

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has conducted a limited review on this Circular pursuant to the provisions of Guidance Note 22 of Bursa Securities ACE Market Listing Requirements.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



UNITRADE INDUSTRIES BERHAD
Registration No. 202101013724 (1414023-X)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE :

**PROPOSED SHAREHOLDERS’ RATIFICATION FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE;**

AND

**PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

(COLLECTIVELY THE “PROPOSALS”)

The ordinary resolution in respect of the above proposal will be tabled as Special Business at the First Annual General Meeting (“1st AGM”) of Unitrade Industries Berhad (“the Company”) which will be held on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting (“RPEV”) facilities via the meeting platform at <https://meeting.boardroomlimited.my> from the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor on Thursday, 1 September 2022 at 10.00 a.m. and at any adjournment thereof. The Notice of the 1st AGM together with the Form of Proxy will be issued to you and the same are set out in the Annual Report 2022 of the Company which are also available to be downloaded from the Company’s website together with this Circular.

As a shareholder, you are encouraged to go online, participate, and vote at the 1st AGM using the RPEV Facilities as the Company will be conducting its 1st AGM virtually via live webcast and online remote voting. If you wish to appoint a proxy or proxies to participate and vote on your behalf you may complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and shall be deposited at the office of the Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the 1st AGM or any adjournment thereof at which the person named in the Proxy Form proposes to vote, and in default the Proxy Form shall not be treated as valid. The lodging of the Proxy Form will not preclude you from participating and voting in person at the 1st AGM should you subsequently wish to do so.

Alternatively, members may deposit the Form of Proxy by electronic means through the Share Registrar’s website, Boardroom Smart Investor Online Portal at <http://investor.boardroomlimited.com> (for individual shareholders only) or via e-mail to bsr.helpdesk@boardroomlimited.com not less than forty-eight (48) hours before the time set for holding the 1st AGM. For further information on the electronic submission of the Form of Proxy and participation at the 1st AGM, kindly refer to the Administrative Guide.

Last day, date and time for lodging the Proxy Form : Tuesday, 30 August 2022 at 10.00 a.m.

Date and time of the 1st AGM : Thursday, 1 September 2022 at 10.00 a.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	: The Companies Act, 2016, as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Annual Report 2022”	: Annual Report of the Company for the financial year ended 31 March 2022
“Audit Committee”	: The Audit Committee of Unitrade
“Unitrade” or “the Company”	: Unitrade Industries Berhad
“Unitrade Group” or “Group”	: Unitrade and its subsidiaries collectively
“Unitrade Share(s)”	: Ordinary share(s) of Unitrade
“Board”	: The Board of Directors of Unitrade
“USB”	: Unitrade Sdn Bhd
“USB”	: Unitrade United Sdn Bhd
“Ricwil”	: Ricwil (Malaysia) Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Circular”	: This circular to shareholders in relation to the Proposals
“Director(s)”	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon- i) a director of the Company, its subsidiary or holding company; or ii) a chief executive of the Company, its subsidiary or holding company
“Listing Date”	: 14 June 2022, the date Unitrade was admitted to the Official List of Bursa Securities
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities, including any amendment thereto that may be made from time to time
“LPD”	: 30 June 2022, being the latest practicable date prior to the issuance of this Circular

DEFINITIONS (Cont'd)

- “Mandate Period”** : The period during which the RRPTs are to be entered into for which the Proposed New Shareholders’ Mandate is being sought. This period shall commence immediately upon the passing of the ordinary resolution for the Proposed New Shareholders’ Mandate during the forthcoming AGM or any adjournment thereof until:
- (a) The conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM;
 - (b) The expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) Revoked or varied by an ordinary resolution passed by the shareholders in a general meeting.
- whichever is earlier
- “Major Shareholder”** : A person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those shares is:
- (a) equal to or more than 10% of the total number of the voting shares in the Company; or
 - (b) equal to or more than 5% of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act
- “Modular House”** : Modular house is Prefabricated house that is widely used in construction sites and labour camp for dormitory, canteen, clinic and laundry room
- “Person(s) Connected”** : Shall have the same meaning given in Rule 1.01, Chapter 1 of the Listing Requirements
- “Proposed New Shareholders’ Mandate”** : Proposed new shareholders’ mandate for Unitrade Group to enter into RRPTs of a revenue or trading nature
- “Proposed Shareholders’ Ratification”** : Proposed shareholders’ ratification from the shareholders of the Company for the RRPTs entered into by the Group for the period commencing from Listing Date to the date of the 1st AGM
- “Proposed Shareholders’ Mandate” or “Proposals”** : Collectively, Proposed Shareholders’ Ratification and Proposed New Shareholders’ Mandate
- “PVC-O”** : Oriented-PVC is molecularly oriented PVC for pressure applications, designed to be lighter, have better impact resistance and increased tensile strength when compared to standard PVC

