

## 10. RELATED PARTY TRANSACTION

### 10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

#### 10.1.1 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, major shareholders and/or persons connected with them for the FYE Under Review and from 1 July 2023 up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			From 1 July 2023 up to the LPD
				FYE 2021	FYE 2022	FYE 2023	
(i)	Our Company and Mega Fortris Global	<b>Dato' Nick Ng</b> <sup>(1)</sup> and <b>Datuk Adrian Ng</b> <sup>(1)</sup> are our major shareholders and Directors.  <b>Mega Fortris Global</b> is our major shareholder.  <b>Dato' Nick Ng</b> <sup>(1)</sup> and <b>Datuk Adrian Ng</b> <sup>(1)</sup> are directors and major shareholders of Mega Fortris Global.	Acquisitions under the Pre-IPO Reorganisations  Please refer to Section 6.1.2.1 for further details	-	-	33,712 (31.40% of our Group's NA)	-
(ii)	Our Company and Dato' Nick Ng	<b>Dato' Nick Ng</b> <sup>(1)</sup> is our major shareholder and Director.	Acquisition of Mega Fortris Security Bags' Minority Interests under the Pre-IPO Reorganisations  Please refer to Section 6.1.2.2 for further details	-	-	-	1,022

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No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			From 1 July 2023 up to the LPD
				FYE 2021	FYE 2022	FYE 2023	
(iii)	Our Company and Datuk Adrian Ng	<b>Datuk Adrian Ng</b> <sup>(1)</sup> is our major shareholder and Director.	Acquisition of Mega Fortris Security Bags' Minority Interests under the Pre-IPO Reorganisations  Please refer to Section 6.1.2.2 for further details	-	-	-	104
(iv)	Our Company and Horizonshoppes (Malaysia) Sdn Bhd (" <b>Horizonshoppes</b> ")	<b>Dato' Nick Ng</b> <sup>(1)</sup> and <b>Datuk Adrian Ng</b> <sup>(1)</sup> are our major shareholders and Directors.  <b>Dato' Nick Ng</b> <sup>(1)</sup> and <b>Datuk Adrian Ng</b> <sup>(1)</sup> are major shareholders and directors of Horizonshoppes.	(a) Acquisition of property by Mega Fortris from Horizonshoppes <sup>(2)</sup>  (b) Rental of property by Mega Fortris from Horizonshoppes for use as factory and office <sup>(3)</sup>	-	-	-	14,000
				540 (11.85% of our Group's PAT)	540 (7.75% of our Group's PAT)	585 (3.68% of our Group's PAT)	250

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No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			From 1 July 2023 up to the LPD
				FYE 2021	FYE 2022	FYE 2023	
(v)	Our Company and Mega Fortris SG	<b>Datuk Adrian Ng</b> <sup>(1)</sup> is a common major shareholder and director of Mega Fortris SG.	(a) Sale of security seals and trading products from Mega Fortris to Mega Fortris SG	719 (0.53% of our Group's revenue)	808 (0.52% of our Group's revenue)	855 (0.53% of our Group's revenue)	633
		<b>Dato' Nick Ng</b> <sup>(1)</sup> is a common major shareholder of our Company and Mega Fortris SG.	(b) Purchase of security seals by Mega Fortris from Mega Fortris SG	17 (0.02% of our Group's cost of sales)	-	-	-
		<b>Chua Sia Hong</b> is a director of Mega Fortris Global and our major shareholder.					
		<b>Chua Sia Hong</b> is also a director of Mega Fortris SG.					
(vi)	Mega Fortris AUS and TCUS Property Pty Ltd	<b>Michael Steven Taylor</b> is a major shareholder and director of Mega Fortris AUS.	Lease of property by Mega Fortris AUS from TCUS Property Pty Ltd for use as storage and distribution centre of security related products <sup>(4)</sup>	295 (6.47% of our Group's PAT)	308 (4.42% of our Group's PAT)	313 (1.97% of our Group's PAT)	248
		<b>Michael Steven Taylor</b> is a major shareholder and director of TCUS Property.					
(vii)	Mega Fortris NZ and GJM Investments Limited	<b>Glen Lindsay Moore</b> is a major shareholder and director of Mega Fortris NZ.	Lease of property by Mega Fortris NZ from GJM Investments Limited for use as office and warehouse <sup>(5)</sup>	162 (3.56% of our Group's PAT)	185 (2.65% of our Group's PAT)	179 (1.13% of our Group's PAT)	31
		<b>Glen Lindsay Moore</b> is a sole shareholder and director of GJM Investments Limited.					

