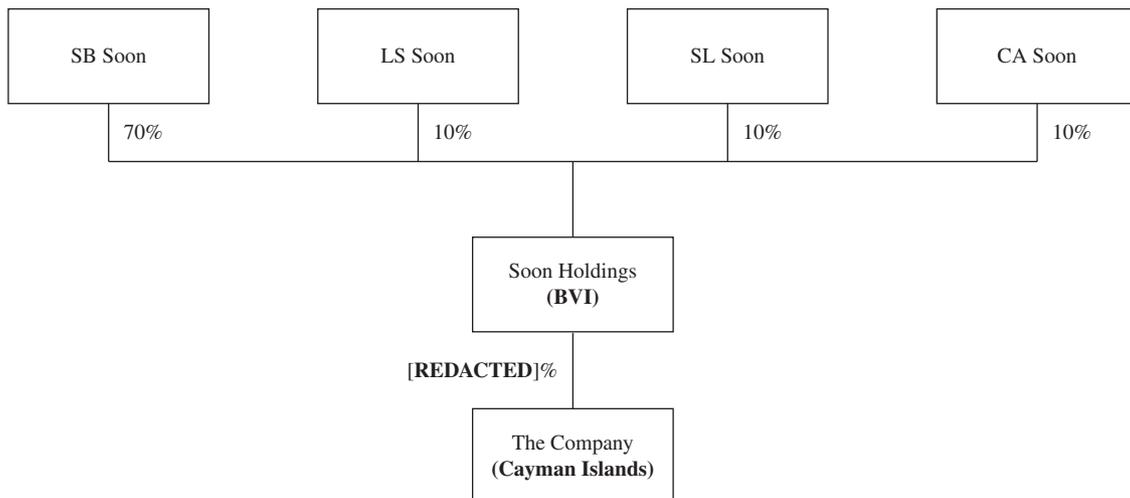


RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), Soon Holdings, which is owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon, will be interested in approximately [REDACTED]% of the issued share capital of our Company. Accordingly, Soon Holdings, SB Soon, LS Soon, SL Soon and CA Soon will be a group of Controlling Shareholders within the meaning of the Listing Rules.

The following diagram illustrates the ultimate beneficial interest of our Controlling Shareholders immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):



Among our Controlling Shareholders, SB Soon, CA Soon and SL Soon are also our executive Directors. For further information about them, please refer to the section headed “Directors and Senior Management” in this document.

Save as disclosed above, there is no other person who will, immediately following completion of the Capitalisation Issue and the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONCERT PARTIES CONFIRMATORY DEED

Over the course of our business history, the Soon Siblings, CH Tan and ML Ng who are members of the Soon Family, were either directors and/or shareholders of SCCSB, SCC Seafood, SCCM Pahang, SCCM East Coast, SCCM, Chop Chin Huat and/or SCC Logistics (the “**Relevant Companies**”). Each of the Soon Siblings, CH Tan and ML Ng had, in exercising and implementing the management and operation of these Relevant Companies, been acting in concert with each other. As the Relevant Companies were a group of private entities in the past, these arrangements were not formalized in writing and each of the Soon Siblings, CH Tan and ML Ng was content with these arrangements based on their close and long-term business and family relationship, as well as the trust and confidence they have in each other.

On 9 February 2021, the Soon Siblings, CH Tan and ML Ng, entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, without limitation, that:

- (i) they had been parties acting in concert in respect of the Relevant Companies during the period they held direct and/or indirect shareholding interest in such Relevant Companies;
- (ii) the Soon Siblings shall continue to give unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of the Relevant Companies;
- (iii) the Soon Siblings shall continue to cast unanimous vote collectively for or against all resolutions in all meetings and discussions of the Relevant Companies; and
- (iv) the Soon Siblings shall continue to cooperate with each other to obtain and maintain the consolidated control and the management of the Relevant Companies.

