

**10. RELATED PARTY TRANSACTIONS**

**10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS**

Save as disclosed below, there are no existing or proposed material related party transactions which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them for the Financial Years Under Review, FPE 2023 and from 1 August 2023 up to the LPD:

| No. | Transacting parties  | Nature of relationship  | Nature of transaction  | FYE 2020 |                     | FYE 2021 |                     | FYE 2022 |                     | FPE 2023 |   | From 1 August 2023 up to the LPD |   |
|-----|--|---|--|----------|---------------------|----------|---------------------|----------|---------------------|----------|---|----------------------------------|---|
|     |  |   |  | RM'000   | %                   | RM'000   | %                   | RM'000   | %                   | RM'000   | % | RM'000                           | % |
| i.  | <p><u>Sub-contractor:</u><br/>ALY Venture Sdn Bhd <sup>(1)</sup> ("ALY")<br/>(formerly known as Crest Precision Sdn Bhd)</p> <p><u>Client:</u><br/>Crest Systems</p> | <p><u>Interested Directors</u> <sup>(2)</sup></p> <ul style="list-style-type: none"> <li>• LSW</li> <li>• ACM</li> <li>• YKM</li> </ul> | <p>Provision of support service such as arranging for meetings, presentations and/or demonstrations of new equipment on behalf of Crest Systems. <sup>(3)</sup><br/>This arrangement was terminated with effect from 1 October 2022.</p> | 1,200    | 1.37 <sup>(a)</sup> | 1,020    | 0.97 <sup>(a)</sup> | 450      | 0.36 <sup>(a)</sup> | -        | - | -                                | - |
| ii. | <p><u>Sub-contractor:</u><br/>Crest Lab</p> <p><u>Client:</u><br/>ALY <sup>(1)</sup></p>   | <p><u>Interested Directors</u> <sup>(2)</sup></p> <ul style="list-style-type: none"> <li>• LSW</li> <li>• ACM</li> <li>• YKM</li> </ul> | <p>Provision of preventive maintenance and support service from Crest Lab to ALY. <sup>(4)</sup></p>   | 276      | 0.22 <sup>(b)</sup> | -        | -                   | -        | -                   | -        | - | -                                | - |

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

| No.  | Transacting parties  | Nature of relationship   | Nature of transaction   | FYE 2020 |                     | FYE 2021 |                     | FYE 2022 |                     | FPE 2023 |                     | From 1 August 2023 up to the LPD |                    |
|------|--|--|---|----------|---------------------|----------|---------------------|----------|---------------------|----------|---------------------|----------------------------------|--------------------|
|      |  |  |   | RM'000   | %                   | RM'000   | %                   | RM'000   | %                   | RM'000   | %                   | RM'000                           | %                  |
| iii. | <p><u>Landlord:</u><br/>ALY <sup>(1)</sup></p> <p><u>Tenants:</u><br/>a) Crest Systems<br/>b) Crest Lab<br/>c) Crest Nanosolutions<br/>d) Crest Analytic</p> | <p><u>Interested Directors</u><sup>(2)</sup></p> <ul style="list-style-type: none"> <li>• LSW</li> <li>• ACM</li> <li>• YKM</li> </ul> | Rental of property for use as office. <sup>(5)</sup>                  | 166      | 1.28 <sup>(c)</sup> | 166      | 1.27 <sup>(c)</sup> | 166      | 1.12 <sup>(c)</sup> | 189      | 1.76 <sup>(c)</sup> | 135                              | N/A <sup>(d)</sup> |
| iv.  | <p><u>Landlord:</u><br/>ALY <sup>(1)</sup></p> <p><u>Tenant:</u><br/>Crest Systems</p>   | <p><u>Interested Directors</u><sup>(2)</sup></p> <ul style="list-style-type: none"> <li>• LSW</li> <li>• ACM</li> <li>• YKM</li> </ul> | Rental of property to Crest Systems for use as office. <sup>(6)</sup> | -        | -                   | -        | -                   | -        | -                   | 45       | 0.42 <sup>(c)</sup> | 32                               | N/A <sup>(d)</sup> |
| v.   | <p><u>Landlord:</u><br/>ALY <sup>(1)</sup></p> <p><u>Tenant:</u><br/>Matrix Optics</p>   | <p><u>Interested Directors</u><sup>(2)</sup></p> <ul style="list-style-type: none"> <li>• LSW</li> <li>• ACM</li> <li>• YKM</li> </ul> | Rental of property to Matrix Optics for use as office. <sup>(7)</sup> | -        | -                   | -        | -                   | -        | -                   | -        | -                   | 47                               | N/A <sup>(d)</sup> |

**Notes:**

- (a) Based on our Group's cost of sales for each of the respective FYE.
- (b) Based on our Group's audited revenue for each of the respective FYE.
- (c) Based on our Group's administrative expenses for each of the respective FYE and FPE.

