

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

10.1.1 Transaction that are material to our Group

Save as disclosed below, there is no other material related party transaction entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, Substantial Shareholders and/or persons connected with them for the FY Under Review, FP 2023 and up to the LPD:

Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
			FY 2020	FY 2021	FY 2022	FP 2023	1 October 2023 and up to the LPD
			RM'000	RM'000	RM'000	RM'000	RM'000
SDC and Panaltech Consulting Sdn Bhd ("Panaltech")	Edison Kong and Eileen Liuk, who are our Directors, Promoters, Key Senior Management and Substantial Shareholders, were also directors and shareholders of Panaltech ⁽⁴⁾	Provision of energy audit services from Panaltech to SDC ⁽¹⁾	30 (*% of our Group's COS)	-	-	-	-
		Installation of LED lights from Panaltech to SDC ⁽²⁾	104 (1.33% of our Group's PPE)	-	-	-	-
		Provision of supply, delivery, installation, testing and commissioning of BMS from SDC to Panaltech ⁽³⁾	296 (2.01% of our Group's Revenue)	588 (3.34% of our Group's Revenue)	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

<u>Transacting parties</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Transaction value</u>				<u>1 October 2023 and up to the LPD</u>
			<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FP 2023</u>	
			<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
SDC and SPE	Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban, who are our key senior management and directors and former shareholders of KED ⁽⁷⁾ , were also directors and shareholders of SPE ⁽⁸⁾	Provision of project technical support services from SPE to SDC ⁽⁵⁾	143 (1.65% of our Group's COS)	442 (5.18% of our Group's COS)	210 (2.63% of our Group's COS)	-	-
		Provision of general technical support services from SPE to SDC ⁽⁵⁾	100 (3.22% of our Group's Administrative Expenses)	200 (7.10% of our Group's Administrative Expenses)	150 (4.14% of our Group's Administrative Expenses)	-	-
KED and SPE	Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban, who are our key senior management and directors and former shareholders of KED ⁽⁷⁾ , were also directors and shareholders of SPE ⁽⁸⁾	Subcontract of installation works from SPE to KED ⁽⁶⁾	-	-	936 (11.74% of our Group's COS)	170 (2.21% of our Group's COS)	-
		Provision of general administrative support services from SPE to KED ⁽⁶⁾	-	-	145 (4.00% of our Group's Administrative Expenses)	29 (0.77% of our Group's Administrative Expenses)	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

* Negligible

Panaltech:

- (1) SDC engaged energy audit services from Panaltech. The energy audit services charged by Panaltech was not transacted on arms' length basis and was based on negotiated commercial terms, which was below the prevailing market price, which is not unfavourable to SDC.
- (2) SDC obtained the installation of LED lights from Panaltech. The supply and installation of LED lights was not transacted on arms' length basis and was based on negotiated commercial terms and was a one-off transaction.
- (3) On 4 October 2019, we received a purchase order from Panaltech for provision of supply, delivery, installation, testing and commissioning of BMS for a total contract value of RM2,735,000.00. The services by SDC was transacted on arms' length basis and was based on normal commercial terms, as the cost of services was charged based on the normal range of cost of services charged to other customers.
- (4) Edison Kong and Eileen Liuk resigned as directors and ceased to be shareholders of Panaltech on 30 December 2022.

SPE:

- (5) SDC obtained project technical support services and general technical support services from SPE. The services were not transacted on arms' length basis. The services are charged based on prevailing market prices which is not unfavourable to SDC.
- (6) KED obtained installation works and general administrative support services from SPE. The services were not transacted on arms' length basis. The services are charged based on prevailing market prices which is not unfavourable to SDC.
- (7) Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban had ceased to be shareholders of KED on 30 December 2022. Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban remain as the directors of KED as at the LPD.
- (8) Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban resigned as directors and ceased to be shareholders of SPE on 21 July 2023.

The Directors confirm that save for notes 1, 2, 5, and 6, the above material related party transactions were transacted on arms' length basis. All the prices for the material related party transactions were not unfavourable to our Company but comparable to those generally available to third parties.

There are no subsisting agreements with the related parties after our Listing.