In light of the Concert Parties Confirmatory Deed, the Soon Siblings, through Soon Holdings, are collectively interested in, and are entitled to exercise control over, an aggregate of [REDACTED]% of our issued share capital after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DELINEATION OF THE BUSINESS OF OUR GROUP AND THE PRIVATE GROUP

Save and except for the interest in our Group, our Controlling Shareholders are individually and/or collectively interested in or involved in businesses including the Private Group. These businesses engage in different upstream and downstream business activities, along the food value chain including retail of FMCGs, wholesale and distribution of fresh food, farm produce and other products, catering services, property investment and transportation services.

The Private Group consists of entities which are under the control of (or 50% or more of the issued share capital of which are owned by) our Controlling Shareholders collectively or individually (except for their interest in our Group), or partnerships of which our Controlling Shareholders are partners, and carries out the business of, among others, (i) retail of FMCGs; (ii) wholesale of fresh food, farm produce and other products; (iii) catering services; and (iv) property investment, during the Track Record Period and up to the Latest Practicable Date.

The details of the entities comprising the Private Group are listed below:

(i) Retail of FMCGs

– Megamart Sdn. Bhd. (“**Megamart**”)

Megamart is a limited liability company incorporated in Malaysia on 29 May 2013 and owned as to 25% by SB Soon, 26% by TH Lim who is the spouse of LS Soon, and 49% by Mack Food Pte. Ltd. which is owned as to 50% by SB Soon and 50% by TH Lim. Megamart has been operating since the year of incorporation and mainly engaging in the retail sales of a wide range of FMCGs, the downstream of the supply chain, which mainly include packaged F&B products as well as fresh and frozen food, to its customers, which are end consumers through self-operated supermarkets. Meanwhile, our Group distribute and sell our products to retail chains and channels. As at the Latest Practicable Date, Megamart operated 18 retail stores across Malaysia. During the Track Record Period, our Group’s supply accounted for less than approximately 7.2% of their cost of sales, while the sales to Megamart contributed less than approximately 1.5% of our Group’s revenue during the Track Record Period.

(ii) Wholesale of fresh food and other products

– Mega Jaya Seafood Sdn. Bhd. (“**Mega Jaya Seafood**”)

Mega Jaya Seafood is a limited liability company incorporated in Malaysia on 8 February 2018 and owned as to 50% by SL Soon and 50% by an Independent Third Party. Mega Jaya Seafood has been operating since the year of incorporation and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

mainly engaging in the wholesale of fresh seafood to restaurants, supermarkets and hypermarkets. As at the Latest Practicable Date, Mega Jaya Seafood provides fresh seafood to over 35 customers mainly in Kuantan, Pahang.

– Far Citrus Sdn. Bhd. (“**Far Citrus**”)

Far Citrus is a limited liability company incorporated in Malaysia on 17 February 2003 and owned as to 25% by SB Soon, 30% by LS Soon, 15% by SL Soon, 15% by CA Soon and 15% by TH Lim. Far Citrus has not had any significant operation since its incorporation.

– Pak Su Plantation Sdn. Bhd. (“**Pak Su Plantation**”)

Pak Su Plantation is a limited liability company incorporated in Malaysia on 27 May 2011 and owned as to 20% by SB Soon, 20% by LS Soon, 20% by SL Soon, 20% by CA Soon and 20% by TH Lim. Pak Su Plantation has been operating since 2012 and mainly engaging in the operation of an oil palm plantation and edible-nest swiftlet bird houses and the selling of farm produce such as palm fruits and edible swiftlet nests. As at the Latest Practicable Date, Pak Su Plantation operates one farm land in Kemaman, Terengganu with an aggregate area of 75,348 sq.m.

– NSB Marketing

NSB Marketing is a limited liability company incorporated in Malaysia on 29 September 2015 and owned as to 100% by SB Soon. NSB Marketing was a subsidiary of the Group and had operated mainly in the business of distribution of milk powder products from the year of incorporation up to October 2017 and has ceased operation since October 2017. It was subsequently disposed of to SB Soon. For further information about NSB Marketing and its disposal, please refer to the paragraphs headed “History, development and Reorganisation – Disposal of subsidiaries – NSB Marketing”.

