



UNITRADE INDUSTRIES BERHAD
(Registration No.: 202101013724 (1414023-X))



BUILDING ON MOMENTUM



Annual Report 2023

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COVER RATIONALE



BUILDING ON MOMENTUM

In FY2023, Unitrade Industries Berhad continued to make strides since our successful listing on Bursa Malaysia Securities Berhad in 2022. Our cover design for Annual Report 2023 with the theme **Building on Momentum** shows a visual representation of Unitrade's growth trajectory, symbolised by the expanding embossed circle. The icons within the circle represent pillars of Economic, Environmental, Social, and Governance ("EESG"), signifying our focus on responsible and sustainable practices, while expanding the business.



This report is available at
www.unitrade.com.my/reports-presentations

To access our Annual Report, please
download the QR code reader to your
smartphone by scanning the QR code.





Unitrade Industries Berhad and its subsidiaries (“Unitrade” or “the Group”) are a leading wholesaler and distributor of building materials. The Group is primarily involved in the wholesale and distribution of building materials, offering an extensive range of products for building and construction activities, specifically in mechanical and electrical (“M&E”) works and civil works. Additionally, Unitrade is engaged in the manufacturing and sale of pre-insulated pipes and rental of temporary structural support equipment for building construction activities.

Unitrade has a rich history dating back to its establishment in 1979. Today, it offers a comprehensive catalogue of over 6,000 stock-keeping units (“SKUs”) of pipes, valves, fittings (“PVF”), and accessories for M&E works, as well as steel products and other building materials for civil works. The Group operates from a centralised warehouse in Shah Alam, Selangor, and serves over 1,000 active customers nationwide, including M&E contractors, building contractors, traders, manufacturers, and retailers. Its products are used throughout the lifecycle of buildings and infrastructure, from new building and infrastructure construction to building refurbishments, retrofitting, repair, and maintenance.

Unitrade was listed on the ACE Market of the Bursa Malaysia Securities Berhad on 14 June 2022.

OUR MISSION

We strive to be the leading supplier and distributor of construction materials, specifically pipes, valves and fittings.

OUR CORE VALUES



Integrity



Reliability



Infinite Possibilities



Corporate Information

BOARD OF DIRECTORS

Dato' Abdul Majit Bin Ahmad Khan
Independent Non-Executive
Chairman

Sim Keng Chor
Executive Vice Chairman

Nomis Sim Siang Leng
Group Managing Director

Simson Sim Xian Zhi
Executive Director

Dato' Lok Bah Bah @ Loh Yeow Boo
Senior Independent Non-Executive
Director

Cynthia Toh Mei Lee
Independent Non-Executive
Director

Ong Soo Chan
Independent Non-Executive
Director

Datin Shivajini Sathya Seelan
Independent Non-Executive
Director

AUDIT COMMITTEE

Dato' Lok Bah Bah @ Loh Yeow Boo
(Chairman)
Senior Independent Non-Executive
Director

Cynthia Toh Mei Lee
Independent Non-Executive Director

Ong Soo Chan
Independent Non-Executive Director

Datin Shivajini Sathya Seelan
Independent Non-Executive Director

REMUNERATION COMMITTEE

Ong Soo Chan (Chairwoman)
Independent Non-Executive Director

Dato' Lok Bah Bah @ Loh Yeow Boo
Senior Independent Non-Executive
Director

Cynthia Toh Mei Lee
Independent Non-Executive Director

Datin Shivajini Sathya Seelan
Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Lok Bah Bah @ Loh Yeow Boo
(Chairman)
Senior Independent Non-Executive
Director

Cynthia Toh Mei Lee
Independent Non-Executive Director

Ong Soo Chan
Independent Non-Executive Director

Datin Shivajini Sathya Seelan
Independent Non-Executive Director

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Cynthia Toh Mei Lee (Chairwoman)
Independent Non-Executive Director

Ong Soo Chan
Independent Non-Executive Director

Nomis Sim Siang Leng
Group Managing Director

Datin Shivajini Sathya Seelan
Independent Non-Executive Director

REGISTERED OFFICE

Boardroom Corporate Services Sdn Bhd
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor
Tel no. : 03-7890 4800
Fax no. : 03-7890 4650
Email : boardroom-kl@
boardroomlimited.com

HEAD OFFICE

2, Jalan Astaka U8/87
Seksyen U8, Bukit Jelutong
40150 Shah Alam
Selangor
Tel no. : 03-7843 2828
Fax no. : 03-7845 6366

CORPORATE WEBSITE

www.unitrade.com.my

INVESTOR RELATIONS

E-mail: IR@unitrade.com.my

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
(SSM PC No. 202008001023)

Tan Ai Ning (MAICSA 7015852)
(SSM PC No. 202008000067)

Nelson Foo Chean Ee (MAICSA 7070316)
(SSM PC No. 202008003986)

AUDITORS

KPMG PLT
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor
Tel no. : 03-7721 3388
Fax no. : 03-7721 3399

SPONSOR

M & A Securities Sdn Bhd
Level 11, 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel no. : 03-2284 2911
Fax no. : 03-2284 2718

PRINCIPAL BANKERS

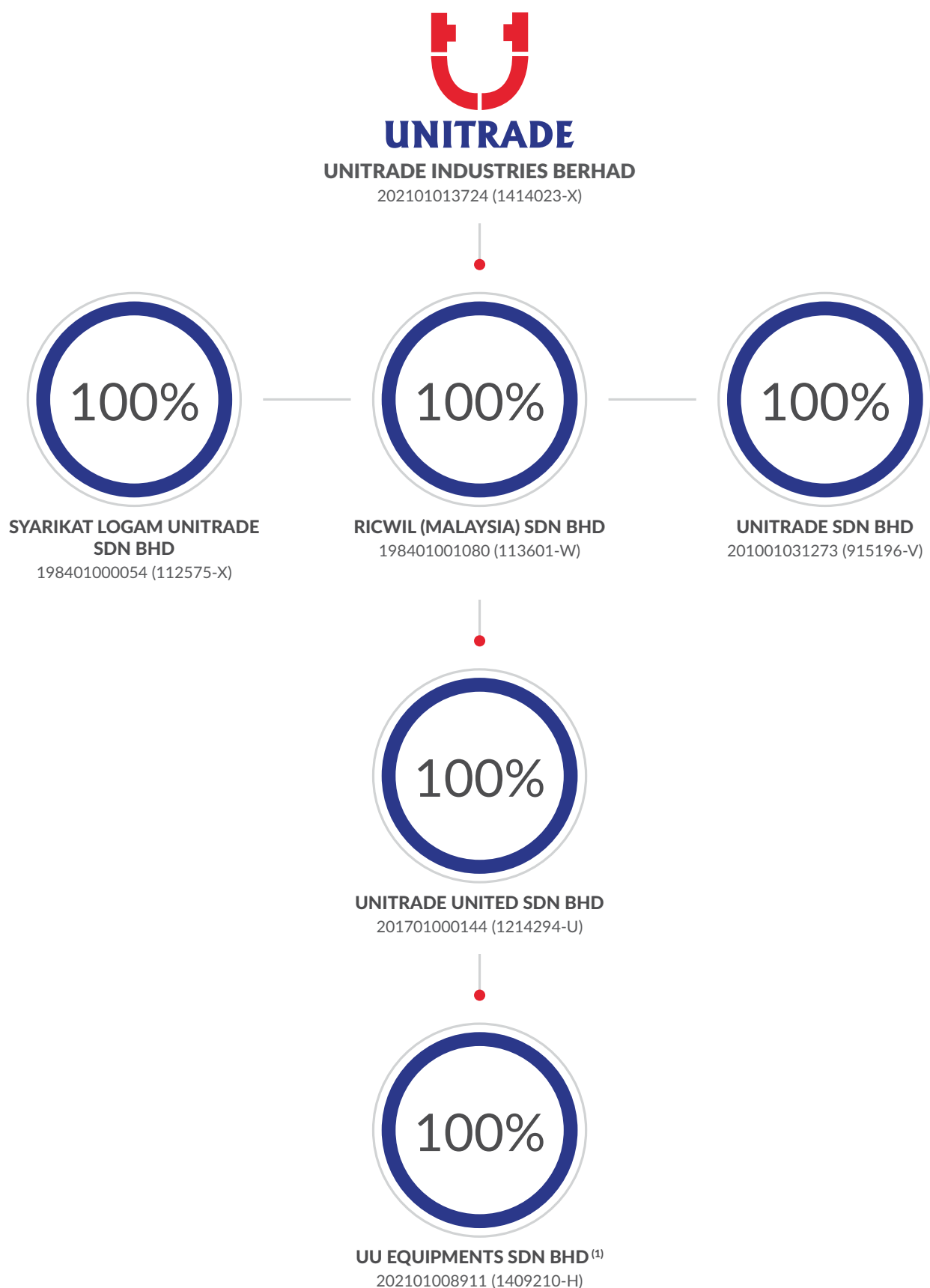
Alliance Bank Malaysia Berhad
AL-Rajhi Banking & Investment
Corporation (M) Berhad
AmBank (M) Berhad/AmBank Islamic
Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor
Tel no. : 03-7890 4700
Fax no. : 03-7890 4670
Email : bsr.helpdesk@
boardroomlimited.com

STOCK EXCHANGE LISTING

**ACE Market of Bursa Malaysia
Securities Berhad**
Stock Name : UNITRAD
Stock Code : 0247
Listed on 14 June 2022



Note:

⁽¹⁾ Acquired on 29 May 2023

Financial Highlights

Financial Year Ended 31 March

(RM million)	FY2019 ⁽¹⁾	FY2020 ⁽¹⁾	FY2021 ⁽¹⁾	FY2022	FY2023
Financial Results					
Revenue	1,048.7	1,077.6	1,025.0	1,290.2	1,394.7
Gross Profit	79.8	80.9	88.7	113.0	77.2
Profit Before Tax	27.9	29.0	40.1	58.4	20.7
Profit After Tax and Non-Controlling Interests (PATNCI)	18.9	19.1	28.8	43.3	15.4
Financial Position					
Shareholders' Funds	179.8	197.5	218.4	230.4	329.8
Total Assets	571.9	715.2	812.3	879.4	918.8
Net Current Assets	134.6	145.3	152.2	149.4	249.8
Total Borrowings	318.2	456.6	489.7	528.8	485.3
Cash and Cash Equivalents, and Deposits Placed with Licensed Banks	66.6	37.7	88.4	95.7	96.5
Financial Ratio					
Basic Earnings per Share (RM)	4.21	3.81	5.23 ⁽³⁾	1.80 ⁽²⁾	0.01
Gross Profit Margin (%)	7.6	7.5	8.7	8.8	5.5
PATNCI Margin (%)	2.0	1.8	2.8	3.4	1.1
Net Gearing Ratio (times)	1.4	2.1	1.8	1.9	1.2

Note:

⁽¹⁾ Unitrade Industries Berhad was incorporated on 13 April 2021. We completed the acquisitions of Syarikat Logam Unitrade Sdn Bhd, Ricwil (Malaysia) Sdn Bhd and Unitrade United Sdn Bhd on 25 March 2022, and acquisition of Unitrade Sdn Bhd on 26 March 2022. As such, the historical financial information of our Group for FY2019 to FY2021 is presented based on the combined audited financial statements of Syarikat Logam Unitrade Sdn Bhd, Ricwil (Malaysia) Sdn Bhd and its subsidiary, Unitrade United Sdn Bhd and Unitrade Sdn Bhd.

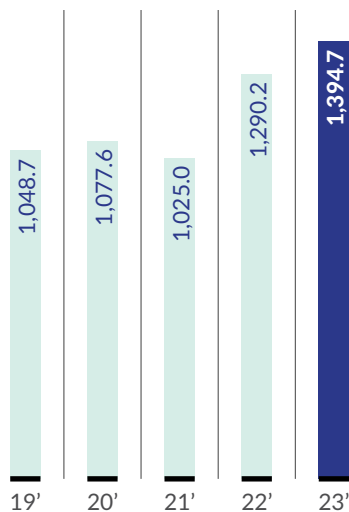
⁽²⁾ Based on the weighted average number of 23,973,000 ordinary shares as at 31 March 2022 after the completion of the restructuring exercise but before the public issue and issuance of 312,500,000 ordinary shares.

⁽³⁾ Based on the weighted average number of 5,500,000 ordinary shares as at 31 March 2021 taking into account the invested equity of Syarikat Logam Unitrade Sdn Bhd, Ricwil (Malaysia) Sdn Bhd and its subsidiary, Unitrade United Sdn Bhd and Unitrade Sdn Bhd at the end of FY2021.

RM **1,394.7** Million

REVENUE

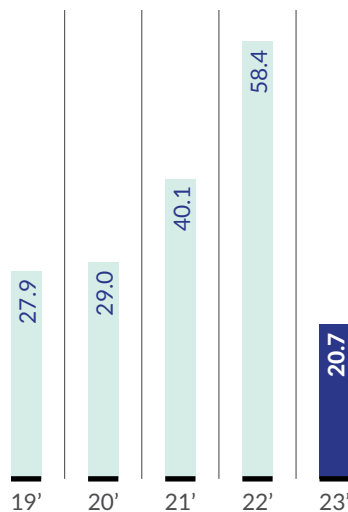
(RM Million)



RM **20.7** Million

PROFIT BEFORE TAX

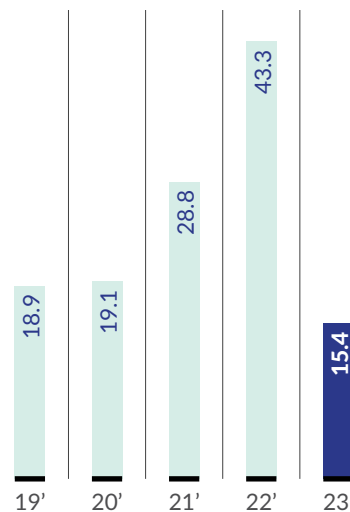
(RM Million)



RM **15.4** Million

PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS (PATNCI)

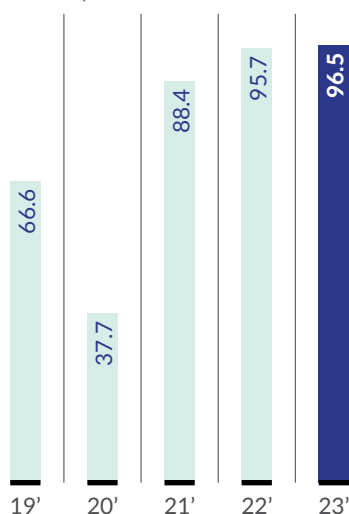
(RM Million)



RM **96.5** Million

CASH AND CASH EQUIVALENTS, AND DEPOSITS PLACED WITH LICENSED BANKS

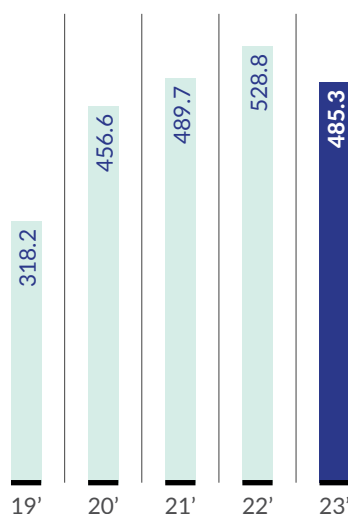
(RM Million)



RM **485.3** Million

TOTAL BORROWINGS

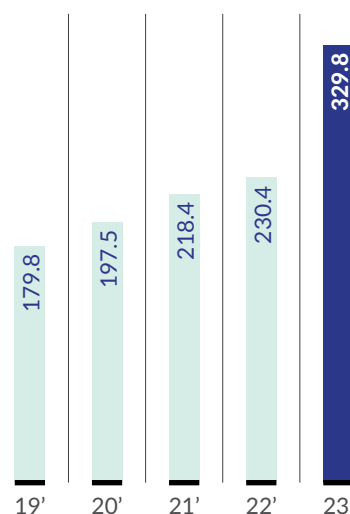
(RM Million)



RM **329.8** Million

SHAREHOLDERS' FUNDS

(RM Million)



Board of Directors

Dato' Abdul Majit Bin Ahmad Khan
Independent Non-Executive Chairman



Sim Keng Chor
Executive Vice Chairman

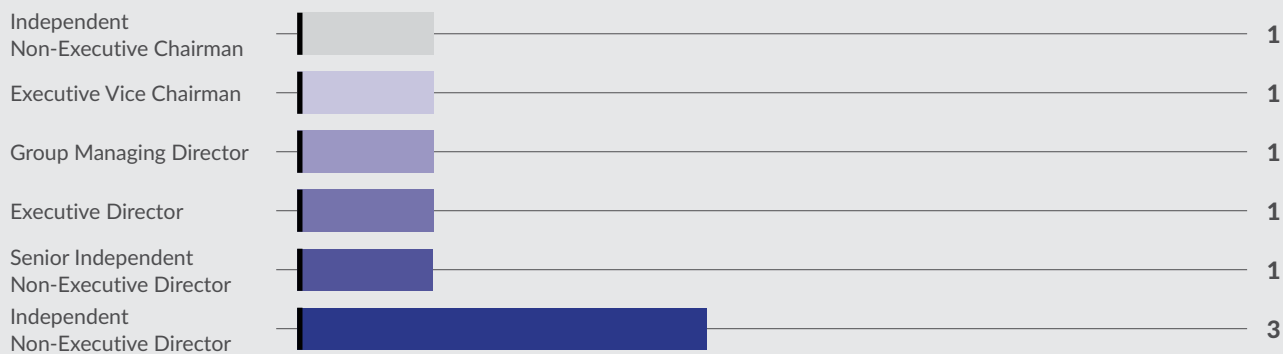


Dato' Lok Bah Bah @ Loh Yeow Boo
Senior Independent Non-Executive Director



Cynthia Toh Mei Lee
Independent Non-Executive Director

BOARD COMPOSITION



Nomis Sim Siang Leng
Group Managing Director



Simson Sim Xian Zhi
Executive Director

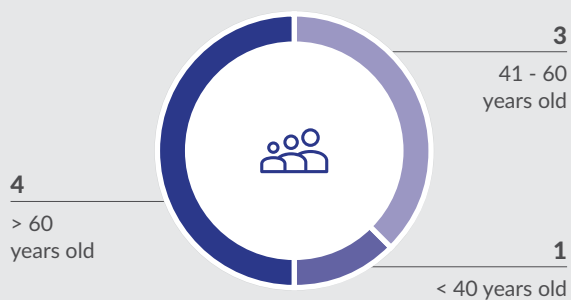


Ong Soo Chan
Independent Non-Executive Director

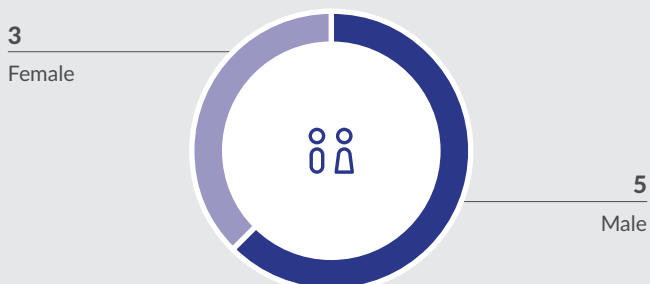


Datin Shivajini Sathya Seelan
Independent Non-Executive Director

BOARD AGE



BOARD GENDER



Directors' Profile

DATO' ABDUL MAJIT BIN AHMAD KHAN

Independent
Non-Executive Chairman

Age
77

Nationality
Malaysian

Gender
Male

Dato' Abdul Majit Bin Ahmad Khan was appointed to the Board of Unitrade Industries Berhad ("Unitrade" or "the Group") as a Senior Independent Non-Executive Chairman on 15 September 2021 and subsequently re-designated to Independent Non-Executive Chairman on 2 September 2022.