DEFINITIONS (Cont'd)

- “Ratification Period”** : Period during which the RRPTs were entered into for which the Proposed Shareholders’ Ratification is sought. This period shall commence from the Listing Date to the date of the 1st AGM
- “Recurrent Related Party Transaction(s)”** or **“RRPT”** : Related party transaction(s) which is/are recurrent, of a revenue and/or trading nature which are necessary for the day-to-day operations of the Group and within the ordinary course of business of the Group entered into by the Group, which involves the interest, direct or indirect, of Related Parties
- “SAS”** : Unitrade SAS Sdn Bhd
- “SLU”** : Syarikat Logam Unitrade Sdn Bhd
- “Related Party”** or **“Parties”** : Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s)
- “RM”** and **“sen”** : Ringgit Malaysia and sen, respectively
- “Substantial Shareholder(s)”** : Shall have the meaning given in Section 136 of the Act

All references to “our Company” in this Circular are to Unitrade Industries Berhad and reference to “our Group” are to our Company and subsidiaries collectively. References to “we”, “us”, “our”, and “ourselves” are to our Group.

Words importing the singular shall, where applicable, include the plural and vice versa. Words incorporating importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporation, unless otherwise specified.

Any reference in this Circular to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

All references to “you” and “your” in this Circular are to the shareholders of the Company.

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UNITRADE INDUSTRIES BERHAD
Registration No. 202101013724 (1414023-X)
(Incorporated in Malaysia)

Registered Office:

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

29 July 2022

Board of Directors:

Dato' Abdul Majit bin Ahmad Khan	<i>(Senior Independent Non-Executive Chairman)</i>
Dato' Lok Bah Bah @ Loh Yeow Boo	<i>(Senior Independent Non-Executive Director)</i>
Sim Keng Chor	<i>(Executive Vice Chairman)</i>
Nomis Sim Siang Leng	<i>(Managing Director)</i>
Simson Sim Xian Zhi	<i>(Executive Director)</i>
Cynthia Toh Mei Lee	<i>(Independent Non-Executive Director)</i>
Ong Soo Chan	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Unitrade

Dear Sir/Madam

- (I) PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE; AND**
(II) PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE
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1. INTRODUCTION

Bursa Securities has via its letter dated 12 July 2022 granted Unitrade an extension of time from 14 June 2022 (the date of the listing of the Company's shares in the ACE Market of Bursa Securities) until the forthcoming AGM to obtain shareholders' ratification and mandate for the RRPT(s) that the Group will enter or had entered into with Related Parties since the Listing Date up to the date of the Company's forthcoming 1st AGM.

On 13 July 2022, the Board announced that the Company proposed to seek the shareholders' approval on the following:-

- (i) Proposed shareholders' ratification for RRPTs which the Company or the Group had entered into since the date of admission and listing of the Company on the ACE Market of Bursa Securities to the date of 1st AGM; and
- (ii) Proposed new shareholders' mandate for RRPTs of a revenue or trading nature.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING 1ST AGM OF THE COMPANY. THE NOTICE OF 1ST AGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THE ANNUAL REPORT 2022 OF THE COMPANY.

YOU ARE ADVISED TO READ CAREFULLY AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE 1ST AGM.

2. DETAILS OF THE PROPOSALS

2.1 Provisions under the Listing Requirements

Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders' in respect of RRPTs which are necessary for its day-to-day operations subject to, amongst others, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:

“in relation to a listed issuer with a share capital RM60 million and above–

- (i) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1.0 million or more; or
- (ii) the percentage ratio of such RRPTs is 1% or more,

whichever is the higher”;

- (c) The listed issuer circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular relating to shareholders' mandate for new RRPT must be submitted to Bursa Securities for perusal together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested Major Shareholder or person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Unitrade Group had, in its ordinary course of business, entered into certain RRPTs and it is anticipated that the companies within Unitrade Group would, in the ordinary course of business, continue to enter into such transactions with the Related Parties, details of which are set out in Section 2.4 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

Accordingly, the Board proposes to seek its shareholders' approval for the Proposed Shareholders' Ratification on those RRPTs entered into by Unitrade Group during the Ratification Period, as well as for the Proposed New Shareholders' Mandate for future RRPT(s) to be entered into during the Mandate Period.