(iii) Catering services

– Pak Su Seafood Restaurant Sdn. Bhd. (“**Pak Su Seafood Restaurant**”)

Pak Su Seafood Restaurant is a limited liability company incorporated in Malaysia on 18 February 2005 and owned as to 20% by SB Soon, 20% by LS Soon, 20% by SL Soon, 20% by CA Soon and 20% by TH Lim. Pak Su Seafood Restaurant has been operating since 2006 and mainly engaged in the operation of a seafood restaurant. As at the Latest Practicable Date, Pak Su Seafood Restaurant operated one seafood restaurant in Kuantan, Pahang.

– Sam Glary Wine Bar Sdn. Bhd. (“**Sam Glary Wine Bar**”)

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Sam Glary Wine Bar is a limited liability company incorporated in Malaysia on 13 September 2016 and owned as to 60% by CA Soon and 40% by KW Ng. Sam Glary Wine Bar has been operating since the year of incorporation and mainly engaged in the business of wine bar restaurant. As at the Latest Practicable Date, Sam Glary Wine Bar operated one bar in Kuantan, Pahang.

– Tropicana Food Garden

Tropicana Food Garden is a partnership registered in Malaysia on 17 July 2008 and SB Soon, SL Soon, CA Soon and TH Lim are partners. Tropicana Food Garden had been operating from 2009 to August 2019 and mainly engaged in the operation of restaurant and has ceased operation since August 2019.

– Hor Jiak Seafood Restaurant

Hor Jiak Seafood Restaurant is a partnership registered in Malaysia on 14 August 2007 and SB Soon, CA Soon, SL Soon and TH Lim are partners. Hor Jiak Seafood Restaurant had been operating from 2008 to October 2012 and mainly engaged in the business of hot food. Since October 2012, Hor Jiak Seafood Restaurant ceased operation and the partnership was expired.

– The Eight Th

The Eight Th is a partnership registered in Malaysia on 21 June 2015 and SL Soon and CA Soon are partners. The Eight Th has been operating since the year of registration of partnership and mainly engaged in the operation of restaurant. As at the Latest Practicable Date, The Eight Th operated one restaurant in Kuantan, Pahang.

– Just Relax Restaurant

Just Relax Restaurant is a partnership registered in Malaysia on 28 March 2006 and CA Soon and KW Ng are partners. Just Relax Restaurant has been operating since the year of registration of partnership and mainly engaged in the operation of restaurant. As at the Latest Practicable Date, Just Relax Restaurant operated one restaurant in Kuantan, Pahang.

– Owl Cafe

Owl Cafe is a partnership registered in Malaysia on 25 September 2013 and CA Soon and KW Ng are partners. Owl Cafe has been operating before or since CA Soon and KW Ng became partners on 1 March 2018 and mainly engaged in the operation of restaurant. As at the Latest Practicable Date, Owl Cafe operated one restaurant mainly in Kuantan, Pahang.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

– The Nine Th

The Nine Th is a partnership registered in Malaysia on 24 July 2017 and CA Soon and KW Ng are partners. The Nine Th has been operating since the year of registration of partnership and mainly engaged in the operation of restaurant. As at the Latest Practicable Date, The Nine Th operated one restaurant in Kuantan, Pahang.

– JR Grill & Bistro

JR Grill & Bistro is a partnership registered in Malaysia on 10 August 2020 and CA Soon and KW Ng are partners. JR Grill & Bistro mainly engaged in the operation of restaurant and operated one restaurant mainly in Kuantan, Pahang as at the Latest Practicable Date.

– Theten Th Pub & Bistro

Theten Th Pub & Bistro is a partnership registered in Malaysia on 5 March 2019 and CA Soon and KW Ng are partners. Theten Th Pub & Bistro has been operating since the year of registration of partnership and mainly engaged in the operation of bar. As at the Latest Practicable Date, Theten Th Pub & Bistro operated one bar mainly in Kuantan, Pahang.

– Theeleventh Bar & Bistro

Theeleventh Bar & Bistro is a partnership registered in Malaysia on 20 September 2019 and CA Soon and KW Ng are partners. Theeleventh Bar & Bistro has been operating since the year of registration of partnership and mainly engaged in the operation of bar. As at the Latest Practicable Date, Theeleventh Bar & Bistro operated one bar in Kuantan, Pahang.

