

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S 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 involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them for the Periods Under Review and up to the LPD:

Transacting parties No. with our Group	Nature of relationship/ Interested Major Shareholder and/or Director ⁽¹⁾	Nature of transaction ⁽²⁾	FYE			FPE 30 September 2023	From 1 October 2023 up to the LPD
			2020	2021	2022		
			RM'000	RM'000	RM'000	RM'000	RM'000
1. Lee Thiam Wah and entities in which he holds direct/indirect interests in, comprising:	Lee Thiam Wah ⁽³⁾ Ng Lee Tieng ⁽⁴⁾ Lee Lay Liang ⁽⁵⁾ Leong Sau Chan ⁽⁵⁾	Purchase of products for sale in our outlets, including fees and net of discounts ⁽⁶⁾	29,727	45,387	50,382	46,907	29,121
		0.48% of our cost of goods sold		0.64% of our cost of goods sold	0.69% of our cost of goods sold	0.76% of our cost of goods sold	0.99% of our cost of goods sold
• Careon Group		Commissions and income received for ancillary services	8,795	6,991	7,396	6,095	3,306
• Burger King Group		and fees paid for smart terminal platform to J&C Pacific ⁽⁷⁾		1.67% of our PAT	2.26% of our PAT	2.08% of our PAT	2.95% of our PAT
• J&C Pacific		Sale of grocery products ⁽⁸⁾	1,061	903	1,716	1,226	551
• Venus Gateway Group							
• Nasi Lemak Gempak			0.02% of our revenue	0.01% of our revenue	0.02% of our revenue	0.02% of our revenue	0.02% of our revenue
• Lovely Century		Purchase of equipment and software ⁽⁹⁾	1,810	2,061	2,573	1,272	1,328
• Nature Century							
• Radiant			0.38% of our NA	0.28% of our NA	0.41% of our NA	0.22% of our NA	0.24% of our NA
• Globaltech Group							
		Rental received and paid by our Group ⁽¹⁰⁾	769	827	880	690	312
			0.28% of our PAT	0.20% of our PAT	0.27% of our PAT	0.23% of our PAT	0.28% of our PAT

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties with our Group	Nature of relationship/ Interested Major Shareholder and/or Director ⁽¹⁾	Nature of transaction ⁽²⁾	FYE			FPE 30 September 2023	From 1 October 2023 up to the LPD
				2020	2021	2022		
				RM'000	RM'000	RM'000	RM'000	RM'000
			Other recurrent transactions ⁽¹¹⁾	2,155	2,472	2,928	4,001	3,289
				0.78% of our PAT	0.59% of our PAT	0.90% of our PAT	1.36% of our PAT	2.93% of our PAT
			Non-recurrent transactions ⁽¹²⁾	426	13,300	5,826	609	32
				0.09% of our NA	1.80% of our NA	0.92% of our NA	0.10% of our NA	0.01% of our NA
2.	Zing Heing Group, a group in which Eng Yaw Keong and Lim Geok Eng have direct interests in	Ng Lee Tieng ⁽¹³⁾	Purchases of specialty foods and snacks for sale in our outlets, including fees, and net of discounts and sponsorships received ⁽¹⁴⁾	61,606	59,515	79,155	66,475	35,563
				0.99% of our cost of goods sold	0.84% of our cost of goods sold	1.08% of our cost of goods sold	1.08% of our cost of goods sold	1.21% of our cost of goods sold
			Rental paid by our Group ⁽¹⁵⁾	42	42	42	32	11
				0.02% of our PAT	0.01% of our PAT	0.01% of our PAT	0.01% of our PAT	0.01% of our PAT
3.	Max Bell	Lee Yan Zhong ⁽¹⁶⁾	Payment for installation of solar photovoltaic systems at our outlets, headquarters and DCs	-	-	521	974	546
						0.08% of our NA	0.17% of our NA	0.10% of our NA
4.	Lee Lay Liang, Leong Sau Chan and Family Network, a company for which they have direct interests in	Lee Lay Liang ⁽¹⁷⁾ Leong Sau Chan ⁽¹⁷⁾ Lee Thiam Wah ⁽¹⁷⁾	Rental paid by our Group ⁽¹⁸⁾	394	507	656	633	292
				0.14% of our PAT	0.12% of our PAT	0.20% of our PAT	0.22% of our PAT	0.26% of our PAT