These RRPT(s), which are necessary for the day-to-day operations of Unitrade Group, have been/will be entered into at arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of Unitrade's minority shareholders.

2.2 Validity period for the Proposed New Shareholders' Mandate

The Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming AGM, will take effect from the date of passing of the proposed ordinary resolution at the forthcoming AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company, unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

For information of shareholders, the approval of the shareholders of the Company will be sought for the renewal and/or new shareholders' mandate at each subsequent AGM of the Company.

2.3 Principal activities of the Group

The Company is principally engaged in investment holding. As at the LPD, the principal activities of its subsidiaries are as follows:

Company	Principal Activities	Effective ownership interest
SLU	Wholesale and distribution of building materials	100%
Ricwil	Manufacturing and distribution of pre-insulated pipes, as well as trading of building materials	100%
UUSB <i>(Held through Ricwil (100%))</i>	Rental of temporary structural support equipment	100%
USB	Property Investment	100%

2.4 Class of Related Parties and Nature of RRPTs

The nature and details of the RRPTs entered and/or to be entered into by the Group and the class of Related Parties under the Proposals are as follows:-

Related Party	Transacting Party within the Group	Interested Directors/Major Shareholder and/or Person Connected to them	Nature of relationship of related parties	Nature of Transaction	Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
					Estimated value from the Listing Date up to the forthcoming AGM* (RM'000)	Actual value from the Listing Date up to the LPD (RM'000)	Estimated value to be transacted from the LPD up to the forthcoming AGM* (RM'000)	Estimated value from the forthcoming AGM up to the next AGM* (RM'000)
Blessplus Sdn Bhd ("Blessplus")	SLU	<ul style="list-style-type: none"> • Sim Keng Chor • Sim Hsio Chor • Teh Beng Khim • SAS 	<p>Sim Keng Chor's brother, Sim Hsio Chor is a Director and Substantial Shareholder of Blessplus.</p> <p>Sim Keng Chor is the Director and Substantial Shareholder of the Company.</p> <p>Teh Beng Khim is the spouse of Sim Keng Chor and a Substantial Shareholder of the Company.</p> <p>SAS is a Major Shareholder of the Company. Sim Keng Chor and Teh Beng Khim are the Directors and Major Shareholders of SAS.</p>	Sales by SLU of building materials such as Steel bars	1,000	-	1,000	2,200

					Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
Related Party	Transacting Party within the Group	Interested Directors/Major Shareholder and/or Person Connected to them	Nature of relationship of related parties	Nature of Transaction	Estimated value from the Listing Date up to the forthcoming AGM*	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM*	Estimated value from the forthcoming AGM up to the next AGM*
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
Molecor (SEA) Sdn Bhd ⁽¹⁾ ("Molecor")	SLU	<ul style="list-style-type: none"> • Sim Keng Chor • Nomis Sim Siang Leng • Simson Sim Xian Zhi • Ecila Sim Ju-Inn • Teh Beng Khim • SAS 	<p>Sim Keng Chor and his children Nomis Sim Siang Leng, Simson Sim Xian Zhi and Ecila Sim Ju-Inn are shareholders of Molecor through Sanlens Sdn Bhd ⁽²⁾, ("Sanlens") a Substantial Shareholder of Molecor.</p> <p>Nomis Sim Siang Leng is also a Director in Molecor.</p> <p>Sim Keng Chor is also the Director and Substantial Shareholder of the Company.</p> <p>Teh Beng Khim is the spouse of Sim Keng Chor and a Substantial Shareholder of the Company.</p>	Sales by SLU of PVC-O's raw materials such as Resins	3,000	110	2,890	6,500

					Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
Related Party	Transacting Party within the Group	Interested Directors/Major Shareholder and/or Person Connected to them	Nature of relationship of related parties	Nature of Transaction	Estimated value from the Listing Date up to the forthcoming AGM*	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM*	Estimated value from the forthcoming AGM up to the next AGM*
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
			<p>SAS is a Major Shareholder of the Company. Sim Keng Chor and Teh Beng Khim are the Directors and Major Shareholders of SAS.</p> <p>Simson Sim Xian Zhi and Nomis Sim Siang Leng are the Directors and Shareholders of the Company.</p>					
Well-Built Alloy Industries Sdn Bhd ("Well-Built Alloy")	SLU	<ul style="list-style-type: none"> • Sim Keng Chor • Sim Hsio Chor • Teh Beng Khim • SAS 	<p>Sim Keng Chor's brother, Sim Hsio Chor is a Director and Substantial Shareholder of Well-Built Alloy.</p> <p>Sim Keng Chor is the Director and Substantial Shareholder of the Company.</p>	Sales by SLU of pipes and structural products (ie, hollow sections and angle iron)	2,000	87	1,913	4,400
				Purchase by SLU of valves	4,000	555	3,445	8,700

					Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
Related Party	Transacting Party within the Group	Interested Directors/Major Shareholder and/or Person Connected to them	Nature of relationship of related parties	Nature of Transaction	Estimated value from the Listing Date up to the forthcoming AGM*	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM*	Estimated value from the forthcoming AGM up to the next AGM*
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
			<p>Teh Beng Khim is the spouse of Sim Keng Chor and a Substantial Shareholder of the Company.</p> <p>SAS is a Major Shareholder of the Company. Sim Keng Chor and Teh Beng Khim are the Directors and Major Shareholders of SAS.</p>					
Sanifix (M) Sdn Bhd ("Sanifix")	SLU	<ul style="list-style-type: none"> • Sim Keng Chor • Sim Shu Hui • Chin Wee Tian • Teh Beng Khim • SAS 	<p>Sim Keng Chor's sister, Sim Shu Hui and brother-in-law, Chin Wee Tian are Directors and Substantial Shareholders of Sanifix.</p> <p>Sim Keng Chor is the Director and Substantial Shareholder of the Company.</p> <p>Teh Beng Khim is the spouse of Sim Keng Chor and a Substantial Shareholder of the Company.</p>	Sales by SLU of steel bar, fittings, pipes and valves.	2,000	238	1,762	4,300

					Proposed Shareholders' Ratification			Proposed New Shareholders' Mandate
Related Party	Transacting Party within the Group	Interested Directors/Major Shareholder and/or Person Connected to them	Nature of relationship of related parties	Nature of Transaction	Estimated value from the Listing Date up to the forthcoming AGM*	Actual value from the Listing Date up to the LPD	Estimated value to be transacted from the LPD up to the forthcoming AGM*	Estimated value from the forthcoming AGM up to the next AGM*
					(RM'000)	(RM'000)	(RM'000)	(RM'000)
			SAS is a Major Shareholder of the Company. Sim Keng Chor and Teh Beng Khim are the Directors and Major Shareholders of SAS.	Purchase by SLU of paints, fittings, pipes and valves.	100	6	94	217
United Jaya Sdn Bhd ("United Jaya")	UUSB	<ul style="list-style-type: none"> • Lim Chee Chow • United Jaya 	<p>United Jaya is a strategic partner of UUSB and became the shareholder of the Company on 25 March 2022 upon the completion of Acquisition of UUSB³.</p> <p>Lim Chee Chow, the Director of UUSB, a wholly owned subsidiary of Ricwil, is also a major shareholder in United Jaya.</p>	Sale by UUSB of scaffolding	300	1	299	650
				Purchase by UUSB of products (ie, Modular House) and labour charges (ie, repair & maintenance work for the scaffolding returned by the customers)	1,030	594	436	2,400

Notes:-

* The estimated values are based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may be varied from the estimated value disclosed above and subject to changes.

- (1) Molecor is one of our suppliers. As it is managed by its holding company. i.e Fitters Diversified Berhad, therefore, the involvement of Sim Keng Chor, Nomis Sim Siang Leng and Simson Sim Xian Zhi will not give rise to any potential conflict of interest with our Group. As at the LPD, the details of the shareholders of Molecor are as follows:-

Name	No. of shares held	%
Fitters Diversified Berhad	79,500,000	72.3
Molecor Tecnologia S.L.	3,000,000	2.7
Sanlens	27,500,000	25.0
Total	110,000,000	100

- (2) As as the LPD, the details of substantial shareholders and directors of Sanlens are as follows:-

Substantial Shareholders and directors	No. of shares held	%
Sim Keng Chor	50,000	50.0
Nomis Sim Siang Leng	20,000	20.0
Simson Sim Xian Zhi	20,000	20.0
Ecila Sim Ju-Inn	10,000	10.0
Total	100,000	100.0

- (3) Acquisition by Ricwil of 40% equity interest in UUSB for a purchase consideration of RM4,862,500 which was wholly satisfied by the issuance of 31,250,000 new Shares at an issue price of RM0.1556 per Share, which was completed on 25 March 2022.