– The 12 Th Kitchen & Bistro

The 12 Th Kitchen & Bistro is a partnership registered in Malaysia on 23 July 2020 and CA Soon and KW Ng are partners. The 12 Th Kitchen & Bistro mainly engaged in the operation of café and bistro. As at the Latest Practicable Date, The 12 Th Kitchen & Bistro operated one café/bistro in Kuantan, Pahang.

– The 13 Th Kitchen & Bistro

The 13 Th Kitchen & Bistro is a partnership registered in Malaysia on 23 July 2020 and CA Soon and KW Ng are partners. The 13 Th Kitchen & Bistro has been operating since May 2022 and mainly engaged in the operation of bistro. As at the Latest Practicable Date, The 13 Th Kitchen & Bistro operated one bistro mainly in Kuantan, Pahang.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- The Fifteenth Bar & Bistro

The Fifteenth Bar & Bistro is a partnership registered in Malaysia on 12 May 2022 and CA Soon and KW Ng are partners. The Fifteenth Bar & Bistro has been operating since the year of registration of partnership and mainly engaged in the operation of bar. As at the Latest Practicable Date, The Fifteenth Bar & Bistro operated one bar mainly in Kuantan, Pahang.

(iv) Others

- Lenang Gemilang Sdn. Bhd. (“**Lenang Gemilang**”)

Lenang Gemilang is a limited liability company incorporated in Malaysia on 9 September 2010 and owned as to 50% by SB Soon and 40% and 10% by two Independent Third Parties. Lenang Gemilang mainly engaged in investment and letting of real properties.

- Swang Chai Chuan Properties Sdn. Bhd. (“**Swang Chai Chuan Properties**”)

Swang Chai Chuan Properties is a limited liability company incorporated in Malaysia on 21 June 2019 and owned as to 70% by SB Soon, 15% by CA Soon and 15% by SL Soon. Swang Chai Chuan Properties has not commenced operation since its incorporation.

- Golden Quai Sdn. Bhd. (“**Golden Quai**”)

Golden Quai is a limited liability company incorporated in Malaysia on 14 January 2019 and owned as to 50% by SB Soon and 50% by an Independent Third Party. Golden Quai has not commenced operation since its incorporation.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Summary of major differences between our Group and the Private Group

The following table sets forth a brief summary of the major differences between the business of our Group and that of the Private Group which demonstrates the business delineation between them:

Main areas of delineation	Our Group's business	Private Group			
		Retail of FMCGs	Wholesale of fresh food and other products	Catering services	
Principal business model and major products/services offered	<p>Distribution of F&B products in Malaysia primarily to retailers, and specialise in sourcing, procurement, physical distribution, warehousing, logistics, other supply chain solutions and services</p> <p>Our Group offers a wide range of F&B branded products which can be broadly categorized into:</p> <ul style="list-style-type: none"> • Dairy products; • Frozen food; • Packaged food and commodities; • Sauce, oil and condiment; • Beverages; • Specialty products; • Personal and baby care products; • Pet care products; and • Cleaning and kitchen supplies. 	<p>Retail sales of a wide range of FMCGs, which mainly include packaged F&B products as well as fresh and frozen food, to end consumers through self-operated retail stores</p>	<ul style="list-style-type: none"> • Wholesale of fresh seafood mainly to restaurants, supermarkets and hypermarkets • Agriculture and selling of farm produce such as fruits 	<p>Catering services through operating various restaurants and bars</p>	<p>Our Directors believe that our business model and products offered is different from those of the Private Group.</p> <p>We position ourselves as a one-stop distribution solutions service provider and offer value-added services such as marketing and brand positioning services to our suppliers, and after-sales services to our customers. In contrast, the Private Group mainly engages in retail, wholesale and catering services, without distribution and other services provided by our Group. Our Group does not engage in retail or catering services. In addition, our Group does not distribute fresh seafood and only offer their frozen, processed and/or canned variants, which are of different nature and have different target consumers.</p>

