

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, we have not entered into any related party transactions with our related parties for the FYEs Under Review and up to the LPD:

Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		1 April 2023 up to LPD*
				RM'000	%	RM'000	%	RM'000	%	RM'000
Thrive Properties	SCEO	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of our Company as well as directors of SCEO Wong Hing Ngiap and Wong Hin Loong both are the directors and shareholders of Thrive Properties. Wong Cheng Li, a daughter to Wong Hin Loong is also a shareholder of Thrive Properties	- Rental expenses paid to Thrive Properties for unit No. 35-2C, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor which is used for hostel to house SCEO's workers ⁽¹⁾	4	(2) #	4	(2) #	3	(2) #	4
			- Purchase of insurance policies from Thrive Properties mainly for motor vehicles and property owned by SCEO ⁽³⁾	-	-	81	(2) 2	10	(2) #	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		1 April 2023 up to LPD*
				RM'000	%	RM'000	%	RM'000	%	RM'000
Wong Ngiap Wong Loong	Hing and Hin	SCEO	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of the Company as well as directors of SCEO	-	-	-	-	-	-	-
			- Rental expenses paid to Wong Hing Ngiap and Wong Hin Loong for Factory No. 11 ⁽⁴⁾	132	(2) 4	144	(2) 4	144	(2) 3	96
			- Acquisition of Factory No. 11 ⁽⁵⁾	-	-	-	-	-	-	1,050
			- Rental expenses paid to Wong Hing Ngiap and Wong Hin Loong for unit No. 2B, Jalan 3/2 Kampung Tasek Tambahan, 68000 Ampang, Selangor which is used for hostel to house SCEO's workers ⁽⁶⁾	-	-	-	-	^	(2) #	6
			- Disposal of motor vehicle (Mercedes Benz, model E250, year 2013) to Wong Hin Loong ⁽⁷⁾	-	-	-	-	-	-	90

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10. RELATED PARTY TRANSACTIONS (CONT'D)

Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		1 April 2023 up to LPD*
				RM'000	%	RM'000	%	RM'000	%	RM'000
			- Disposal of motor vehicle (Lexus, model RX350, year 2015) to Wong Hing Ngiap ⁽⁷⁾	-	-	-	-	-	-	170
			- Disposal of motor vehicle (Mercedes Benz, model E250, year 2016) to Wong Hing Ngiap ⁽⁷⁾	-	-	-	-	-	-	150
Thrive Properties	SCSM	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of the Company as well as directors of SCSM	- Rental expenses paid to Thrive Properties for unit No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor for lamp oil labelling line and storage for SCSM's operations ⁽⁸⁾	24	(2) #	24	(2) #	24	(2) #	19.5

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10. RELATED PARTY TRANSACTIONS (CONT'D)

Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		1 April 2023 up to LPD*
				RM'000	%	RM'000	%	RM'000	%	RM'000
			- Purchase of insurance policies from Thrive Properties for property No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor and motor vehicles ⁽³⁾	^	(2) #	10	(2) #	-	-	-
			- Sales of insurance policies to Thrive Properties for properties owned by Thrive Properties ⁽³⁾	-	-	-	-	-	-	9
			- Management fee received from Thrive Properties by SCSM for providing finance and administration services ⁽¹⁰⁾	-	-	-	-	110	(9) 17	-

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10. RELATED PARTY TRANSACTIONS (CONT'D)

Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		1 April 2023 up to LPD*
				RM'000	%	RM'000	%	RM'000	%	RM'000
Wong Ngiap and Wong Hin Loong	SCSM	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of the Company as well as directors of SCSM	- Sales of insurance policies to Wong Hing Ngiap and Wong Hin Loong for properties owned by them ⁽³⁾	-	-	-	-	15	⁽⁹⁾ 2	20
Au Ngan Yoke	SCEO	Au Ngan Yoke, the spouse of Wong Hin Loong who is the Executive Director, Promoter and substantial shareholder of the Company as well as director of SCEO	- Disposal of motor vehicle (Lexus, model RX350, year 2015) ⁽⁷⁾	-	-	-	-	-	-	170

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10. RELATED PARTY TRANSACTIONS (CONT'D)

Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		1 April 2023 up to LPD*
				RM'000	%	RM'000	%	RM'000	%	RM'000
Choo Wai Yeen	SCEO	Choo Wai Yeen, the spouse of Wong Hing Ngiap who is the Managing Director, Promoter and substantial shareholder of Sik Cheong as well as director of SCEO	- Disposal of motorcycle (Modenas, model Kriss MJ110, year 2020) to Choo Wai Yeen ⁽¹⁾	-	-	4	⁽⁹⁾ #	-	-	-

Notes:

^ Less than RM1,000

Less than 1%

* The percentage of the related party transaction is not able to be ascertained as our Group's audited financial statement for 1 April 2023 up to the LPD is not available.

