persons connected to the said interested Director to abstain from voting on the relevant resolution in respect of the related party transaction at a general meeting (if applicable); and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our Management will review the said transactions on whether the terms and conditions of the related party transactions to be entered into are at arm's length, and on transaction prices and terms not more favourable to the related parties than those generally available to the public, fair and not detrimental to the minority shareholders of our Company and will then propose the transactions to our Audit and Risk Management Committee for its review who would in turn, make a recommendation to our Board for deliberation and approval.

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