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties with our Group	Nature of relationship/ Interested Major Shareholder and/or Director ⁽¹⁾	Nature of transaction ⁽²⁾	FYE			From 1 October 2023 up to the LPD
				2020	2021	2022	
				RM'000	RM'000	RM'000	RM'000
5.	Three Star Stationery (M) Sdn Bhd, a company in which Lee Leong Yew has a direct interest in	Lee Thiam Wah ⁽¹⁹⁾ Lee Lay Liang ⁽¹⁹⁾	Purchase of stationery and printing supplies, including sponsorships received ⁽²⁰⁾	-	212 0.05% of our PAT	774 0.24% of our PAT	479 0.16% of our PAT
6.	Eng Yaw Keong, Lim Geok Eng, Eng Lee Hay and Eng Hock Heng @ Ng Hock Keng	Ng Lee Tieng ⁽¹³⁾	Rental paid by our Group ⁽²¹⁾	36 0.01% of our PAT	36 0.01% of our PAT	38 0.01% of our PAT	28 0.01% of our PAT
7.	Asia Business Advisory Sdn Bhd, Forum Motivasi PLT and Velodrom Harmoni PLT, which are company/partnerships which Dato' Chua Tia Guan has a direct interest in	Dato' Chua Tia Guan	Provision of tax and other related advisory services by Dato' Chua's Companies which are not recurrent.	480 0.17% of our PAT	1,003 0.24% of our PAT	-	- 0.03% of our PAT

10. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

- (1) The associations or family relationship between our major shareholders and Directors are set out in Section 9.4 of this Prospectus.
- (2) Unless otherwise stated, the related party transactions are recurrent.
- (3) Lee Thiam Wah is a substantial shareholder and director in Careon Group, Burger King Group, J&C Pacific, Venus Gateway Group, Nasi Lemak Gempak, Lovely Century and Nature Century, and is a substantial shareholder in Radiant Globaltech Group.
- (4) Ng Lee Tieng is the CEO, substantial shareholder and director of Burger King Group, and is a director of Subang Excel, a subsidiary of Careon Pharmacy, J&C Pacific, Lovely Century and Nature Century. Ng Lee Tieng is also a shareholder of J&C Pacific, Venus Gateway Group, Lovely Century and Radiant Globaltech Group.
- (5) Lee Lay Liang and Leong Sau Chan are shareholders of J&C Pacific.
- (6) Being the purchase of products for sale in our outlets from Cleanwave, Multihexa, Octo Asia, Nasi Lemak Gempak, Cosmo Restaurant and J&C Pacific, including amongst others, cleaning and hygiene products, pet products, toys, party supplies, SIM cards and food products. These purchases are part of our ordinary course of business, and the purchase prices are set based on purchase orders. The credit terms granted to our Group typically ranges from 1 to 30 days.
- (7) In respect of J&C Pacific, being the sum of commission paid for merchant discount rates and income received by our Group for ancillary services provided at our outlets, including amongst others, mobile reload and bill payment services and sale of e-voucher and data analysis as well as fees paid by our Group for the smart terminal platform provided to our Group, including its maintenance charges. The salient terms of the services provided include the provision of the smart terminal platforms at our Group's outlets, training on the use and operation of the said platforms as well as maintenance of the said platforms, payment services including bill payments, Touch n' Go and mobile reloads services, credit card service, SIM card activation service, gift card activation service, digital wallet service and a pick-up and/or drop-off service by courier service companies.
- (8) Being sale of grocery products to Cosmo Restaurants and Nasi Lemak Gempak, with credit terms of typically 30 days granted by our Group.
- (9) Being the sum of the purchase from Radiant Globaltech Group of equipment and hardware as well as subscription to software for use at our outlets, DCs and headquarters. The purchase prices are set based on purchase orders, and the credit terms received by our Group is typically for 30 days.
- (10) Being the sum of the rental income received from Nature Century and Cosmo Restaurants for renting premises at our headquarters, Wisma 99 and from renting premises in Plaza Serdang Raya to Cosmo Restaurants, along with the rental paid to Lovely Century and Lee Thiam Wah for 12 of our rented properties. The tenancy period for these premises is 3 years, with the latest expiry being on 28 February 2027. The current monthly rental for each of these properties ranges from RM1,800 to RM10,000.
- (11) Being the sum of the purchase of meal vouchers and meal sets from Cosmo Restaurants, as well as goods for staff welfare including face masks and sanitizers, and income received by our Group from advertisements and sponsorships received for our Group's annual dinner.