Dato' Abdul Majit holds a Bachelor of Economics (Honours) from University of Malaya. He had served with the government for 34 years in various capacities in the Prime Minister's Department and Ministry of Foreign Affairs of Malaysia to strengthen Malaysia's bi-lateral relations. As a diplomat, Dato' Abdul Majit gained wide exposure having served in various countries, namely Laos, Vietnam, USA, Nigeria as well as the People's Republic of China.

Dato' Abdul Majit also held the positions of Under Secretary of South East Asia and South Pacific Division, Under Secretary of West Asia and the Organisation in Islamic Cooperation ("OIC"), in addition to being the Director General of the ASEAN Division of the Foreign Ministry. In these capacities, he participated in several Prime Ministerial and Ministerial visits to the respective countries, including to ASEAN and OIC meetings and summits. Furthermore, he had served as the Chairman of Malaysian Investment Development Authority ("MIDA") between April 2019 and April 2021.

Presently, Dato' Abdul Majit is the President of the Malaysia-China Friendship Association, the Honorary President of the Malaysia China Chamber of Commerce, as well as an Adjunct Professor at the Institute of China Studies in University of Malaya. He is also the co-founder of the Cheng He International Peace Foundation.

Dato' Abdul Majit serves as a Director on the board of MGB Berhad, DutaLand Berhad and Hong Leong Asset Management Berhad.

Dato' Abdul Majit does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Dato' Abdul Majit attended all 6 Board meetings of the Company held during the financial year ended 31 March 2023.

SIM KENG CHOR

Executive Vice Chairman

Age
76

Nationality
Malaysian

Gender
Male

Mr. Sim Keng Chor was appointed to the Board of Unitrade as an Executive Vice Chairman on 1 September 2021.

Mr. Sim is the founder of Unitrade. In 1979, with his entrepreneurial spirit and aspiring vision, he established Syarikat Unitrade to undertake the trading of pipes, valves, fittings and accessories. Since then, he has been instrumental in spearheading the growth and strategic development of the Group. Under his leadership, Unitrade has grown to become one of the largest homegrown wholesalers and distributor of building materials in Malaysia.

Equipped with over 44 years of experience in the business, Mr. Sim holds vast knowledge and in-depth understanding of trends and demand in the industry. At present, he continues to play a major role in charting Unitrade's strategic business direction and expansion.

Mr. Sim does not hold any directorship in other public companies and listed issuers in Malaysia. Mr. Sim is a major shareholder of the Company and his spouse, Ms. Teh Beng Khim is a substantial shareholder of the Company. Mr. Sim is the brother of Sim Aik Chor and Sim Yung Chi, and father of Nomis Sim Siang Leng and Simson Sim Xian Zhi. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Sim Keng Chor attended all 6 Board meetings of the Company held during the financial year ended 31 March 2023.

NOMIS SIM SIANG LENG

Group Managing Director



Nationality
Malaysian

Gender
Male

Mr. Nomis Sim Siang Leng was appointed to the Board of Unitrade as Group Managing Director on 1 September 2021. He is also a member of the Risk Management and Sustainability Committee of the Group. As Group Managing Director, he is responsible for overseeing and managing the day-to-day operations as well as driving the growth of our Group.

Mr. Nomis Sim holds a Bachelor of Engineering in Mechanical Engineering from Imperial College of Science, Technology and Medicine, University of London, and a Master of Science in Analysis, Design & Management of Information Systems from London School of Economics and Political Science, University of London.

Upon graduation, Mr. Nomis Sim was recruited by IBM Malaysia Sdn Bhd in April 2000 as an IT Specialist and was involved in programming software for wafer manufacturing machines. Mr. Nomis Sim's journey with Unitrade started in 2002 when he joined Syarikat Logam Unitrade Sdn Bhd ("SLU") as a Product Development Director. In this capacity, he worked on identifying and sourcing new products to expand the Group's product offerings. Following Unitrade's acquisition of Ricwil, he was appointed as the Chief Executive Officer of Ricwil in December 2007. He gradually took on more responsibilities in strategic planning, as well as overseeing and managing the day-to-day operations in Unitrade across all departments. In 2019, he was redesignated to Chief Executive Officer of SLU, a position he presently holds in addition to being Group Managing Director of Unitrade.

Mr. Nomis Sim does not hold any directorship in other public companies and listed issuers in Malaysia. Mr. Nomis Sim is the son of Sim Keng Chor, nephew of Sim Aik Chor and Sim Yung Chi, and brother of Simson Sim Xian Zhi. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Nomis Sim Siang Leng attended all 6 Board meetings of the Company held during the financial year ended 31 March 2023.

SIMSON SIM XIAN ZHI

Executive Director



Nationality
Malaysian

Gender
Male

Mr. Simson Sim Xian Zhi was appointed to the Board of Unitrade as Executive Director on 1 September 2021. He is accountable for overseeing the overall operations and business direction of the rental business of our Group. He has also been designated as the key person spearheading the Group's agenda for Environmental, Social and Governance ("ESG").

Mr. Simson Sim holds a Bachelor of Business (Accountancy) in Royal Melbourne Institute of Technology, Australia. He joined SLU in 2014 as an Assistant to Mr. Sim Keng Chor and was responsible for assisting him on the day-to-day management of the company.

Having acquired experience in business development along with deep industry understanding, Mr. Simson Sim was promoted to Business Development Director in April 2018. Prior to that, he was also appointed as a Director of Unitrade United Sdn Bhd ("UUSB") in January 2017 upon incorporation of the company on the back of his solid track record in yielding strong operational results.

Mr. Simson Sim does not hold any directorship in other public companies and listed issuers in Malaysia. Mr. Simson Sim is the son of Sim Keng Chor, nephew of Sim Aik Chor and Sim Yung Chi, and brother of Nomis Sim Siang Leng. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Simson Sim Xian Zhi attended all 6 Board meetings of the Company held during the financial year ended 31 March 2023.

Directors' Profile

DATO' LOK BAH BAH @ LOH YEOW BOO

Senior Independent
Non-Executive Director

Age
74

Nationality
Malaysian

Gender
Male

Dato' Loh Yeow Boo was appointed to the Board of Unitrade as an Independent Non-Executive Director on 15 September 2021 and later on 21 July 2022 redesignated to Senior Independent Non-Executive Director. He is the Chairman of the Audit Committee and the Nomination Committee, and a member of the Remuneration Committee.

Dato' Loh holds a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore. He has been a member of the Malaysian Institute of Accountants ("MIA") since June 1980 and was reclassified as Chartered Accountant in June 2001. He is also a member of Certified Practising Accountant ("CPA") Australia since October 1987, and advanced to the status of Fellow of CPA Australia in December 2005.

Dato' Loh has accumulated profound experience spanning across more than four decades, particularly in the field of finance and accounting. He began his career in 1976 as an Accountant at the Eastern & Oriental Hotel Penang. He subsequently gained further experience having worked at different companies across the hospitality and telecommunication industries, serving in various roles that included the Assistant Financial Controller, Group Procurement Director, Group Human Resources Director, Financial Controller and Financial Advisor.

Dato' Loh is currently an Independent Non-Executive Director of Plenitude Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Loh does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Group nor has he been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Dato' Loh Yeow Boo attended all 6 Board meetings of the Company held during the financial year ended 31 March 2023.

CYNTHIA TOH MEI LEE

Independent
Non-Executive Director

Age
50

Nationality
Malaysian

Gender
Female

Ms. Cynthia Toh Mei Lee was appointed to the Board of Unitrade as an Independent Non-Executive Director on 15 September 2021. She is the Chairwoman of the Risk Management and Sustainability Committee, as well as a member of the Audit Committee, the Remuneration Committee, and the Nomination Committee.

Ms. Cynthia Toh holds a double degree in the Bachelor of Commerce and Bachelor of Laws from Monash University. After she completed her pupillage at Presgrave & Matthews in 1997, she was successfully admitted as an Advocate and Solicitor of the High Court of Malaya. In March 2002, she became one of the founding partners of Wong Beh & Toh, a firm in which she presently holds the position of a Partner.

Ms. Cynthia Toh has more than 20 years of experience in the legal practices of equity corporate finance, mergers and acquisitions and joint ventures as well as other corporate and commercial matters.

Ms. Cynthia Toh is currently an Independent Non-Executive Director of QL Resources Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Ms. Cynthia Toh does not have any family relationship with any Director and/or major shareholder of the Company. She does not have any conflict of interest with the Group nor has she been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Ms. Cynthia Toh Mei Lee attended all 6 Board meetings of the Company held during the financial year ended 31 March 2023.

ONG SOO CHAN

Independent
Non-Executive Director

Age
61

Nationality
Malaysian

Gender
Female

Ms. Ong Soo Chan was appointed to the Board of Unitrade as an Independent Non-Executive Director on 15 September 2021. She is the Chairwoman of the Remuneration Committee, in addition be being a member of the Audit Committee, the Nomination Committee, and the Risk Management and Sustainability Committee.

Ms. Ong graduated with a Bachelor of Arts in Economics from University Malaya in August 1987. She has in-depth knowledge and experience in financial services, having dedicated more than 30 years of her professional life in the industry. From her initial career at Development and Commercial bank as a Management Trainee, she has subsequently served at major local and foreign banks in Malaysia such as RHB Bank and ABN-AMRO Bank, predominantly in treasury operations. After a stint at ABN-AMRO Bank as the Head of Treasury Operations, she joined Citibank Berhad in 1998 in similar capacity.

Over the next 20 years, she held various leadership roles at Citibank Berhad, including the Head of Corporate Banking Operations and Technology, Head of Consumer Business Operations and Technology, as well as Head of Citigroup Transaction Services Sdn Bhd during her secondment to Citigroup Overseas Investments Ltd. Her last role at Citibank Berhad prior to her retirement in December 2020 was the Head of Country Operations and Technology.

Ms. Ong is currently an Independent Non-Executive Director of CIMB Bank Berhad, a member of CIMB Group Holdings Berhad, Maxis Collections Sdn Bhd, a subsidiary of Maxis Berhad and SkyWorld Development Berhad.

Ms. Ong does not have any family relationship with any Director and/or major shareholder of the Company. She does not have any conflict of interest with the Group nor has she been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Ms. Ong Soo Chan attended all 6 Board meetings of the Company held during the financial year ended 31 March 2023.

DATIN SHIVAJINI SATHYA SEELAN

Independent
Non-Executive Director

Age
44

Nationality
Malaysian

Gender
Female

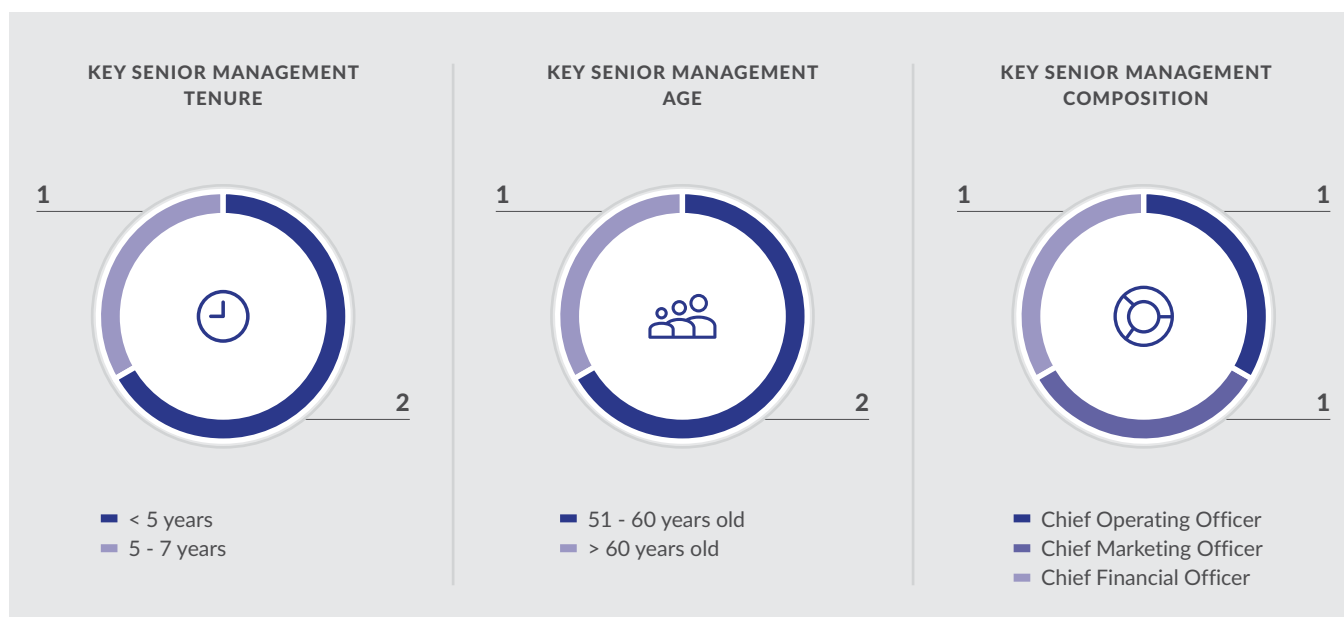
Datin Shivajini Sathya Seelan was appointed to the Board of Unitrade as an Independent Non-Executive Director on 14 June 2023. She is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management and Sustainability Committee.

Datin Shivajini holds a Bachelor of Business & Commerce specialising in Accounting, from Monash University. She is a Chartered Accountant of the MIA, a Fellow of CPA Australia, and holds a Company Secretarial Licence from the Malaysian Institute of Chartered Secretaries and Administrators, as well as a Tax Agent Licence from the Chartered Tax Institute of Malaysia.

Datin Shivajini brings a wealth of professional experience to the Board. In 2011, she founded JS Partners, an accounting and taxation services firm, where she currently serves as a Partner. Prior to that, she held the positions of Audit Manager and Managing Partner at Inpana & Associates, a professional advisory firm, from 2002 to 2011.

Datin Shivajini Sathya Seelan does not hold any directorship in other public companies and listed issuers in Malaysia. Datin Shivajini does not have any family relationship with any Director and/or major shareholder of the Company. She does not have any conflict of interest with the Group nor has she been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Key Senior Management's Profile



SIM YUNG CHI

Chief Operating Officer

Age 58

Nationality **Malaysian**

Gender **Male**



involved in talent and performance management, the planning and execution of business strategies and contingencies, the monitoring and management of the company's order fulfilment and payment collection, as well as the sourcing and negotiation of bank facilities. He was also engaged in the preparation of commercialisation of Alfran products including liaising with suppliers in China and application of certification with SIRIM.

Through Mr. Sim's eminent performance, he was redesignated to General Manager and subsequently to Finance and Admin Director in June 2013. Over the years, his scope of responsibilities expanded as the company grew where he led bigger teams in the area of the finance, administrative and operational functions of the company. He was also part of the team which conducted due diligence for the acquisition of Ricwil in 2007.

Mr. Sim does not hold any directorship in other public companies and listed issuers in Malaysia. Mr. Sim is the brother of Sim Keng Chor, Sim Aik Chor and uncle of Nomis Sim Siang Leng and Simson Sim Xian Zhi. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Sim Yung Chi was appointed as SLU's Chief Operating Officer in January 2019. He is responsible for managing the operations of warehouse, logistics and quality control of SLU.

Mr. Sim holds a Bachelor of Arts in Mathematics and a Master of Business Administration Management from Hawaii Pacific University, USA.

Mr. Sim started his career with SLU as an Assistant General Manager and was overseeing the handling of operational and administrative matters. He was

SIM AIK CHOR

Chief Marketing Officer

Age
68

Nationality
Malaysian

Gender
Male



Mr. Sim Aik Chor was appointed as SLU's Chief Marketing Officer in January 2019. He is currently responsible for leading and managing the overall sales and marketing as well as procurement activities of SLU.

Mr. Sim spent most of the first decade of his professional life honing his skills in sales and procurement in the building materials industry before joining SLU in 1988 as General Manager. At SLU, he was accountable for sales, purchasing and inventory related matters. Mr. Sim was later redesignated to Marketing Director in January 2000. Over the course of 19 years, having amassed significant experience and expertise in the field of sales and marketing, he was then appointed as Unitrade's Chief Marketing Officer in January 2019, a position he presently holds.

Mr. Sim does not hold any directorship in other public companies and listed issuers in Malaysia. Mr. Sim is the brother of Sim Keng Chor, Sim Yung Chi and uncle of Nomis Sim Siang Leng and Simson Sim Xian Zhi. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KOH SUI MING

Chief Financial Officer

Age
54

Nationality
Malaysian

Gender
Male



Mr. Koh Sui Ming was appointed as SLU's Chief Financial Officer in August 2017. He is currently responsible for overseeing the Group's overall financial matters including accounting, taxation, corporate finance and treasury functions.

Mr. Koh holds a Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology, Australia. He has been a member of CPA Australia since January 1992 where he advanced to the status of Certified Practising Accountant

in March 1995 and was subsequently awarded a Fellow membership in December 2012. He has also been a Registered Accountant of the Malaysian Institute of Accountants since April 1995 and was reclassified as a Chartered Accountant in June 2001.

Mr. Koh has vast experience in the field of auditing and accounting. Adding to his expertise in auditing and accounting is his breadth of exposure, having served as Financial Controller and Chief Financial Officer in a number of companies across various industries including property development, construction, furniture, oil & gas, semiconductor and manufacturing of sheet metalwork. He assumed the role as the Chief Financial Officer of SLU in August 2017. He is also on the board of Unitrade United Sdn Bhd and UU Equipments Sdn Bhd, indirect wholly-owned subsidiaries of the Company.

