

9. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a person who is or was a director or major shareholder within the preceding 6 months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

9.1 RELATED PARTY TRANSACTIONS

9.1.1 Material related party transactions entered into by our Group

Save as disclosed below, our Directors have confirmed that there is no other material related party transactions that we had entered into with related parties in respect of the FYE 2018, FYE 2019, FYE 2020 and up to the LPD:

No.	Transacting parties	Interested person	Nature of relationship	Nature of transaction	FYE			1 January 2021 up to the LPD (RM'000)
					2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	
1.	STSB and Chye Choon Fong	Keoh Beng Huat	Chye Choon Fong is the spouse of Keoh Beng Huat who is our Promoter, substantial shareholder and Managing Director Chye Choon Fong was a director and shareholder of STSB until 10 June 2021 and 23 June 2021, respectively	Rental expenses paid to Chye Choon Fong ^(a)	9 (0.10% of our Group's PAT)	8 (0.08% of our Group's PAT)	20 (0.11% of our Group's PAT)	-
2.	STSB and Strait Fabrication Partner Sdn Bhd (“Strait Fabrication”)	Keoh Beng Huat	Keoh Beng Huat is our Promoter, substantial shareholder and Managing Director Keoh Beng Huat was a director and shareholder of Strait Fabrication until 5 July 2021 and 27 August 2021, respectively	Sale of fabricated parts to Strait Fabrication	-	77 (0.25% of our Group's revenue)	*	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Interested person	Nature of relationship	Nature of transaction	FYE			1 January 2021 up to the LPD (RM'000)
					2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	
3.	STSB and FAS Integration Sdn Bhd ("FISB")	Keoh Beng Huat	Keoh Beng Huat is our Promoter, substantial shareholder and Managing Director Keoh Beng Huat was a director and shareholder of FISB until 12 March 2021	Sale of fabricated parts to FISB	-	-	93 (0.23% of our Group's revenue)	-
4.	STSB and Strait Fabrication	Keoh Beng Huat	Keoh Beng Huat is our Promoter, substantial shareholder and Managing Director Keoh Beng Huat was a director and shareholder of Strait Fabrication until 5 July 2021 and 27 August 2021, respectively	Purchase of fabricated parts from Strait Fabrication	-	9 (0.07% of our Group's cost of sales)	-	-
5.	STSB and Strait Fabrication	Keoh Beng Huat	Keoh Beng Huat is our Promoter, substantial shareholder and Managing Director Keoh Beng Huat was a director and shareholder of Strait Fabrication until 5 July 2021 and 27 August 2021, respectively	Engineering consultancy services provided by Strait Fabrication ^(b)	85 (0.91% of our Group's PAT)	55 (0.52% of our Group's PAT)	110 (0.62% of our Group's PAT)	-

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

Notes:

- * Negligible.
- (a) STSB and Chye Choon Fong had on 1 August 2017 entered into a tenancy agreement for the rental of a condominium unit located at Bayan Lepas, Pulau Pinang for the accommodation of an employee. The tenancy was for a period commencing 1 August 2017 up to 31 July 2020 at a rental rate of RM700 per month. The rental amount was subsequently revised to RM2,200 per month pursuant to a new tenancy agreement entered into between STSB and Chye Choon Fong on 1 April 2020. The rental rates transacted were not within the market rental rate of between RM1,000 to RM1,850 per month and as such not on arm's length basis. The rental has ceased and the tenancy agreement was terminated on 30 November 2020 as the employee had obtained his own accommodation.
- (b) STSB and Strait Fabrication had on 1 August 2017 entered into an agreement of which Strait Fabrication will provide STSB with engineering consultancy services on a project basis for a period up to 31 December 2020. This agreement has lapsed and was not renewed.

Our Board, having considered all aspects of the related party transactions are of the opinion that save for the rental of the property from Chye Choon Fong (as listed in item 1 in the table above) and the engineering consultancy services provided by Strait Fabrication (as listed as item 5 in the table above), all the other above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

After the 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. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occur within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation / asset or of various parcels of land contiguous to each other.