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No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			From 1 July 2023 up to the LPD
				FYE 2021	FYE 2022	FYE 2023	
(viii)	Mega Fortris SG and Mega Fortris Security Bags	<p><b>Datuk Adrian Ng</b> <sup>(1)</sup> is a common major shareholder of Mega Fortris SG and Mega Fortris Security Bags.</p> <p><b>Dato' Nick Ng</b> <sup>(1)</sup> is a common major shareholder of Mega Fortris SG and Mega Fortris Security Bags.</p> <p><b>Chua Sia Hong</b> is a director of Mega Fortris Global and our major shareholder.</p> <p><b>Chua Sia Hong</b> is also a director of Mega Fortris SG.</p>	Purchase of security bags by Mega Fortris SG from Mega Fortris Security Bags	76 (0.09% of our Group's cost of sales)	121 (0.12% of our Group's cost of sales)	203 (0.20% of our Group's cost of sales)	114
(ix)	Mega Fortris HU and HITEC Kft	<p><b>Péter János Noth</b> is a major shareholder and director of Mega Fortris HU.</p> <p><b>Péter János Noth</b> is also a major shareholder of HITEC Kft.</p>	<p>(a) Lease of property by Mega Fortris HU from HITEC Kft for use as office and warehouse <sup>(6)</sup></p> <p>(b) Sale of security seals from Mega Fortris HU to HITEC Kft</p> <p>(c) Purchase of trading products by Mega Fortris HU from HITEC Kft</p>	111 (2.44% of our Group's PAT)	87 (1.25% of our Group's PAT)	76 (0.48% of our Group's PAT)	54
				157 (0.12% of our Group's revenue)	131 (0.08% of our Group's revenue)	72 (0.04% of our Group's revenue)	34
				213 (0.24% of our Group's cost of sales)	330 (0.32% of our Group's cost of sales)	69 (0.07% of our Group's cost of sales)	27

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No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			From 1 July 2023 up to the LPD
				FYE 2021	FYE 2022	FYE 2023	
(x)	Mega Fortris HU and "PETTEX" (Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság) ("PETTEX")	<b>Péter János Noth</b> is a major shareholder and director of Mega Fortris HU.  <b>Péter János Noth</b> is a major shareholder and director of PETTEX.	Purchase of security seals by Mega Fortris HU from PETTEX	313 (0.36% of our Group's cost of sales)	326 (0.31% of our Group's cost of sales)	135 (0.14% of our Group's cost of sales)	206
(xi)	Mega Fortris ME and OEM SERV Hong Kong Limited	<b>Horst Dieter Belle</b> is a major shareholder of Mega Fortris ME.  <b>Horst Dieter Belle</b> is a major shareholder and director of OEM SERV Hong Kong Limited.	Purchase of load secure products by Mega Fortris ME from OEM SERV Hong Kong Limited	2,567 (2.94% of our Group's cost of sales)	3,915 (3.78% of our Group's cost of sales)	4,124 (4.14% of our Group's cost of sales)	2,582
(xii)	Mega Fortris LSN and Mega Fortris Nordic AB	<b>Kent Rickard Nilsson</b> is a major shareholder (through Reach Invest AB ("Reach Invest")) and director of Mega Fortris LSN.  <b>Kent Rickard Nilsson</b> is a sole shareholder (through Reach Invest) and director of Mega Fortris Nordic AB.	Sale of load secure products and dunnage bags from Mega Fortris LSN to Mega Fortris Nordic AB	-	-	795 (0.49% of our Group's revenue)	-