Mr. Koh does not hold any directorship in other public companies and listed issuers in Malaysia. Mr. Koh does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Group nor has he been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Chairman's Statement

Dear Esteemed Shareholders,

On behalf of the Board of Directors (the "Board") of Unitrade Industries Berhad ("Unitrade" or the "Group"), it is my honour to present to you our annual report for the financial year ended 31 March 2023 ("FY2023").

▀ **DATO' ABDUL MAJIT BIN AHMAD KHAN**
Independent Non-Executive Chairman

ECONOMIC LANDSCAPE

The world economy had earlier shown promising signs of post-pandemic recovery as we progressed toward FY2023. However, growth momentum subsequently stumbled following the emergence of a range of global economic uncertainties, including inflationary pressures as well as the Russia-Ukraine geopolitical tensions that led to commodity price hikes and supply chain interruptions. Underscoring these challenges, the World Bank has downgraded its 2023 global growth estimate from 3.0% to 2.1%.

Notwithstanding these global economic challenges, Malaysia demonstrated resilience with higher trade activities and healthy levels of private spending and investment. With that, the Ministry of Finance Malaysia ("MoF") announced an encouraging economic growth rate of 8.7% in 2022, far exceeding the 3.1% recorded in the previous year.

THE BUILDING MATERIALS INDUSTRY

At the beginning of FY2023, the building materials industry in Malaysia recorded a hike in commodity prices due to supply chain pressures induced by the Russia-Ukraine conflict. Although demand for building materials was moderated by the lower appetite for new construction and property development projects, sales of Unitrade's steel-based products were cushioned by higher average selling price.

Moving into the second half of FY2023, the building material price index in Malaysia started to trend down in line with the stabilisation of global commodity prices for iron ore and steel. Consequently, this catalysed the recovery of the construction and property development sectors, with the construction sector rebounded by 8.8%



One year on from our successful listing on the ACE Market of Bursa Malaysia Securities Berhad in June 2022, we continue to forge ahead amidst the challenging environment to continue building on our strong foundation of growth, seize new opportunities and realise our Group's future plans.



8.1% year-on-year ("YoY") increase in revenue to **RM1.4 billion**



Profit after tax and non-controlling interest ("PATNCI") standing at RM15.4 million



Wholesale and distribution of building materials segment accounting for 96.4% of the Group's revenue and 65.0% of its segmental profit

in 2022 after two years of decline as stated by the Department of Statistics Malaysia ("DOSM"). Meanwhile, the property development market recorded a surge in activities as well, driven by the pent-up demand and recovery in the labour market. Supporting this observation, the National Property Information Centre ("NAPIC") reported more than 389,000 transactions worth RM179.07 billion in 2022, reflecting an increase of 29.5% in volume and 23.6% in value when compared to 2021.

On balance, volatilities in commodity prices had imposed an industry-wide uncertainty for the building materials sector. Unitrade continued to be vigilant in monitoring the evolving economic conditions and staying mindful of the prevailing market fluctuations.

FINANCIAL OVERVIEW

With a solid track record of 44 years in the industry, our primary focus has always been on fulfilling our customers' building material needs. FY2023 has been a year of resilience and adaptability for Unitrade. Despite the challenges presented by the disruptions in the supply chain, we remained resourceful in our procurement and distribution processes to ensure product quality and timely delivery to our customers. Our previous efforts in streamlining our operations into a centralised location also improved our efficiency as we expand our product offerings and inventory storage.

In FY2023, Unitrade recorded an 8.1% year-on-year ("YoY") increase in revenue to RM1.4 billion, with profit after tax and non-controlling interest ("PATNCI") standing at RM15.4 million. The wholesale and distribution of building materials segment remained the primary contributor for Unitrade, accounting for 96.4% of the Group's revenue and 65.0% of its segmental profit.

PROSPECTS FOR FY2024

The Malaysian economy grew a healthy 5.6% growth in Gross Domestic Product ("GDP") during the first quarter of the calendar year 2023. The positive momentum is expected to persist, with the MoF projecting the country's economic growth to range between 4.0% and 5.0% in 2023.

Congruently, growth prospects of the building materials industry remain promising, as the construction sector is projected to expand by 6.1% in 2023 based on DOSM's data. Government initiatives to implement major infrastructure projects and civil engineering activities such as railway electrification and enhanced connectivity are spearheading this

growth, leading to ripple effects that drive commercial and industrial building projects. Additionally, pent-up demand from homebuyers and government incentives to promote home ownerships should translate into an increase in new residential and mixed-development project launches by key industry players. These developments certainly augur well for building materials wholesalers and distributors like Unitrade.

Meanwhile, the Group continues to exercise prudence in navigating the current operating landscape, which includes potential challenges stemming from inflationary pressures and rising interest rates. Nevertheless, Unitrade is well-equipped with a diverse product range that caters to various needs across the lifecycle of buildings and infrastructure. As construction and development activities regain their momentum, we are broadly optimistic about the demand outlook for building materials. With the Group's focus on operational efficiency and prudent management approach, we are confident in steering towards a healthy financial performance in FY2024.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to the management team and all Unitrade employees for your unrelenting efforts and commitment in navigating through the ever-changing business landscape during FY2023.

I would also like to extend my heartfelt thanks to our external stakeholders, including but not limited to our valued shareholders, customers, business partners, bankers, and suppliers. Your continuous support and trust in Unitrade have been invaluable throughout our corporate journey.

Next, my gratitude goes to my fellow Board members for your valuable insights and guidance. The collective expertise, diverse backgrounds, and extensive industry knowledge of the Board have played a vital role in driving Unitrade's strategic direction. On this note, a warm welcome to Datin Shivajini Sathya Seelan, who joined us in June 2023 as an Independent Director. With her expertise and experience in the accounting, taxation, and auditing industries, her contributions will certainly make a positive impact on the Group.

Together, with a shared vision and collective efforts, I am confident in Unitrade's potential in achieving greater heights in the future.

Dato' Abdul Majit Bin Ahmad Khan
Independent Non-Executive Chairman

Management Discussion and Analysis

Dear Valued Shareholders,

It is my pleasure to present to you the Management Discussion and Analysis ("MD&A") of Unitrade Industries Berhad and its subsidiaries ("Unitrade" or the "Group") for the financial year ended 31 March 2023 ("FY2023").

NOMIS SIM SIANG LENG
Group Managing Director

The purpose of this MD&A is to provide an overview of the Group's financial and operational performance from the management's perspective. It also includes relevant non-financial disclosures to complement the financial statements. I believe the information and evaluation presented herein will offer our shareholders a comprehensive understanding of Unitrade's businesses, performance and prospects.

OVERVIEW

During the year under review, Unitrade has navigated through the uncertain economic climate characterised by geopolitical tensions and tightening of monetary conditions implemented by central banks worldwide. Despite these setbacks, we have demonstrated resilience with healthy performance for FY2023.

To recap, in FY2023, we also achieved a significant milestone in our Group's corporate history with Unitrade's successful listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 14 June 2022. With the capital injection of RM100.0 million raised from the initial public offering ("IPO") exercise, we are poised to capitalise on bigger opportunities for growth and expansion.

Leveraging on our established track record and status as a public-listed

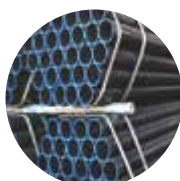
entity, we remain confident in our ability to grow from strength to strength while overcoming the potential challenges as we move toward the next financial year.

BUSINESS & OPERATIONAL REVIEW

Founded in 1979, Unitrade has become one of the largest homegrown building materials wholesalers and distributors in Malaysia by revenue. Our Group is primarily engaged in three business segments, namely wholesale and distribution of building materials, manufacturing and sale of pre-insulated pipes, as well as rental of temporary structural support equipment.

As a wholesaler and distributor of building materials, we are well-equipped with over 6,000 stock-keeping units ("SKUs") of building materials to meet our customers' demands in a timely manner. Our products include an extensive range of pipes, valves, fittings, and accessories for mechanical and electrical ("M&E") works, as well as reinforcement steel, structural steel, and other building materials for civil works. Besides distributing third-party brands, we also offer our in-house brands of ALFRAN and S2S for M&E works.

For M&E Works



Pipes



Valves



Fittings



Accessories

For Civil Works



Reinforcement steel



Structural steel



Building materials



Unitrade has navigated through the uncertain economic climate characterised by geopolitical tensions and tightening of monetary conditions implemented by central banks worldwide. Despite these setbacks, we have demonstrated resilience with healthy performance for FY2023.

In addition, we manufacture and sell pre-insulated pipes under our own brands of HI-GARD™, TERRA-GARD™, and COPPER-GARD™. Pre-insulated pipes are largely used for transporting and maintaining the temperature of fluids in piping systems. Therefore, they are useful in various industrial, commercial, and domestic applications, such as air-conditioning systems, electric heating, and oil storage and handling. By manufacturing in-house, we are able to customise our pre-insulated pipes to our customer's requirements to better suit different applications and installation environments.

Our third business segment entails offering rental services for temporary structural support equipment containing scaffolding, steel plates, and hollow sections for building and construction activities.



**Scaffolding
Ladder Frame**



**Steel
Plates**



**Hollow
Sections**



**Modular
House**

In FY2023, we charted a new milestone in our rental services division by introducing innovative solutions called modular housing to tackle the issue of accommodation for workers, particularly foreign workers. Our modular housing solutions comply with the national housing standards for workers, as stipulated in the amended Workers' Minimum Standards of Housing and Amenities Act 1990 ("Act 446"). They can cater to the needs of various industries such as construction, manufacturing and plantation, to name a few. Given the versatility of these prefabricated houses, they can even serve as site offices, canteens, first-aid room, and laundry rooms in addition to being on-site worker accommodations and centralised labour quarters.

Management Discussion and Analysis



As we expand our rental division, we anticipate an increase in our recurring revenue stream, which will enhance and promote longer term earnings visibility and stability for the Group. This development also aligns well with our building materials wholesaling operations, enabling us to provide a more comprehensive suite of services to our clients.

We currently operate from our industrial complex located in Shah Alam, Selangor, which houses our headquarters, factory and warehouse. The warehouse has a spacious built-up area of approximately 281,000 square feet ("sq ft") which enable us to hold sizeable inventory and wide range of products. With a singular location, we have improved our operational efficiencies where

we are capable to supply to multiple projects simultaneously and handle larger contract values. Furthermore, we are able to provide convenience and simplified procurement process to our customers too from our centralised location.

On the corporate front, we are pleased to share the successful installation of a solar photovoltaic ("PV") system on our industrial complex, complemented by electric vehicle charging stations for our forklifts and passenger vehicles. These initiatives are part of our ongoing Environmental, Social and Governance ("ESG") efforts to reduce our carbon footprint and demonstrate our commitment to having sustainable business operations.

Operationally, steel prices were strong during the first quarter of FY2023, which benefited us. Prices however, trended downward the following two quarters before bucking the trend in the last quarter of FY2023. The fluctuations in steel prices, coupled with the overall muted landscape in the property and construction sectors in FY2023 have had some impact on our performance. In response, we exercised greater caution in our procurement activities as well as focused on collections to ensure healthy operating cashflow and sustainability of business. We view the current cycle as part and parcel of market trend, and with management having been involved this trade for more than 40 years, we have survived and even thrived, demonstrating our resilience and adaptability.

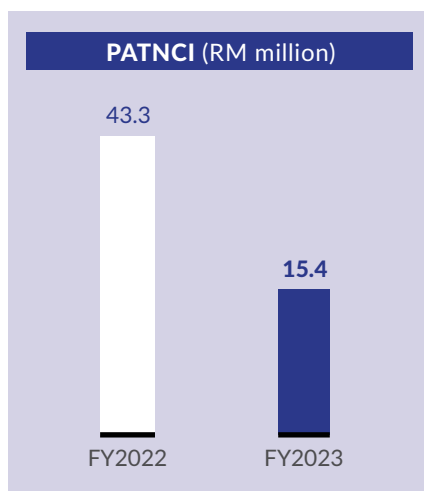
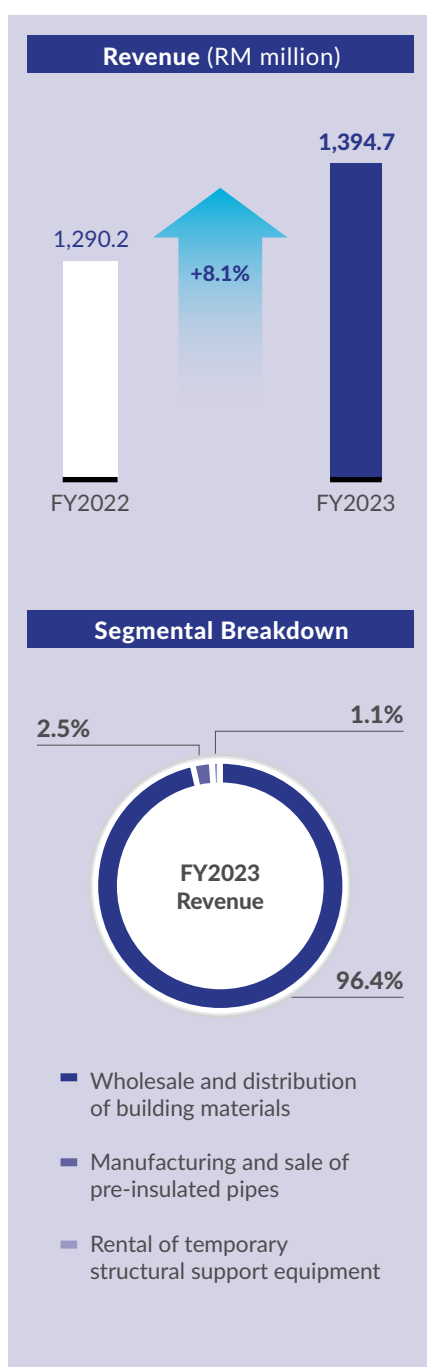
All in all, it is noteworthy to reiterate that our products are essential throughout the entire lifespan of buildings and infrastructure, from structural construction to refurbishment, retrofitting, repair, and maintenance works. Moreover, our wide-ranging product portfolio enables us to cater to a broad spectrum of customers in the construction industry, including building contractors, M&E contractors, steel traders, downstream steel product manufacturers, hardware retailers, and traders.



FINANCIAL PERFORMANCE REVIEW

Revenue

The Group attained revenue of RM1.4 billion in FY2023, representing a Year-on-Year ("YoY") increase of 8.1% as compared to FY2022. The wholesale and distribution segment accounted for the bulk of the Group's total revenue at 96.4%, followed by manufacturing and sale of pre-insulated pipes (2.5%), and rental of temporary structural support equipment (1.1%).



Profitability

In FY2023, Unitrade's gross profit ("GP") stood at RM77.2 million, versus RM113.0 million a year ago. The decline in GP was chiefly a result of falling steel prices especially during the second and third quarter of FY2023, vis-à-vis our higher inventory cost. Meanwhile, profit before tax ("PBT") decreased by 64.6% YoY to RM20.7 million as compared to the preceding year. This was mainly attributed to a combination of reasons that included higher impairment loss on inventories; rise in finance cost following increase in Overnight Policy Rate (OPR) from 1.75% to 2.75%; uptick in administrative and general expenses; selling and distribution expenditures; as well as higher depreciation resulting from the Group's business expansion activities.

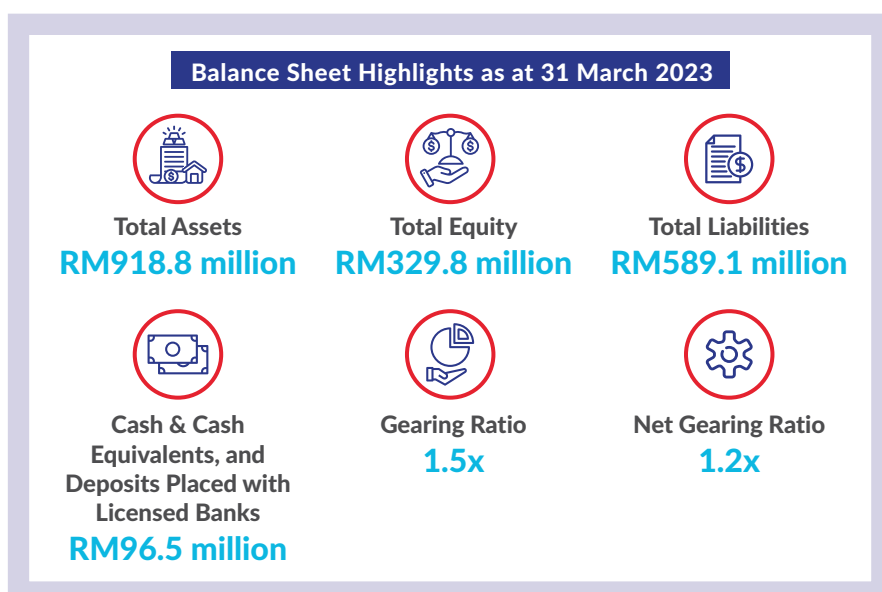
Consequently, Unitrade's profit after tax and non-controlling interests ("PATNCI") for FY2023 stood at RM15.4 million, in comparison to the RM43.3 million achieved in the previous year.

The Group's effective tax rate stood at 25.6% in FY2023, slightly lower than the 25.9% recorded in FY2022. The higher-than-statutory rate of 24.0% was due to certain expenses that were not tax-deductible.

Capital Structure & Capital Resources

As at 31 March 2023, Unitrade's total assets stood at RM918.8 million, reflecting a 4.5% increase from RM879.4 million recorded a year ago. The growth was attributed to the increase in property, plant and equipment, as well as higher inventories and other investments. The Group's total cash and bank balances, fixed deposits, and other investments as at the end of FY2023 amounted to RM127.6 million.

Unitrade's shareholders' equity has remained on uptrend, growing by 43.1% YoY to RM329.8 million as at 31 March 2023. Meanwhile, the Group has reduced its total liabilities from RM649.0 million in FY2022 to RM589.1 million in FY2023, primarily due to a decline in borrowings to RM485.3 million at the close of the financial year under review. As a result, the Group's gearing and net gearing ratios improved significantly to 1.5x and 1.2x respectively, compared to 2.3x and 1.9x recorded a year ago.



Management Discussion and Analysis

Net Operating Cash Flow ("NOCF")

In FY2023, Unitrade generated a healthy positive NOCF of RM21.0 million, which marks the Group's third consecutive financial year of reporting a positive NOCF. This underscores Unitrade's adept management of working capital, effective revenue collection practices, and diligent cost control measures.



ability before committing to significant capital investments. Furthermore, we foster strong relationships with our bankers, who have been supportive in providing us with the necessary facilities. In addition, we have utilised RM39.8 million from the RM100.0 million listing proceeds in June 2022 to repay borrowings, which bolstered our cash position even further.

