

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESSES OF OUR GROUP, OUR CUSTOMERS AND/OR OUR SUPPLIERS

Save as disclosed below, none of our Directors and substantial shareholders have any interest, direct or indirect, in businesses and corporations which are (i) carrying on a similar trade as that of our Group, or (ii) our customers or suppliers as at the LPD:

No.	Interested party	Interested corporation	Nature of interest	Nature of conflict
(i)	Horst Dieter Belle	OEM SERV group	<p>Horst Dieter Belle is:</p> <ul style="list-style-type: none"> (i) a major shareholder of Mega Fortris ME; (ii) a major shareholder and director of Mega Fortris LSN; and (iii) an indirect 3.39% shareholder of Mega Fortris UK via OEM SERV Hong Kong Limited. <p>Horst Dieter Belle is a major shareholder and director of OEM SERV Hong Kong Limited.</p>	<ul style="list-style-type: none"> (i) Similar trade (ii) Supplier of Mega Fortris ME, Mega Fortris LSN, and Mega Fortris UK
(ii)	Julien Taillez	S.A.S JFC	<p>Julien Taillez is a major shareholder and general manager of Mega Fortris France.</p> <p>Julien Taillez is also a major shareholder of S.A.S JFC.</p>	<ul style="list-style-type: none"> (i) Similar trade (ii) Supplier of Mega Fortris France and Mega Fortris HU (iii) Customer of Mega Fortris France

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No.	Interested party	Interested corporation	Nature of interest	Nature of conflict
(iii)	Kent Rickard Nilsson and Reach Invest	Mega Fortris Nordic AB	<p>Kent Rickard Nilsson is a major shareholder (through Reach Invest) and director of Mega Fortris LSN.</p> <p>Kent Rickard Nilsson is a sole shareholder (through Reach Invest) and director of Mega Fortris Nordic AB.</p>	<p>(i) Similar trade</p> <p>(ii) Customer of our Company, Mega Fortris Europe, Mega Fortris HU, Mega Fortris LSN, Mega Fortris BNL and Mega Fortris Security Bags</p>
(iv)	OCBC	OCBC and its group of companies (“ OCBC Group ”) ⁽¹⁾	<p>OCBC is our major shareholder (through Mega Fortris Global).</p> <p>OCBC is a major shareholder of:</p> <p>(i) OCBC Bank (Malaysia) Berhad; and</p> <p>(ii) OCBC Al-Amin Bank Berhad.</p>	Customer of Mega Fortris Security Bags and Mega Fortris SG
(v)	Péter János Noth	HITEC Kft	<p>Péter János Noth is a major shareholder and director of Mega Fortris HU,</p> <p>Péter János Noth is also a major shareholder of HITEC Kft.</p>	<p>(i) Similar trade</p> <p>(ii) Supplier and customer of Mega Fortris HU</p>
(vi)	Péter János Noth	“PETTEX” (Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság) (“ PETTEX ”)	<p>Péter János Noth is a major shareholder and director of Mega Fortris HU.</p> <p>Péter János Noth is a major shareholder and director of PETTEX.</p>	<p>(i) Similar trade</p> <p>(ii) Supplier of Mega Fortris HU</p>

Note:

(1) OCBC Group includes OCBC, OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad.

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Our Board is of the view that the interest of the interested Directors and substantial shareholders, direct or indirect, in the following corporations do not give rise to a conflict of interest situation after taking into consideration the following:

