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## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

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### 10.1 RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS

Pursuant to the Listing Requirements, a “related party transaction” is a transaction entered into by a listed corporation or its subsidiaries that involves the interest (direct or indirect) of a related party. A “related party” of a listed corporation is: -

- (i) a director, having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiaries or holding company or a chief executive of the listed corporation, its subsidiaries or holding company; or
- (ii) a major shareholder including any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation, its subsidiaries or holding company, having an interest or interests in one (1) or more voting shares in a corporation and the number or aggregate number of those shares is:-
  - (a) 10% or more of the total number of voting shares in the corporation; or
  - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders' for related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the listed corporation or its subsidiaries subject to, amongst others, the following: -

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under the Listing Requirements;
- (iii) the circular to the shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities; and
- (iv) in a meeting to obtain shareholders' approval on the mandate: -
  - (a) a related party with any interest, direct or indirect (“**interested related party**”), must not vote on the resolution in respect of the related party transaction;
  - (b) an interested related party who is a director or major shareholder must ensure that persons connected with them abstain from voting on the resolution in respect of the related party transaction; and
  - (c) where the interested related party is a person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution in respect of the related party transaction.

Our Group may, in the ordinary course of our business, enter into transactions, including but not limited to the related party transactions, with persons who are considered “related party” as defined in the Listing Requirements.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

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Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into different categories of related party transactions, provided such recurrent related party transactions are made at arm's length and on normal commercial terms.

Upon Listing, our Audit and Risk Management Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, by way of making announcements to Bursa Securities where applicable and through disclosure in our Company's interim report published quarterly and our Company's annual report published annually.

If there are any proposed related party transactions that involve the interest (direct or indirect) of our Director, the interested Director shall disclose his interest to our Board, the details of the nature and extent of his interest, including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interests. The interested Director shall also abstain from any Board deliberation and voting on the relevant resolutions in respect of such proposed related-party transactions.

If there are any proposed related party transactions that require the prior approval of shareholders, the Director, major shareholder and/or persons connected with such Director or major shareholder, who has any interest (direct or indirect) in the proposed related party transaction shall 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 shall also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Director and/or major shareholder shall also undertake to ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)****10.1.1 Related party transactions**

Save as disclosed below, there is no other material related party transaction (being related party transaction with transaction value of RM200,000 or above) entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them which are significant in relation to the business of our Group for the Financial Years Under Review and up to the LPD: -

| Transacting company in our Group | Related party   | Interested Director/ substantial shareholder/ person connected | Nature of relationship with related party   | Nature of transaction  | FYE 2020 RM'000   | FYE 2021 RM'000  | FYE 2022 RM'000 | Up to the LPD RM'000 |
|----------------------------------|---|--|---|--|---|--|-----------------|----------------------|
| EP Machinery                     | Perfect Solution System Sdn. Bhd. (formerly known as Easy Pack Machinery (East Coast) Sdn. Bhd.) <sup>(9)</sup> | Yeoh Chee Min  | Yeoh Chee Min is the Promoter, Director and substantial shareholder of EPB Group<br><br>He was the director and presently the shareholder of Perfect Solution System Sdn. Bhd.                    | Sale of food processing and packaging machinery solutions to Perfect Solution System Sdn. Bhd. <sup>(1)</sup>      | 1,527<br>(2.48% of our Group's revenue)                     | 718 (0.95% of our Group's revenue)                     | -               | -                    |
| EP Machinery                     | EC Trading System Sdn. Bhd. (formerly known as Easy Pack Technology Sdn. Bhd.) <sup>(9)</sup>                   | Yeoh Chee Min and Ooi Kim Kew                                  | Yeoh Chee Min and Ooi Kim Kew are the Promoters, Directors and substantial shareholders of EPB Group<br><br>They were the directors and presently the shareholders of EC Trading System Sdn. Bhd. | Purchase of property, plant and equipment from EC Trading System Sdn. Bhd.   | 1,278<br>(2.22% of our Group's total assets) <sup>(2)</sup> | 160 (0.23% of our Group's total assets) <sup>(3)</sup> | -               | -                    |
|                                  |   |  |   | Purchase of food processing and packaging machinery and components from EC Trading System Sdn. Bhd. <sup>(4)</sup> | 2,041<br>(4.96% of our Group's COS)                         | -  | -               | -                    |

