
10. RELATED PARTY TRANSACTIONS

10.1 Related party transactions

Under the ACE LR, a “**related party transaction**” is a transaction entered into by a listed corporation or its subsidiaries which involves the interest, direct or indirect, of a related party. A “**related party**” of a listed issuer (not being a special purpose acquisition company) is:

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

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.1 Our Group's related party transactions

Save as disclosed below, there are no other material related party transactions entered into by our Group which involve the interest, direct or indirect, of our Directors and major shareholders and/or persons connected with them for the FYE Under Review and from 1 July 2023 up to the LPD:

Transacting parties	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		From 1 July 2023 up to the LPD	
			RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾
CRG and BIH	Our major shareholder, CSS, is also the sole shareholder of BIH.	Amount paid and payable by our Company to BIH under licensing arrangement.	30,713 ⁽²⁾	0.17	62,385 ⁽²⁾	0.40	207,356 ⁽³⁾	1.34	- ⁽⁴⁾	-
CRG and Luxury Parade Sdn. Bhd. ("LPSB")	<ul style="list-style-type: none"> Our major shareholder, CSS, is also a Director and major shareholder of Bonia Corporation (which is the holding company of LPSB). Our major shareholders, BHSB and FTSB, are also major shareholders of Bonia Corporation (which is the holding company of LPSB). 	Payment of security fees by our Company to LPSB. ⁽⁵⁾	81,984	0.44	20,496	0.13	-	-	-	-
CRV and PASB	Our major shareholder, CSS, is also a major shareholder of PSSB which is the registered owner of the units rented by CRV from PASB.	Rental fees paid and payable by CRV (tenant) to PASB for tenancy of our head office located on 2 nd Floor, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, 56000 Kuala Lumpur. ⁽⁶⁾	593,367	3.22	578,584	3.73	622,818	4.02	468,954	- ⁽⁷⁾

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

- (1) *Calculated based on our Group's total general and administrative expenses for each of the respective reporting periods.*
- (2) *It involved payments under the MLA 2018, wherein our Company was granted the sole and exclusive rights to use Carlo Rino trademark worldwide (except Malaysia) for women's handbags, accessories, shoes and apparel; Carlo Rino trademark worldwide for cosmetics and timepiece; and CR2 trademark worldwide for women's handbags, shoes and accessories, cosmetics, timepieces and apparel, for a non-refundable fixed annual fee or a pre-determined percentage on sales value of licensed products (payable on monthly basis), whichever is higher. The fixed annual fee was payable on 1 April of each year throughout the licensed period. The MLA 2018 was for a tenure of 10 years, commenced from 1 April 2018 to 31 March 2028. The MLA 2018 was terminated and superseded by the MLA 2023.*
- (3) *For FYE 2023, it involved payment under MLA 2018 (which covers period from 1 July 2022 to 31 March 2023) and an annual fee under MLA 2023 (which covers period from 1 April 2023 to 30 March 2024).*
- (4) *As the fee payable from the sales value of licensed products from 1 July 2023 up to the LPD is still below the annual fee under MLA 2023 which was paid during FYE 2023, no other payment was recorded for the period under review.*
- (5) *Joint securities management for the security services for our warehouse located at Block C of Platinum Cheras, Jalan Cheras Zen 1A, Taman Cuepacs, Cheras, 43200 Selangor Darul Ehsan, which has ceased since 30 September 2021 upon the formation of the joint management body which consist of representative of each owner of properties located thereon. A monthly maintenance fee and sinking fund is payable to the joint management body for all services rendered for the warehouse.*
- (6) *CRV has an existing tenancy arrangement with PASB for all units at 2nd Floor of Ikon Connaught which is valid until 31 July 2026. PASB, which is the main tenant of Lower Ground and Level 1 and 2 of Ikon Connaught, rented the property from PSSB which is the landlord. PSSB is a company in which CSS (a major shareholder of our Company) is a major shareholder. The directors and shareholders of PASB are not related to any of the Directors and major shareholders of our Company and/or persons connected with them.*
- (7) *The percentage of the related party transaction is not able to be ascertained as our Group's audited financial statements for 1 July 2023 up to the LPD is not available.*

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10. RELATED PARTY TRANSACTIONS (*CONT'D*)

Our Directors (save for DSCFY) are of the opinion that all the subsisting related party transactions outlined above were transacted on an arm's length basis; on terms not more favourable to the related party than those terms transacted with other third parties; and are not detrimental to our non-interested shareholders, based on the following consideration:

- (i) the payment to BIH under licensing agreement is comparable with fee payable pursuant to other similar licensing arrangement entered into by our Group with third party; and
- (ii) rental fee payable to related party is based on prevailing market rental rate.