No.	Interested party	Mitigating measure
(i)	Horst Dieter Belle's interest in OEM SERV group	<p data-bbox="590 465 1388 510"><u>Similar trade</u></p> <p data-bbox="590 533 1388 667">OEM SERV group primarily manufactures dunnage bags, strapping belts and other load secure products. It also manufactures security seals (cable seals, container seals and plastic seals).</p> <p data-bbox="590 689 1388 846">The revenue generated by OEM SERV group is mainly derived from the sale of their manufactured dunnage bags, strapping belts and other load secure products, while the contribution from the sale of their manufactured security seals only represents less than 1.0% of their total revenue.</p> <p data-bbox="590 869 1388 981">As such, OEM SERV group's business operations are of a different focus area as compared to our Group's and are not in competition with the business and operations of our Group.</p> <p data-bbox="590 1003 1388 1070"><u>Supplier of Mega Fortris ME, Mega Fortris UK and Mega Fortris LSN</u></p> <p data-bbox="590 1093 1388 1182">(a) We mainly purchase dunnage bags and polyester cord strapping and lashing systems from OEM SERV Group for our trading operations.</p> <p data-bbox="590 1205 1388 1406">We are not dependent on OEM SERV Group for our purchase of such trading products as we are able source such similar products from other suppliers, and our total purchases from OEM SERV Group represent less than 12.0% of our Group's total purchases during the FYE Under Review;</p> <p data-bbox="590 1429 1388 1473">(b) Horst Dieter Belle:</p> <ol data-bbox="670 1496 1388 2033" style="list-style-type: none"> <li data-bbox="670 1496 1388 1653">1. only holds 29.0% equity interest in Mega Fortris ME, and he has not been involved in the day-to-day management and operations of Mega Fortris ME which is managed by Alessio Verolli (the general manager of Mega Fortris ME and not related to him); <li data-bbox="670 1675 1388 1877">2. is only a minority shareholder with an indirect equity interest of 3.4% (via OEM SERV Hong Kong Limited) in Mega Fortris UK, and he has not been involved in the day-to-day management and operations of Mega Fortris UK as he does not have any directorship in Mega Fortris UK; and <li data-bbox="670 1899 1388 2033">3. director of Mega Fotris LSN and only holds 25.0% equity interest in Mega Fortris LSN, and he was not involved in the day-to-day management and operations of Mega Fortris LSN. Mega Fortris LSN has ceased its operations since 1 July 2023.

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No.	Interested party	Mitigating measure
(ii)	Julien Taillez's interest in S.A.S JFC	<p><u>Similar trade</u></p> <p>S.A.S JFC:</p> <p>(a) is primarily involved in the manufacturing of plastic and metal accessories for packaging and securing transported goods (including the manufacturing of one type of security seal);</p> <p>(b) S.A.S JFC's operations are not significant, with an approximate annual revenue of EUR100,000 (c. RM516,000) as compared to the total revenue of our Group of RM161.3 million in FYE 2023; and</p> <p>(c) does not have the necessary machineries and resources to produce and market the portfolio of security seals manufactured by our Group. As such, S.A.S JFC is not able to offer the same range of products as our Group.</p>

As such, S.A.S JFC's business operations are of a different focus area as compared to our Group's and are not in competition with the business and operations of our Group.

Supplier of Mega Fortris France and Mega Fortris HU

We purchases= clip box seals and procure laser printing services from S.A.S JFC.

We are not dependent on S.A.S JFC for the supply of clip box seals as well as the provision of laser printing services as we are able to source similar goods and services from other providers.

Further, our total purchases for such goods and services from S.A.S JFC represent less than 0.5% of our Group's total purchases during the FYE Under Review.

Customer of Mega Fortris France

We sell our manufactured security seals to S.A.S JFC.

We are not dependent on S.A.S JFC for our sale of security seals as our total sales to S.A.S JFC represent less than 0.1% of our Group's total revenue during the FYE Under Review.

Julien Taillez:

- (a) only holds an equity interest of 25.00% in S.A.S JFC ⁽¹⁾; and
- (b) has not been involved in the day-to-day management and operations of S.A.S JFC as S.A.S JFC has its own management team to undertake its day-to-day management and operations.

Note:

- (1) Subsequent to the LPD, he has disposed his entire equity interest in S.A.S JFC to his father.

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No.	Interested party	Mitigating measure
(iii)	Kent Rickard Nilsson and Reach Invest's interest in Mega Fotris Nordic AB	<p><u>Similar trade</u></p> <p>Mega Fortris Nordic AB trades (and does not manufacture) security seals and load secure products, and is an exclusive distributor of our Group, for the Swedish market.</p> <p>Further, Mega Fortris Nordic AB only sources its security seals from our Group.</p> <p>By virtue of Mega Fortris Nordic AB being our distributor, it is not in competition with our business and operations.</p> <p>Mega Fortris Nordic AB is not related to our Group other than it being one of our distributors, and being owned by Kent Rickard Nilsson, who is a director and shareholder of Mega Fortris LSN (through Reach Invest AB).</p>
		<p><u>Customer of Mega Fotris Europe, Mega Fortris HU, Mega Fortris LSN, Mega Fortris BNL and Mega Fortris Security Bags</u></p>
		<p>(a) We sell our manufactured security seals and load secure products to Mega Fortris Nordic AB;</p> <p>We are not dependent on Mega Fortris Nordic AB as our total sales to Mega Fortris Nordic AB only represents less than 1.0% of our Group's revenue in FYE 2023 (no transaction during FYEs 2021 to 2022); and</p> <p>(b) Kent Rickard Nilsson is no longer involved in the day-to-day management and operation of Mega Fortris LSN as Mega Fortris LSN has ceased its operations since 1 July 2023.</p>
(iv)	OCBC's interest in OCBC Group	<p><u>Customer of Mega Fortris Security Bags and Mega Fortris SG</u></p> <p>(a) We sell our security seals and security bags to OCBC Group; and</p> <p>(b) We are not dependent on OCBC Group as our total sales to OCBC Group only represents less than 0.1% of our Group's total revenue during the FYE Under Review.</p>
(v)	Péter János Noth's interest in HITEC Kft	<p><u>Similar trade</u></p> <p>HITEC Kft primarily manufactures plastic packing goods (such as security tapes and label). It also trades (and does not manufacture) one type of security seal, namely meter seals.</p> <p>HITEC Kft's operations in security seals are not significant as the revenue from its trade of security seals represents less than 1.00% of its total revenue.</p> <p>As such, HITEC Kft's business operations are of a different focus area as compared to our Group's and are not in competition with our business and operations.</p>