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Main areas of delineation	Our Group's business	Private Group			
		Retail of FMCGs	Wholesale of fresh food and other products	Catering services	
					Despite the fact that both our Group and the Private Group are involved in the selling of frozen food, the Private Group does not engage in the distribution of frozen food. Our Group as a distributor and the Private Group as a retailer of frozen food have different roles in the supply chain and operate under fundamentally different business models. Furthermore, the target customers of our Group (i.e. retail chains, convenience stores, etc.) and the Private Group (i.e. end consumers) are also different, therefore our Directors believe that the business of the Private Group is clearly delineated from that of our Group.
Major customers	<ul style="list-style-type: none"> • Hypermarkets and supermarkets • Provision shops • Convenience stores and kiosks • School canteens • HORECA • F&B dealers and merchandisers • Others, such as pharmacies, bookstores, bakery ingredient shops and pet shops 	End consumers	<ul style="list-style-type: none"> • Supermarkets, hypermarkets and restaurants • Dealers and merchandisers 	End consumers	Our Directors consider that we have a more diverse customer mix and a much larger customer base than the Private Group. Also, we generally do not sell our products directly to end consumers.
Major suppliers	<ul style="list-style-type: none"> • International and domestic brand owners and distributors • Raw material suppliers and OEM suppliers of our Own Products 	Distributors and wholesalers of FMCGs	<ul style="list-style-type: none"> • Local fishermen for fresh seafood • Agricultural raw material suppliers 	Distributors and wholesalers of F&B	To the best knowledge of our Directors, the suppliers between our Group and the Private Group were primarily different during the Track Record Period.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Main areas of delineation	Our Group's business	Private Group			
		Retail of FMCGs	Wholesale of fresh food and other products	Catering services	
Geographical location of principal business activities	We distributed our products to approximately 11,000 active customers across Malaysia and operated eight self-owned and four leased warehouses strategically located in Kuantan, Mentakab, Kuala Terengganu, Kota Bharu, Puchong, Seremban, Johor Bahru, Perai and Alor Setar as at 30 April 2022	Retail stores are mostly located in Southern Peninsular Malaysia	Within Kuantan, Pahang	Within Kuantan, Pahang	Our Directors consider that we have a much more extensive geographical coverage than the Private Group, covering most of the Peninsular Malaysia. In particular, the relevant company of the Private Group sells fresh seafood mainly in Kuantan, Pahang.
Management	Our executive Directors and senior management who are responsible for decision-making and day-to-day management and operation of the Group	SB Soon is a director	Directors of the relevant Private Group include, among others, SB Soon, SL Soon, CA Soon and/or LS Soon	Directors or partners of the relevant Private Group include, among others, SB Soon, SL Soon, CA Soon and/or LS Soon	Despite their directorships and partnership in the Private Group, SB Soon, SL Soon and CA Soon only assume the role of decision-making and are not involved in the day-to-day management and operation of the Private Group, which are delegated to the employees or other designated personnel of the Private Group.

Based on the audited accounts prepared by local auditors and the unaudited management accounts of the partnership businesses within the Private Group, the aggregate revenue of the Private Group entities amounted to approximately RM108.4 million, RM127.2 million and RM138.2 million for FY2019, FY2020 and FY2021, respectively, and the aggregate net profit after tax of the Private Group entities amounted to approximately RM1.5 million, RM2.2 million and RM2.5 million for FY2019, FY2020 and FY2021, respectively.

During the Track Record Period and up to the Latest Practicable Date, both the Private Group and our Group purchased from Supplier B, *Etika* and Ajinomoto (Malaysia) Berhad. The aggregate purchase amounts of the Group from Supplier B, *Etika* and Ajinomoto (Malaysia) Berhad are RM102.6 million, RM103.9 million and RM115.8 million during the Track Record Period, amounting to 24.0%, 21.8% and 20.2% of the Group's total purchases, respectively. On the other hand, the aggregate purchase amounts of the Private Group from Supplier B, *Etika* and Ajinomoto (Malaysia) Berhad are RM0.7 million, RM0.7 million and RM0.4 million for FY2019, FY2020 and FY2021, amounting to 0.7%, 0.6% and 0.3% of the Private Group's total purchases, respectively. Therefore, our Directors considered that there had been no material overlapping of major suppliers between the Private Group and the Group from FY2019 to FY2021 and that given the difference in business nature between the Group and the Private Group, there will be no disruption in supply of products to the Group despite the fact that both the Private Group and the Group purchased from these suppliers.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As confirmed by our Directors, there had been no overlapping of major customers between the Private Group and the Group during FY2019, FY2020 and FY2021 due to the fact that the customers of the Private Group are mostly end consumers and the business nature of the Private Group is different from that of the Group.