Inventory Impairment Risk

To ensure the smooth operation of our business, we maintain a sizable inventory, which is subject to annual value assessments. Impairments are made for slow-moving goods and stocks with a net realisable value below cost. Our inventory levels are managed effectively through the use of an Enterprise Resource Planning ("ERP") system. Furthermore, our experienced management team with over 40 years of industry knowledge also possess the necessary acumen to evaluate the suitability of product types for stock keeping.

back-to-back order basis and not hold large inventories of these lower margin products. This allows us to better manage our inventory levels and focus on keeping higher-margin steel-based products in stock.

DIVIDEND

At Unitrade, we strive to maintain a balance between rewarding our valued shareholders and ensuring the long-term sustainability of our business. The Group has adopted a dividend policy where the Board of Directors (the "Board") intends to recommend and distribute a dividend of up to 30% of our annual audited consolidated PAT attributable to our shareholders. For FY2023, the Board has proposed a first and final single-tier dividend of 0.30 sen per share, amounting to RM4.6 million. This translates to a dividend payout ratio of 30%, based on RM15.4 million of net profit in FY2023. The dividend payment is subject to the approval of shareholders at the Annual General Meeting.

ANTICIPATED OR KNOWN RISKS

Financing Risk

The nature of our business requires a high working capital and as such, we are subjected to financing risk if we cannot secure adequate financing at competitive rates, resulting in higher interest costs and fewer feasible borrowing opportunities. To mitigate this risk, we assess our cash position and financing

Fluctuations in commodity prices of steel

Our business is exposed to price fluctuations of steel-based products, which could impact our cost of sale and the carrying cost of inventory. Should we be unable to pass on any increased costs to our customers, our financial performance will be adversely affected. To mitigate this, we mainly purchase lower-margin products on a

OUTLOOK AND PROSPECTS

Following our listing on the ACE Market of Bursa Securities in June 2022, we successfully raised RM100.0 million to accelerate our growth plans and improve our operational efficiency. The table below lists the details of the utilisation of proceeds.

Utilisation of proceeds	Proposed utilisation RM mil	Actual utilisation as at 31 Mar 2023 RM mil	Reallocation RM mil	Balanced to be utilised RM mil	Intended timeframe for utilisation*
Working capital	50.5	(29.3)	(4.9)	16.3	Within 18 months
Repayment of bank borrowings	39.8	(39.8)	-	-	Within 12 months
Capital expenditure for pipe fabrication centre	5.0	#	-	5.0^	Within 36 months
Estimated listing expenses	4.7	(5.0)	0.3	-	Immediate
Capital expenditure for temporary structural equipment	-	(1.2)	4.6	3.4	Within 18 months
Total	100.0	(75.3)^	-	24.7^	

* from the listing date of 14 June 2022

figure amounted to RM36,000

^ minor variation in total sum due to rounding differences

Subsequent to the initial proposed utilisation of proceeds as stipulated in our prospectus dated 28 April 2022, the Board has deliberated and resolved to extend the timeframe for the utilisation of proceeds to allow the Group greater flexibility in view of the current business environment. In addition, RM4.6 million of proceeds were reallocated from working capital to capital expenditure for temporary structural equipment, especially for the acquisition of heavy-duty shoring system. Such system is used primarily in construction and engineering projects, providing temporary support to structures under higher load conditions during construction phase. This investment will further enhance the capabilities of our equipment rental division.

Meanwhile, to recap, we allocated RM5.0 million to set up a pipe fabrication centre that provides end-to-end pipe services, including pipe cutting, grooving, threading, welding, painting, and assembly. By delivering these ready-to-install pipes to our customers' construction sites, we eliminate the need for on-site pipe fabrication. This will expedite our customers' overall construction process, optimise space usage, and enhance safety by reducing the number of workers, equipment, and materials on-site. We will time the execution of this centre with the anticipated demand, and after considering the overall operating landscape.

In order to complement our organic growth, we are also exploring potential

merger and acquisition ("M&A") opportunities that offer synergistic advantages to the Group. In July 2023, we entered into a Share Sale Agreement ("SSA") to acquire 60.0% equity interest in Winnson Marketing Sdn Bhd ("Winnson") for a cash consideration of RM2.16 million.

Winnson specialises in sales and distribution of hydraulic hoses, couplings, engineering hardware, and related parts. This strategic acquisition is expected to generate synergistic benefits, enabling our Group to offer a broader range of products to customers. Upon completion of the acquisition of Winnson, the immediate access to Winnson's well-established hydraulic hose market will accelerate Unitrade's growth and market penetration. Furthermore, Winnson's distribution of Molok®, a renowned brand of semi-underground waste management products from Europe gives the Group strategic entry into the environmentally-friendly waste management market.

As we move forward and embrace the new financial year, we see brighter days ahead, after enduring a difficult year that was wrought by weak demand and declining price trends. We sense renewed optimism and confidence in the construction and property development sectors. The resumption of civil engineering activities for the Klang Valley Double Track Phase 2 and the ongoing infrastructure projects, such as the East Coast Rail Link, and Light Rail Transit Line 3, are expected to stimulate the demand for building materials.

▲▲
In July 2023, we entered into a Share Sale Agreement ("SSA") to acquire 60.0% equity interest in Winnson Marketing Sdn Bhd ("Winnson") for a cash consideration of RM2.16 million.

Additionally, the property market has regained some momentum, with market data showing property transactions and loan applications returning to pre-pandemic levels. This is likely attributed to pent-up demand from homebuyers, coupled with the government's commitment to increase home ownerships by extending various forms of incentives to first time homebuyers. With the expected uptick in construction and property development activities, our solid track record and extensive product range allow us to be well-positioned to capitalise on the surge in demand for building materials.

In essence, we see a positive outlook ahead for Unitrade, and our expansion plans will serve as a springboard for the next phase of growth in delivering greater value to our shareholders. While we are cognisant of macroeconomic headwinds such as geopolitical tensions, supply chain disruptions, and inflation risks, we remain prudent in manoeuvring these challenges. Under the guidance of our Board and the expertise of our management team, we are confident that Unitrade will deliver encouraging performance in FY2024, barring any unforeseen circumstances.

Thank you.

Nomis Sim
Group Managing Director



Sustainability Statement

ABOUT THIS REPORT

Introduction

Unitrade Industries Berhad ("Unitrade" or "the Group") presents its sustainability report ("SR2023"), which provides a comprehensive account of the Group's environmental, social and governance ("ESG") performance for the financial year ended 31 March 2023 ("FY2023"). FY2023 refers to Unitrade's financial year commencing from 1 April 2022 and ending 31 March 2023.

Unitrade's previous sustainability reporting was for financial year ended 31 March 2022 ("FY2022"). The Group discloses its sustainability performance on an annual basis.

In obtaining a more comprehensive understanding of Unitrade's business and operational context, it is recommended that SR2023 be read in conjunction with other statements in this Annual Report (i.e. the Management Discussion & Analysis, Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control).



Scope and Boundary

The scope and boundary of SR2023 is set as follows: information, operations, activities and data collected from Unitrade and its subsidiaries:

- Unitrade Industries Berhad: Holding company and listed entity
- Syarikat Logam Unitrade Sdn Bhd: Wholesale and distribution of building materials
- Ricwil (Malaysia) Sdn Bhd: Manufacturing and sale of pre-insulated pipes
- Unitrade United Sdn Bhd: Rental of temporary structural support equipment
- Unitrade Sdn Bhd: Investment holding company

Specific information on these companies is provided in the Corporate Information and Corporate Structure section of this annual report. The Group Corporate Structure provides information on ownership, control and authority of the organisation.

Due to the availability of data as well as organisational context, data and disclosures may be scoped to just the Group entity or specific subsidiaries only. These are indicated specifically within the respective sections of SR2023. Unitrade intends to strengthen data collection and verification to ultimately drive more comprehensive reporting going forward.

The Group defines local operations as in local to where it operates.

Going further, Unitrade has also applied the Global Reporting Initiative ("GRI") Reporting Principles in determining content for SR2023. The GRI Reporting Principles are as follows: accuracy, balance, clarity, comparability, reliability and timeliness, as well as stakeholder inclusiveness, sustainability context, materiality and completeness.

Exclusions and Limitations:

Unless otherwise mentioned, SR2023 excludes all outsourced activities and operations, including the new company acquired in May 2023 – UU Equipments Sdn Bhd. Unitrade is cognisant of possible significant economic, environmental, and social ("EES") impacts from its value chain. FY2023 sees increased disclosures on ESG related data of the Group's supply chain, which fulfils the pledge made in SR2022 to strengthen disclosures on the supply chain.

For most disclosures, Unitrade has provided required data and disclosures, including performance statistics on a 3-year rolling basis. The Group is constantly working to strengthen its data collection approach to enable more complete reporting going forward.

Reporting Frameworks

Disclosure of ESG information is based on the disclosure requirements of the following sustainability reporting frameworks / disclosure guides:

- Bursa Malaysia Sustainability Reporting Guide 3rd Edition
- FTSE4Good Bursa Malaysia ("F4GBM") Index
- GRI 2021 (in reference to)
- Sustainability Accounting Standards Board ("SASB") Sector Specific Disclosures
- Taskforce on Climate-Related Financial Disclosures ("TCFD")
- United Nations Sustainability Development Goals ("UNSDGs")

In addition, disclosure is also based on material topics identified by Unitrade through a materiality assessment exercise ("MAE"), which was conducted in FY2022. Information pertaining to the MAE is provided in the Materiality section of SR2023.

GRI Statement of Use and Application of The GRI Principles

SR2023 has been approved by the Board of Directors ("Board") on 26 July 2023. The Board is Unitrade's top decision-making body and acknowledges responsibility for this statement of use: SR2023 has been prepared in accordance to the GRI Standards.

Assurance

Information and data disclosed in SR2023 has been verified to be true and accurate by the respective data owners and relevant business operations and subsidiary companies. In compliance with the requirements of the Bursa Sustainability Reporting Guide 3rd Edition, Unitrade shall commence assuring its sustainability reporting going forward.

Membership of Associations

Unitrade is a member of the following associations / professional bodies:

- Building Materials Distributors Association of Malaysia ("BMDAM")
- Federation of Malaysian Manufacturers ("FMM")
- Malaysian Air-Conditioning & Refrigeration Association ("MACRA")
- Malaysia Fire Protection Association

In all associations and professional bodies in which Unitrade is a member, in addition to industry interests, matters and issues, the Group also continues, where possible and relevant, to promote or highlight sustainability-related matters with the intent of cascading increased awareness and action on ESG matters industry-wide.

Disclaimer

SR2023 may contain forward-looking statements and disclosures. While every care and due diligence have been taken to ensure the accuracy and veracity of such statements, the Group wishes to emphasise that all forward-looking statements have been made based on information available and the prevailing conditions of the external PESTLE¹ operating environment at a specific point of time in the Group's financial year.

It is possible that new information coupled with changes in the external operating environment, which are beyond Unitrade's control, brought on by global and domestic PESTLE developments may render all, or some or a specific forward-looking statement inaccurate or even irrelevant.

Hence, readers are reminded that forward-looking statements may be inconclusive and readers are advised to conduct their own due diligence and to undertake necessary research prior to making any financial or non-financial decisions in relation to Unitrade or its business operations and activities and that of all Group subsidiaries. Unitrade assumes no responsibility from any liability that might arise from the reliance on SR2023's contents.

Feedback and Distribution

Any request for clarification or further information pertaining to SR2023 or Unitrade's business operations and activities can be sent to the following:

Stephen Koh Sui Ming (Chief Financial Officer)

Tel: +603-7843 2828

Fax: +603-7845 6366

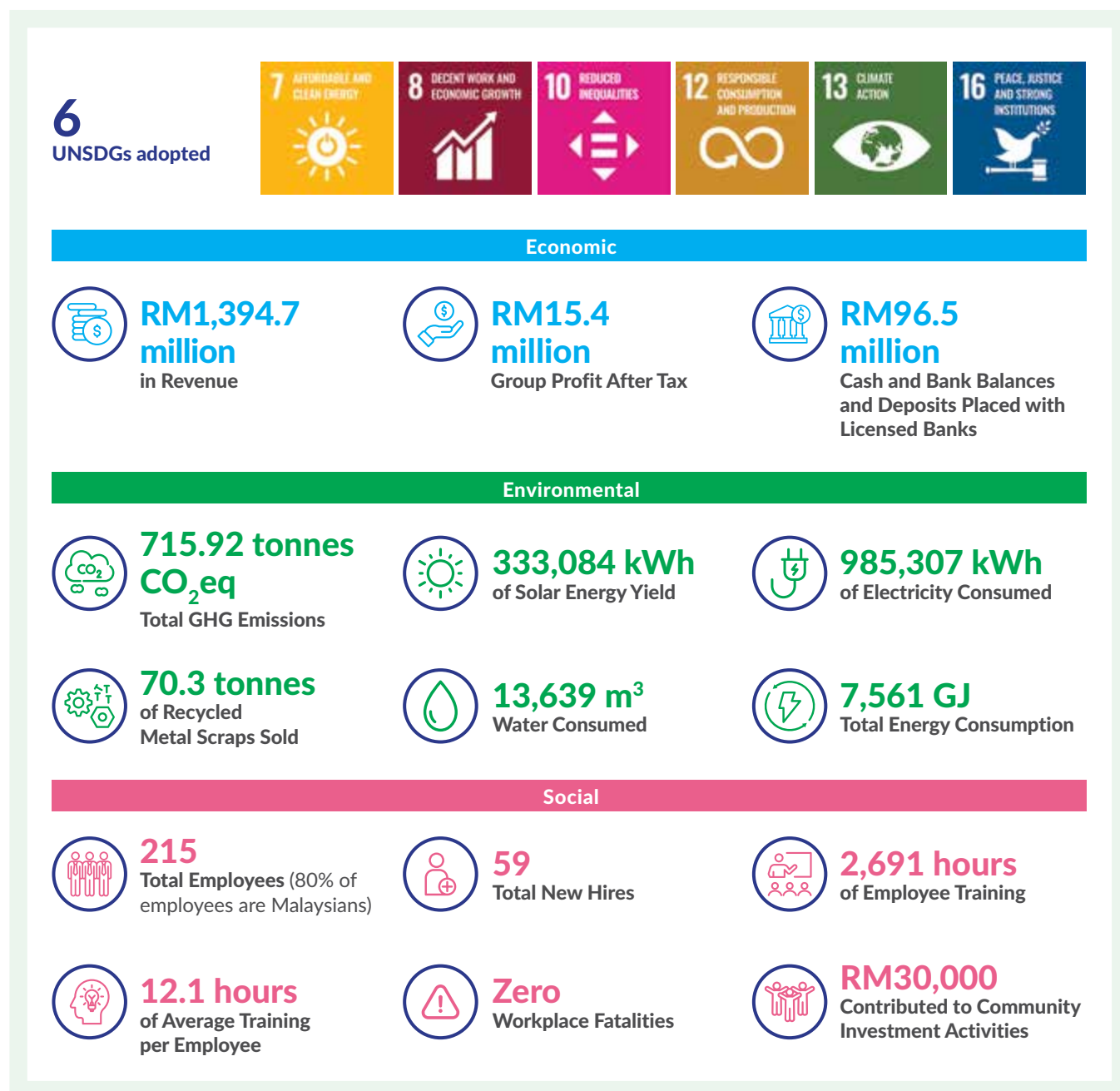
Email: IR@unitrade.com.my

A softcopy of SR2023 can be downloaded from: www.unitrade.com.my.

¹ PESTLE: refers to the Political, Economic, Social, Technological, Legal and Environmental trends, developments, conditions / factors of the external global and domestic environment.

Sustainability Statement

FY2023 SUSTAINABILITY HIGHLIGHTS AND ACHIEVEMENTS



MESSAGE FROM THE LEADERSHIP

It is with pleasure that I share on the progress made by Unitrade in driving its sustainability agenda with the goal of building a better, more resilient and future ready organisation.

No doubt, the ESG journey in which we have embarked on for several years has been challenging. However, we have progressed – transitioning from establishing the necessary foundations such as resources and governance structures to data collection and reporting to now, standing on the verge of

a new threshold; that is to leverage sustainability as a business strategy towards minimising risks and to enhance value creation.

We continue to make headway, and in the future will continue to establish and consolidate our ESG related key performance indicators and targets with business objectives and performance. Likewise, the same linkage is being undertaken with regard to ESG related risks and its impact on financial and non-financial value creation.

It is evident that in the context of today's business world, ESG is the new license to operate. Yet, moving beyond a compliance mindset, we see ESG creating opportunities for Unitrade that will enable a more robust and competitive business model, one that will sustain its performance, especially in the medium to long-term.

In essence, the Board and Management have undertaken a detailed review of Unitrade's operations towards identifying what our significant risks and opportunities are. This exercise was further validated through stakeholder views solicited via a materiality assessment exercise. This information has enabled Unitrade to develop a cohesive and comprehensive sustainability strategy that is increasingly being integrated into the overall business strategy of Unitrade.

We have set ambitious goals such as to be zero carbon or carbon neutral by 2050. We continue to work towards realising these aspirations through the development of a roadmap comprising smaller, interim targets or milestones, which are supported by specific action plans.

These include transitioning to solar energy to power Unitrade's operations. The installation of our solar energy systems produces 333,084 kWh of clean energy – offsetting 332 CO₂ tonnes of emissions while reducing the Group's dependence on grid-based electricity by 70% in FY2023. We're also focusing on Scope 3 emissions – encouraging the use of electric vehicles ("EVs") by employees and will be providing financial incentives as well as infrastructure towards that end.

As at end FY2023, Unitrade had installed five AC chargers with 22 kW of power available for use, while our current fleet of company vehicles (internal combustion engines) are gradually being replaced with battery electric vehicles. In furtherance, we have 9 units of AC chargers with 13 kW of power within our enclosed warehouse to power 11 battery electric forklifts whereby it has the added benefit of not polluting our enclosed warehouse.

We believe in the value of diversity and inclusivity in our talent pool and continue to strive towards reflecting a multi-cultural workforce across all levels of the organisation. Diversity brings a unique mix of skills, experiences, qualifications that support innovation, problem solving and new ideas, all of which are crucial in maintaining a competitive edge.

I also wish to highlight that we remain cognisant of how our supply chain – the choice of our suppliers can lead to significant improvements in sustainability performance. Progressively, Unitrade is shifting its focus towards environmentally conscious partners/suppliers.

From a governance perspective, we continue to apply a zero-tolerance policy with regard to corruption. This applies to the entire Group and our supply chain as well as stakeholders. We continue to place focus on transparent, fair, equitable dealings with all parties based on a principle of merit and justice, which we believe, supports value creation, efficiency and effectiveness in performance.

SUSTAINABILITY GOVERNANCE

Governance Structure

Unitrade's approach to sustainability is driven by good governance, reflected in a robust governance structure, supporting processes, internal controls and comprehensive reporting mechanisms.



