

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2020 to 2022 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
					FYE 2020		FYE 2021		FYE 2022		1 January 2023 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
Chuan Soon Autocare	KTISB	Stella Loke Pei Wen	Voo Yin Chung, the spouse of Stella Loke Pei Wen, has 50.0% interest in Chuan Soon Autocare Stella Loke Pei Wen, who is our Promoter and Executive Director	Motor vehicle repair and maintenance	(254)	⁽¹⁾ 0.2	(192)	⁽¹⁾ 0.2	(269)	⁽¹⁾ 0.2	(239)	⁽⁷⁾ N/A
Primo Auto	KTISB	Stella Loke Pei Wen	Voo Yin Chung, the spouse of Stella Loke Pei Wen, has 50.0% interest in Primo Auto Stella Loke Pei Wen, who is our Promoter and Executive Director	Purchase of motor vehicle	-	-	-	-	-	-	(88)	⁽⁷⁾ N/A

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
					FYE 2020		FYE 2021		FYE 2022		1 January 2023 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
Chin Mee Leen	Landmark Property	Chin Mee Leen	Chin Mee Leen is our Promoter and substantial shareholder. She is also the director of our subsidiaries	Rental of premises at Lot 221, Taman Nelly 9 Phase 4 Shoplot, Jalan Nountun Kolombong, 88844 Kota Kinabalu, Sabah to Landmark Property ⁽³⁾	(42)	⁽²⁾ 0.4	(42)	⁽²⁾ 0.4	(44)	⁽²⁾ 0.4	(24)	⁽⁷⁾ N/A
Chin Wah	KTISB	Chin Mee Leen	Chin Mee Leen is the sibling of Chin Mee Leen Chin Mee Leen is our Promoter and substantial shareholder. She is also the director of our subsidiaries	Rental of premises at Lot 220, Taman Nelly 9 Phase 4 Shoplot, Jalan Nountun Kolombong, 88844 Kota Kinabalu, Sabah to Landmark Property ⁽⁴⁾	-	-	-	-	(3)	⁽²⁾ <0.1	(18)	⁽⁷⁾ N/A
Chin Mee Leen	Landmark Property	Chin Mee Leen	Chin Mee Leen is our Promoter and substantial shareholder. She is also the director of our subsidiaries	Rental of premises at Lot 9, Ground Floor, Block A, La Gloxinia Avenue, Kinarut South, Papar, Sabah ⁽⁵⁾	(18)	⁽²⁾ 0.2	(18)	⁽²⁾ 0.2	(3)	⁽²⁾ <0.1	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
					FYE 2020		FYE 2021		FYE 2022		1 January 2023 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
	KTISB			Advances from Chin Mee Leen to KTISB	-	-	1,545	⁽¹⁾ 1.2	-	-	-	-
				Repayment from KTISB to Chin Mee Leen	-	-	-	-	(1,465)	⁽¹⁾ 1.1	(81)	⁽⁷⁾ N/A
	Landmark Property			Advances from Chin Mee Leen to Landmark Property	377	⁽¹⁾ 0.3	-	-	-	-	-	-
				Repayment from Landmark Property to Chin Mee Leen	-	-	(125)	⁽¹⁾ <0.1	(1,585)	⁽¹⁾ 1.1	(887)	⁽⁷⁾ N/A
	KTI Hotel & Resort			Repayment from KTI Hotel & Resort to Chin Mee Leen	-	-	-	-	(10)	⁽¹⁾ <0.1	-	-
Wilson Loke Choon Syn	KTID	Wilson Loke Choon Syn	Wilson Loke Choon Syn is our Promoter and Executive Director	Disposal of vacant land known as Lot No. 82, Taman Lavender ⁽⁶⁾	-	-	-	-	-	-	257	⁽⁷⁾ N/A
				Disposal of vacant land known as Lot No. 83, Taman Lavender ⁽⁶⁾	-	-	-	-	-	-	257	⁽⁷⁾ N/A

10. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

- (1) Calculated based on our Group's NA for each of the respective financial years.
- (2) Calculated based on our Group's administrative expenses for each of the respective financial years.
- (3) Our Group rented such property for office use. The tenancy was for 5 years commencing from 1 September 2015 until 31 August 2020. The tenancy was subsequently renewed until 31 December 2023. Our Group intends to renew the tenancy upon its expiry.
- (4) Our Group rented such property for office use. The tenancy is for 5 years commencing from 1 August 2022 until 31 July 2027. Our Group intends to renew the tenancy upon its expiry. Provided that our Group complies with the provisions in the tenancy agreement, our Group is entitled to, at least 6 months prior to the expiry of the tenancy, exercise the option to renew the tenancy for another 5 years at a revised monthly rental to be determined based on the prevailing market rates (subject to a maximum increase or decrease in rental of 15.0%). Our Group is also entitled to terminate the tenancy by giving the landlord 6 months prior notice in writing (or otherwise, 6 months' rent in lieu of notice), and the rental deposit of RM6,000 shall be forfeited by the landlord as agreed liquidated damages.
- (5) Our Group rented such properties for office use. The tenancies were for 5 years commencing from 2 January 2017 to 1 January 2022. However, these rental arrangements were not renewed upon their expiry as our Group no longer requires the space.
- (6) Our Group entered into sale and purchase agreements dated 23 June 2023 (i.e. after the LPD) with Wilson Loke Choon Syn, our Promoter and Executive Director, to dispose these properties (vacant residential lands located at Taman Lavender) pursuant to a special scheme for eligible Directors and employees of our Group, the purpose of which is to reward such eligible Directors and employees for their years of service to our Group by way of providing a discount rate of 60.0% to Directors and a discount rate of 40.0% to employees holding the position of manager and above with more than 10 years of service in respect of the remaining 6 vacant lots from the Taman Lavender project, as well as to encourage the sale of such remaining vacant lots under the Taman Lavender project. It is common for property developers to provide discounted rates to their eligible directors and employees in respect of the sale of their properties, whereby the terms of such schemes can vary from one company to another. The eligibility criteria for these schemes are usually determined by the directors of the company and may include factors such as the employee's length of service, position within the company and other employment-related factors as well as the pricing of the project and the take-up rate. This special scheme is still subsisting for the remaining 4 vacant lots of Taman Lavender and there has been no other transactions under this scheme except with Wilson Loke Choon Syn. Our Group will terminate this scheme within November 2023, and such schemes moving forward will be deliberated by our Board.
- (7) Not applicable as we did not prepare any financial statement from 1 January 2023 up to LPD.

10. RELATED PARTY TRANSACTIONS (Cont'd)

Save for the rental of our offices from Chin Mee Leen and Chin Soo Wah as well as the motor vehicle repair and maintenance services provided by Chuan Soon Autocare, there are no subsisting agreements with related parties after our Listing. The total rental expenses from such rentals are less than RM0.9 million per annum and the tenancies will expire on 31 December 2023 and 31 July 2027 respectively. Further details on the rental are set out in Section 6.9.2. Our Audit and Risk Management Committee has reviewed the current rental terms for the rental of our offices from Chin Mee Leen and Chin Soo Wah and is of the opinion that it is fair, reasonable and on normal commercial terms and not detrimental to the interest of the non-interested shareholders of our Group and is in the best interest to our Group on the basis that the rental rates are below prevailing market rates at a reasonable discount (in comparison with the asking prices of similar properties).

The renewal terms of such rentals will be reviewed by our Audit and Risk Management Committee and our Board shall seek the relevant approval from our shareholders to enter into such recurrent related party transaction at a general meeting.

Our Directors are of the view, save for advances received of RM2.0 million in total from Chin Mee Leen (our Promoter and substantial shareholder) and Loke Theen Fatt (our Promoter, substantial shareholder and Managing Director / Chief Executive Officer) and repayments to them amounting RM5.3 million, which were not conducted on arm's length basis as they are interest free, as well as the disposal of 2 properties to Wilson Loke Choon Syn (our Promoter and Executive Director) at a discounted rate (i.e. 60.0% for directors) pursuant to a special scheme for the eligible Directors or employees of our Group, the material related party transactions of our Group in FYE 2020 to 2022 and up to LPD were carried out on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to the public and are not detrimental to our Group.

The advances received from Chin Mee Leen and Loke Theen Fatt are unsecured, interest free and repayable on demand. The abovementioned advances received were rendered as assistance to our subsidiaries as a matter of convenience, and are not expected to continue moving forward. All outstanding advances received from Chin Mee Leen and Loke Theen Fatt amounting to RM1.1 million as at 31 December 2022 has been fully repaid on 29 May 2023.

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

- (i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other 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 a general meeting. 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.

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

(b) Other related party transactions

- (i) 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;
- (ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) 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 the 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 transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, 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 transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

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. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that 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 for FYE 2020 to FYE 2022 and up to LPD.