Reasons for exclusion

As set out above, the business and operation of our Group are independent of and separate from the Private Group. Our business operated independently and autonomously during the Track Record Period, and our business will, upon [REDACTED], continue to be independent and separate from the Private Group. Our Directors are of the view that there is a clear delineation between the Private Group and our Group. The Private Group was not included in our Group as our Directors are of the view that (i) the business of the Private Group can be clearly delineated from the business of our Group in terms of, among others, business model, major source of income, products, major customers and suppliers, etc.; (ii) the business of the Private Group is not in line with our overall strategy to maintain and strengthen our market position in the F&B distribution industry in Malaysia; and (iii) the exclusion of the Private Group can help streamline our business and operation.

Given the different nature of business between our Group and the Private Group, after the [REDACTED], our Directors do not expect there will be any overlap nor competition between the business of our Group and the Private Group. Notwithstanding this, to avoid future possible competition that the Private Group may have against our Group’s business, each of SB Soon, CA Soon, SL Soon and LS Soon has, jointly and severally, undertaken to our Company to procure the Private Group (and their respective associates) not to carry out, directly or indirectly, any business of (i) distribution of products that overlap with the products of our Group; and (ii) warehousing and logistics services, or conduct any business which will be in direct or indirect competition with the business carried on or contemplated to be carried by our Group. Our Controlling Shareholders have also executed the Deed of Non-competition in favour of our Company. Please refer to the paragraph headed “Non-competition undertakings” in this section for further details.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in the section headed “Connected Transactions” in this document, our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders and their respective associates upon or shortly after the [REDACTED]. Having considered the following factors, our Directors believe that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management independence

The day-to-day management and operation of our Group will be the responsibility of all our executive Directors and senior management of our Company. The Board consists of eight Directors, including three executive Directors and five independent non-executive Directors. Although SB Soon, SL Soon and CA Soon, being the Controlling Shareholders, also hold directorship in our Company and hold interest and directorship in the Private Group, we consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) Our executive Directors, supported by our experienced senior management team, oversee the day-to-day operation of our Group and are responsible for the management of our Group's business. Furthermore, SB Soon, SL Soon and CA Soon only assume the role of decision-making and are not involved in the day-to-day management and operation of the Private Group, which are delegated to the employees or other designated personnel of the Private Group.
- (b) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his/her duties as a Director and his personal interests;
- (c) the decision-making mechanism of our Board as specified in our Articles of Association has set out relevant provisions to avoid conflicts of interest, including but not limited to (i) disclosure of conflicting interest to the Board; (ii) if the relevant proposal causes conflicts of interest between our Group and our Controlling Shareholder(s), the Director(s) associated with our Controlling Shareholders should abstain from voting and should not attend or be included in the quorum of the meeting of the Board; (iii) when connected transaction(s) are considered, independent non-executive Directors shall give their independent opinions to the Board on the relevant connected transaction(s) pursuant to the Listing Rules;
- (d) our five independent non-executive Director have sufficient and competent knowledge and experience, and will bring independent judgment to the decision-making process of the Board; and
- (e) all our senior management members are independent from our Controlling Shareholders. They have served our Group for a sufficient length of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders.