2.5 Amount due from and owing by Related Parties

As at the LPD, there is no amount due from and owing by Related Parties pursuant to the Recurrent Related Party Transactions which exceeded the credit terms.

2.6 Review Procedures

The following are in place to ensure that any transactions entered into by the Unitrade Group with Related Party, which are in the ordinary course of business of Unitrade Group, are undertaken on transaction prices and on an arm's length basis and on normal commercial terms consistent with the Unitrade Group's usual business practices and are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company:-

- (i) The Unitrade Group will only enter into RRPT after taking into account the pricing, terms and other relevant factors. Wherever practicable and/or feasible, at least two (2) other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered to/by related parties are fair and reasonable and comparable to those offered to/by other third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on usual business practices of the Group to ensure that the RRPT are not determinantal to the Unitrade Group.
- (ii) There are no specific thresholds for the approval of RRPT within the Group. All RRPT will be reviewed by the Audit Committee ("AC") of the Company on quarterly basis and approved by the Board with the recommendation from the AC prior to execution of contracts. In reviewing these transactions, the AC, if necessary, may request for additional information from independent sources or advisers. The AC shall also review the adequacy of the processes and procedures to track and monitor these RRPT in a timely and orderly manner to ensure accuracy.
- (iii) All types of RRPT are carried out at arm's length and on the Unitrade Group's normal commercial terms which are not more favourable to the related parties than those generally available to the public. These include transacting at prevailing market rates/prices of the products or services provider's usual commercial terms or otherwise in accordance with applicable industry norm.
- (iv) Records of RRPT will be maintained by the Group and will made available to the external auditors, internal auditors and AC for their review.

- (v) The Board and the AC will review the RRPT on a quarterly basis, to ascertain that the guidelines and procedures established to monitor RRPT have been complied with.
- (vi) Where any Director or person connected to him has an interest (direct or indirect) in any RRPT, he shall abstain from deliberation and voting on the matter. The said interested Director shall undertake that he will ensure that person connected with him abstain from voting on the resolution deliberating or approving the RRPTs at a general meeting.
- (vii) The annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the shareholders' mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to. Any divergence will be reported to the AC.

2.7 Disclosure in Annual Report

Disclosure will be made in the annual report of the Company in accordance with Rule 3.1.5 of Guidance Note 8 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year based on the following information:

- (a) the type of the RRPTs made; and
- (b) the names of the Related Parties involved in each of the RRPTs made and their relationship with the Company.

2.8 Statement by the AC

The AC has seen and reviewed the procedures as mentioned in Section 2.6 above and is of the view that the said procedures are sufficient to ensure that the RRPTs are undertaken on arm's length basis not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of Unitrade.

The AC is of the view that the Unitrade Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on an annual basis or whenever the need arises.

2.9 Interests of Directors and Major Shareholders and/or Persons connected to them

The direct and indirect interests of the interested Directors, Major Shareholders and/or Persons connected with them as at LPD are as follows:

Name of Interested Directors	Direct		Indirect	
	No. of Unitrade Shares	%	No. of Unitrade Shares	%
Sim Keng Chor	168,173,000	10.76	858,932,000 ^(b)	54.97
Nomis Sim Siang Leng	39,987,000	2.56	-	-
Simson Sim Xian Zhi	32,858,000	2.10	-	-
Name of Interested Major Shareholders	Direct		Indirect	
	No. of Unitrade Shares	%	No. of Unitrade Shares	%
Teh Beng Khim	70,278,000	4.50	956,827,000 ^(a)	61.24
Sim Keng Chor	168,173,000	10.76	858,932,000 ^(b)	54.97
Unitrade SAS Sdn Bhd	788,654,000	50.47	-	-

^(a)Deemed interested in the shares held by his spouse, Teh Beng Khim in the Company and by virtue of his interest in SAS pursuant to Section 8 of the Act.