In essence, governance of sustainability is not adjunct or separate from the overall governance structure that has been developed and implemented for the Group. This enables sustainability to be integrated into the mainstream; becoming part and parcel of the business and operational agenda. In this manner, ESG risks and opportunities can be included within the overall strategic and governance approach of the Group, thereby ensuring that business and operational matters are viewed both as a comprehensive and unified financial and non-financial perspective.

The approach to good governance begins with the Board of Directors. The Board maintains regular and comprehensive oversight on sustainability with ESG matters brought to the Board's attention by Management during Board and Board Committee meetings. The Group's external sustainability consultant is also on hand to brief the Board and Management on the latest sustainability trends and developments.

The Board maintains the ultimate responsibility for the overall strategy and governance of the organisation, including ensuring that the company's operations align with its ESG values and policies. The Board also has a responsibility to oversee the management's performance in implementing these policies and to ensure that any negative impacts on the environment, society and governance are identified and addressed.

Sustainability Statement

Management is responsible for the day-to-day operations and implementation of the company's ESG policies and strategies, including local procurement and supply chain management. Executive Director, Simson Sim helms the ESG Working Committee.

The Executive Risk Management and Sustainability Committee comprises:

1. Committee Chairman: Nomis Sim Siang Leng (Group Managing Director or GMD)
2. Simson Sim Xian Zhi (Executive Director)
3. Stephen Koh Sui Ming (Chief Financial Officer or CFO)
4. Sim Yung Chi (Chief Operating Officer)
5. Ryan Chan Chee Yen (General Manager or GM)
6. Windy Ng (Head of Group Accounts and Finance)
7. Ecila Sim Ju Inn (Head of Operations)
8. Naventhran Paul (Senior Manager, Group HR)

The Board is supported by Management. Management is tasked with developing broad, as well as specific ESG related strategies and targets and to allocate the necessary resources to achieve desired outcomes. Management also works closely with Unitrade's external consultant who provides guidance and advisory on the feasibility and effectiveness of said strategies, allocation of resources and measurement of performance.

The performance of Unitrade with regard to sustainability matters is reported to the Board on a periodic basis, where the Board reviews, deliberates and makes recommendations towards facilitating continued progress. The Board may also recommend new measures and improvements towards improving performance. Following are the major roles and responsibilities of the Board and Board Committees with regard to governance:

Board of Directors

- | | |
|--|--|
| <ul style="list-style-type: none"> • Dato' Abdul Majit Bin Ahmad Khan (Independent Non-Executive Chairman) • Sim Keng Chor (Executive Vice Chairman) • Nomis Sim Siang Leng (Group Managing Director ("GMD")) • Simson Sim Xian Zhi (Executive Director) • Dato' Lok Bah Bah @ Loh Yeow Boo (Senior Independent Non-Executive Director ("INED")) • Cynthia Toh Mei Lee (INED) • Ong Soo Chan (INED) • Datin Shivajini Sathya Seelan (INED) | <ul style="list-style-type: none"> • To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced; • To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations; • To ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance; • To review and approve our annual business plans, financial statements and annual reports; • To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being effectively managed. |
|--|--|

Audit Committee

- | | |
|---|--|
| <ul style="list-style-type: none"> • Dato' Lok Bah Bah @ Loh Yeow Boo (Chairman, Senior INED) • Cynthia Toh Mei Lee (Member, INED) • Ong Soo Chan (Member, INED) • Datin Shivajini Sathya Seelan (Member, INED) | <ul style="list-style-type: none"> • To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services; • To review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements; • To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; • To consider the major findings of internal investigations and management's response; • To perform such other functions as may be requested by our Board. |
|---|--|

Remuneration Committee	
<ul style="list-style-type: none"> • Ong Soo Chan (Chairperson, INED) • Dato' Lok Bah Bah @ Loh Yeow Boo (Member, Senior INED) • Cynthia Toh Mei Lee (Member, INED) • Datin Shivajini Sathya Seelan (Member, INED) 	<ul style="list-style-type: none"> • To recommend a remuneration framework for our Executive Vice Chairman, GMD, Executive Directors and key senior management for our Board's approval to ensure corporate accountability and governance with respect to our Board's remuneration and compensation; • To recommend specific remuneration packages for our Executive Vice Chairman, GMD, Executive Directors and key senior management. The remuneration package should be structured such that it is competitive; • To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our GMD, Executive Directors and key senior management; • To implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management.
Nomination Committee	
<ul style="list-style-type: none"> • Dato' Lok Bah Bah @ Loh Yeow Boo (Chairman, Senior INED) • Cynthia Toh Mei Lee (Member, INED) • Ong Soo Chan (Member, INED) • Datin Shivajini Sathya Seelan (Member, INED) 	<ul style="list-style-type: none"> • To assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties; • To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees; • To evaluate the effectiveness of our Board and the relevant Board committees; • To establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole and the effectiveness of each Director. The annual assessment to be conducted would be based on objective performance criteria approved by our Board; • To ensure that all Directors receive appropriate continuous training in order to broaden their perspectives and to keep abreast with developments in the marketplace and with changes in new statutory and regulatory requirements; • To ensure an appropriate framework and succession planning for our Board, including our Executive Vice Chairman, GMD and Executive Directors.
Risk Management and Sustainability Committee	
<ul style="list-style-type: none"> • Cynthia Toh Mei Lee (Chairperson, INED) • Ong Soo Chan (Member, INED) • Nomis Sim Siang Leng (Member, GMD) • Datin Shivajini Sathya Seelan (Member, INED) 	<ul style="list-style-type: none"> • To oversee and recommend the risk management policies and procedures of our Group; • To review and recommend changes as needed to ensure that our Group has in place at all times, a risk management policy which addresses the strategic, operational, financial and compliance risks; • To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks; • To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks.

The Group strongly adheres to ethical corporate governance practices that ensures accuracy, transparency and integrity are embedded in how the Group is managed and led. For instance, the Company discloses a detailed process for setting remuneration, as per the Remuneration Committee's Term of Reference and Directors and Senior Management's Remuneration Policy which can be found at our official website at www.unitrade.com.my.

Currently, the remuneration of the Group's senior executives does not incorporate long-term incentives. The Group also ensures the Board addresses conflicts of interest and related party transactions, which has been done given that all Related Party Transactions ("RPT") are reviewed quarterly and are disclosed pursuant to the listing process with no major issues noted.

Shareholders have the right to vote on director appointment and dismissals as stated in our Nomination Committee's Terms of Reference which can be found at our official website at www.unitrade.com.my. In terms of voting on executives' fees, shareholders are given the right to vote only on the directors' fees.

The Chairman of the Audit Committee is also an INED and a member of the Malaysian Institute of Accountants. Moreover, the Audit Committee comprises 4 INEDs and excludes the Chairman of the Board while the Remuneration Committee comprises 4 INEDs.

Sustainability Statement

The Board's effectiveness is periodically evaluated when the Nomination Committee meets at least once a year. Specific information on how Unitrade has applied the governance practices of the Malaysia Code of Corporate Governance ("MCCG") is provided in the Group's CG Report which is available at: <https://www.unitrade.com.my/reports-presentations/>.

Board and Management Remuneration Linkage to Sustainability Key Performance Indicator ("KPI") Targets

The Board and Management of Unitrade are exploring the most effective means to link remuneration to the achievement of sustainability related ESG KPIs and targets. The goal is developing an effective and equitable method that will not just reward the Board and Management, but also all employees.

One approach is the inclusion of ESG KPIs and targets in the individual scorecards of employees. The challenge faced is apportioning fair weightages to employees based on their respective roles and responsibilities within the Group.

Alternatively, the use of a bonus system, where achievement of KPIs and targets would provide additional bonus remuneration is being considered. Unitrade continues to focus on developing its appropriate mechanism and will provide further details once the said mechanism has been implemented.

Sustainability Policy

Beyond its governance structure, sustainability governance is further reinforced through the implementation of robust policies and procedures. The Group is also developing its sustainability policy which will be reviewed and approved by the Board and made publicly available.

Board Independence and Diversity

Unitrade continues to advocate a diverse Board with diversity in terms of composition, qualifications, skills, experience and capabilities. This will enable the development of a rich pool of expertise within the Board that would render better leadership and decision making in the best interest of shareholders.

As of 14 June 2023, a new female independent director was appointed to the Board. The current composition of the board consists of 8 directors, 5 of whom are Independent Non-Executive Directors ("INED") with the Chairman being an Independent Non-Executive Chairman. With women constituting 37.5% of the Board, the Group has successfully fulfilled the minimum board composition requirement, as stipulated in the Malaysian Code of Corporate Governance ("MCCG") 2021.

The full Board composition over the past three financial years is provided at the end of this statement under the subsection: Board Of Directors Demographic Composition.

ANTI-BRIBERY AND ANTI-CORRUPTION

Within its approach to good governance, Unitrade continues to practice a zero-tolerance stance towards corruption. This no-compromise approach is clearly expressed in the Group's Anti-Bribery and Anti-Corruption ("ABAC") policy which can be viewed here: <https://www.unitrade.com.my/anti-bribery-and-anti-corruption/>.

The ABAC was formulated to be compliant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA") which came into force on 1 June 2020.

The Policy clearly states that at no time should any member of the Group, be its Board directors, Management and employers engage in activities or action deemed as corrupt. The definition of corruption as well as corrupt activities or actions are stated in the Group's policy.

The Board has oversight on anti-bribery and anti-corruption and plays an active role through comprehensive oversight in ensuring the cultivation of a corrupt free workplace and organisational culture, and also developing the same in all dealings with customers, suppliers and other stakeholders. While remuneration of Board members is not currently linked to ABAC performance, the Group and the Board are looking into implementing this feature in the future.

The GMD, CFO and COO at Group and subsidiary level have overall responsibility for ensuring compliance with the ABAC policy. Any violations are to be reported to the Compliance Officer who is either the CFO or Senior Manager with Group Human Resources ("GHR"), and they are authorised to conduct investigations.

If necessary, corruption or potential corruption reports can be escalated to the Group's Whistleblowing Committee. The Whistleblowing Committee operates in accordance with the Group's Whistleblowing Policy. Upon completion of the investigation, the Whistleblowing Committee will present its findings to the Board of Directors for deliberation and to recommend a course of action in accordance to the law. This may include reporting the matter to external authorities such as the Malaysian Anti-Corruption Commission ("MACC") if the matter warrants such serious action.

Cascading the Anti-Corruption Commitment to Employees

It is a requirement of employment for every Unitrade employee to sign and acknowledge that they have read, understood and agree to comply with the Group's ABAC policy. Failure to comply could lead to disciplinary action including termination of employment and being reported to the enforcement authorities if the case warrants as such.

In FY2022, all directors have undergone Mandatory Accreditation Programme ("MAP") training which included training on ABAC Policy matters. In order to consistently uphold awareness and augment understanding in the realm of anti-corruption management, the Group has continued its commitment to receive anti-corruption training, totalling 29 training hours for directors and managers during FY2023.

Cascading the Anti-Corruption Commitment to the Supply Chain and Customers

In FY2023, Unitrade has made it mandatory for all suppliers and customers to provide a signed statement of their commitment to abide by the Unitrade ABAC Policy. Where necessary, due diligence such as desktop and physical audits are conducted by the Group's Purchasing department on suppliers to ascertain their level of corporate governance and level of environmental and social regulatory compliance.

These actions are in line with the Group's aim of ensuring a corruption free value chain that will potentially lead to positive changes within supply chains, towards ultimately promoting a significant culture change across industries. An increasing number of suppliers have provided written confirmation of their commitment to abide by Unitrade's ABAC Policy and the objective is to have 100% compliance progressively.

Overall, the Group's approach to identifying high-risk suppliers involves a combination of risk assessment, due diligence, risk mitigation, and continuous monitoring to ensure that the Group is working with suppliers that meet its standards and that pose a low risk of non-compliance:



Risk Assessment

Unitrade conducts a thorough risk assessment of suppliers to identify any potential risks of non-compliance with policies and standards, including the Group's ABAC policy. The risk assessment can take into account factors such as the supplier's geographic location, industry, business practices, and reputation.



Due Diligence

Unitrade conducts due diligence on high-risk suppliers to gather additional information and assess existing risk levels. Due diligence may involve reviewing publicly available information, conducting site visits, and reviewing financial and legal documents.



Risk Mitigation

Unitrade implements risk mitigation measures to address risks identified during the assessment and due diligence processes. This may involve working with the supplier to improve their compliance, increasing monitoring and reporting requirements, or terminating the supplier relationship if the risk cannot be adequately addressed.



Continuous Monitoring

The Group can continuously monitor high-risk suppliers to ensure ongoing compliance with its policies and standards. This may involve regular audits, site visits, and ongoing due diligence to identify any changes in risk.

Sustainability Statement

Assessment for Departments / Operations with Higher Risks of Corruption

In FY2023, an assessment undertaken by the Group's outsourced internal audit unit showed that the Sales & Marketing and Purchasing Departments are presently most susceptible to bribery and corruption risks. This is equivalent to about 16.3% of the Group's operations based on number of personnel employed by both departments (excluding Senior Management such as C-Level personnel, Directors and General Manager).

However, despite the higher predisposition, no significant corruption risks were identified from both departments. Nevertheless, additional safeguards and precautionary measures have been implemented.

Notably, Unitrade's sales personnel are constantly reminded of the ABAC Policy as it is part of the organisation's new customer account procedure. This includes obtaining customer's sign-off as a prerequisite for Unitrade to sell goods and services.

Other measures instituted include additional training for relevant staff to identify corrupt acts, increased audit as well as checks and balances and decentralisation of decision making for commercial decisions.

Ethical Employee Conduct

Unitrade's ABAC Policy complements the Group's Employee Code of Conduct ("COC"). The COC outlines our expectations regarding employees' behaviour towards their colleagues, supervisors and overall organisation. The COC applies to all employees regardless of employment agreement or rank.

Therefore, while the Group does promote freedom of expression and open communication, it still expects all employees to abide by the COC. The COC addresses the following core topics that employees must adhere to, including:

- Compliance with the law
- Respect in the workplace
- Protection of the Group's properties
- Professionalism

The Group may take disciplinary action against employees who repeatedly or intentionally fail to follow the COC. Disciplinary actions will vary based on the violation. The Group periodically reviews the effectiveness of the COC when deemed necessary. Full details of our COC can be found in our official website at www.unitrade.com.my.

Whistleblowing Policy and Mechanism

Unitrade has developed a robust whistleblowing mechanism that enables anonymous reporting by any internal or external stakeholder with regard to any matter of critical concern. This includes matters related to corruption, unethical practices, sexual harassment, commercial crime or even grievances such as HR related matters that have not been resolved satisfactorily through proper channels.

All reports received shall be investigated, initially by the CFO or Senior Manager from GHR. If warranted due to the seriousness of the report, the matter shall be escalated to the Whistleblowing Committee. An individual may make a whistleblowing report through the following communication channels:

1. **E-mail** to ak_majid@yahoo.com; ybloh1949@gmail.com; and whistleblowing@unitrade.com.my, or
2. **Post** (using the attached form as per Appendix 2 of the Whistleblowing Policy) addressed to the following persons in the Whistleblowing Committee:
 - Dato' Abdul Majit Bin Ahmad Khan (Independent Non-Executive Chairman)
 - Dato' Lok Bah Bah @ Loh Yeow Boo (Senior Independent Non-Executive Director)
 - Mr. Naventhran Paul (Senior Manager, Group HR)
 - Mr. Stephen Koh Sui Ming (Compliance Officer/CFO)

The mailing address: Unitrade Industries Berhad c/o Registered Office 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan

All whistleblowing reports made will be investigated with the confidentiality of the reporter maintained. The whistleblower is to be protected from any reprisal within the Group as a direct consequence of the report, provided that the whistleblowing report is made in good faith.

In FY2023, Unitrade had zero reported incidents of corruption and zero reported whistleblowing cases. Further data pertaining to anti-corruption disclosures / performance is provided in the performance data table at the end of SR2023.

Unitrade intends to commission its outsourced internal audit unit to undertake required data collection to strengthen anti-corruption disclosures going forward.

If an individual or group is found to have violated Unitrade's anti-corruption policies, other company policies, or have engaged in other means of bribery and corruption, they will undergo stringent disciplinary proceedings that may result in job suspension, termination or even legal action taken against them, if deemed necessary. Violations may be reported through the Group's whistleblowing mechanism.

If the Board of Directors is satisfied with the outcome of the investigation, it will communicate to the Chairman/ Executive Vice Chairman to proceed with action based on established policy and procedures for the necessary disciplinary action to be taken immediately. The Group's Head of Human Resource is responsible for executing the disciplinary action. This policy may be periodically modified by the Board when deemed necessary.

Political Contributions

As an apolitical organisation, Unitrade is not affiliated with any political party, lobby group or association. It has not made any donations or financial contributions to political parties.

However, the Group from time to time may participate in charitable or nation-building events organised by the government of the day or its ministries and agencies. The Group may also support corporate social responsibility ("CSR") events or programmes that could see the involvement of political parties or politicians.

Such participation is solely for the purpose of nation-building and in playing a role as a responsible corporate citizen. It does not in any way provide tacit support to any political party, cause or politician.

Environmental and Social Regulatory Compliance

Another aspect of Unitrade's commitment to good governance is exemplified in the Group's compliance to environmental and social regulatory requirements. In FY2023, Unitrade has not been censured in anyway, be it financial or non-financial censures, warnings, penalties nor fines for non-regulatory compliance. Unitrade continues to maintain its track record for adherence to requirements as set out by enforcement authorities for environmental and social performance in relation to material topics such as waste, pollution, emissions, human and labour rights and employment practices.

STAKEHOLDER ENGAGEMENT

Unitrade continues to recognise the role of its stakeholder as being an integral aspect of its sustainability journey. Stakeholders continue to have a significant and possibly increasing role in determining material topics and focus areas as they continue to lobby for the rights and levy increased demands and expectations from corporates.

As such, Unitrade continues to take heed of the increasing voice of stakeholders as being a key force that could influence not just the determination and prioritisation of material topics, but also actual business strategies and Group operations. Strategic priorities progressively may need to be reconsidered and redetermined in light of changing stakeholder expectations.

Hence, beyond just engaging with stakeholders, Unitrade increasingly is looking at rethinking its stakeholder management approach. At the heart of this rethinking is how stakeholder management and engagement can be executed in a more strategic manner, that enables the Group to leverage on the insights derived to sustain and enhance value creation.

The aforementioned paradigm shift is still at an early stage and continues to be further refined and developed.