Based on the above, our Directors are of the view that the Board is capable of managing our Group's business independently from the Controlling Shareholders and the Private Group after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources or general administration resources with the Controlling Shareholders and/or their respective close associates. Save as disclosed in this section and the section headed “Connected Transactions” in this document, the customers and suppliers of our Group are all independent from our Controlling Shareholders and our Group does not rely on our Controlling Shareholders or their respective close associates and has independent access to customers and suppliers. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

During the Track Record Period, our Group conducted certain transactions with the entities interested by the Controlling Shareholders on a recurring basis which are expected to continue after the [REDACTED] and will constitute continuing connected transactions of our Company under the Listing Rules. Details of which are set out in the section headed “Connected Transactions” in this document. Such transactions are entered into in the ordinary and usual course of business of our Group and our Directors confirm that the terms of such transactions are determined at arm’s length negotiations and are no less favorable to our Group than terms offered by Independent Third Parties. Our Directors believe that the continuing connected transactions between our Group and the entities interested by the Controlling Shareholders do not indicate any undue reliance by our Group on our Controlling Shareholders and are beneficial to our Group and our Shareholders as a whole.

In light of the above, our Directors are of the view that our Group is capable of operating its business independently from the Controlling Shareholders after the [REDACTED].

Financial independence

Our Group has its own financial management and accounting systems and functions and makes financial decisions according to our own business needs. Our Group has the ability to operate independently from the Controlling Shareholders and the Private Group from a financial perspective.

During the Track Record Period, our Group had certain amounts due to our Controlling Shareholders and related parties. Such amounts will be settled before [REDACTED]. For details of the amounts due to our Controlling Shareholders and related parties, please refer to note 20 to the Accountants’ Report set out in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, our Controlling Shareholders had also provided personal guarantees for the banking facilities and financial lease arrangement used by our Group. The above personal guarantees will be replaced by the corporate guarantees executed by our Group upon the [REDACTED]. Save as disclosed above, our Directors are of the view that our Group is not financially dependent on the Controlling Shareholders or their respective close associates and the Private Group in our Group’s business

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

operations and our Group is able to obtain external financing on market terms and conditions for its business operations as and when required without reliance on the Controlling Shareholders and the Private Group after [REDACTED].

Having considered the above factors, our Directors consider that our Group is able to maintain financial independence from the Controlling Shareholders and their respective close associates and the Private Group after [REDACTED].

NON-COMPETITION UNDERTAKINGS

In order to avoid any future competition between our Group and the Controlling Shareholders, the Controlling Shareholders as covenantors (each of them, a “**Covenantor**” and collectively, the “**Covenantors**”) executed the Deed of Non-competition in favour of our Company (for itself and as trustee for and on behalf of its subsidiaries).

In accordance with the Deed of Non-competition, each Covenantor undertakes that, from the [REDACTED] and ending on the occurrence of the earlier of (i) the date on which the Shares cease to be [REDACTED] on the Stock Exchange; or (ii) the date on which that Covenantor and his/its close associates (individually or taken as a whole) cease to be a Controlling Shareholder.

1. Non-competition

Each Covenantor jointly and severally and irrevocably undertakes and covenants to our Company (for itself and as trustee for and on behalf of its subsidiaries) that each of them will not, and will procure that its/his close associates (except any member of our Group) will not, either on his/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, among other things, carry on, participate or be interested or engaged in or acquire or hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent or otherwise and whether for profit, reward, interest or otherwise), or otherwise be involved in any business which is or may be in competition, whether directly or indirectly, with the business carried on by our Group, including but not limited to (i) distribution of the products that overlap with the products of our Group; and (ii) logistics and warehousing services, or contemplated to be carried on by any member of our Group in Malaysia or any place where our Group has conducted business as at the date of the Deed of Non-competition or may conduct business from time to time in the future (the “**Restricted Business**”).

2. New business opportunity

Each of the Covenantors hereby represents and warrants that neither it/he nor any of its/his close associates currently carries out, participates in or is interested or engaging in, invests in, acquires or holds, directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward, interest or otherwise) or otherwise is involved in the Restricted Business other than through our Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Each of the Covenantors further undertakes to refer to our Company within 10 days any and all new opportunities in connection with the Restricted Business (the “**New Business Opportunity**”) which are identified by or made available to any of them.