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (12) *Being the sum of the acquisition cost of DC from Venus Gateway in FYE 2021, the rental payments made to Venus Gateway for the DC prior to its acquisition, purchase of air conditioning units and motor vehicle from Cosmo Restaurants in FYE 2020 and FYE 2021, purchase of television from J&C Pacific in FYE 2022, one-off sales of toys to Multihexa and transactions involving pharmaceutical products and disposal of motor vehicle with the Careon Group.*
- (13) *Ng Lee Tieng is the sister of Eng Yaw Keong and daughter of Lim Geok Eng, both of whom are directors and shareholders of Zing Heing Group. Ng Lee Tieng is also the sister of Eng Lee Hay and daughter of Eng Hock Heng @ Ng Hock Keng.*
- (14) *Being the sum of the purchase of specialty foods and snacks for sale in our outlets and sponsorships received for our Group's annual dinner. These purchases are part of our ordinary course of business, and the purchase prices are set based on purchase orders. The credit terms granted to our Group is typically for 1 day.*
- (15) *Being rental for one of our rented properties. The tenancy period for this premise is 3 years, with the latest expiry being on 31 March 2024. The current monthly rental for this premise is RM3,500.*
- (16) *Lee Yan Zhong is a substantial shareholder and director of Max Bell.*
- (17) *Lee Lay Liang and Leong Sau Chan are directors and shareholders of Family Network. Lee Thiam Wah and Lee Lay Liang are the siblings of the directors and shareholders of Family Network, namely Lee Leong Tek, Lee Lay Hong, Tan Suah Teng, Lee Lai Lee, Lee Lay Keow, Lee Lay Ang, Lee Lay Nee, Lee Lay Wan, Lee Lay Sin and Lee Leong Yew.*
- (18) *Being rental of premises including for 12 of our rented properties from Family Network, 2 of our rented properties each from Lee Lay Liang and Leong Sau Chan. The tenancy period for these premises is 3 years, with the latest expiry being on 14 February 2027. The current monthly rental for each of these properties ranges from RM2,200 to RM8,000.*
- (19) *Lee Thiam Wah and Lee Lay Liang are the siblings of a director and substantial shareholder of Three Star Stationery (M) Sdn Bhd, namely Lee Leong Yew.*
- (20) *Being the sum of the purchase of stationery and printing supplies for the operations and administrative purposes of our Group and the sponsorship received for our Group's annual dinner. These purchases are part of our ordinary course of business, and the purchase prices are set based on purchase orders. The credit terms granted to our Group is typically for 30 days.*
- (21) *Being rental of premises for one of our rented properties. The tenancy period for this premise is 3 years, with the latest expiry being on 14 May 2025. The current monthly rental for this premise is RM3,200.*

10. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors confirm that all the above material related party transactions were transacted on an arm's length basis, not more favourable to the related parties than those generally available to third parties and were not detrimental to our non-interested shareholders, save for the following:

(a) The Deeds of Assignment executed by Lee Intellectual Properties as assignor, and 99SM as assignee

The Deeds of Assignment are not considered by the Directors to be on an arm's length basis, as they were provided on terms favourable to our Group for a nominal consideration payable by 99SM. These Deeds of Assignment confer upon our Group all the benefits, rights, title, and interests in the trademarks that are used in our Group's business in Malaysia. These also include the trademarks registered outside of Malaysia, namely Singapore, Thailand, the Philippines, Indonesia, and the PRC. As at the LPD, the registration of the assignment for the trademarks registered in Malaysia, Singapore and Indonesia have been completed, and as such our Group is the registered owner of the trademarks in Malaysia and Singapore, whilst the registration of the assignment for the trademarks registered outside Malaysia, Singapore and Indonesia remain pending, and upon completion of the respective registrations, our Group will become the registered owner of the trademarks in the respective countries.

Lee Thiam Wah and Ng Lee Tieng each hold a 50% equity interest in Lee Intellectual Properties, the entity established to hold all the trademarks of the business. These trademarks belong to Lee Thiam Wah and Ng Lee Tieng's businesses, respectively, including the trademarks used by our Group's business. In view of our Listing, all trademarks relevant to our Group that were held by Lee Intellectual Properties have been assigned to 99SM as it aligns the ownership of the trademarks with our operations. Although the Deeds of Assignment are not viewed by our Directors as being on an arm's length basis, given they were secured on terms favourable to our Group for a nominal consideration, our Directors believe that the terms of the Deeds are not detrimental to our Group.

Lee Thiam Wah, our Executive Director, CEO and major shareholder of our Group is the director and shareholder of Lee Intellectual Properties. Ng Lee Tieng, our Non-Independent Non-Executive Director, is the director of Lee Intellectual Properties. For further details on the Trademarks, see Annexure B of this Prospectus.