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No.	Interested party	Mitigating measure
		<p data-bbox="614 347 973 385"><u>Supplier of Mega Fortris HU</u></p> <p data-bbox="614 414 1388 474">We mainly purchase security tapes and labels from HITEC Kft for our trading operations.</p> <p data-bbox="614 504 1388 654">We are not dependent on HITEC Kft for our purchases of such trading products as we are able to source similar products from other suppliers. Further, the total purchases from HITEC Kft represent less than 0.5% of our Group's total purchases during the FYE Under Review.</p>
		<p data-bbox="614 683 989 721"><u>Customer of Mega Fortris HU</u></p> <p data-bbox="614 750 1037 788">We sell security seals to HITEC Kft.</p> <p data-bbox="614 817 1388 900">We are not dependent on HITEC Kft for our sale of security seals as our total sales to HITEC Kft represent less than 0.1% of our Group's total revenue during the FYE Under Review.</p> <p data-bbox="614 929 829 967">Péter János Noth:</p>
(vi)	Péter János Noth's interest in PETTEX	<p data-bbox="614 985 782 1023"><u>Similar trade</u></p> <p data-bbox="614 1052 1388 1135">PETTEX is primarily involved in provision of mowing services for railway tracks. It also trades (and does not manufacture) security seals.</p> <p data-bbox="614 1164 1388 1247">PETTEX's operations in security seal are not significant as the revenue from its trade of security seals represents less than 1.0 % of its total revenue.</p> <p data-bbox="614 1276 1388 1359">As such, PETTEX's business operations are of a different focus area as compared to our Group's and are not in competition with the business and operations of our Group.</p>
		<p data-bbox="614 1635 973 1673"><u>Supplier of Mega Fortris HU</u></p> <p data-bbox="614 1702 1388 1762">(a) Mega Fortris HU mainly purchases security seals, namely plastic seals from PETTEX.</p> <p data-bbox="678 1792 1388 1971">The purchase of the security seals from PETTEX is to meet Mega Fortris HU's customers' request. We do not manufacture security seals purchased from PETTEX as they are of different specifications and not economically viable to be manufactured by our Group. Further, PETTEX only sells its security seals to Mega Fortris HU.</p>

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No.	Interested party	Mitigating measure
		<p>We are not dependent on PETTEX for our purchase of such security seals as we are able to source such security seals from other providers and/or have the capability to manufacture such security seals if commercially viable.</p>
		<p>Further, our total purchases from PETTEX represent less than 0.5% of our Group's total purchases during the FYE Under Review.</p>
	(b)	<p>Péter János Noth has not been involved in the day-to-day management and operations of PETTEX as PETTEX has its own management team to undertake the day-to-day management and operations. Additionally, PETTEX's business operation and financial condition are not dependent on Mega Fortris HU as PETTEX's total sales to Mega Fortris HU represent approximately 22% of PETTEX's total revenue in 2023.</p>

Moving forward, our Audit Committee will supervise any conflict of interest or potential conflict of interest situations that may arise. We have established procedures for related party transactions as disclosed in Section 10.2 of this Prospectus to ensure that these transactions were transacted on arms' length basis and were based on terms and conditions which were not unfavourable to our Group.

11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTERESTS

(i) RHB Investment Bank

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad (collectively, the "**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses in its ordinary course of business with our Group. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Group in addition to the roles set out in this Prospectus.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of our Group, its Directors, its shareholders, its affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or its affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or its affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group. The related companies of RHB Investment Bank may also bid for our IPO Shares to be offered under the Institutional Offering following the bookbuilding process.