Notwithstanding the aforesaid, the Deed of Non-competition does not apply where:

1. any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business has first been offered or made available to our Group by written notice, and that the offer should contain all information reasonably necessary for our Group to consider, among others, whether (i) such opportunity would constitute competition with any member of our Group and (ii) it is in the interest of our Group and the shareholders of our Company as a whole to pursue such opportunity, and our Company has, after review by the independent non-executive Directors, declined such opportunity to invest, participate, be engaged in or operate the Restricted Business either alone or with such third party or together with the Covenantor and/or its/his close associate(s), provided that the principal terms by which that Covenantor (or its/his close associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those disclosed to our Company. A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company, or such longer period of time, not longer than 180 days to be specified by our Company by notice in writing to the Covenantors, where our Company’s acceptance of the New Business Opportunity is subject to the approval from the Stock Exchange or the independent shareholders of our Company or governmental or regulatory authorities;
2. each Covenantor having interests in the shares or other securities in a company whose shares are listed on a recognised stock exchange provided that:
 - (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of the relevant company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited accounts; or
 - (b) the total number of the shares held by the Covenantors and/or their respective close associates or in which they are together interested does not exceed 5% of the issued shares of that class of the company in question (the “**Relevant Company**”), provided that (i) the total number of the relevant Covenantors’ representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his shareholdings in the Relevant

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Company; and (ii) at all times there is a holder of such shareholding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and their respective close associates together hold.

3. Further undertaking

Pursuant to the Deed of Non-competition, each Covenantor has further undertaken, among other things, that it/he:

- (i) shall not disclose any confidential or trade-sensitive information of our Group to any person or use any of such information for advancing their business without our written consent;
- (ii) shall not solicit any customer of our Group (whether past, present or future) to enter into any sales or business contract. As far as it is practicable, it/he shall conduct conflict check with every new customer before entering into any agreement in order to ensure each of them will not enter into any sales or business contract with any customer of our Group (whether past, present or future);
- (iii) shall, upon request of our independent non-executive Directors, provide our independent non-executive Directors with all information necessary for their review of compliance with and implementation of the Deed of Non-competition by our Controlling Shareholder and its respective associates;
- (iv) shall keep us informed and provide all information required by our Board to assist our Directors in their consideration of any New Business Opportunities;
- (v) agrees that our Company will disclose the decisions made by our independent non-executive Directors on the compliance with and implementation of the Deed of Non-competition in our annual reports or announcements;
- (vi) shall provide a confirmation annually on compliance with the terms of the Deed of Non-competition to our Company to facilitate our making of relevant disclosure in our annual reports; and
- (vii) shall indemnify our Group against any loss resulting from any breach of the non-competition undertakings by each Covenantor or its/his respective associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

4. Termination

The Deed of Non-competition shall continue to be effective until the earlier of the occurrence of the following situations:

- (i) the date on which each Covenantor and its/his subsidiaries, in aggregate, directly or indirectly hold less than 30% of the entire issued share capital of our Company; or
- (ii) the date on which the [REDACTED] cease to be [REDACTED] on the Stock Exchange, except that [REDACTED] in the [REDACTED] is temporarily suspended for any reason.

5. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, the Covenantors will:

- (a) as required by our Company, provide all information which is necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-competition and the enforcement of it;
- (b) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-competition and the enforcement of it;
- (c) where our independent non-executive Directors shall deem fit, make a confirmation in relation to the compliance of the terms of the Deed of Non-competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-competition and the enforcement of it are in accordance with the requirements of the Listing Rules; and
- (d) that during the period when the Deed of Non-competition is in force, fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-competition.

The Deed of Non-competition and the rights and obligations thereunder are conditional upon (a) the Stock Exchange granting the [REDACTED] of, and the permission to [REDACTED], the Shares, as described in this document, and (b) the [REDACTED] and [REDACTED] in the Shares on the Stock Exchange taking place.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As the Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that they are capable of carrying on our Group’s business independently of the Covenantors following the [REDACTED].

RULE 8.10 OF THE LISTING RULES

I Save as disclosed in this section and the sections headed “Directors and Senior Management” and “Connected Transactions” in this document, our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group’s business which competes and is likely to compete, directly or indirectly, with our Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.