(1) Based on the tenancy agreement dated 8 January 2021 entered between SCEO and Thrive Properties to rent this property as a hostel to house SCEO's workers for the period commencing 1 January 2021 to 31 December 2025 at the monthly rental of RM350 for 699.65 sq. ft. (RM0.50 per sq. ft.). The monthly rental was determined based on Wong Hing Ngiap and Wong Hin Loong's view as reasonable without obtaining any independent opinion or checking the monthly market rental values for other similar properties in the vicinity. As such, the monthly rental of this property was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to SCEO as it was on a lower monthly rental as compared to the monthly market rental value for this property of RM700 as appraised by Laurelcap Sdn Bhd (an independent property valuer) ("**Laurelcap**") on 11 September 2023 using the comparison approach. This agreement was mutually terminated by the parties via letter dated 1 September 2023 with effect from 30 September 2023.

On 1 October 2023, the parties entered into a new tenancy agreement for this property by revising the monthly rental to RM700. The new tenancy agreement is valid from 1 October 2023 to 30 September 2026 with an option to renew for another 2 years upon expiry of the initial term.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (2) Calculated based on our Group's administrative expenses for each of the financial years.
- (3) For the transactions involving the purchase/sale of insurance policies from/to the related parties, the transacted amounts were based on the insurance premiums charged by the insurance companies. Thrive Properties and SCSM subsequently only received insurance agent commissions from the respective insurance companies.
- (4) Based on the tenancy agreement dated 1 March 2021 entered between SCEO and Wong Hing Ngiap and Wong Hin Loong (and renewed via letter dated 28 February 2023) for the rental of this property for SCEO's operations commencing 1 March 2021 to 31 December 2023 at the monthly rental of RM12,000. The monthly rental was determined based on Wong Hing Ngiap and Wong Hin Loong's view as reasonable as the monthly rental for Factory No. 9 to a third party was RM10,000 and the monthly rental for a factory next to Factory No. 9 was RM12,000. On 11 September 2023, Laurelcap appraised this property at a monthly market rental value of RM27,000 using the comparison approach. As such, the monthly rental of this property was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to SCEO as it was on a lower monthly rental as compared to the monthly market rental value for this property as appraised by Laurelcap.

On 25 October 2023, SCEO and Wong Hing Ngiap and Wong Hin Loong executed a supplemental letter to record their agreement to revise the monthly rental from RM12,000 to RM27,000 for this property commencing from 1 January 2024 if the conditional sale and purchase agreement dated 22 September 2023 for the acquisition of this property by SCEO cannot be completed prior to 1 January 2024. With effect from 1 December 2023, the tenancy of this property has been terminated as Factory No. 11 has been transferred to and registered under the name of SCEO and the legal possession of this property has been deemed delivered to SCEO.

- (5) Conditional sale and purchase agreement dated 22 September 2023 entered between SCEO (as purchaser) and Wong Hing Ngiap and Wong Hin Loong (as vendors) to acquire this property for cash consideration of RM10.50 million, where 10% of the purchase price amounting to RM1,050,000 has been paid as deposit to the vendors. As at the LPD, this transaction is pending completion as the novation agreement yet to be executed by DIGI Telecommunications Sdn Bhd. SCEO anticipates the transaction to be completed by 1st quarter of 2024. The purchase price is based on the market value of this property of RM10.50 million, as appraised by Laurelcap on 11 September 2023 using the comparison approach.
- (6) Based on the tenancy agreement dated 21 February 2023 entered between SCEO and Wong Hing Ngiap and Wong Hin Loong to rent this property as a hostel to house SCEO's workers for the period commencing 1 March 2023 to 28 February 2025 at the monthly rental of RM500 for 1,320 sq. ft. (approximately RM0.38 per sq. ft.). The monthly rental was determined based on Wong Hing Ngiap and Wong Hin Loong's view as reasonable without obtaining any independent opinion or checking the monthly market rental values for other similar properties in the vicinity. As such, the monthly rental of this property was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to SCEO as it was on a lower monthly rental as compared to the monthly market rental value for this property of RM1,100 as appraised by Laurelcap on 11 September 2023 using the comparison approach. This agreement was mutually terminated by the parties via letter dated 1 August 2023 with effect from 30 September 2023.

10. RELATED PARTY TRANSACTIONS (CONT'D)

On 1 October 2023, the parties entered into a new tenancy agreement for this property by revising the monthly rental to RM1,100. The new tenancy agreement is valid from 1 October 2023 to 30 September 2026 with an option to renew for another 2 years upon the expiry of the initial term.

- (7) The transaction values for the disposal of motor vehicles by SCEO to the related parties were based on the quotations (being the market rates) received from a third party car dealer.
- (8) Based on the tenancy agreement dated 3 December 2023 entered between SCSM and Thrive Properties to rent this property as a labelling and storage space for SCSM's operation for the period commencing 1 December 2019 to 30 November 2024 at the monthly rental of RM2,000 for 1,463.90 sq. ft. (approximately RM1.37 per sq. ft.). The monthly rental was determined based on Wong Hing Ngiap and Wong Hin Loong's view as reasonable without obtaining any independent opinion or checking the monthly market rental values for other similar properties in the vicinity. As such, the monthly rental of this property was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to SCSM as it was on a lower monthly rental as compared to the monthly market rental value for this property of RM2,500 as appraised by Laurelcap on 11 September 2023 using the comparison approach. This agreement was mutually terminated by the parties via letter dated 1 September 2023 with effect from 30 September 2023.