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No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value			From 1 July 2023 up to the LPD
				FYE 2021	FYE 2022	FYE 2023	
(xiii)	Mega Fortris LSN and OEM SERV Hong Kong Limited	<b>Horst Dieter Belle</b> is a major shareholder and director of Mega Fortris LSN.  <b>Horst Dieter Belle</b> is a sole shareholder and director of OEM SERV Hong Kong Limited.	Purchase of load secure products and dunnage bags by Mega Fortris LSN from OEM SERV Hong Kong Limited	565 (0.65% of our Group's cost of sales)	221 (0.21% of our Group's cost of sales)	-	-
(xiv)	Mega Fortris LSN and Reach Invest	<b>Kent Rickard Nilsson</b> is a major shareholder (through Reach Invest) and director of Mega Fortris LSN.  <b>Kent Rickard Nilsson</b> is a sole shareholder and director of Reach Invest.	Charges of management fees, consultancy fees and other fees to Mega Fortris LSN by Reach Invest AB	374 (8.21% of our Group's PAT)	413 (5.92% of our Group's PAT)	327 (2.06% of our Group's PAT)	6

### Notes:

- (1) Dato' Nick Ng and Datuk Adrian Ng are our Promoters, major shareholders (by virtue of their shareholdings in Mega Fortris Global through Mega Fortris Capital and Ng Brothers Estate), and Directors.
- (2) Horizonshoppes (vendor) and our Company (purchaser) had entered into a sale and purchase agreement on 17 August 2023 for the acquisition of No. 56 Property for a purchase consideration of RM14,000,000.00. The transaction has been completed on 30 November 2023.
- (3) Horizonshoppes (landlord) and our Company (tenant) had entered into a tenancy agreement on 28 April 2022 for the rental of No. 56 Property. The term of the tenancy agreement is for a tenure of one year, from 1 July 2022 to 30 November 2023, with an option to renew for another one year at market rental rate. The monthly rental was RM45,000.00. The parties have via a notice of rent increase dated 1 October 2022, revised the monthly rental to RM50,000.00 with effect from 1 November 2022. The tenancy was terminated following the completion of the acquisition of Lot 56, Kota Kemuning by our Company from Horizonshoppes on 30 November 2023.

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## 10. RELATED PARTY TRANSACTION

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- (4) Mega Fortris AUS (tenant) and TCUS Property Pty Ltd (landlord) entered into a lease agreement on 15 May 2022 for the lease of property known as Unit 2/20 Wilmitte Place, Mona Vale, New South Wales 2103, Australia. The term of the lease agreement is for a tenure of four years, from 15 May 2022 to 14 May 2026, with an option to renew for another four years. The monthly rental is AUD8,553.53. The lease agreement may be terminated by either party if the leased property or a substantial part of the leased property is destroyed so substantially as to be wholly unfit for occupation. In addition, the lease agreement may also be terminated by TCUS Property Pty Ltd if there is a breach or non-observance of any covenants on the part of Mega Fortris AUS by giving 14 days' written notice.
- (5) Mega Fortris NZ (tenant) and GJM Investments Limited (landlord) entered into a warehouse lease agreement on 25 March 2019 (as amended by a lease amendment document between Mega Fortris NZ and GJM Investments Limited dated 17 February 2021) for the lease of property known as 79 Titi Road, Mauku, Auckland 2678, New Zealand. The term of the lease agreement is for a tenure of five years, from 25 March 2019 to 25 March 2024. The monthly rental was NZD5,083.33. The parties have agreed to terminate the lease agreement on 30 June 2023.
- (6) Mega Fortris HU (tenant) and HITEC Kft (landlord) entered into a lease agreement on 1 January 2022, for the lease of property known as Fehérvári út 83-85, 1119 Budapest, Hungary from HITEC Kft to Mega Fortris HU. The term of the lease agreement is for an indefinite tenure. The monthly rental is EUR1,080.00. The lease agreement may be terminated by either party by giving a three months' written notice.