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

- (d) Not applicable as our Company did not prepare any financial statements from 1 August 2023 up to the LPD.
- (1) LSW, ACM and YKM are directors and substantial shareholders of ALY. Their shareholdings in ALY are 34%, 33% and 33% respectively as at LPD.
- (2) LSW, ACM and YKM are our Promoters and substantial shareholders.
- (3) Crest Systems engaged ALY to provide support service such as arranging for meetings, presentations and/or demonstrations of new equipment on behalf of Crest Systems. Based on the transfer pricing documentation, the transaction was consistent with the arm's length principle based on the return on sales of comparable companies. This arrangement was terminated with effect from 1 October 2022.
- (4) ALY engaged Crest Lab in June 2020 to provide preventive maintenance and support service. Based on the transfer pricing documentation, the transaction was consistent with the arm's length principle based on the return on sales of comparable companies. This transaction was a one-off transaction and Crest Lab will not enter into any further transactions with ALY of similar nature moving forward.
- (5) Pursuant to the tenancy agreements dated 1 October 2019, 1 October 2020 and 1 October 2021 between Crest Precision Sdn Bhd (now known as ALY) and the tenants for the rental of office premises located at No.1 Jalan OP 1/2, One Puchong Business Park, 47160 Puchong, Selangor, Malaysia ("One Puchong Office") for a yearly tenure expiring on 31 December 2020, 31 December 2021 and 31 December 2022 respectively at the monthly rental of RM13,800.
- On 1 October 2022, ALY and the tenants entered into a tenancy agreement to renew the tenancy of One Puchong Office from 1 January 2023 to 31 December 2023 for a monthly rental rate of RM27,000. Subsequently on 23 October 2023, ALY and Crest Systems entered into a tenancy agreement to renew the tenancy of One Puchong Office from 1 January 2024 to 31 December 2024 for a monthly rental rate of RM27,000, which was determined based on the then prevailing market rental rate of comparable properties within the vicinity.
- (6) ALY and Crest Systems entered into a tenancy agreement dated 1 October 2022 for the rental of office premises located at 70-3-57, D'Plazza Mall, Jalan Mahsuri, 11900 Bayan Baru, Pulau Pinang, Malaysia for the period expiring on 31 December 2023 with monthly rental rate of RM6,362, which was subsequently renewed at the same rental rate by the tenancy agreement dated 23 October 2023. The current tenure of the tenancy is for the period commencing 1 January 2024 up to 31 December 2024. The monthly rental rate of RM6,362 was determined based on the prevailing market rental rates of comparable properties within D'Plazza Mall.
- (7) Pursuant to the tenancy agreement dated 22 September 2023 between ALY and Matrix Optics for the rental of office premise located at E-02-01A, Sunway Geo Avenue, Jalan Lagoon Selatan, Bandar Sunway, Subang Jaya, 47500 Selangor, Malaysia for the period expiring 30 September 2024 for a monthly rental of RM8,818 which was determined based on the prevailing market rental rate of comparable properties within Sunway Geo Avenue.
- Pursuant to the tenancy agreement dated 24 July 2023 between ALY and Matrix Optics for the rental of office premise located at E-03-01A, Sunway Geo Avenue, Jalan Lagoon Selatan, Bandar Sunway, Subang Jaya, 47500 Selangor, Malaysia for the period expiring 31 October 2024 for a monthly rental of RM10,500 which was determined based on the prevailing market rental rate of comparable properties within Sunway Geo Avenue.

Our directors (save for LSW, ACM and YKM, who abstained from deliberation as they were interested in the transactions) are of the view that the related party transactions disclosed above were 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 were not to the detriment of our minority shareholders.

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

Following our Listing, the Audit and Risk Management Committee of our Group will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not detrimental to our minority shareholders.

In the event there is any proposed related party transaction which requires the prior approval of our Company's shareholders, the Directors, substantial shareholders and/or persons connected with them, which have any interest, direct or indirect, in the transaction, will abstain from voting in respect of his or her direct and/or indirect shareholdings. Such interested Directors and/or substantial shareholders will also undertake to ensure that the person connected with them will abstain from voting on the resolution approving the proposed related party transaction at a general meeting.

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**10. RELATED PARTY TRANSACTIONS (Cont'd)****10.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors have confirmed that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party in the Financial Years Under Review, FPE 2023 and up to the LPD.

