

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

10.1.1 Material related party transactions

Save as disclosed below, there are no other material related party transactions entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them for the past three FYEs 31 December 2018, 31 December 2019 and 31 December 2020 and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 January 2021 and the LPD
				2018	2019	2020	
				RM'000	RM'000	RM'000	RM'000
1.	Central Medicare and HL Porcelain Sdn Bhd ("HL Porcelain")	<p><b>Interested Major Shareholder</b></p> <ul style="list-style-type: none"> <li>OTS Global<sup>(1)</sup></li> </ul> <p><b>Interested Director</b></p> <ul style="list-style-type: none"> <li>Haziq Bin Zairel Oh<sup>(2)</sup></li> </ul> <p>See Note (3) for more details of the relationship with our Directors, major shareholder and/or persons connected to them</p>	<p>Supply of hand former by HL Porcelain (supplier) to Central Medicare (purchaser)</p> <p>This transaction is recurrent in nature</p>	8,659.3	5,346.2	10,336.1	1,534.0
				(Represents 8.5% of our NA)	(Represents 3.8% of our NA)	(Represents 1.6% of our NA)	
			<p>Sale of 2<sup>nd</sup> grade gloves by Central Medicare (vendor) to HL Porcelain (purchaser)</p> <p>This transaction is recurrent in nature</p>	4.2	2.4	8.5	-
				(Negligible contribution to our revenue)	(Negligible contribution to our revenue)	(Negligible contribution to our revenue)	

## 10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Between 1 January 2021 and the LPD
				2018	2019	2020	
				RM'000	RM'000	RM'000	RM'000
2.	Central Medicare and Alcor Accent Base Sdn Bhd ("Alcor Accent Base")	<p><b>Interested Major Shareholder</b></p> <ul style="list-style-type: none"> <li>OTS Global<sup>(1)</sup></li> </ul> <p><b>Interested Director</b></p> <ul style="list-style-type: none"> <li>Haziq Bin Zairel Oh<sup>(2)</sup></li> </ul> <p>See Note (4) for more details of their relationship with our Directors, major shareholder and/or persons connected to them</p>	<p>Contract packing services provided by Alcor Accent Base (supplier) to Central Medicare (purchaser)</p> <p>This transaction is recurrent in nature</p>	1,430.2	1,978.2	2,223.3	345.3
				(Represents 29.3% of our selling and distribution expenses)	(Represents 25.0% of our selling and distribution expenses)	(Represents 16.4% of our selling and distribution expenses)	

**Notes:**

- (1) OTS Global is our major shareholder. Oh King Kuan, Haziq Bin Zairel Oh, Hairie Bin Zairel Oh, Harith Bin Zairel Oh, Tee Yak Haw and Oh Wei Wah are all major shareholders of OTS Global. Hairie Bin Zairel Oh, Haziq Bin Zairel Oh and Oh Wei Wah are also the directors of OTS Global.
- (2) Oh King Kuan, Hairie Bin Zairel Oh, Harith Bin Zairel Oh and Oh Wei Wah are the brothers of Haziq Bin Zairel Oh, our Director and director of Central Medicare. Tee Yak Haw is Haziq Bin Zairel Oh's brother-in-law.
- (3) Oh King Kuan is a director and shareholder holding 45.00% equity interest in HL Porcelain. See notes (1) and (2) above for the relationship of Oh King Kuan with OTS Global, our major shareholder, and Haziq bin Zairel Oh, our Director and director of Central Medicare.
- (4) Oh Wei Wah is a shareholder of Alcor Accent Base holding 33.33% equity interest in Alcor Accent Base. See notes (1) and (2) above for the relationship of Oh Wei Wah with OTS Global, our major shareholder, and Haziq bin Zairel Oh, our Director and director of Central Medicare.

**10. RELATED PARTY TRANSACTIONS** *(Cont'd)*

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Our Directors confirm that all the above related party transactions were transacted on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to our non-interested shareholders.

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction 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 (which mandate would typically be renewed as required at each AGM of our Company) to enter into such recurrent transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and non-interested shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, among others, supervise and monitor any recurrent transaction and the terms thereof and report to our Board for further action, as set out in Section 10.2.1 of this Prospectus. Where necessary, our Board would make the appropriate disclosure in our annual report with regard to any recurrent transaction entered into by us.

**10. RELATED PARTY TRANSACTIONS (Cont'd)****10.1.2 Related party transactions entered into that are unusual in their nature or conditions**

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the past three FYEs 31 December 2018, 31 December 2019 and 31 December 2020 and up to the LPD.

**10.1.3 Material outstanding loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties**

There are no material outstanding loans or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the past three FYEs 31 December 2018, 31 December 2019 and 31 December 2020 and up to the LPD.

**10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS****10.2.1 Audit Committee review**

The Audit Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or Group. The Audit Committee reviews the procedures set by our Company to monitor related party transactions to ensure the integrity of these transactions, procedures or course of conducts. In reviewing the related party transactions, the following, amongst other things will be considered:

- (i) the rationale and the cost/benefit to our Company is first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (iv) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by the Audit Committee are reported to our Board for its further action.

**10.2.2 Our Group's policy on related party transactions**

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the directors of our Group are also officers, 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 are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the third parties dealing on arm's length basis with our Group and are not to the detriment of our non-interested shareholders.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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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 MCCG upon our Listing. The procedures which may form part of the framework including, amongst other things, the following:

- (i) our Board shall ensure that majority of our Board's members are independent directors and will undertake an annual assessment of our independent directors;
- (ii) our Directors will be required to immediately make full disclosure of 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, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit Committee for evaluation and assessment who would in turn, make a recommendation to our Board.