Our Directors confirmed that there are no material related party transactions that have been entered by our Group but not yet effected up to the date of this Prospectus.

Moving forward, our Audit & Risk Management Committee is responsible for the review of all related party transactions. In order to ensure that related party transactions are undertaken on arm's length basis and on terms not more favourable to the related party than those terms transacted with other third parties, our Company has established the following procedures:

- (i) in assessing a related party transaction or recurrent related party transaction (“RRPT”), the following factors (including without limitation) will be considered:
 - the business reasons for our Company or subsidiaries to enter into the transaction;
 - the commercial reasonableness of the terms and conditions of the transaction;
 - the materiality of the transaction to our Group, and the percentage ratio of the transaction;
 - the terms of the transaction and whether the terms of the transaction are at arm's length, on terms not more favourable to related party(ies) than those generally available to the public, is not to the detriment of the minority shareholders and/or would apply on the same basis if the transaction did not involve a related party;
 - the extent of the related party's interest (if any) in the transaction,
 - the actual and apparent conflict of interest of the related party participating in the transaction; and
 - the control put in place to manage and mitigate conflict of interest (if any);
- (ii) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related party(ies) are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities; or
- (iii) in the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on the margin/price transacted for other similar product/services and the transaction price will be reviewed taking into account the prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure the related party transactions or the RRPTs are not detrimental to our Group.

After our Transfer of Listing and in accordance with the ACE LR, our Board may seek a general mandate from our shareholders to enter into RRPTs. Such shareholders' mandate will enable our Group to enter into such RRPTs which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such RRPTs as and when they are entered into. The interested Directors, major shareholders and/or persons connected with them shall abstain from voting on resolutions pertaining to such RRPTs.

10. RELATED PARTY TRANSACTIONS (*CONT'D*)

In accordance with the ACE LR, a related party transaction may require the 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. 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 who have any direct or indirect interest in such related party transactions shall abstain from deliberation and/or voting on resolutions pertaining to the respective transactions. Such interested Directors and/or major shareholders shall also undertake to ensure that the person(s) connected with them will abstain from voting on the resolution approving such related party transaction at the general meeting.

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 & Risk Management Committee will, amongst others, supervise and monitor any related party transactions and the terms thereof and report to our Board for further action. If a member of our Audit & 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 will make appropriate disclosures in our annual report with regard to any related party transaction entered into by our Group.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions that are unusual in their nature or conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the FYE Under Review and up to the LPD.

10.2.2 Loans and financial assistance made to / from or for the benefit of related parties

There are no outstanding loans (including guarantees of any kind) made by us and/or any of our subsidiaries to or for the benefit of our shareholders and related parties in respect for the FYE Under Review and up to the LPD.

10.2.3 Promotions of any material assets acquired, disposed, leased or proposed to be acquired, disposed or leased within 3 financial years preceding the date of this Prospectus

Save for arrangement between PASB and PSSB (a company in which our substantial shareholder (i.e., CSS) has an interest) for all units at 2nd Floor of Ikon Connaught which are rented by CRV as our head office as set out in Section 10.1.1, note (6) of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets which had been, within the FYE Under Review, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by our Group.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.3.1 Audit & Risk Management Committee review

Our Audit & Risk Management Committee reviews related party transactions to ensure that there is no conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit & Risk Management Committee periodically reviews the procedures set by our Company to monitor related party transactions and RRPT to ensure that these transactions are carried out on terms not more favourable to the related party or parties than those generally available to the public and are not detrimental to our minority shareholders.

All reviews by our Audit & Risk Management Committee shall be reported to our Board for its further action.

10.3.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions.

In line with the MCCG, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group, and our Audit & 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 & Risk Management Committee will in turn report and make the appropriate recommendations to our Board after its evaluation and assessment.

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