Unitrade in the interim continues to actively engage its wide range of stakeholders. Stakeholders are defined as individuals, entities or organisations that may be impacted by the Group's business model, operations and strategies, as well as those that may in turn have the potential to impact Unitrade's business model and its operations. Following is Unitrade's specific stakeholder engagement information:

Stakeholders	Interests and Concerns	Engagement Channels
Customers	Quality products and services delivered on time and at competitive cost.	Customer feedback channels including physical and digital engagement channels, feedback forms, meetings and more.
Executive / Non-Executive Employees	Competitive remuneration, work-life balance, career prospects, training and development opportunities, conducive working environment and culture.	Townhalls, company memo and Intranet, employee feedback surveys, reports sent to line supervisors / superiors. Various internal and employee events and activities.
Shareholders and Investors	Share price appreciation, dividends and overall company financial performance as well as ESG performance.	Investor roadshows, company annual general meeting, quarterly financial result announcements.
Bankers and Financial Institutions		
Suppliers	Fair procurement practices and tender opportunities, timely payment.	Invitations to tender, supplier briefings, emails, post-mortem meetings.
Government / Regulatory Body Official	Regulatory compliance, including environmental and social compliance, compliance to quality standards, income tax payments.	Meetings with regulatory and governmental bodies, memos and circulars.
Board of Directors	Business growth and robust operational performance, good corporate governance and ethics. ESG performance improvements.	Board of Director meetings, subcommittee meetings, management meetings, board circulars, emails and other forms of communication.
Senior and Middle Management		

Sustainability Statement

Stakeholders	Interests and Concerns	Engagement Channels
Media	Company financial and ESG performance, share price appreciation, notable business developments.	Press releases and interviews.
Local Community Member / General Public	Positive socio-economic multiplier effects created through the presence and / or operations of the Group's business.	Community events, CSR campaigns and programmes, company website.
NGOs	ESG performance, the Group serving as a force for good – delivering positive multiplier effects.	Meetings, press releases, company website.

MATERIAL MATTERS AND RISKS

Unitrade defines materiality based on the following perspectives:

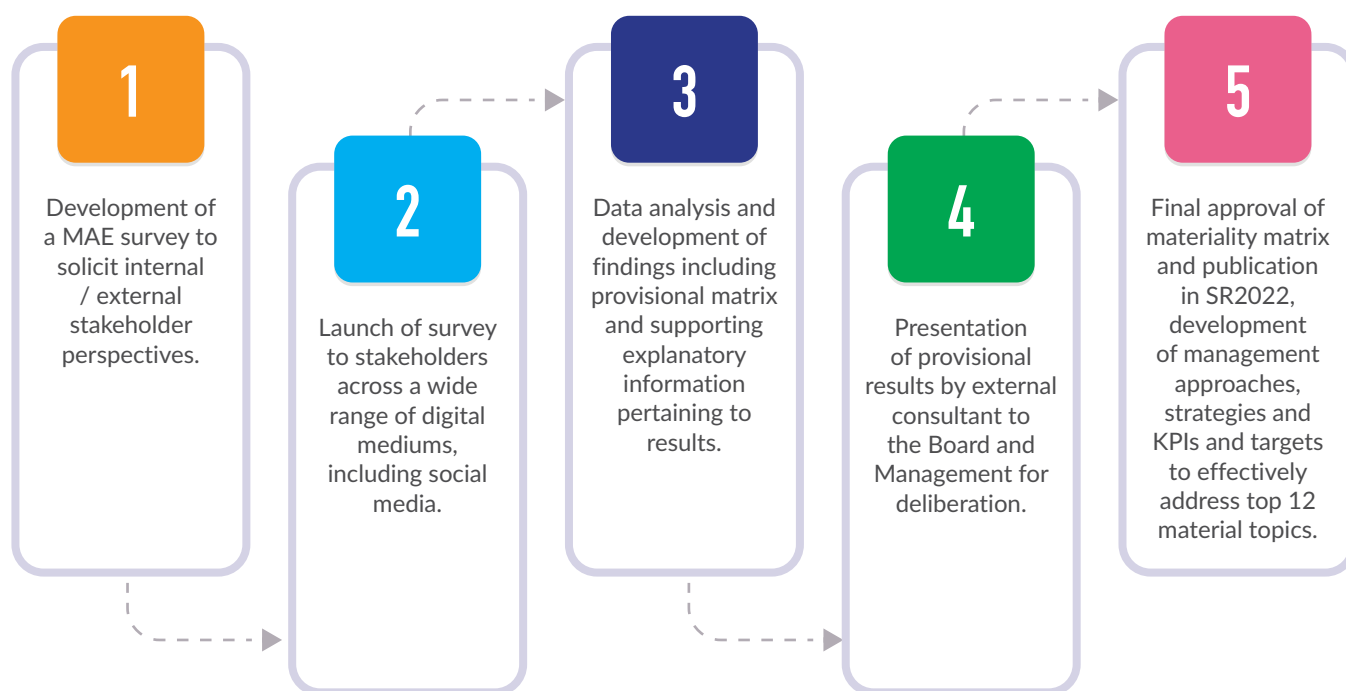
- Issues, topics, trends and developments that would affect enterprise value creation
- Issues, topics, trends and developments that would impact the environment and society

The more significant the impacts, the higher the materiality of the topic. Other factors considered include the number of stakeholders impacted by such material topics, and how these impact prevail across a short, medium and long-term perspective.

Material topics are also increasingly being considered from a risk perspective; that is how does ESG materiality integrate into the existing risk management and mitigation approach. Unitrade continues to develop / refine its approaches for identification, assessment and prioritisation of material topics and establishing linkages to business, operational, strategic and financial risks, as well as risks to stakeholders.

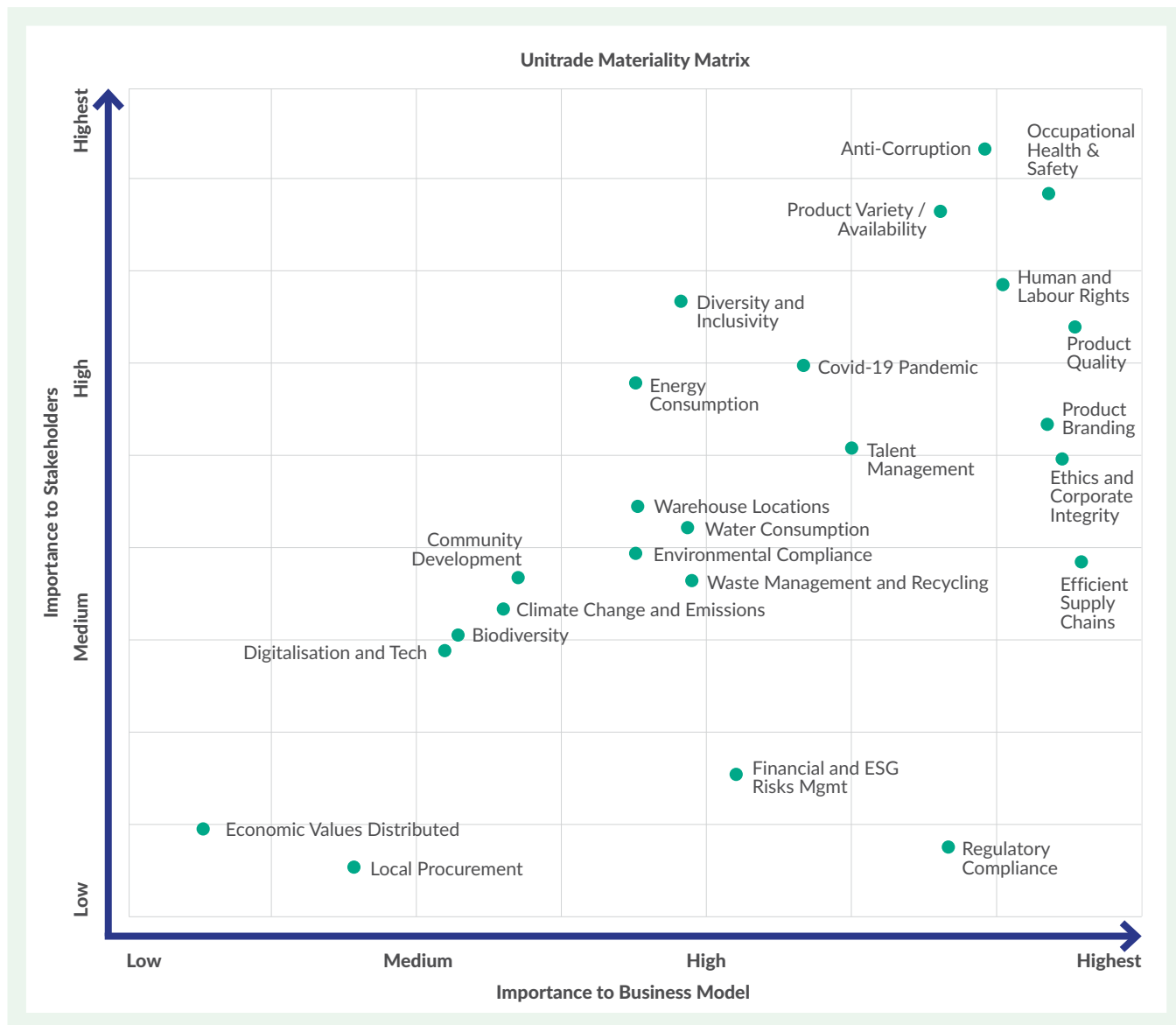
Having conducted a comprehensive MAE in FY2022 and given that there was no change in the Group's business model and business operations in FY2023, the Management of Unitrade has chosen to retain its existing materiality matrix. The said matrix was deliberated by Management and confirmed as being relevant in reflecting Unitrade's most significant material ESG topics for FY2023.

The MAE process comprises the following steps or phases:



Materiality Matrix

Following is Unitrade's materiality matrix. The management approach, discussions on performance and plans going forward for each material topic is provided in the subsequent pages.



Effective Risk Management through Robust Internal Controls

Unitrade has developed a robust approach to risk management exemplified in the development of effective risk management procedures and processes centred on a triple-tier approach.

Risk is constantly identified and managed at all levels of the organisation, including at Board level through the Risk Management and Sustainability Committee ("RMSC"). Group Managing Director, Mr. Nomis has been designated as the key person for risk related matters, including ESG related risks.

Other key aspects of Unitrade's approach to risk management is the establishment of a comprehensive Risk Register that comprises all significant business, operational, financial and strategic risks. This Risk Register is progressively being updated with ESG risks based on the findings from the materiality assessment.

Sustainability Statement

The Risk Register is developed based on the 7 sources of risk which cover the following areas of Unitrade's operations: Finance, Human Resources ("HR"), Management Information Systems ("MIS"), Procurement, Safety and Health, Sales, Production as well as Warehouse.

The Board level Risk Committee convenes quarterly to address risk related matters, including reviewing the Risk Register and ESG matters. The Group's Business Continuity Plan ("BCP") is also reviewed periodically and updated where necessary in tandem with changes in the external operating environment. The BCP essentially provides the standard operating procedures ("SOP") that enable Unitrade to continue operating in the event of major catastrophic events (ESG or non-ESG related).

The Group's Compliance & Risk officer is also the CFO. Our RMSC comprises 3 INEDs and the GMD. As prior mentioned, the internal audit function is outsourced.

The results found that the Group has put in place adequate internal controls and risk management systems to enable the Group to meet its objectives of ensuring compliance with laws, regulations, policies and procedures, integrity of information, and safeguarding of assets.

Unitrade will continue to enhance its risk management and internal controls to better pursue the management and mitigation of more ESG risks as it seeks to improve its sustainability agenda in the organisation. Specific information on Unitrade's risk management internal controls, processes and procedures as well as check and balance mechanisms are provided in the Statement of Risk Management and Internal Control ("SORMIC") presented in this annual report.

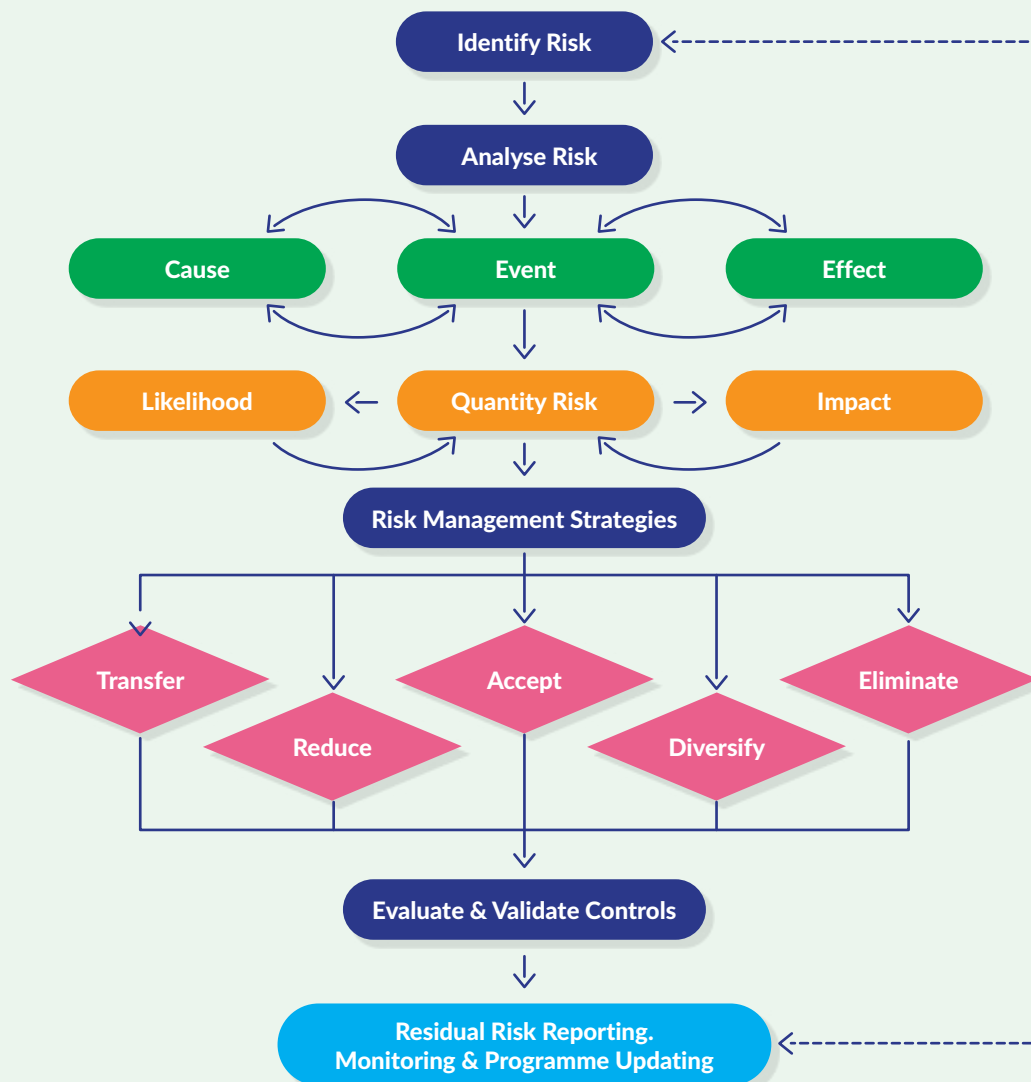


Figure 1: Unitrade Risk Assessment Model



STAKEHOLDER ECONOMIC VALUES GENERATED

Unitrade through its business model and operations has generated a wide range of economic values for stakeholders. Beyond revenues and earnings, which benefit shareholders, the Group continues to create a wide range of quantifiable socio-economic, multiplier effects that cascades to a wide range of beneficiaries comprising employees, local supply chains, local communities and others.

ECONOMIC VALUES GENERATED FOR STAKEHOLDERS

	FY2021 (RM'000)	FY2022 (RM'000)	FY2023 (RM'000)
Economic Value Generated (Group Revenue)	1,025,044	1,290,202	1,394,677
Economic Value Distributed	936,308	1,177,174	1,317,517
Total monetary spend on procurement (operating cost)	921,116	1,213,465	1,350,282
Total payout to employees (in salaries, benefits, bonus, statutory payments)	20,659	24,687	28,571
Net taxes paid to government (income tax, by country)	8,433	11,202	11,973
Dividend Returns to Shareholders (dividends)	7,954	36,141	12,813
Economic Value Retained	213,364	210,189	212,773

PRODUCT QUALITY AND CUSTOMER SATISFACTION

Unitrade is committed to ensuring the highest product quality as quality is directly linked to revenue and customer satisfaction. Quality products as in products fit for purpose and complying with industry standards is necessary towards retaining customers amidst a competitive marketplace, securing repeat and larger orders as well as referrals going forward and essentially driving financial performance.

Given the nature of Unitrade's business model, well-coordinated and timely deliveries to customers is critical in ensuring project construction is not impacted or delayed by our end.

All subsidiaries have developed comprehensive management approaches to ensure a high standard of product and service quality. This includes obtaining necessary ISO quality certifications such as the ISO 9001:2015 certification. Presently, Ricwil has obtained ISO certification with Logam Unitrade presently progressing towards ISO9001 certification.

A key philosophy practiced Group-wide is the operational mantra of 'Do it Right The First Time', which is applied throughout the value chain, from procurement of quality products, effective communication with customers and eventual delivery end-point. Beyond ensuring optimum quality products, the above approach also supports improved business and operational efficiency, reduced wastages, reduced resource and energy consumption and ultimately, the focus on quality drives sustainability and vice versa.