**10.3 LOANS AND/OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES**

Save as disclosed below, our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) and/or financial assistance that have been granted by our Group to or for the benefit of the related parties for the Financial Years Under Review, FPE 2023 and the subsequent period up to the LPD:

- (i) Crest Systems had given a corporate guarantee in favour of CIMB Islamic Bank Berhad for the Flexi Term Financing-i banking facility of up to RM1,198,315.01 granted to ALY. The facility obtained is for the purpose of part financing the purchase of a three-storey shop lot unit.
- (ii) Crest Systems had given a corporate guarantee in favour of Alliance Islamic Bank Berhad for the Term Financing-i banking facility of up to RM5,295,976.00 granted to ALY. The facility obtained is for the purpose of part financing the purchase of a property.
- (iii) Crest Systems had given a corporate guarantee in favour of CIMB Islamic Bank Berhad for the Flexi Term Financing-i banking facility of up to RM8,550,000.00 granted to ALY. The facility obtained is for the purpose of part financing the purchase of a property.

The above corporate guarantees by Crest Systems have been discharged.

**10.4 OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE FROM RELATED PARTIES FOR THE BENEFIT OF OUR GROUP**

Save as disclosed below, our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) and/or financial assistance from related parties for the benefit of our Group for the Financial Years Under Review, FPE 2023 and the subsequent period up to the LPD.

**(i) Financiers**

LSW, ACM and YKM, being our Promoters, substantial shareholders and Directors, had given:

- (i) personal joint and several guarantees as the directors of Crest Systems in favour of Standard Chartered Bank Malaysia Berhad for the trade facilities of up to RM6,000,000.00 granted to Crest Systems;
- (ii) personal joint and several guarantees as the directors of Crest Systems in favour of HSBC Bank Malaysia Berhad for the banking facilities of up to RM2,500,000.00 granted to Crest Systems;
- (iii) personal joint and several guarantees as the directors of Crest Systems in favour of United Overseas Bank (Malaysia) Berhad for the trade facilities of up to RM5,000,000.00 and FX facility of up to RM10,000,000.00 granted to Crest Systems;
- (iv) given personal joint and several guarantees as the directors of Crest Nanosolutions in favour of HSBC Bank Malaysia Berhad for the banking facilities of up to RM5,000,000.00 granted to Crest Nanosolutions; and

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

- (v) personal joint and several guarantees as the directors of Crest Thailand in favour of United Overseas Bank (Thai) Public Company Limited for the credit facilities of up to THB40,000,000.00 and FX facility of up to THB30,000,000 granted to Crest Thailand.

In conjunction with the Listing, our Group had written to the abovementioned financiers to discharge and/or release the guarantees provided by LSW, ACM and YKM by substituting the same with a corporate guarantee to be provided by our Company. As at the LPD, we have received conditional approvals from all the abovementioned financiers to discharge the personal joint and several guarantees provided by LSW, ACM and YKM which are subject to the successful Listing of our Group.

### (ii) Suppliers / Principals

LSW, ACM and YKM, being our Promoters, substantial shareholders and Directors, had over the ordinary course of business given personal joint and several guarantees in favour of one of the entities under Supplier Group B (“**Supplier**”) to secure payments due and payable under a distributorship agreement made between Matrix Optics as distributor and the Supplier.

As at the LPD, the aforementioned guarantee has been discharged. There is no material impact on the relationship resulting from the discharge of the aforementioned guarantee. Moving forward, any guarantees of such nature will be provided by our Company, if required.

## 10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Upon Listing, our Audit and Risk Management Committee will, monitor and assess all matters relating to related party transactions (including recurrent related party transactions) and any potential conflict of interest situations so to ensure that transactions will be negotiated and carried out on normal commercial terms not more favourable to the related party which are in the best interest of our Group and not to the detriment of the interest of the minority shareholders of our Group.

Our Board will be required to disclose all existing or proposed related party transactions to our Audit and Risk Management Committee for evaluation and where required, will make disclosures in our annual report in relation to any related party transactions entered into by our Group. Any interested or related parties will be required to abstain from any deliberation and voting of such transactions.

In addition, our Directors will, when necessary, declare to our Audit and Risk Management Committee and our Board of their interests in other companies at the onset and also as and when there are changes in their respective interests in companies outside our Group. If our Directors and/or substantial shareholders are involved in similar business as our Group or business of our customers and our suppliers, our interested or conflicted Directors and/or substantial shareholders shall immediately disclose to our Board and our Audit and Risk Management Committee their interests in such involvement, whether direct or indirect and whether or not they believe it is a material transaction.

Upon such disclosure, the interested or conflicted Director and/or substantial shareholder shall abstain from all Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transaction. The interested or conflicted Director and/or substantial shareholder, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

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

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After the Listing, 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 can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction.

Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the terms of such transactions were agreed upon within a period of 12 months. The following transactions, if such terms were agreed upon within a period of 12 months, may also be aggregated to determine their materiality:

- (i) transactions entered into with the same party or with parties connected with one another;
- (ii) transactions which involved the acquisition or disposal of securities of interests in one corporation/asset; or
- (iii) transactions which involved the acquisition or disposal of various parcels of land contiguous to each other.

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