^(b)Deemed interested in the shares held by her spouse, Sim Keng Chor in the Company and by virtue of her interest in SAS pursuant to Section 8 of the Act.

Name of Persons Connected to Interested Directors and Interested Major Shareholders	Direct		Indirect	
	No. of Unitrade Shares	%	No. of Unitrade Shares	%
Sim Hsio Chor	-	-	-	-
Ecila Sim Ju-Inn	2,763,400	0.18	-	-
Sim Shu Hui	-	-	2,400,000 ⁽¹⁾	0.15
Chin Wee Tian	2,400,000	0.15	-	-
Lim Chee Chow	-	-	14,725,000 ⁽²⁾	0.94
United Jaya	14,725,000	0.94	-	-

⁽¹⁾ Deemed interested in the shares held by his spouse, Chin Wee Tian in the Company pursuant to Section 8 of the Act.

⁽²⁾ Deemed interested in the shares by virtue of his interest in United Jaya pursuant to Section 8 of the Act.

Accordingly, the interested Directors have abstained and will continue to abstain from the Board's deliberations and voting on the relevant resolution. They will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company, on the resolution approving the Proposals at the forthcoming 1st AGM.

In addition, the interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, on the resolution approving the Proposals at the forthcoming 1st AGM.

The interested Directors, interested Major Shareholders have undertaken that they shall ensure that the person connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution, deliberating or approving the Proposals at the forthcoming 1st AGM.

Save as disclosed above, none of the other Directors, Major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposals.

2.10 Directors' Recommendation

The Board (save for the interested Directors), after having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board (save for the interested Directors), recommends that you vote in favour of the ordinary resolution on Proposals to be tabled at the forthcoming 1st AGM.

3. APPROVAL REQUIRED

The Proposals are subject to approval being obtained from the shareholders of the Company at the forthcoming 1st AGM.

4. RATIONALE AND BENEFITS FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Ratification serves to ratify the RRPTs entered into by the Group since its Listing Date to the date of its forthcoming 1st AGM. Given that Unitrade is in its first year of listing, ratification of RRPTs entered from the Listing Date up to its AGM allows the Company to coincide the Proposed Shareholders' Ratification and Proposed New Shareholders Mandate with its AGM and eliminate the need for separate general meetings therefore reduces expenses for the Company.

The RRPTs to be entered into by the Unitrade Group with the Related Parties are all in the ordinary course of business. The RRPTs are recurring transactions of a revenue or trading nature which will occur with some degree of frequency and could arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such RRPTs. As such, the Board of the Unitrade is seeking shareholders' mandate pursuant to Rule 10.09(2) of the Listing Requirements for the RRPT described in Section 2.4 above to allow the Group to enter into such RRPT. This would substantially avoid incoming substantial expenses associated with the convening of general meetings on an ad hoc basis, thereby improving administrative efficiency.

The Board is of the view that the RRPTs are beneficial to Unitrade Group. The close commercial relationships that have been established with the Related Parties have created an effective network that Unitrade Group can draw upon to support its operational needs, deriving synergistic, operational benefits to support the business of the Company.

5. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposals will not have any material effect on the share capital, shareholdings of the substantial shareholders, earnings per share, net assets per share and gearing of Unitrade and its subsidiaries.

6. AGM

The 1st AGM of the Company, the notice of which is enclosed in the Annual Report 2022 of the Company, will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via meeting platform at <https://meeting.boardroomlimited.my> from the Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor on Thursday, 1 September 2022 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolution to give effect to the Proposals.

If you are unable to participate and vote at the 1st AGM, please complete, sign and return the Form of Proxy in accordance with the instructions provided therein to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or alternatively, you may deposit your Form of Proxy by electronic means through Boardroom Smart Investor Online Portal (applicable to individual shareholder only) at <https://investor.boardroomlimited.com> or via e-mail to bsr.helpdesk@boardroomlimited.com not less than 48 hours before the time for holding the 1st AGM, or at any adjournment thereof at which the person named in the instrument proposes to vote. Shareholders are advised to refer to the Administrative Guide for further details and instructions for electronic submission of the Form of Proxy and participation at the 1st AGM. The lodging of the Proxy Form does not preclude you from participating and voting in person at the 1st AGM should you subsequently decide to do so.

7. FURTHER INFORMATION

Shareholders are advised to refer to Appendices in this Circular for further information.