Sustainability Statement

Unitrade has also follow its Quality Policy pledge which is available as below:

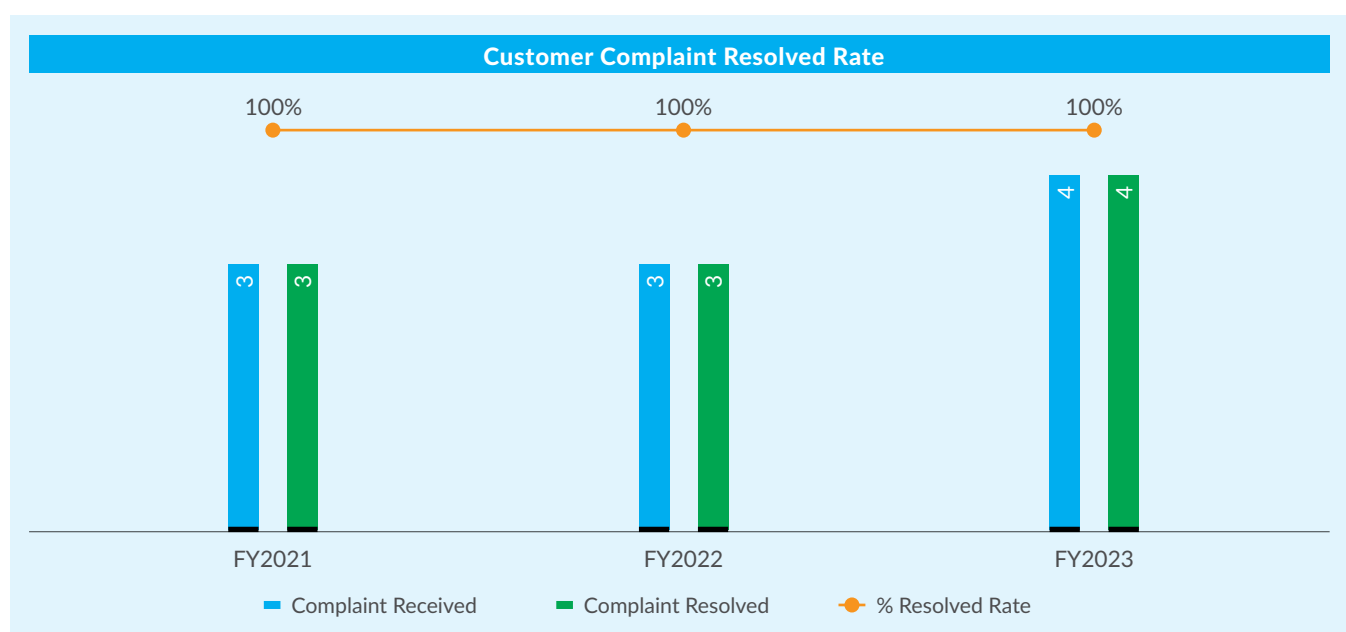
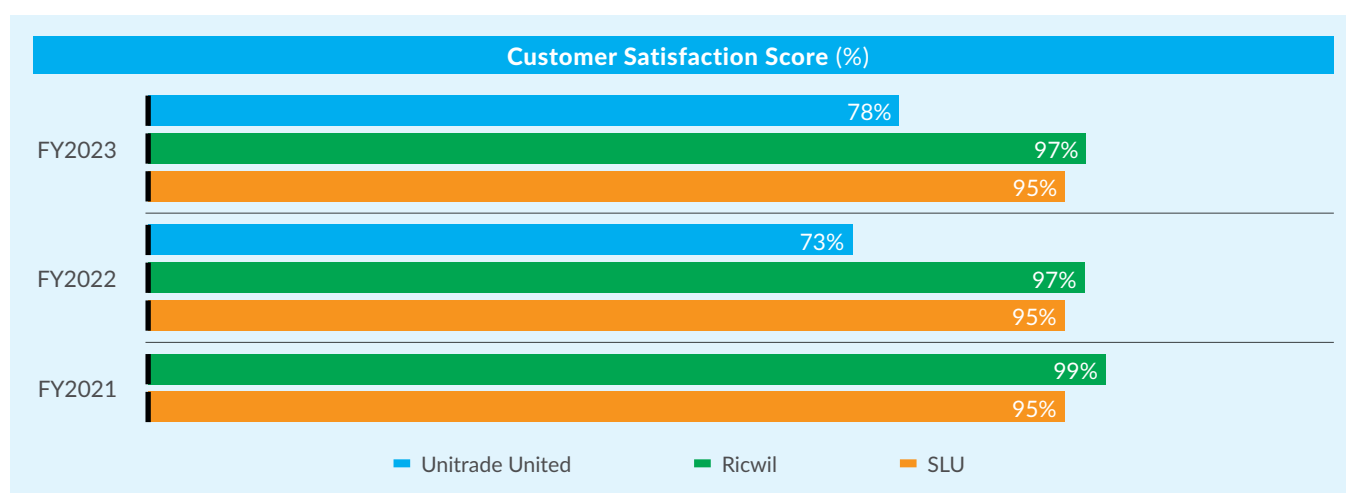
RICWIL	SLU	Unitrade United
<p>ISO9001:2015 certified. Dedicated employee responsible for quality control, supported by a specialised Quality Control ("QC") / Customer Service ("CS") unit.</p> <p>Quality control processes are managed in accordance with the ISO 9001:2015 procedures. Quality Policy and Quality Manual adopted based on ISO 9001:2015.</p> <p>Quality issues are reported to the GM and Chief Executive Officer ("CEO") of Ricwil.</p> <p>Clear grievance mechanism to address customer complaints including a dedicated feedback form.</p> <p>All products are labelled with appropriate product specification details, i.e. production date and certification information.</p> <p>Annual customer satisfaction surveys conducted focusing on the following quality aspects: Timeliness & reliability of delivery; Quality of product & services; Responsiveness to customer needs; Communication with customer.</p>	<p>SLU's approach to quality management is guided by its Policy Pledge: Integrity, Reliability and Infinite Possibilities.</p> <p>Management implements a robust Total Quality Preventive Management ("TQPM": approach where products / inputs are stringently scrutinised at every stage of the production process). This includes from the arrival of raw inputs from suppliers right up to the delivery of the finished product to customers.</p> <p>These checks encompass product materials and compliance to standards of manufacture and engineering, as well as the quality of the finished product.</p> <p>Products that do not comply to set standards are rejected, isolated & returned to the suppliers for replacement and are deemed not fit for commercial purpose.</p> <p>SLU's General Manager, Mr. Ryan Chan is in charge of quality and customer satisfaction.</p> <p>The Customer Service Department. This department primarily attends to customers' enquiries, quotations and co-ordinates order deliveries.</p> <p>In addition, SLU has appointed dedicated sales representatives & customer service personnel. This ensures customers receive a prompt response to all enquiries or requests.</p> <p>Annually, a customer satisfaction survey is conducted.</p> <p>SLU intends to set-up a dedicated department for Products Quality Assurance ("QA") / QC as well as a Customer Grievances & Complaints committee. This will include a formal grievance mechanism complaint for customers.</p> <p>All data shall be collected & recorded in a log book, including solutions and dealing of grievances and complaints for future improvement.</p>	<p>On-time delivery and products safety form the basis of the approach to quality control and assurance. As the products supplied are used at construction sites, it is imperative that all products are fit for purpose to facilitate efficiency and safety.</p> <p>Scaffolding provided and purchased are from authorised suppliers whose products are in compliance with the Department of Standards Malaysia's MS1462-1 standard.</p> <p>Inspection or audit of product quality and safety is carried out as per statutory requirements.</p> <p>Certificates issued by Construction Industry Development Board ("CIDB") are obtained from the authorised suppliers upon yearly renewal.</p> <p>The Department of Sales Operation is responsible for handling customer feedback and complaints.</p> <p>The Group has entered into an MOU with Invest Kedah Berhad in relation to modular housing systems as centralised labour quarters ("CLQ") in Kedah, which complies with the amended Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).</p>

The Group strongly emphasises the safety and quality of pre-insulated pipes manufactured in our factory, given that manufacturing of pre-insulated pipes is one of our core business operations. Unitrade is therefore committed to ensure that the safety and quality management system that we have put in place is in accordance with internationally-recognised standards and practices.

The Group has adopted internal quality management assurance policies to ensure that its pre-insulated pipes are consistently safe for use and our manufacturing processes comply with the required quality and environmental safety standards. The certifications of compliance to quality assurance and quality control on our products are as shown below:

Standard	Certification	Date First Awarded	Validity Period	Scope of Certification
ISO 9001:2015 Quality Management Systems	SIRIM QAS International Sdn Bhd	18 December 1997	21 March 2022 to 17 December 2024 ⁽¹⁾	Fulfilling the requirements for quality management system for the manufacturing of pre-insulated pipes
FM Approval Class: 4924	FM Approvals LLC	10 February 2017	Not applicable	Performance of insulation material used on the exterior of non-combustible pipes or ducts having fulfilled the fire resistance test

Note: (1) Expiry date is not applicable for FM Approval Class. Nevertheless, process audit is required to be carried out on a yearly basis. The purpose of the audit is to ensure the quality of products sold by our Group, as requested by customers



Sustainability Statement

Product Quality Performance (Unitrade United)

	FY2021	FY2022	FY2023
Number of incidents of non-compliance with regulations or voluntary codes concerning the health & safety impacts of products and services	1	2	1
Number of recalls issued for health and safety reasons	1	2	1
Total units recalled	5 pcs	50 pcs	14 pcs

Unitrade's commitment to environmental protection has also seen the Group enter into an agreement with the Department of Environment of Malaysia to participate in the 'HCFC Phase-out Management Plan Stage-1' project. Consequently, Unitrade has eliminated the use of hydrochlorofluorocarbons ("HCFC") and also to ensure that the raw materials used in the manufacturing of its pre-insulated pipes do not comprise HCFC compound.

The Group is also committed in ensuring and upholding the quality of its Alfran and S2S-branded products that are sourced from third party Original Equipment Manufacturers ("OEM").

Unitrade applied and have obtained SIRIM certification for selected Alfran products such as seamless carbon steel pipe, gate valve, butterfly valve, wafer check valve, swing check valve, stainless steel fittings, manhole cover and galvanised iron fittings. The Group has also applied for and obtained quality certifications from the CIDB and Suruhanjaya Perkhidmatan Air Negara for some of our Alfran products.

Data Privacy

Our high standards for quality also extends to our privacy and cyber security measures. Unitrade stores large amounts of data related to its customers, business and supply chain. The Group therefore knows how important it is to secure this data's confidentiality and has made the necessary investments in hardware and infrastructure including digital systems to ensure data confidentiality.

The Group's Personal Data Protection Act ("PDPA") Policy was established to ensure Unitrade and all its employees are committed to compliance with the PDPA of 2010. The Policy regulates the processing of personal data in commercial transactions. The full PDPA Policy can be found at www.unitrade.com.my. FY2023 has seen Unitrade maintained its track record of zero reported incidents of non-compliance for data breaches.

LOCAL PROCUREMENT AND SUPPLY CHAINS

Our procurement process is guided by the principles of responsible and sustainable sourcing, where the organisation takes into consideration the economic, social, and environmental impact of our procurement decisions. Responsible sourcing in the supply chain involves ensuring that the goods and services procured by our organisation are produced in an ethical, sustainable, and socially responsible manner.

Unitrade believes in the benefits of local procurement and prioritises it whenever feasible. This not only helps in reducing carbon emissions, energy usage and fossil fuel usage, but also strengthens the local economy by creating and sustaining jobs, promoting local entrepreneurship and improving human rights. Local procurement refers to the purchase of goods and services from suppliers in Malaysia. By following these steps, our organisation can support local procurement and develop a local value chain that contributes positively to the local economy, environment, and society.

However, it is important to note that local procurement may also have limitations such as limited access to a global market, restricted product variety and higher costs.

The Group's purchases comprise building materials for mechanical and electrical systems ("M&E") works and building materials for civil works; and raw materials and pre-insulated materials for the manufacturing of pre-insulated pipes. Specific to UU, only MS1462-1 compliant scaffolding are purchased from CIDB certified vendors.

While we may source products from overseas to maintain competitiveness in the industry, our commitment to responsible and sustainable sourcing remains steadfast. Our goal is to balance the trade-offs and optimise the positive impact of our procurement decisions on the environment, society and the economy. Our business tries our best to mitigate any negative impacts on human rights and support environmental sustainability through proper selection, management and monitoring of our suppliers and prioritising local purchases.

Selection of suppliers, be it local or foreign are based not just on commercial considerations but also ESG criteria. This includes suppliers' performance on matters related to environmental and social impacts such as pollution, emissions, and human and labour rights.

Suppliers are assessed based on a set criteria which includes the following:

- Suppliers' commitment to fair labour practices, non-discrimination, and respect for human rights.
- Compliance with the Group's ABAC Policy and Policy Pledge.
- Assessment scores received during desktop and onsite audits conducted at suppliers' premises
- Suppliers' willingness, and speed and effectiveness of action to rectify any potential ESG non-compliance identified.
- Suppliers' value proposition centred on the best quality of products and services, and at the most competitive pricing.

Specifically, all suppliers must provide a strong commitment to adhere to Unitrade's ESG standards by providing written affirmation. Suppliers must sign off on Unitrade's ABAC declaration of being corrupt free, as well as other declarations in relation to human rights, environmental practices and more. Both the Board and Management play an active role in "greening" Unitrade's procurement approach and its supply chain.

The Group uses the following KPIs to measure the effectiveness of its procurement management approach and strategies:

- **Percentage of spend on local suppliers:** This KPI measures the percentage of the Group's total procurement spend that goes to local suppliers in Malaysia. The higher the percentage, the more effective the Group is in driving its local procurement agenda.
- **Number of local suppliers:** This metric tracks the number of local suppliers the Group works with. The higher, the better the group's efforts at developing and supporting local supply chains.
- **Supplier diversity:** This metric measures the diversity of the Group's supplier base, such as the number of small and medium-sized enterprises ("SMEs") and minority-owned businesses the Group works with. This can help ensure that the benefits of the Group's procurement activities are distributed across a broader range of stakeholders.
- **Compliance with local procurement policies and standards:** The Group tracks the compliance of its procurement function with local procurement policies and standards, such as those related to ethical sourcing, human rights, and environmental sustainability.
- **Social and environmental impact of local procurement:** The Group tracks the social and environmental impact of its local procurement activities, i.e. the number of jobs created or the reduction in greenhouse gas emissions resulting from local sourcing.

By tracking these and other KPIs and metrics, the Group can measure the effectiveness of its local procurement agenda and identify areas for improvement. This can ensure that the Group's procurement activities are aligned with its overall sustainability strategy and that the Group is making a positive impact on the local economy, environment, and society.

Sustainability Statement

Measures Taken to Audit Suppliers



Conduct a Supplier Assessment (Risk Assessment):

- Before engaging with local suppliers, it's essential for Unitrade to assess suppliers' capabilities, capacity, and their alignment with Unitrade values and goals. This assessment includes a review of their financial stability, quality management systems, environmental and social performance, and technical expertise.
- Suppliers are also assessed based on ISO 9001:2015 procedures. The goal is to identify supply chain risks related to social and environmental issues.



Identify Potential Suppliers:

- Once local suppliers have been assessed, Unitrade identifies potential suppliers that is best suited and the Group initiates a tender process.



Develop Relationships with Local Suppliers:

- In addition, suppliers who are selected and then entered into a relationship building process. Unitrade invites them to visit its operations and participate in industry events to build relationships.



Provision of Technical Support

- If required, Unitrade also provides technical support to suppliers to improve their capabilities and to meet Unitrade's requirements. This may include training on quality management systems, product design, feedback and guidance on ESG compliance.



Develop Contracts and Agreements

- Development of contracts that clearly stipulate expectations, requirements, and responsibilities. These include stipulations terms for quality management, schedules, pricing, and ESG matters such as compliance to the ABAC policy.



Supplier Quality Assurance

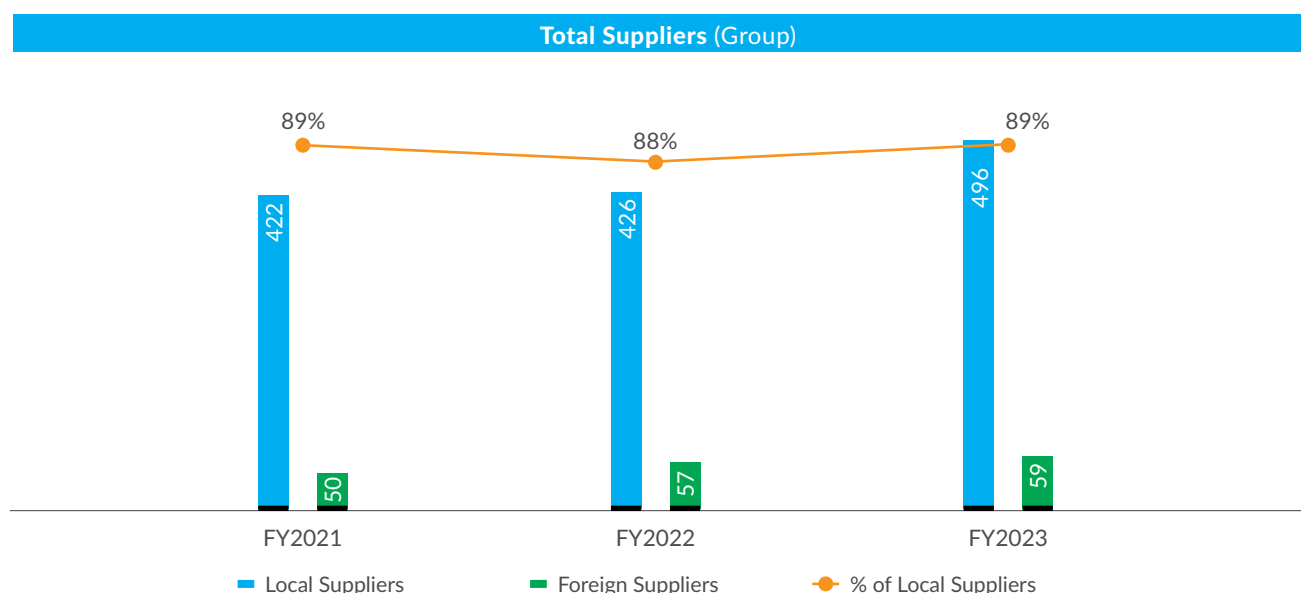
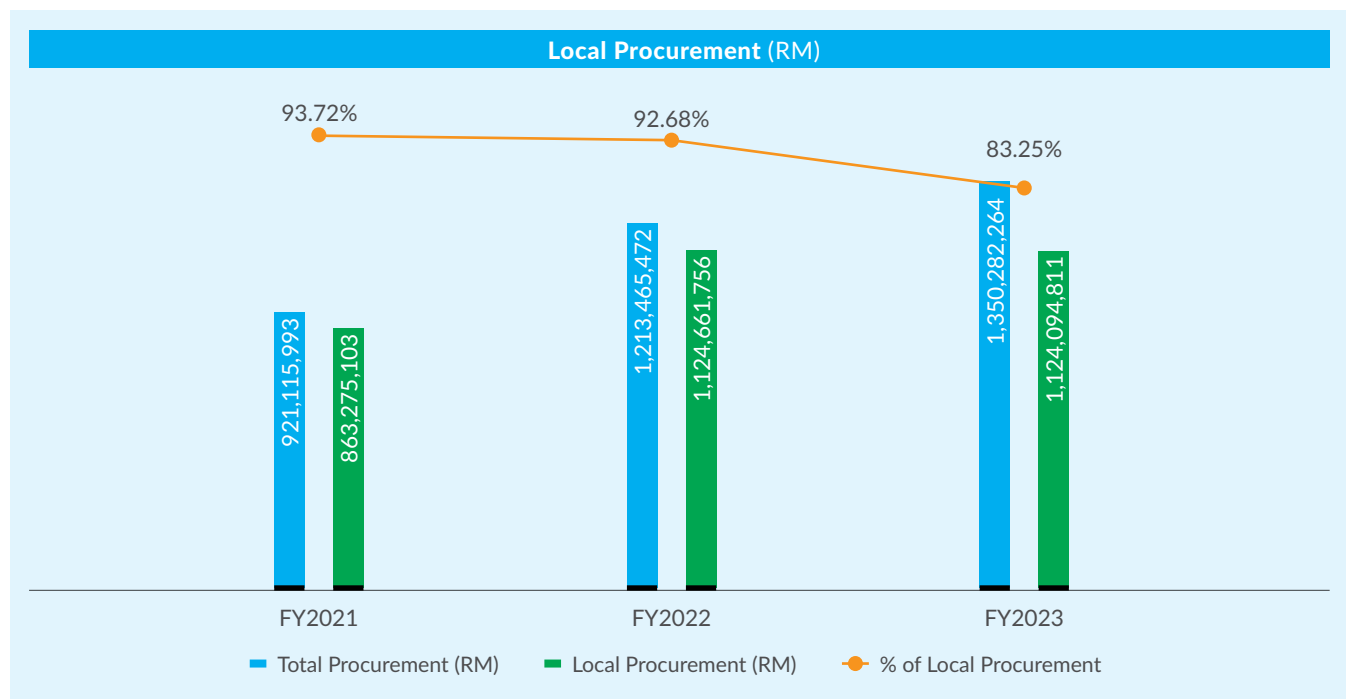
- Suppliers quality is constantly assessed. Suppliers who meet Unitrade's quality requirements remain on the supplier list. Those who fall short are given a fixed period to rectify shortcomings failing which, they will be removed from the list of approved suppliers.