(b) Sales and purchases of the goods between our Group and Careon Pharmacy

(i) Sales of personal care and wellness products as well as food and beverage products by our Group to Careon Pharmacy

Since 2021, 99SM supplies personal care and wellness products as well as food and beverage products to Careon Pharmacy on a cost-based basis plus handling charges, amounting to a total of RM0.6 million, RM5.8 million and RM0.6 million in the FYE 2021, FYE 2022 and FPE 30 September 2023, respectively. This transaction is not recurrent and will not continue after September 2023. Any future purchases by Careon Pharmacy from our Group will be made on an arm's length basis.

10. RELATED PARTY TRANSACTIONS (Cont'd)**(ii) Purchases of COVID-19 antigen rapid test kits by our Group from Careon Pharmacy**

In 2021, 99SM purchased the COVID-19 antigen rapid test kits from Careon Pharmacy on a cost-based basis plus handling charges. During the FYE 2021, the total amount transacted with Careon Pharmacy was RM4.9 million. This transaction is not recurrent and has ceased since December 2021 as 99SM has found alternative suppliers. At that time, due to high demand, 99SM faced challenges sourcing these kits, and Careon Pharmacy assisted by supplying the required kits.

Lee Thiam Wah, our Executive Director, CEO and major shareholder of our Group, is the director and shareholder holding 100% equity interest in Careon Pharmacy.

The transactions between our Group and Careon Pharmacy are not viewed by the Directors to be on an arm's length basis, given that both transactions were on a cost-based basis plus handling charges. While these arrangements benefited both parties mutually, they have since been discontinued and our Group has no intention of entering into similar transactions on a cost-based basis plus handling charges with Careon Pharmacy. As such, our Directors believe that these transactions are not detrimental to our Group.

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involve 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 related party transaction and the terms thereof and report to our Board for further action, as set out in Section 10.2.1 of this Prospectus.

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 Periods Under Review and up to the LPD.

10. RELATED PARTY TRANSACTIONS (Cont'd)**10.1.3 Material outstanding loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties**

Save as disclosed below, 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 Periods Under Review and up to the LPD:

(a) Corporate guarantee provided by 99SM

Pursuant to the franchise agreements entered into between BK AsiaPac Pte Ltd (“**Franchisor**”), Burger King Singapore Pte Ltd, Rancak Selera, Newscape Capital, Cosmo Restaurants and 99SM, a corporate guarantee was provided by 99SM to secure the Burger King franchise in Malaysia and Singapore. The franchise in Malaysia and Singapore was held by Lee Thiam Wah and Ng Lee Tieng through their interest in Newscape Capital, Rancak Selera, Cosmo Restaurants and Burger King Singapore Pte Ltd.

Our Directors are of the view that the corporate guarantee was not on normal commercial terms and not on arm's length basis as no fee was charged by 99SM on such corporate guarantee provided. This corporate guarantee was discharged on 25 October 2023 and is not detrimental to our Group. Following our Listing, our Group does not intend to enter into similar transactions with any related parties.

(b) Careon Pharmacy utilisation of the facility provided by Alliance Bank Malaysia Berhad (“Alliance Bank”) to 99SM

Alliance Bank has extended a banking facility to 99SM, which grants Careon Pharmacy the right to utilise the bank guarantee facility within this banking arrangement. This arrangement was to facilitate Careon Pharmacy in securing funding during its initial establishment phase. This third-party utilisation of the bank guarantee facility provided to 99SM is not considered by our Directors to be on an arm's length basis and not on normal commercial terms as Careon Pharmacy did not pay a fee to 99SM for the use of such facility. This third-party utilisation of the bank guarantee facility provided to 99SM was cancelled on 11 October 2023. Our Directors are of the view that the transaction is not detrimental to our Group as the third-party utilisation of the bank guarantee has been discontinued by Alliance Bank. Following our Listing, our Group does not intend to enter into similar transactions with any related parties.

10. RELATED PARTY TRANSACTIONS (Cont'd)**10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS****10.2.1 Audit Committee review**

Our Audit Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or Group. Our Audit Committee also reviews any transaction, procedure or course of conduct that raises questions of management integrity including our related party transactions. In reviewing the related party transactions, the following, amongst other things will be considered:

- (a) the rationale and the cost/benefit to our Company are first considered;
- (b) where possible, comparative quotes will be taken into consideration;
- (c) 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
- (d) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our 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 interests 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.

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 MCGG upon our Listing. The procedures which may form part of the framework include, among others, the following:

- (a) our Board shall ensure that majority of our Board's members are Independent Directors and will undertake an annual assessment of our Independent Directors;
- (b) 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
- (c) 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.