**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

| Transacting company in our Group | Related party   | Interested Director/ substantial shareholder/ person connected | Nature of relationship with related party   | Nature of transaction   | FYE 2020 RM'000                    | FYE 2021 RM'000                    | FYE 2022 RM'000   | Up to the LPD RM'000                        |
|----------------------------------|---|--|---|---|------------------------------------|------------------------------------|-------------------|---|
| EP Machinery                     | HM Solutions Partner Sdn. Bhd. (formerly known as Evergreen Cove Sdn. Bhd.)                                 | Yeoh Chee Min and Goh Toh Sin                                  | Yeoh Chee Min is the Promoter, Director and substantial shareholder while Goh Toh Sin is the Key Senior Management of EPB Group<br><br>They were the directors and shareholders of HM Solutions Partner Sdn. Bhd. | Sale of food processing and packaging machinery solutions to HM Solutions Partner Sdn. Bhd. <sup>(5)</sup>    | *                                  | 264 (0.35% of our Group's revenue) | -( <sup>5</sup> ) | Not applicable as no longer a related party |
| EP Machinery                     | L&A Technology Solution Sdn. Bhd. (formerly known as Easy Pack Machinery (Borneo) Sdn. Bhd.) <sup>(9)</sup> | Yeoh Chee Min and Ooi Kim Kew                                  | Yeoh Chee Min and Ooi Kim Kew are the Promoters, Directors and substantial shareholders of EPB Group<br><br>They were the directors and presently the shareholders of L&A Technology Solution Sdn. Bhd.           | Sale of food processing and packaging machinery solutions to L&A Technology Solution Sdn. Bhd. <sup>(1)</sup> | 593 (0.96% of our Group's revenue) | 192 (0.25% of our Group's revenue) | -                 | -   |

**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

| Transacting company in our Group | Related party                            | Interested Director/ substantial shareholder/ person connected | Nature of relationship with related party  | Nature of transaction   | FYE 2020 RM'000  | FYE 2021 RM'000  | FYE 2022 RM'000                             | Up to the LPD RM'000                        |
|----------------------------------|--|--|--|---|--|--|---|---|
| EP Machinery                     | EC Steel (M) Sdn. Bhd.                   | Yeoh Chee Min and Tan Cheng Cheng                              | Yeoh Chee Min is the Promoter, Director and substantial shareholder while Tan Cheng Cheng is the Key Senior Management of EPB Group<br><br>They were the directors and shareholders of EC Steel (M) Sdn. Bhd.              | Purchase of food processing and packaging machinery and components from EC Steel (M) Sdn. Bhd. <sup>(6)</sup> | 512 (1.24% of our Group's COS)                               | 398 (0.79% of our Group's COS)                               | Not applicable as no longer a related party | Not applicable as no longer a related party |
| EP Machinery                     | Easypreneur Dev Sdn. Bhd. <sup>(9)</sup> | Yeoh Chee Min and Goh Toh Sin                                  | Yeoh Chee Min is the Promoter, Director and substantial shareholder while Goh Toh Sin is the Key Senior Management of EPB Group<br><br>They were the directors and presently the shareholders of Easypreneur Dev Sdn. Bhd. | Sales commission charged by Easypreneur Dev Sdn. Bhd. <sup>(7)</sup>  | 385 (8.01% of our Group's selling and distribution expenses) | 346 (9.50% of our Group's selling and distribution expenses) | -   | -   |
|                                  |  |  |  | Purchase of property, plant and equipment from Easypreneur Dev Sdn. Bhd. <sup>(3)</sup>                       | -  | *  | 300 (0.36% of our Group's total assets)     | -   |

**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

| Transacting company in our Group | Related party        | Interested Director/<br>substantial shareholder/<br>person connected | Nature of relationship with related party   | Nature of transaction                                       | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000  | Up to the LPD RM'000   |
|----------------------------------|----------------------|--|---|---|-----------------|-----------------|--|------------------------|
| BW Perkasa UAE                   | PT Bestworld Perkasa | Yeow Song You  | Yeow Song You is the Key Senior Management of EPB Group and the Director of BW Engineering<br><br>Yeow Song Yan is the sibling of Yeow Song You who is also the controlling shareholder of PT Bestworld Perkasa | Fees for marketing services charged by PT Bestworld Perkasa | -               | -               | 432 (5.65% of our Group's selling and distribution expenses) <sup>(8)(i)</sup> | 324 <sup>(8)(ii)</sup> |

Notes: -

\* Less than a thousand.