Yours faithfully
For and on behalf of the Board of
UNITRADE INDUSTRIES BERHAD

Nomis Sim Siang Leng
Managing Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of Unitrade and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading or incorrect.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) entered into by Unitrade and its subsidiary companies during the two (2) years immediately preceding the date of this Circular:

- (a) Asset sale agreement dated 21 June 2021 between Ricwil and Sim Keng Chor for the disposal of a single-storey detached factory with an integral two-storey building and annexed two-storey office building, bearing address at Lot 3767, Jalan 2D, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor to Sim Keng Chor for a cash consideration of RM4,300,000, which was completed on 21 June 2021;
- (b) Conditional sale and purchase agreement dated 9 September 2021 (and supplemental agreement dated 21 February 2022) between Unitrade and SLU vendors for the Acquisition of SLU, which was completed on 25 March 2022;
- (c) Conditional sale and purchase agreement dated 9 September 2021 (and supplemental agreement dated 21 February 2022) between Unitrade and Ricwil vendors for the Acquisition of Ricwil, which was completed on 25 March 2022;
- (d) Conditional sale and purchase agreement dated 9 September 2021 between Unitrade and USB vendors for the Acquisition of USB, which was completed on 26 March 2022; and
- (e) Conditional sale and purchase agreement dated 21 February 2022 between Unitrade, Ricwil and the UUSB vendors for the Acquisition of UUSB, which was completed on 25 March 2022.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board is not aware and do not have any knowledge of any proceeding pending or threatened against the Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of the Group:

- (i) **Shah Alam High Court Suit No.: BA-28NCC-404-10/2020/ BA-29NCC-23-01/2021 / BA29NCC-24-01/2021)**

SLU – (the “**Plaintiff**”)

Maxprom Bina Sdn Bhd – (the “**Defendant 1**”) Ng Cheng Tuan (“**Defendant 2**”), Hoh Hock Koon (“**Defendant 3**”) – (collectively, the “**Defendants**”)

On 1 July 2019, the Plaintiff initiated a claim against the Defendants for the amount of RM1,032,760.36 together with interest for construction materials sold and delivered by the Plaintiff to Defendant 1 on 2 October 2018 and 1 April 2019. The Plaintiff obtained a summary judgment against the Defendants for the amount of RM1,032,760.36 together with interest on 22 January 2020 (“**Judgment**”). Subsequently on 12 October 2020, a winding up petition was presented to the court against Defendant 1 for the amount owing by Defendant 1 to the Plaintiff in respect of the Judgment. On 21 June 2021, the court granted Defendant 1 a judicial management order for the period of 6 months which was further extended for another 6 months.

Bankruptcy notices were filed on 8 January 2021 and served on both Defendants 2 and 3 and they have both opposed the filing of such notice. As at LPD, no hearing date has been fixed regarding the opposition of the bankruptcy notice because consent of the court has to be obtained for the bankruptcy proceeding to proceed i.e. application for consent can be made any time after the bankruptcy notice is served but prior to the filing of a creditor’s petition against Defendant 2 and 3. To obtain such consent, it was necessary for the Plaintiff to prove that all proceedings against Defendant 1 have been exhausted. As Defendant 1 was under judicial management, this matter had to be kept in abeyance.

As at LPD, the Plaintiff was unable to reach a settlement with the Judicial Manager. As the Plaintiff had exhausted all proceedings against Defendant 1 i.e. initiating the winding up proceeding and the Plaintiff’s attempt to reach a settlement with the Judicial Manager, the Plaintiff has instructed their solicitors to proceed with the bankruptcy actions against the guarantors (i.e. Defendant 2 and Defendant 3) for the balance amount owing to the Plaintiff.

The amount has been fully impaired in financial year ended 31 March 2020.

(ii) **Shah Alam High Court** (Suit No.: BA-22NCvC-378-09/2019)

SLU – (the “**Plaintiff**”)

Ikhmas Jaya Sdn Bhd & Ikhmas Jaya Group Berhad – (the “**Defendants**”)

On 3 September 2019, the Plaintiff initiated a claim against the Defendants for all the outstanding amount for construction materials sold and delivered to the Defendants. On 24 June 2020, a consent judgment was granted in favour of the Plaintiff for total amount of RM24,539,356.92. As at LPD, the parties are in the midst of negotiation for settlement of the consent judgment.