Upon Listing, our Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions are carried out on an arm's length basis and on terms not more favourable to the related party than those generally available to the third parties and are not detrimental to our minority shareholders.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2 OTHER TRANSACTIONS

10.2.1 Related party transactions entered into that are unusual in nature or conditions

Our Group has not entered into any transactions that is unusual in their nature or conditions, involving goods, services, tangible or intangible assets, with a related party for the FY Under Review, FP 2023 and up to the LPD.

10.2.2 Loans and/or financial assistance made to or for the benefit of related parties

Our Board has confirmed that there are no outstanding loans and/or financial assistance (including guarantees of any kind) made by us to or for the benefit of any related party for the FY Under Review, FP 2023 and up to the LPD.

10.2.3 Provision of guarantees by our Directors and Promoters for the banking facilities granted to our Group

Our Directors and Promoters, namely Edison Kong and Eileen Liuk, have jointly and severally provided personal guarantees for the banking facilities extended by CIMB Bank Berhad, CIMB Islamic Bank Berhad, Affin Bank Berhad, RHB Bank Berhad, Public Bank Berhad and Ambank (M) Berhad (“**Financiers**”) to SDC. The breakdown of the facilities secured by our Group as at the LPD is set out below:

<u>Financiers</u>	<u>Guarantors</u>	<u>Amount utilised RM'000</u>	<u>Unutilised balance RM'000</u>	<u>Total amount of guarantee provided RM'000</u>
CIMB Bank Berhad	<ul style="list-style-type: none"> • Edison Kong • Eileen Liuk 	507	1,703	2,210
CIMB Islamic Bank Berhad	<ul style="list-style-type: none"> • Edison Kong • Eileen Liuk 	100	2,836	⁽¹⁾ 2,936
Affin Bank Berhad	<ul style="list-style-type: none"> • Edison Kong • Eileen Liuk 	1,000	-	⁽¹⁾ 1,000
RHB Bank Berhad ⁽²⁾	<ul style="list-style-type: none"> • Edison Kong • Eileen Liuk 	81	1,419	1,500
Public Bank Berhad	<ul style="list-style-type: none"> • Edison Kong 	312	-	⁽¹⁾ 312
	Total	2,000	5,958	7,958

Notes:

- (1) *The joint and several guarantees provided are open all monies guarantees for all monies which are owing and payable by our Group to the Financiers under the respective facilities.*
- (2) *RHB Bank Berhad had via its letter dated 19 December 2023 agreed to discharge Eileen Liuk as the guarantor of the banking facilities. We have on 22 January 2024 submitted an appeal to RHB Bank Berhad for the discharge of Edison Kong along with Eileen Liuk as guarantors.*

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees provided by Edison Kong and/or Eileen Liuk by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers.

10. RELATED PARTY TRANSACTIONS (CONT'D)

Until such release and/or discharge are obtained from the respective Financiers, the Directors and Promoters will continue to guarantee such banking facilities extended to our Group.

As at the date of this Prospectus, we have received conditional approvals from CIMB Bank Berhad, CIMB Islamic Bank Berhad, Affin Bank Berhad and Public Bank Berhad to discharge the relevant personal guarantees by substituting the same with corporate guarantees from our Company.

10.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Upon our Listing, our Audit and Risk Management Committee will review the terms of all related party transactions (including recurrent related party transactions) to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, are in the ordinary course of business, not more favourable to the related party than those generally available to the public, and are not to the detriment to the interest of our Company's minority shareholders. Any such review will be reported to our Board for its further deliberation. In the event that there are any proposed related party transactions that involve the direct or indirect interest of our Directors, our interested Directors shall disclose to our Board the nature and extent of their interest including all matters in relation to the proposed related party transactions that they are aware or should reasonably be aware of, which is not in our best interest. Our interested Directors shall also abstain from any of our Board's deliberation and voting on the relevant resolutions in respect of such proposed related party transactions.

Further, 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 are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions, subject to annual renewal and that our Directors will disclose in our Company's annual report the aggregate value of material recurrent related party transactions conducted pursuant to the mandate during the financial year, if any. The interested person shall abstain from voting on the relevant resolutions in respect of such proposed related party transactions at our general meetings. Pursuant to the Listing Requirements, related party transactions may be aggregated to determine their materiality if the related party transactions occurred within a 12-month period, are entered with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one particular corporation/asset or of various parcels of land contiguous to each other.

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