- (1) These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's approved intermediary price list. The approved intermediary price list is a price list set by our Group to guide the selling price for transaction with customers who are not end-users of our product (such as trading companies who will be responsible for securing and dealing with their own end-users), and would be adopted for transactions with similar terms and arrangements, regardless of whether it is with a related party or a third party ("**Approved Intermediary Price List**"). Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. Such transactions have not recurred since the FYE 2022 as the related companies are currently dormant as at the LPD.
- (2) The transaction was not carried out on an arm's length basis. The transaction value was determined by reference to the NBV as recorded in the books of the related party, after taking into consideration the conditions of the asset items and the income tax provisions particularly tax ruling pertaining to "controlled transfer" (being disposal of asset between parties under common control). The related company has been dormant since the FYE 2021, and asset items have been taken over and used by EP Machinery. Notwithstanding the above, our Directors (save for interested Directors) are of the opinion that the transaction was neither unfavourable nor detrimental to our Group as the transaction allowed our Group taking over asset items that can be used in our operations at NBV, which involved lower capital outlay as compared to new acquisitions which would cost higher capital outlay. The transaction is a one-off transaction.

## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

- (3) *Consist of used motor vehicles sold to EP Machinery. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to the market price range indicated by third parties and after taking into consideration the conditions of the used motor vehicles. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. These transactions are one-off transactions.*
- (4) *Consist of inventory items taken over in bulk by EP Machinery. The transaction was carried out on an arm's length basis, as the transaction value was determined by reference to cost quotation for similar inventory items by external suppliers and after taking into consideration the conditions of the inventory items and additional fabrication/assembly works performed by the related party on the inventory items. Based on the above, our Directors (save for interested Directors) are of the opinion that the transaction was neither unfavourable nor detrimental to our Group. The transaction is a one-off transaction.*
- (5) *These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's Approved Intermediary Price List. The Approved Intermediary Price List would be adopted for transaction with similar terms and arrangement, regardless of whether it is with related party or third party. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*

*HM Solutions Partner Sdn. Bhd. (formerly known as Evergreen Cove Sdn. Bhd.) has ceased to be a related party at beginning of the FYE 2022, as Yeoh Chee Min has ceased to be director and shareholder of the company in June 2019 and July 2019 respectively; while Goh Toh Sin has ceased to be director and shareholder of the company in January 2022. Yeoh Chee Min's entire shareholdings in HM Solutions Partner Sdn. Bhd. were disposed to Goh Toh Sin on 5 July 2019. At that point in time, the company was involved in trading of coffee bean, designing, developing of artworks and supplying of printing material and related products and transportation agent, and general trading. On 14 January 2022, Goh Toh Sin's entire shareholdings in HM Solutions Partner Sdn. Bhd. were disposed to Mohamed Habib Bin Din. Prior to the disposal of shares to Mohamed Habib Bin Din and up to 4 January 2022, the company was acting as commission agent to sell packaging machines and was involved in general trading, designing, developing of artworks and supplying of printing material and related products, transportation agent and investment holding. Subsequent to the disposal and as at the LPD, the company is involved in receiving commission from selling packaging machine and general trading, designing, developing artworks and supplying of printing material and related products, transportation agent, agricultural, food and beverages supplies and raw materials, and investment holdings. The values disclosed herein consist of transactions up to the point where the said company ceased to be a related party.*

- (6) *These transactions were carried out on an arm's length basis, as the transaction values were negotiated on a willing-buyer willing-seller basis where our Group will only accept the quotation of the related party if the costing is within our Group's budget and the resultant profit margin that can be derived from the subsequent sale of the products is within the norm of the Group. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*

*EC Steel (M) Sdn. Bhd. has ceased to be a related party at end of the FYE 2021, as Yeoh Chee Min has ceased to be director and shareholder of the company in November 2021; while Tan Cheng Cheng has ceased to be director and shareholder of the company in August 2021 and September 2021 respectively. Yeoh Chee Min disposed of his entire shareholdings in EC Steel (M) Sdn. Bhd. to Chan Han Wei and Chan Han Yau on 23 November 2021 and Tan Cheng Cheng disposed of her entire shareholdings in EC Steel (M) Sdn. Bhd. to Chan Han Wei on 17 September 2021. At that point in time, the company was involved in the business of trading and manufacturing stainless-steel products. The values disclosed herein consist of transactions up to the point where the said company ceased to be a related party.*