Upon Listing, the Audit and Risk Management Committee will review the terms of all related party transactions and ensure that all related party transactions (including any recurrent related party transactions) are carried out on terms not more favorable 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 of 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.

9.2 RELATED PARTY 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 FYE 2018, FYE 2019, FYE 2020 and up to the LPD.

9. RELATED PARTY TRANSACTIONS (Cont'd)

9.3 OUTSTANDING LOANS AND / OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES

Save as disclosed below, our Board has confirmed that there are no outstanding loan and / or financial assistance (including guarantee of any kind) made to our Group / by our Group to or for the benefit of any related parties for the Financial Years Under Review and up to the LPD:

(a) Outstanding loans

No.	Loans made to or for the benefit of related parties	Interested related party and nature of relationship	Nature of transaction and purpose	Outstanding amount			
				FYE			1 January 2021 up to the LPD
				2018	2019	2020	
				RM'000	RM'000	RM'000	RM'000
1.	Advances made to STSB by Keoh Beng Huat	Keoh Beng Huat is our Promoter, substantial shareholder and Managing Director	Advances for working capital	438	1,881	-	-
2.	Advances made to STSB by Chye Choon Fong	Chye Choon Fong is the spouse of Keoh Beng Huat who is our Promoter, substantial shareholder and Managing Director. Chye Choon Fong was a director of STSB until 10 June 2021.	Advances for working capital	116	77	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Financial assistance (including guarantees of any kind)**(i) STSB**

Our Promoter, substantial shareholder and Managing Director, Keoh Beng Huat has provided personal guarantees for banking facilities extended by Alliance Bank Berhad, Alliance Islamic Bank Berhad, CIMB Bank Berhad, AmBank Islamic (M) Berhad, Hong Leong Bank Berhad and Hong Leong Islamic Bank Berhad (collectively, “**Financiers of STSB**”) to STSB.

In conjunction with the Listing, we have applied to the Financiers of STSB to obtain a release and / or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and / or other securities from our Group acceptable to the Financiers of STSB. Until such release and / or discharge are obtained from the respective Financiers of STSB, our Promoter, substantial shareholder and Managing Director, Keoh Beng Huat will continue to guarantee the banking facilities extended to STSB. As at the date of this Prospectus, we have received conditional approvals from CIMB Bank Berhad to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and / or other securities from our Group acceptable to the financial institutions. As for the remaining Financiers of STSB, we are still awaiting replies from those relevant banks.

(ii) EEASB

Our directors of EEASB, Hong Lai Guan, Ooi Chong Soon and Lee Boon Ping has provided personal guarantees for banking facilities extended by PBB and United Overseas Bank (Malaysia) Berhad (collectively, “**Financiers of EEASB**”) to EEASB.

In conjunction with the Listing, we have applied to the Financiers of EEASB to obtain a release and / or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and / or other securities from our Group acceptable to the Financiers of EEASB. Until such release and / or discharge are obtained from the respective Financiers of EEASB, our directors of EEASB, Hong Lai Guan, Ooi Chong Soon and Lee Boon Ping will continue to guarantee the banking facilities extended to EEASB. As at the date of this Prospectus, we have received conditional approvals from United Overseas Bank (Malaysia) Berhad to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and / or other securities from our Group acceptable to the financial institutions. We are still awaiting reply from PBB.

The advances from related parties to us were not made on an arm’s length basis and were not on normal commercial terms as they were interest-free, unsecured and without fixed repayment terms. However, these terms were not unfavourable to our Group. As at the LPD, the advances were fully repaid.

Our Directors are of the opinion that save for the advances as disclosed above, all the above transactions were carried out on an arm’s length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and not to the detriment of our minority shareholders.

Moving forward, our Group has put in place strict internal control and compliance procedures in relation to loans and financial assistance from third parties, and no further loans or financial assistance will be taken from any related parties by the Group unless such advances and loans are permitted under law and the Listing Requirements. Our Audit and Risk Management Committee will review the terms of all related party transactions (including recurrent related party transactions) and our Directors will report such transactions, if any, annually in our Company’s annual report.