The defendants obtained a restraining order pursuant to Section 368 of the Act (Suit No: WA-24NCC-608-12/2020) on 31 December 2020, which was further extended twice until 30 September 2021. Until and unless such restraining order lapses, the Plaintiff would not be able to proceed with any legal action against the Defendant without the leave of the court.

The remaining amount outstanding to our Group is RM782,000 has been fully impaired in financial year ended 31 March 2020.

The Defendants held Court convened creditors’ meetings pursuant to Section 366 of the Act on 26 August 2021. The proposed scheme of arrangement presented in the Court convened creditors’ meeting has been approved by the requisite majority in value of the creditors present and voting at their respective Court convened meetings, including SYAL. The hearing date for the Court’s sanction of the scheme of arrangement is on 25 November 2021.

The sealed order dated 2 December 2021 sanctioning the scheme of arrangement was lodged with the Companies Commission of Malaysia on 10 December 2021, giving effect to the scheme on the same date.

Barring unforeseen circumstances, SLU will not be enforcing the consent judgment, and will not proceed with any legal action against the Defendants subject to the implementation of the scheme of arrangement by the Defendants. Ernst & Young PLT has been appointed as the Defendant's financial advisors to assist in the scheme of arrangement, and further developments on the same will be announced by the Defendant to Bursa Securities in due course.

(iii) **Butterworth Court** (Suit No.: PB-B52NCvC-14-05/2021)

Ricwil – (the “**Plaintiff**”)

LKL Piping & Engineering Sdn Bhd – (the “**Defendant**”)

On 20 May 2021, Ricwil initiated a claim against LKL Piping & Engineering Sdn Bhd for the amount of RM403,433.02 (including late payment charges) for the construction materials sold and delivered to the Defendant between March 2020 to October 2020. A judgement in default was made against the Defendant on 4 August 2021.

As at LPD, Ricwil has instructed its legal counsels to commence winding up proceedings against the Defendant as well as to take an action against the guarantors based on joint & several guarantee executed by them. A winding up order against the Defendant was obtained from the court on 17 March 2022.

The amount has been fully impaired in financial year ended 31 March 2021.

(iv) **Kuala Lumpur Sessions Court Suit No. WA-B52NCC-441-09/2020**

UUSB – (the “**Plaintiff**”)

YangXing Construction Decoration Project Sdn Bhd – (the “**Defendant**”)

On 1 September 2020, the Plaintiff initiated a claim against the Defendant to recover the outstanding amount of RM662,265.83 together with interest which is due from the Defendant for the rental of equipment and scaffolding. On 30 November 2020, the Plaintiff obtained judgment in default against the Defendant.

As at LPD, the Plaintiff is in the midst of executing the judgment obtained against the Defendant by filing the application for writ of delivery to repossess the equipment/ scaffolding rented to the Defendant to recover the judgment sum as well as to repossess the equipment and scaffolding rented to the Defendant. The Court fixed the first execution on 22 December 2021 but the execution was unable to be carried out as the Plaintiff was denied access to the project site. The Plaintiff obtained a further execution date to carry out the Writ of Delivery on 11 May 2022 to allow the Plaintiff to gain access to project site.

The equipment and scaffolding have been fully written off in financial year ended 31 March 2022.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the shareholders at the registered office of the Company at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming AGM of the Company:

- a) the Constitution of Unitrade;
- b) the material contracts referred in Section 2 of this Appendix I;
- c) the audited financial statements of Unitrade for the financial year ended 31 March 2022; and
- d) the relevant cause papers in relation to the material litigation, claim and arbitration as referred to in Section 3 above

ORDINARY RESOLUTION 11 UNDER SPECIAL BUSINESS TO BE TABLED AT THE 1st AGM OF THE COMPANY SCHEDULED TO BE HELD ON THURSDAY, 1 SEPTEMBER 2022 AT 10.00 A.M.

PROPOSED SHAREHOLDER' RATIFICATION AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“**THAT** approval be and is hereby given to the Company and its subsidiaries (“Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 29 July 2022, provided that:

- (a) such arrangements and/or transactions are necessary for the Group’s day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”), unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever is the earlier.

THAT all Recurrent Related Party Transactions entered into by the Related Parties, from 14 June 2022, being the date of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.4 of the Circular to Shareholder dated 29 July 2022 be and are hereby approved, confirmed and ratified;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”