- (7) *The sales commissions paid to related company by EP Machinery was determined based on the differential sum between the actual sales values invoiced by EP Machinery to the end customers (which were secured on behalf of EP Machinery by the related party) and the corresponding selling prices as per EP Machinery's Approved Intermediary Price List. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's Approved Intermediary Price List. The Approved Intermediary Price List would be adopted for transaction with similar*

## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (*cont'd*)

*terms and arrangement, regardless of whether it is with related party or third party. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. Such transactions have not recurred since the FYE 2022 as the related company is currently dormant as at the LPD.*

- (8) (i) *PT Bestworld Perkasa was incorporated in 2005 to undertake marketing activities and after-sale services in Indonesia, and was formerly owned by Yeoh Chee Min and Liew Meng Hooi. The business activities of PT Bestworld Perkasa were managed by a separate management team. Taking into consideration the business activities of PT Bestworld Perkasa are ancillary in nature and the profit level of PT Bestworld Perkasa was not significant (approximately RM0.30 million in year 2021), Yeoh Chee Min and Liew Meng Hooi had resolved to allow the management team of PT Bestworld Perkasa to take over the ownership of PT Bestworld Perkasa on 30 December 2021 in order to focus on the core business operations of our Group. As such, PT Bestworld Perkasa is not included in the formation of our Group. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to the prevailing charges imposed by external party for similar services. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*

*PT Bestworld Perkasa continues to be considered as a related party merely because its controlling shareholder, Yeow Song Yan, is the sibling of Yeow Song You; who is the Key Senior Management of EPB Group and the Director of BW Engineering. Our Group continues to transact with PT Bestworld Perkasa because its management team has demonstrated their capabilities in carrying out marketing services and after-sale services for Indonesian market in the past. For the FYE 2022, sales to customer identified by PT Bestworld Perkasa (as our agent for Indonesia) amounted to RM5.31 million.*

- (ii) *BW Perkasa UAE has entered into a service agreement with PT Bestworld Perkasa on 1 January 2023, to engage PT Bestworld Perkasa as the sales agent to promote and provide marketing services for our food processing and packaging machinery solutions in Indonesia; for an initial duration of three (3) years from the date of agreement and at a monthly service fee of USD8,000 (equivalent to RM37,100 based on the exchange rate of RM4.6375:USD1.00 as at the LPD). The said service agreement may be renewed for a further term of three (3) years by way of one (1) month prior written notice delivered by either party to the other party prior to the expiry of the agreement. Upon the occurrence of any event of default, the non-defaulting party shall give notice in writing to the defaulting party to remedy the event of default within thirty (30) days of the receipt of such notice. In the event that the defaulting party shall fail to remedy upon the expiry of the said thirty (30) days period, the non-defaulting party shall be entitled to terminate the said agreement and will not result in any penalty being payable.*

- (9) *As at the LPD, these companies are dormant and are in the midst of realising their assets and settling their liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.*

Upon Listing, our Audit and Risk Management Committee will review and monitor the terms of any related party transactions and ensure that any non-recurrent related party transactions and recurrent related party transactions are carried out on an arm's length basis and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of our Group.

In addition, we will adhere to the requirements under the Listing Requirements in relation to related party transactions and recurrent related party transactions, including making the necessary announcements to Bursa Securities or obtaining shareholders' approval as may be necessary. 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.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

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Furthermore, the interested Directors shall abstain from deliberation and voting at the relevant Board meetings and interested Directors and major shareholders shall abstain and procure persons connected to them from voting at the general meetings held to approve the resolutions relating to the related party transactions and/or recurrent related party transactions. After our IPO and Listing, for recurrent related party transactions, we will obtain an annual mandate from our shareholders at general meetings, if required.

**10.1.2 Transaction that are unusual in nature or conditions**

Our Group has not entered into any transactions, that are unusual in nature or condition involving goods, services, tangible or intangible assets, with related parties during the Financial Years Under Review and up to the LPD.

**10.1.3 Outstanding loans made for the benefit of the related parties**

There are no outstanding loans (including guarantees of any kind) and financial assistance made by us to or for the benefit of any related party as at the LPD.

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