On 1 October 2023, the parties entered into a new tenancy agreement for this property by revising the monthly rental to RM2,500. The new tenancy agreement is valid from 1 October 2023 to 30 September 2026 with an option to renew for another 2 years upon expiry of the initial term.

- (9) Calculated based on our Group's other income for each of the financial years.
- (10) Based on the management agreement dated 1 May 2022 entered between SCSM and Thrive Properties for the management services provided by SCSM to Thrive Properties at the fee of RM10,000 per month. The management service fee of RM10,000 per month was determined based on Wong Hing Ngiap's and Wong Hin Loong's view as reasonable after taking into consideration the expected amount of work and time required in providing the services without obtaining any independent opinion. As such, the management service fee was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to our Group as it contributed additional income to SCSM. This agreement was terminated on 1 April 2023 vide letter dated 1 March 2023.
- (11) The transaction value for the disposal of motorcycle by SCEO to the related party was determined after taking into consideration the quotation (being the market rate) received from a third party motorcycles dealer.

Save for the tenancy agreements and management agreement as disclosed in Notes (1), (4), (6), (8) and (10) above, the related party transactions above 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 were not detrimental to our Group.

10. RELATED PARTY TRANSACTIONS (CONT'D)

Moving forward, if there are potential related party transactions, our Group will ensure that they are carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our Group.

Save as disclosed above, our Board has confirmed that there are no other material related party transactions that we had entered into with the related parties but not yet effected up to the date of this Prospectus.

In addition, if there are potential related party transactions, moving forward, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into. Our Audit and Risk Management Committee is responsible for the review of the terms of all related party transactions. 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 ("RRPTs")

- (i) At least 2 other contemporaneous transactions with third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (ii) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board may seek a mandate from our shareholders at general meetings of our Company to enter into any recurrent related party transactions. The said 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. The interested persons shall abstain from voting on resolutions pertaining to the respective transactions.

(b) Other related party transactions

Assessments will be carried out to determine:

- (i) whether the terms of the related party transaction are fair and on arm's length basis, and whether these terms 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 nature of the related parties' interest in the transaction.

In accordance with the Listing Requirements, a related party transaction may require prior approval of our 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 non-interested shareholders are concerned, and whether the transaction is to the detriment of non-interested shareholders.

10. RELATED PARTY TRANSACTIONS (CONT'D)

In such instances, the independent adviser shall also advise the non-interested shareholders on whether they should vote in favour of the transaction.

For a related party transaction that requires prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them having 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 transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our non-interested 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. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

10.1.1 Other transactions

(a) Transactions which 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 during the FYEs Under Review and up to the LPD.

(b) Loans and guarantees

As at LPD, there are no personal guarantees for banking facilities extended by our Promoters, substantial shareholders and/or Directors to our Group.

(c) Amount due to / from related parties / Directors

(i) Amount due from related party

	FYE 2021 RM'000	FYE 2022 RM'000	FYE2023 RM'000	As at LPD RM'000
Amount due from related party	-	-	30	-

The outstanding management service fee for the management services provided by SCSM to Thrive Properties. The amount due has been fully settled as at the LPD.

(ii) Amount due to related party

	FYE 2021 RM'000	FYE 2022 RM'000	FYE2023 RM'000	As at LPD RM'000
Amount due to related party	-	-	4	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

The rental due from SCSM to Thrive Properties for unit No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor for lamp oil labelling line and storage for SCSM's operations. The amount due has been fully settled as at the LPD.

(iii) Amount due to / from Directors

	FYE 2021 RM'000	FYE 2022 RM'000	FYE2023 RM'000	As at LPD RM'000
Amount due from the director	-	-	1	-

The insurance premium due from Wong Hing Ngiap to SCSM for the sales of an insurance policy by SCSM to Wong Hing Ngiap for a property owned by him. The amount due has been fully settled as at the LPD.

There is no outstanding amount due from our Directors as at the end of the respective FYEs Under Review and as at the LPD.

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

There is no financial assistance provided by us for the benefit of any related party for the FYEs Under Review and up to the LPD.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**10.2.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee reviews related party transactions and conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity. It also maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest.

Our Audit and Risk Management Committee will submit an annual report to our Board summarising its activities during the financial year and the related significant results and findings.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their nature, involve conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Any such related party transactions may individually and in aggregate give rise to potential conflicts of interest.

It is the policy of our Group that all related party transactions in the course of our business are made on an arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and these terms are not detrimental to our non-interested shareholders who are not part of the transaction. The related parties and any other parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations and voting on resolutions pertaining to the matters and/or transactions where a conflict of interest may arise.

10. RELATED PARTY TRANSACTIONS (CONT'D)

In addition, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group, and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflict of interest. Our Audit and Risk Management Committee will in turn report and make the appropriate recommendations to our Board after its evaluation and assessment.

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