

## 11. CONFLICT OF INTEREST

### 11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND SUPPLIERS

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group.

Save as disclosed below, none of our Directors and/or substantial shareholders has interest in the business of our customers and suppliers as at LPD:

<u>Name of company</u>	<u>Principal activities</u>	<u>Nature of interest</u>
STS	Finishing services	<ul style="list-style-type: none"> <li>• STS is a wholly-owned subsidiary of Coraza Holdings</li> <li>• Paul Heng Weng Seng and Liew Sow Ying are Directors and substantial shareholders of Coraza Holdings. They are also our Promoters and substantial shareholders</li> <li>• Paul Heng Weng Seng and Lim Teik Hoe are our Directors</li> <li>• Lim Teik Hoe is a person connected to Liew Sow Ying</li> </ul>
Unigen Corporation and Unigen Vietnam Hanoi Co., Ltd	Manufacturer of industrial-focused memory modules and storage solutions manufacturer	Paul Heng Weng Seng is a Director and shareholder of Unigen Corporation and Unigen Vietnam Hanoi Co., Ltd. He is also our Promoter, substantial shareholder and Director

Our Group will remain focused in the provision of sheet metal fabrication and value-added sub-module assembly services, as well as the fabrication of precision machined components. We intend to venture into the provision of finishing services to cater for the aerospace industry. This venture will enable Coraza Systems to in-source all its finishing services currently provided by the subcontractors, one of which includes STS, which is not able to provide surface treatment for the aerospace industry. We expect our transactions with STS to progressively decline after the completion of our finishing line in our new factory, and eventually cease with our Group. Thereafter, STS will focus on providing finishing services for market segments unrelated to us.

During FYE 2018 to 2020, Coraza Systems has dealt with:

- STS (as a subcontractor) for the finishing of metal products. The total value of Coraza Systems' transactions with STS were RM0.8 million for FYE 2018, RM1.2 million for FYE 2019 and RM2.1 million for FYE 2020; and
- Unigen Corporation and Unigen Vietnam Hanoi Co., Ltd, both as our customers for sales of our fabricated parts. The total value of Coraza Systems' transactions with them were RM0.8 million for FYE 2019 and RM0.7 million for FYE 2020.

Further details of our Group's transactions with the above parties can be found in Section 10.1.

## **11. CONFLICT OF INTEREST (Cont'd)**

Our Board is of the view that the interests of our Directors and substantial shareholders in STS, Unigen Corporation, Unigen Vietnam Hanoi Co., Ltd and Coraza Holdings do not give rise to a conflict of interest situation based on the following:

- (a) Paul Heng Weng Seng and Liew Sow Ying are not involved in the day-to-day operations of STS which are managed by their management personnel, and they only attend the meeting of the board of directors in which they serve and accordingly discharge their principal responsibilities as directors of those companies. Separately, Coraza Holdings is merely an investment company holding STS;
- (b) All the transactions carried out with STS, Unigen Corporation and Unigen Vietnam Hanoi Co., Ltd were on arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and are not to the detriment of our minority shareholders;
- (c) STS is not a major supplier of our Group and Unigen Corporation and Unigen Vietnam Hanoi Co., Ltd are not major customers of our Group, and we are not dependent on them for our business; and
- (d) The value of our transactions with:
  - (i) STS represented 1.8% to 3.4% of our total cost of sales for FYE 2018 to 2020, and represented 14.7% to 26.8% of our total sub-contracted finishing costs for FYE 2018 to 2020; and
  - (ii) Unigen Corporation and Unigen Vietnam Hanoi Co., Ltd represented less than 0.1% to 1.1% of our total revenue for FYE 2018 to 2020.

Moving forward, we have established procedures for related party transactions to ensure that they are carried out on an arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and are not to the detriment of our minority shareholders. Please refer to our procedures as disclosed in Section 10.1.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating and Remuneration Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating and Remuneration Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating and Remuneration Committee will then:

- (a) Immediately inform our Audit Committee and Board of the conflict of interest situation;
- (b) After deliberation with our Audit Committee, to make recommendations to our Board to direct the conflicted Director to:
  - (i) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and

---

**11. CONFLICT OF INTEREST (Cont'd)**

---

- (ii) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating and Remuneration Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

**11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS**

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Placement Agent and Underwriter for our Listing;
- (b) Zaid Ibrahim & Co has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;
- (c) Grant Thornton Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) Protégé Associates Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

---

The rest of this page is intentionally left blank

---