

## 10. RELATED PARTY TRANSACTIONS

### 10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisition 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 related parties which are material to our Group during FYE 2020 to 2022 and up to LPD:

No.	Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
						FYE 2020		FYE 2021		FYE 2022		<sup>(1)</sup> 1 January 2023 up to LPD	
						RM'000	%	RM'000	%	RM'000	%	RM'000	%
(a)	BBN Network Sdn Bhd	ACS	BBN Network Sdn Bhd	BBN Network Sdn Bhd was a major shareholder of ACS	Provision of management consultancy services to ACS <sup>(8)</sup>	184	<sup>(2)</sup> 5.2	-	-	-	-	-	-
(b)	Victoria Credit Sdn Bhd	ACS	BBN Network Sdn Bhd	Victoria Credit Sdn Bhd is a subsidiary of BBN Network Sdn Bhd. BBN Network Sdn Bhd was a major shareholder of ACS	Provision of hire purchase facility to ACS for purchase of lorry <sup>(9)</sup>	-	-	70	<sup>(3)</sup> 0.2	-	-	-	-
(c)	Victoria Credit Sdn Bhd	ACS	BBN Network Sdn Bhd	Victoria Credit Sdn Bhd is a subsidiary of BBN Network Sdn Bhd. BBN Network Sdn Bhd was a major shareholder of ACS	Interest expenses charged by Victoria Credit Sdn Bhd for the loan and hire purchase facilities provided to ACS for purchasing of solar system, mixer machine and packing machine and lorry respectively during 2019 to 2021 <sup>(9)</sup>	23	<sup>(4)</sup> 2.7	28	<sup>(4)</sup> 3.0	19	<sup>(4)</sup> 1.6	-	-

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

No.	Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
						FYE 2020		FYE 2021		FYE 2022		<sup>(1)</sup> 1 January 2023 up to LPD	
						RM'000	%	RM'000	%	RM'000	%	RM'000	%
(d)	Ng Pei Jin	ACS	Oon Boon Khong	Ng Pei Jin is the spouse of Oon Boon Khong. Oon Boon Khong is our Managing Director, Promoter and substantial shareholder	Rental expenses paid to Ng Pei Jin for the tenancy of the Group's dormitory <sup>(10)</sup>	9	<sup>(2)</sup> 0.3	28	<sup>(2)</sup> 0.6	28	<sup>(2)</sup> 0.5	5	<sup>(1)</sup> -
(e)	Sinar Jaya Transport	ACS and Bapas	Oon Boon Khong	Oon Boon Kean, brother of Oon Boon Khong, is a sole proprietor of Sinar Jaya Transport. Oon Boon Khong is our Managing Director, Promoter and substantial shareholder	Provision of transportation services by Sinar Jaya Transport to ACS and Bapas <sup>(11)</sup>	713	<sup>(5)</sup> 28.2	772	<sup>(5)</sup> 28.2	729	<sup>(5)</sup> 21.8	122	<sup>(1)</sup> -
					Lorry parking charges and container office rental <sup>(12)</sup> charged by ACS to Sinar Jaya Transport	7	<sup>(7)</sup> -	6	<sup>(7)</sup> -	3	<sup>(7)</sup> -	1	<sup>(1)</sup> -
					Purchase of used steel pallets from Sinar Jaya by ACS <sup>(13)</sup>	-	-	-	-	49	<sup>(6)</sup> 0.1	-	-
(f)	Hal Transport	ACS	Oon Boon Khong	Oon Boon Kean, brother of Oon Boon Khong, was the owner of Hal Transport <sup>(14)</sup> . Oon Boon Khong is our Managing Director, Promoter and substantial shareholder	Provision of transportation services by Hal Transport to ACS	189	<sup>(5)</sup> 7.5	241	<sup>(5)</sup> 8.8	417	<sup>(5)</sup> 12.4	137	<sup>(1)</sup> -

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

No.	Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
						FYE 2020		FYE 2021		FYE 2022		<sup>(1)</sup> 1 January 2023 up to LPD	
						RM'000	%	RM'000	%	RM'000	%	RM'000	%
(g)	Oon Boon Khong	Bapas	Oon Boon Khong	Oon Boon Khong is our Managing Director, Promoter and substantial shareholder	Advances made by Oon Boon Khong to Bapas, which was used for the construction of Bukit Minyak Premises <sup>(15)</sup>	-	-	400	<sup>(3)</sup> 1.0	-	-	-	-
					Interest expenses charged by Oon Boon Khong to Bapas arising from the advances made by Oon Boon Khong to Bapas <sup>(15)</sup>	-	-	11	<sup>(4)</sup> 1.2	-	-	-	-
(h)	Aromi, BBN Network Sdn Bhd, Oon Boon Khong and Leong Yeok Wah	ACS	Aromi, BBN Network Sdn Bhd, Oon Boon Khong and Leong Yeok Wah	Aromi is our substantial shareholder  BBN Network was a major shareholder of ACS  Oon Boon Khong is our Managing Director, Promoter and substantial shareholder  Leong Yeok Wah was our substantial shareholder	Novation of rights, liabilities and obligations in, to and towards part of a debt by ACS to the said interested persons (please refer to Section 6.5(b) for further details of the novation and debt settlement agreement) <sup>(16)</sup>	-	-	3,250	<sup>(3)</sup> 8.4	-	-	-	-

