

9. RELATED PARTY TRANSACTIONS

9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, we have not entered into any related party transactions with our Directors, substantial shareholders, key senior management personnel and/or persons connected with them for the past 3 FYEs 2018 to 2020 and up to the LPD.

Transacting parties	Interested persons	Nature of transaction	Value of transactions							
			FYE 2018		FYE 2019		FYE 2020		Up to the LPD	
			RM	%	RM	%	RM	%	RM	%
Orgabio Manufacturing and Ean Yong Hien Voon	Ean Yong Hien Voon, our Executive Director/Chief Executive Officer and indirect substantial shareholder	Rental of a single storey terrace house by Ean Yong Hien Voon to Orgabio Manufacturing for use as workers' hostel ⁽ⁱ⁾	5,400	0.03 ⁽ⁱⁱ⁾	5,400	0.02 ⁽ⁱⁱ⁾	5,400	0.02 ⁽ⁱⁱ⁾	3,600	0.01 ⁽ⁱⁱ⁾

Notes:

- (i) This related party transaction is expected to recur after the Listing. The tenancy is for a period of 2 years up to 31 October 2022 with an option to renew for a period to be determined by the parties in writing. The rental rate paid to Ean Yong Hien Voon is based on the prevailing market rental rates and is the same rental rate paid by the Group for the rental of another single storey terrace house (from a non-related party) in the same area is at the same rate. Kindly refer to Section 6.17.2 of the Prospectus for additional information.
- (ii) Calculated based on our Group's cost of sales for each of the respective financial years and as at the LPD.

As at the LPD, there are no related party transactions entered into but not yet effected.

Our Directors are of the view that the above related party transaction was conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties and were not to the detriment of our minority shareholders.

9. RELATED PARTY TRANSACTIONS (Cont'd)

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (b) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

9. RELATED PARTY TRANSACTIONS (Cont'd)

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

9.2 OTHER TRANSACTIONS

(i) Transactions which are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the financial years under review and up to the LPD.

(ii) Loans and guarantees

Save as disclosed below, there were no outstanding loans and guarantees made to/by us to or for the benefit of any related party for the past 3 FYEs and up to the LPD:

(a) Personal guarantees

The following Directors and persons related to them had extended personal guarantees for banking facilities extended to our Group as at the LPD:

- (aa) Dato' Ean Yong Tin Sin, our Executive Deputy Chairman;
- (bb) Ean Yong Hien Voon, our Executive Director/Chief Executive Officer;
- (cc) Ean Yong Hen Loen, our Executive Director;
- (dd) Ean Yong Hien Chal, the son of Dato' Ean Yong Tin Sin;
- (ee) Ean Yong Han Khian, the son of Dato' Ean Yong Tin Sin;
- (ff) Datin Lai You Mooi, the wife of Dato' Ean Yong Tin Sin; and
- (gg) Lim Chew Liew, the wife of Ean Yong Hien Voon.

In conjunction with the Listing, the respective banks had agreed to discharge the said personal guarantees upon the completion of the Listing.

9. RELATED PARTY TRANSACTIONS (Cont'd)

(b) Amount due to/from related parties/Directors

(aa) Amount due to a related party

The amount due to a related party for the past 3 FYEs and up to the LPD:

Amount due to a related party	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	As at LPD RM'000
• Top Mall Sdn Bhd*	41	41	40	-

Note:

* A property investment holding company owned by Ean Yong Hien Voon (35.71%) and his mother, Datin Lai You Mooi (64.29%).

Top Mall Sdn Bhd had paid certain expenses on behalf of our Group prior to FYE 2018. This amount does not carry any interest and as such, is not undertaken on arm's length basis. This amount has been repaid as at the LPD.

(bb) Amount due from related parties/Directors

The amount due from related parties/Directors for the past 3 FYEs and up to the LPD:

Amount due from related parties/Directors	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	As at LPD RM'000
• Top Mall Sdn Bhd	100	108	108	-
• Ean Yong & Sons	3	4	9	-
• Dato' Ean Yong Tin Sin	218	185	-	-
• Ean Yong Hien Voon	710	698	-	-
• Ean Yong Hen Loen	32	26	-	-
• Datin Lai You Mooi	164	165	-	-
• Lim Chew Liew	5	30	-	-
• Ean Yong Hien Chal	20	27	-	-
• Ean Yong Han Khian	1	2	-	-
	1,253	1,245	117	-

Amount due from related parties were due to advances made to them. These advances do not carry any interest and as such, is not undertaken on arm's length basis. This amount has been repaid as at the LPD.

(iii) Financial assistance provided for the benefit of a related party

Save as disclosed below, there were no financial assistance provided by us for the benefit of any related party for the financial years under review and up to the LPD:

(a) We had on 9 April 2015 provided a corporate guarantee amounting to RM1.27 million to a financial institution for the benefit Top Mall Sdn Bhd, a company related to Ean Yong Hien Voon. This is in relation to a loan taken by Top Mall Sdn Bhd for the purchase of a property. As at the LPD, the corporate guarantee has been discharged.