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

10.2.2 Outstanding loans (including guarantees of any kind)

(a) Outstanding loans and/or balances

As at the date of this Prospectus, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

- (i) Our Promoters, substantial shareholders, Directors and key senior management, namely Chin Mee Leen, Loke Theen Fatt, Wilson Loke Choon Syn, Stella Loke Pei Wen and Loke Pei Lee have jointly and severally provided personal guarantees for the banking and leasing facilities extended by Malayan Banking Berhad, Maybank Islamic Berhad, CIMB Islamic Bank Berhad, Hong Leong Islamic Bank Berhad, Hong Leong Bank Berhad, MBSB Bank Berhad, Bank Muamalat Malaysia Berhad, United Overseas Bank (Malaysia) Berhad, Sabah Development Bank Berhad and Small Medium Enterprise Development Bank Malaysia Berhad ("**Financiers**").

Financiers		Type of facilities	Outstanding balance as at LPD RM'000	Facility limit RM'000	Guarantors
Malayan Berhad	Banking	1 overdraft facility and 3 trade facilities	9,749	36,600	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt
		3 hire purchase facilities	81	484	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt • Loke Pei Lee • Stella Loke Pei Wen • Wilson Loke Choon Syn
Maybank Berhad	Islamic	5 hire purchase facilities	625	1,280	<ul style="list-style-type: none"> • Wilson Loke Choon Syn • Loke Theen Fatt
CIMB Bank	Islamic Bank	1 term financing facility	1,180	4,000	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt • Loke Pei Lee • Stella Loke Pei Wen • Wilson Loke Choon Syn
Hong Leong Bank Berhad	Islamic	1 term financing facility and 3 trade facilities	7,370	64,600	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt
		3 hire purchase facilities	1,985	2,311	<ul style="list-style-type: none"> • Loke Theen Fatt • Chin Mee Leen

10. RELATED PARTY TRANSACTIONS (Cont'd)

Financiers		Type of facilities	Outstanding balance as at LPD RM'000	Facility limit RM'000	Guarantors
Hong Leong Bank Berhad	Bank	1 term loan and 1 overdraft facility	17,784	120,000	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt • Stella Loke Pei Wen • Wilson Loke Choon Syn • Loke Pei Lee
MBSB Bank Berhad		22 hire purchase facilities	1,784	5,430	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt • Loke Pei Lee • Stella Loke Pei Wen • Wilson Loke Choon Syn
Bank Muamalat Malaysia Berhad		1 term financing facility	3,002	5,000	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt • Loke Pei Lee • Stella Loke Pei Wen • Wilson Loke Choon Syn
United Overseas Bank (Malaysia) Berhad		1 term loan and 1 overdraft facility	346	2,200	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt
Sabah Development Bank Berhad		1 term loan and 1 trade facility	29,859	300,000	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt • Loke Pei Lee • Stella Loke Pei Wen • Wilson Loke Choon Syn
Small Enterprise Development Bank Malaysia Berhad	Medium	1 trade facility	-	10,000	<ul style="list-style-type: none"> • Chin Mee Leen • Loke Theen Fatt • Stella Loke Pei Wen • Wilson Loke Choon Syn • Loke Pei Lee
			73,765	551,905	

10. RELATED PARTY TRANSACTIONS (Cont'd)

In conjunction with our Listing, we have applied to the Financiers 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. Until such release and/or discharge are obtained from the respective Financiers, our Promoters, substantial shareholders, Directors and key senior management will continue to guarantee the banking facilities extended to our Group.

As at LPD, we have obtained conditional consent from MBSB Bank Berhad and United Overseas Bank (Malaysia) Berhad in respect of the release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company, subject to the successful listing of our Company on the ACE Market.

We are still awaiting conditional approvals from the remaining Financiers 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. Save for the facilities provided by CIMB Islamic Bank Bank and Bank Muamalat Malaysia Berhad that our Group intends to settle with internally generated funds, our Group plans to obtain the conditional consents to discharge the personal guarantees from the remaining financiers prior to issuance of this Prospectus.

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

As at LPD, there is no financial assistance provided by us for the benefit of any related party.

10.2.3 Promotions of any material assets acquired / to be acquired within 3 financial years preceding the date of this Prospectus

Save for the rentals as disclosed in Section 10.1, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 2020 to 2022, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by us.

10.2.4 Transactions entered into with M & A Securities

Save as disclosed below, we have not entered into any transactions with M & A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 23 July 2018 between KTI Landmark and M & A Securities for the appointment of M & A Securities as Adviser, Placement Agent and Sponsor for our Listing; and
- (b) Underwriting Agreement dated [•] entered into between our Company and M & A Securities for the underwriting of 80,000,000 Issue Shares.