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

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**Notes:**

- (1) The percentage of the related party transaction is not calculated as the financial statements up to LPD is not prepared.
- (2) Computed based on our Group's administrative and general expenses for each of the respective financial years.
- (3) Computed based on our Group's total liabilities for each of the respective financial years.
- (4) Computed based on our Group's finance costs for each of the respective financial years.
- (5) Computed based on our Group's selling and distribution expenses for each of the respective financial years.
- (6) Computed based on our Group's total assets for each of the respective financial years.
- (7) Less than 0.1%.
- (8) The scope of the management consultancy services provided by BBN Network Sdn Bhd were mainly in relation to the oversee of internal control systems and ISO standards of ACS. The consultancy fee was based on the salary offered to a similar position pursuant to a survey conducted by a professional human resources company namely PERSOLKELLY. The management consultancy services had been terminated on 31 December 2020.
- (9) The hire purchase facility was provided by Victoria Credit Sdn Bhd to ACS for the purchase of a lorry at an interest rate of 4.5% per annum. The hire purchase facility had been fully settled in December 2022.
- (10) ACS has rented a property located at 25, Lorong Santuari 14, Taman Santuari, 14000 Bukit Mertajam, Pulau Pinang for use by its local employees. The tenancy was for a period of 2 years commencing from 1 September 2022 to 31 August 2024 at a monthly rental of RM2,200. The rental rate is based on the prevailing market rental rates as advertised on iProperty's website. The tenancy agreement was terminated effective 1 March 2023 as our Group no longer provides accommodation to its local employees.
- (11) The amount of the transportation charges is within the comparable quotes provided by third party suppliers. The arrangements have ceased since April 2023.
- (12) The rental of the container office was not conducted at arm's length basis as our Group is unable to procure comparative information to ascertain the market rate for rental of container office. Such arrangement has ceased since August 2021.

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

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- (13) ACS purchased the used steel pallets from Sinar Jaya Transport for a purchase price of RM492 per unit. This was a one-off transaction.
- (14) The amount of the transportation charges is within the comparable quotes provided by third party suppliers. Oon Boon Kean has ceased to be the owner of Hal Transport in March 2023.
- (15) The advances made by Oon Boon Khong to Bapas was used to finance the construction costs for the Bukit Minyak Premises at an interest rate of 5.0% per annum whilst pending the bank's approval on the drawdown of the term loan. The advances have been fully repaid in December 2021.
- (16) The novated debt has been fully capitalised into 3,250,000 new shares of ACS at RM1.00 each on 30 November 2021.

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

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Save for the items (c), (g), (h) and Notes (12) and (13) above, our Directors are of the view that all our related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties than those generally available to the public and were not detrimental to our Group.

Although the transactions were not at arm's length, the interest expenses paid in relation to items (c) and (g) above were not detrimental to the Group as they were below the then prevailing interest rates. In addition, the transaction in Note (12) is not material and represented less than 0.1% of our Group's selling and distribution expenses for each financial year and the transaction in Note (13) is a one-off transaction.

In relation to the transactions in items (g) and (h) above relating to advances received by our Group and novation of our debt to related parties, these were one-off transactions which will not recur after our Listing.

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.

**(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.

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

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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, our 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 2022, and up to LPD.

**10.2.2 Outstanding loans (including guarantees of any kind)****(a) Outstanding loans and/or balances**

As at LPD, 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.

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

- (i) Our Managing Director, Promoter and substantial shareholder, namely Oon Boon Khong has provided personal guarantees for the banking and hire purchase facilities extended by the following financial institutions ("Financiers"):

Financiers	Type of facilities	Outstanding balance as at		Guarantor
		LPD	Facility limit	
		RM'000	RM'000	
Alliance Bank Malaysia Berhad	• 3 term loans	7,333	9,200	Oon Boon Khong
	• 2 overdraft facilities	-	3,200	
	• 3 trade facilities	11,065	12,400	
	• 2 forward foreign exchange contract facilities	-	1,200	
CIMB Bank Berhad	• 1 overdraft facility	-	500	Oon Boon Khong
	• 1 trade facility	1,158	1,500	
Malayan Banking Berhad	• 1 overdraft facility	-	500	Oon Boon Khong
	• 1 term loan	501	1,000	
	• 3 trade facilities	8,462	10,500	
	• 1 forward foreign exchange contract facility	-	2,000	
RHB Bank Berhad	• 1 overdraft facility	-	400	Oon Boon Khong
	• 1 trade facility	2,488	2,600	
	• 1 foreign exchange contract facility	-	100	
PAC Lease Berhad	• 1 term loan	263	485	Oon Boon Khong
Public Bank Berhad	• 7 hire purchase facilities	359	483	Oon Boon Khong
		<b>31,629</b>	<b>46,068</b>	

In conjunction with our Listing, we have applied to the Financiers to obtain a conditional consent for the release and/or discharge of the personal 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 Promoter, substantial shareholder and Managing Director, Oon Boon Khong will continue to guarantee the banking and hire purchase facilities extended to our Group.

As at LPD, we have received conditional approvals from the Financiers, namely CIMB Bank Berhad, Malayan Banking Berhad and Public Bank Berhad (subject to, among others, our Listing) 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.



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

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As for Alliance Bank Malaysia Berhad, RHB Bank Berhad and PAC Lease Berhad, we expect the approvals to be obtained prior to our Listing and for the substitution of the said personal guarantees with corporate guarantees from our Company to be completed as soon as practicable after our Listing.

**(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 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 27 January 2023 between ACS 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 20,280,000 Issue Shares.

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