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The business divisions of RHB Banking Group generally act independently with each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take action that may conflict with the regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at 18 March 2024, RHB Banking Group has in its course of ordinary business offered various facilities to the following parties ("**RHB Facilities**"):

No.	Party	Limit	Outstanding amount as at 18 March 2024
(i)	Company		
	(a) Multi trade line	USD5.00 million (equivalent to RM23.59 million ⁽¹⁾)	USD2.56 million (equivalent to RM12.08 million ⁽¹⁾)
	(b) Revolving credit, term loans and others	RM48.70 million	RM31.97 million
	(collectively " Mega Fortris Loan ")		
(ii)	Ng Brothers Estate		
	(a) Term loans	RM36.00 million	RM35.97 million
	(collectively " Ng Brothers Loan ")		
	Total	RM108.29 million	RM80.02 million

Note:

- (1) Computed based on the middle rate quoted by Bank Negara Malaysia as at 18 March 2023 of USD1:MYR4.7185

Our Group will not be utilising any gross proceeds raised from the Public Issue to repay the Mega Fortris Loan. Mega Fortris Global will utilise part of the gross proceeds raised from the Offer for Sale to substantially repay the Ng Brothers Loan amounting to RM35.0 million.

Notwithstanding the above, RHB Investment Bank is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as our Sole Principal Adviser, Joint Underwriter and Joint Placement Agent ("**IPO Appointment**") due to the following reasons:

- (i) the RHB Facilities of RM108.29 million were provided by RHB Banking Group on an arms' length basis and are in the ordinary course of business, and the said RHB Facilities are not material when compared to the audited NA of RHB Banking Group as at 31 December 2023 of approximately RM30,874.57 million (representing approximately 0.35% of the RHB Banking Group's audited NA);

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- (ii) the Ng Brothers Loan of RM35.0 million is to be repaid from the proceeds raised from the Offer for Sale, representing approximately [●]% of the total proceeds raised from the Offer for Sale of approximately RM[●] million;
- (iii) the RHB Facilities are not conditional upon RHB Investment Bank being appointed as the Sole Principal Adviser, Joint Underwriter and Joint Placement Agent for the IPO;
- (iv) the corporate finance division of RHB Investment Bank (“**RHB CF**”) is required under its investment banking licence to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. The team in charge of our IPO in RHB Investment Bank is independent from the team handling the credit facilities. Further, there is no involvement by RHB CF for any credit application process undertaken by other departments within RHB Banking Group;
- (v) RHB Investment Bank is a licensed investment bank and its IPO Appointment is in the ordinary course of business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its IPO Appointment as the Sole Principal Adviser, Joint Underwriter and Joint Placement Agent for our IPO; and
- (vi) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group’s own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

RHB Investment Bank has confirmed that there is no conflict of interest situation in its capacity as our Sole Principal Adviser, Joint Underwriter and Joint Placement Agent for our IPO.

(ii) AmInvestment Bank

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, “**AmBank Group**”) form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group’s securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of the AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

As at the LPD, the AmBank Group has extended loan facilities with a combined limit of RM113.9 million to our Group. AmInvestment Bank is of the opinion that the loan facilities do not give rise to a conflict of interest situation in its capacity as our Joint Underwriter and Joint Placement Agent for our IPO due to the following reasons:

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- (i) the loan facilities were provided by AmBank Group in its ordinary course of business, and the said loan facilities are not material when compared to the audited NA of AmBank Group as at 31 March 2024 of approximately RM18.1 billion;
- (ii) AmBank Group forms a diversified financial group and is engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as the Joint Joint Underwriter and Joint Placement Agent for our IPO is in the ordinary course of business;
- (iii) the loan facilities and repayment of the aforementioned credit facilities was not determined in contemplation of and not conditional upon AmInvestment Bank being appointed as the Joint Underwriter and Joint Placement Agent for our IPO; and
- (iv) each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entities within AmBank Group has separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is regulated by Bank Negara Malaysia.

AmInvestment Bank has confirmed that there is no existing or potential conflict of interest in its capacity as our Joint Underwriter and Joint Placement Agent for our IPO.

(iii) Jeff Leong, Poon & Wong

Jeff Leong, Poon & Wong has given its confirmation that there is no existing or potential conflict of interests in its capacity as Solicitors for our IPO.

(iv) BDO PLT

BDO has given its confirmation that there is no existing or potential conflict of interests in its capacity as the auditors and the Reporting Accountants for our IPO.

(v) Vital Factor Consulting Sdn Bhd

Vital Factor has given its confirmation that there is no existing or potential conflict of interests in its capacity as the Independent Business and Market Research Consultants for our IPO.