The related party transactions in (xi) and (xiii) above were not made at market rate, and were therefore not transacted on arms' length basis. Our Group has implemented a related party transaction policy in end February 2024 to ensure that all future related party transactions (if any) will be in compliance with the Listing Requirements, transacted on an arm's length basis and based on terms and conditions which are not unfavourable to our Group. Please refer to Section 10.2 of this Prospectus for further details on the monitoring and oversight of related party transactions.

Save as disclosed above, all the material related party transactions entered into by our Group which involved the interest, direct or indirect, of the Directors, major shareholders and/or persons connected with them during the FYE Under Review and from 1 July 2023 up to the LPD were transacted on arms' length basis and were based on terms and conditions which were not unfavourable to our Group.

### 10.1.2 Transactions that are unusual in their nature or conditions

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 for the FYE Under Review and from 1 July 2023 up to the LPD.

## 10. RELATED PARTY TRANSACTION

### 10.1.3 Outstanding loans and/or financial assistance to or for the benefit of related parties

Save as disclosed below, there are no outstanding loans and/or financial assistance that have been granted by our Group to or for the benefit of our related parties for the FYE Under Review and from 1 July 2023 up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount as at			
				FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	From 1 July 2023 up to the LPD RM'000
(i)	Our Company and Datuk Adrian Ng	<b>Datuk Adrian Ng</b> is our Promoter, major shareholder and Director.	Provision of loan from our Company to Datuk Adrian Ng <sup>(1)</sup>	367 (0.51% of our Group's NA)	329 (0.43% of our Group's NA)	293 (0.27% of our Group's NA)	-

**Note:**

- (1) Our Company and Datuk Adrian Ng entered into a loan agreement (with tenure of 48 months) dated 27 December 2018 acknowledging the provision of loan from our Company to Datuk Adrian Ng pursuant to our Group's policy on education loans for employees' children.

The loan above was provided interest-free and unsecured, and was therefore not on normal commercial terms and not on arm's length basis. Nevertheless, as at the LPD, the loan has been fully repaid and our Group will not be providing any further loans to its related parties moving forward without relevant approvals including shareholders'.



## 10. RELATED PARTY TRANSACTIONS

### 10.1.4 Upliftment of personal and corporate guarantees

Save as disclosed below, there are no other personal and corporate guarantees provided by the following parties to financial institutions to secure bank guarantees for performance and tender bonds of our Group:

<u>Financial institution</u>	<u>Guarantor</u>	<u>Guaranteed amount ('000)</u>
RHB Bank	Dato' Nick Ng and Datuk Adrian Ng	<ul style="list-style-type: none"> <li>• RM48,700</li> <li>• USD5,000</li> </ul>
BMW Credit (Malaysia) Sdn Bhd	Dato' Nick Ng	RM6,519
AmBank M Berhad	Mega Fortris Global, Dato' Nick Ng and Datuk Adrian Ng	Open all monies <sup>(1)</sup>

**Note:**

- (1) Open all monies includes the aggregate of all principal monies, interest, capitalised interest, fees, and all other monies due and payable under the banking facility and such other subsequent or further banking facility made available to us, and includes all liabilities, obligations and indemnities whether present or future or actual or contingent for the payment and repayment of any monies by us.

As at the LPD, we have obtained consents from all the parties above for the release and/or discharge of the said personal and corporate guarantees, subject to the successful listing of our Company on the Main Market of Bursa Securities.

## 10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Upon our Listing, our Audit Committee will, amongst others, review the terms of all related party transactions to ensure that the related party transactions are carried out on an arm's length basis and on terms which are not unfavourable to our Group.

If there are any proposed related party transactions that:

- (i) involve the interest, direct or indirect, of our Director(s), the interested Director(s) will disclose their interest to our Board, and the nature and extent of their interest including all matters in relation to the proposed related party transactions. The interested Director(s) will also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.
- (ii) requires the prior approval of our shareholders, our 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 direct and/or indirect shareholdings.

Such interested Directors and/or substantial shareholders will also undertake to ensure that persons connected with them will abstain from voting on the resolution approving the proposed related party transaction at a general meeting.