Continuous Improvement:

- Constant monitoring and undertaking of improvement measures. This involves setting KPIs, measuring performance against KPIs, and implementing new initiatives and improvements to enhance supplier performance and sustainability.

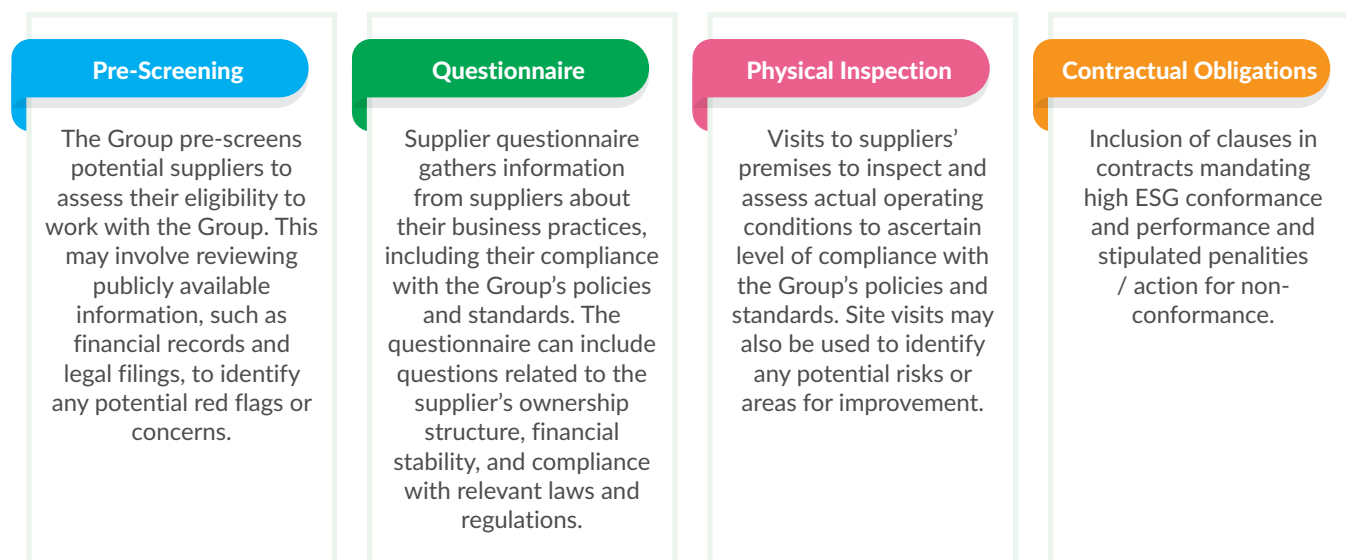
The Head of Operations, Sim Ju-Inn, is in charge of local and group procurement. Unitrade adopts a centralised approach to procurement, whereby a centralised department manages all procurement purchases. This ensures greater accountability, transparency and standardisation of processes throughout the Group.



Sustainability Statement

Pre-Screening / Screening of Suppliers

Due diligence on new and existing suppliers encompasses a combination of pre-screening, questionnaires, site visits, contractual obligations, and ongoing monitoring to ensure that suppliers are meeting set benchmarks for quality and ESG compliance.



Unitrade's approach to the number of suppliers audited annually may vary based on factors such as the supplier's level of risk, the type of product being provided, and the Group's overall audit capacity. Overall, in determining the quantity of suppliers to be audited annually, Unitrade takes into consideration its existing audit capacity in terms of resources against the level of risk. Following are the primary approaches employed by Unitrade for determining the level of supplier assessments:

- **Risk-based approach:** The Group uses a risk-based approach to determine which suppliers to audit each year. This involves assessing suppliers based on their level of risk and focusing audit efforts on high-risk suppliers.
- **Rotational approach:** The Group can use a rotational approach, where it audits a certain percentage of its suppliers each year, to ensure that all suppliers are audited over time.
- **Continuous monitoring:** The Group can use continuous monitoring to assess supplier compliance throughout the year. This may involve monitoring supplier performance metrics or conducting periodic site visits to identify any changes in risk.
- **Compliance requirements:** The Group can require certain suppliers to undergo audits annually, as a condition of their contract with the Group. This may be based on the supplier's level of risk, the type of product or service being provided, or other factors.

Supplier Assessment

- In FY2023, suppliers were assessed based on product quality, pricing competitiveness, timeliness & accuracy of deliveries, customer service support centre, sales support & service promptness, after sales service & response, business ethics, integrity & reliability, total quality performance & philosophy and overall buyer's experience. Among these 94 suppliers that we assessed, our local suppliers have an average score of 4, which is equivalent to good in all sectors that we have assessed.

	Product Quality	Price Competitiveness	Timeliness & Accuracy of Deliveries	Customer Service Support Centre	Sales Support & Service Promptness	After Sales Service	Ethics & Integrity	TQPM	Overall Buyer's Experience
Average Supplier Scores	3.86	3.57	3.50	3.74	3.76	3.79	3.77	3.78	3.77

Rating

5 - Outstanding 4 - Good 3 - Satisfactory 2 - Poor 1 - Very Poor



ENVIRONMENTAL DISCLOSURES

Unitrade continues to play close attention to its environmental footprint. The Group monitors its energy, water and resource consumption while also focusing on managing its emissions and waste.

While Unitrade's Group's business model may not be as impactful to the environment as compared to other industries such as mining, plantation, construction and other industries, the Board and Management collectively believe that Unitrade, as responsible corporate citizen can and should play a role in reducing and mitigating its environmental impacts. In addition, focusing on energy, emissions and waste reduction, transition to cleaner energy sources and recycling will ultimately provide tangible business benefits such as cost efficiency and increased productivity.

Hence, Unitrade continues to pursue improvements across its business operations by focusing on its material environmental topics. The same mindset has also been progressively cascaded across the Group's value chain to suppliers.

One of the key highlights is Unitrade's transition to solar energy, post the installation of solar photovoltaic panels at the Group's warehouse. This has led to a significant reduction in carbon emissions for FY2023.

MANAGEMENT APPROACH TO ENVIRONMENTAL PERFORMANCE

The commitment to good environmental practice and performance is established organisation wide through adherence to environmental certifications. Unitrade and relevant subsidiaries have obtained the following environmental certifications:

ISO 9001	Quality Management Systems
ISO 14001	Environmental Management Systems
ISO 45001	Occupational Health and Safety Management Systems

Energy Consumption

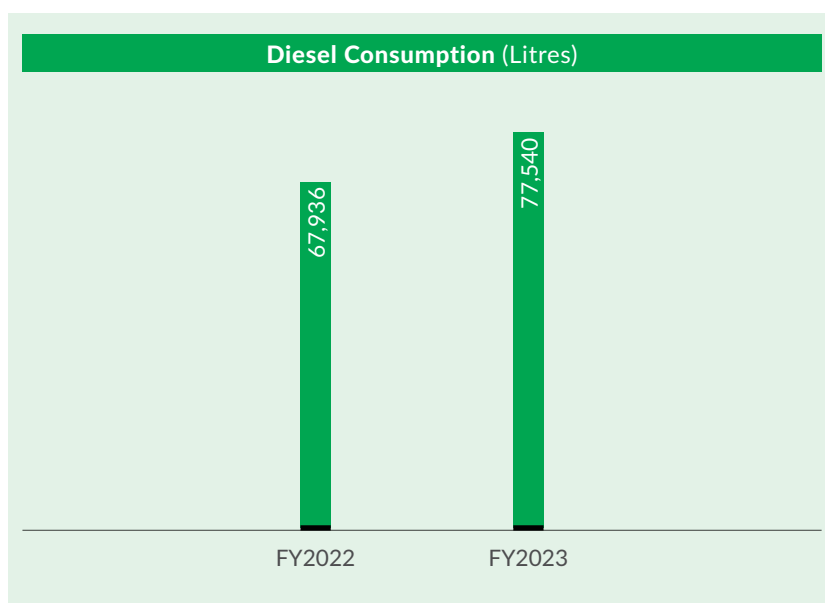
Unitrade consumes both direct and indirect energy sources. Direct energy primarily comprises fuel, specifically diesel consumed by its fleet of motor vehicles and also to power forklifts. In FY2023, the installation of 9 units of electricity-powered overhead cranes at enclosed warehouses have enabled reduced diesel usage. However, certain warehouse operations and handling off off-site items still require diesel-powered forklifts. Back-up generators that run on diesel are also used to produce electricity in the event of power outages at warehouses and other operational sites.



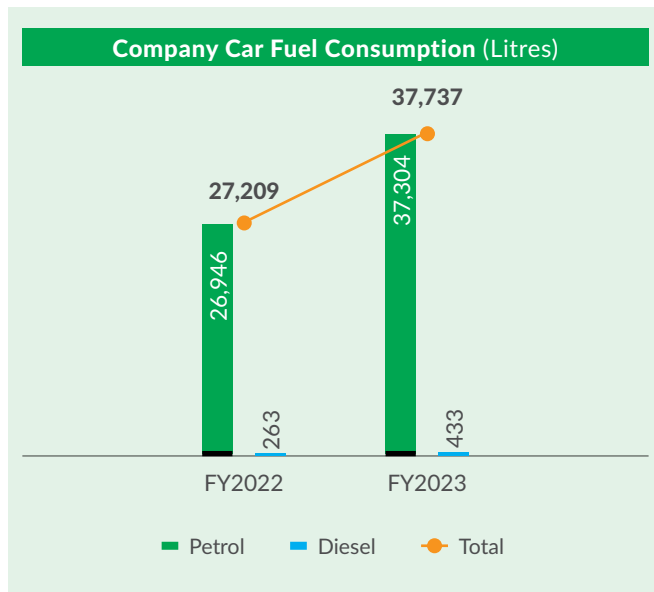
Solar photovoltaic panels for clean electricity



Electricity-powered overhead cranes



Sustainability Statement



Given that one of the group's core businesses is logistics and deliveries, strategic management of the vehicle fleet is essential towards reducing fuel consumption, emissions and also in reducing energy costs. Some strategies instituted with regard to fleet management include:

- Reducing idle engine running as much as possible
- Careful route planning and scheduling to reduce probability of fleet vehicles being stuck in traffic jams and to reduce travel distances and times
- Regular upkeep and maintenance of vehicles to ensure optimum fuel efficiency
- Phasing out older vehicles with newer, more fuel-efficient models.
- Progressive addition of electric vehicles – three internal combustion engine-based vehicles replaced with three EVs



EV charging station to encourage green vehicle adoption

Electricity Consumption

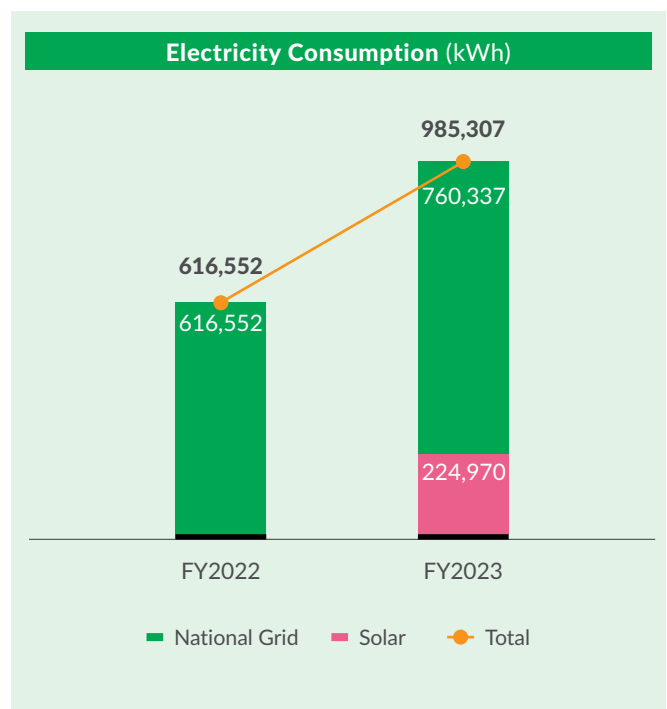
Given the importance of electricity supply in powering multiple warehouses to store products overnight, as well as our office and factory environments where our employees work, Unitrade is cognisant of the efficient management of its purchased electricity. Since October 2022, indirect energy comprises mainly electricity derived from solar as well as electricity sourced from the national grid. The distribution ratio between these two sources is approximately 50-50%.

With the installation of solar photovoltaic panels in October 2022, Unitrade has produced 333,084 kWh of solar derived electricity, with 224,970 kWh being consumed for its own operations and the balance sold back to the grid. The utilisation of solar has avoided 332 CO₂ tonnes in carbon emissions, while providing a savings of RM146,462 in avoided electricity costs.

Unitrade also emphasises energy saving measures as part of its approach to managing energy consumption. With regard to electricity-saving initiatives and strategies, Unitrade practices the following:

- Sensor based operations for lights, air conditioners and electrical appliances, which will power down automatically at set intervals.
- Constant reminders to employees on practicing energy saving measures
- Installation of motion detectors in all toilets and common areas no later than FY2024.

In FY2023, five EV charging stations were installed on site for EVs. Staff are encouraged to use EVs or hybrid vehicles.



Solar Energy Generation (kWh)

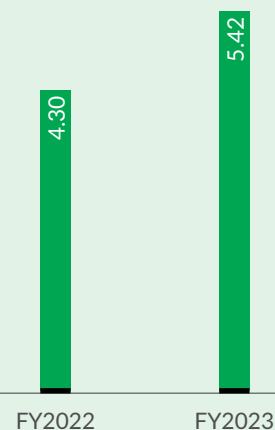
Total solar energy yield **333,084**

Used generated energy **224,970**

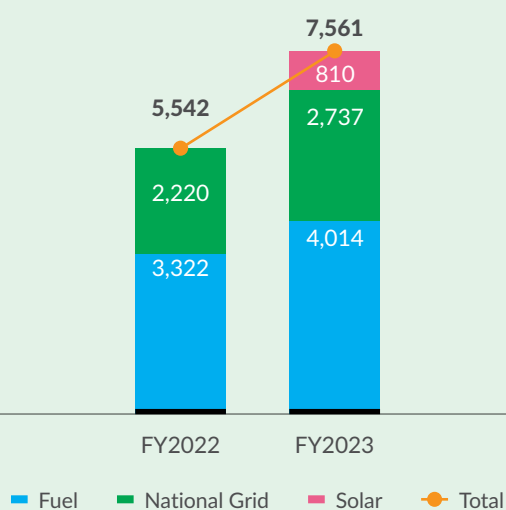
% of used solar energy **68%**

Electricity Saving (%) **70%**

Energy Intensity (GJ/RM 'million)



Total Energy Consumption (GJ)



In FY2023, there has been a noticeable upward trend in recorded fuel and electricity consumption, indicating a cumulative energy consumption of 7,561 gigajoules (GJ). The observed rise in fuel and electricity usage can predominantly be ascribed to the revived economy and heightened sales activities in contrast to the preceding two years, which were adversely impacted by the pandemic.

EMISSIONS AND CLIMATE CHANGE

Unitrade is committed to progressively transitioning to a zero carbon or net carbon neutral operation by 2050. Towards this end, it continues to undertake strategic measures to reduce its carbon emissions by decarbonising its operations.

The use of solar energy commencing from October 2022 is one tangible measure taken towards reducing carbon emissions, notably Scope 2 emissions. The use of electrified cranes as opposed to diesel-powered versions reduces diesel consumption and thus Scope 1 emissions. Going further, the provision of EV charging stations is aimed at encouraging employees to transition to using EVs and this indirectly plays a role in reducing Scope 3 emissions.

In showcasing its commitment towards combatting climate change, Unitrade in FY2023 has adopted the Task Force on Climate-Related Financial Disclosure ("TCFD") framework. The objective of TCFD adoption is to enable Unitrade to leverage a proven, best practice framework in developing a comprehensive approach in tackling climate change and Unitrade's contributory impacts.

The use of the TCFD framework compels Unitrade to develop a systematic, time-based strategy that enables effective governance and oversight of climate change related issues and considerations, understanding of Unitrade's risks and opportunities in relation to climate change and the development of comprehensive action plans and methods with the progress achieved measured against set KPIs and targets.

Governance

Specific Recommendations	Organisation's Adoption of Recommendations
Describe the Board's oversight of climate-related risks and opportunities.	<p>All ESG topics deemed material including climate change, come under the oversight of the Board, who is supported by the RMSC and the ERMSC. Further information on these governance structures including composition, roles and responsibilities is provided on pages 65-81 of this annual report.</p> <p>In essence, the role of the governance structure (where required, supported by an external guidance and advisory team) is to:</p> <ul style="list-style-type: none"> • Identify Unitrade's exposure to climate change related physical, transitional and legal / reputational risks, as well as opportunities, • Ensure an effective and regular reporting mechanism which enables effective oversight on risks and opportunities, • To ensure that at the business, financial and operational levels, necessary strategic measures are being taken and pursued with effectiveness towards achieving desired objectives. <p>In this way, the Board plays a regular and active role in the governance of climate change – providing the necessary leadership oversight. Going further, the Board has continued to support management – providing approvals for the Group's utilisation of renewables i.e. the installation of solar photovoltaic panels in FY2023.</p> <p>In addition, all Board members regularly attend professional courses and briefings on ESG matters, including sessions focusing on climate change.</p>
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>In FY2022, climate change and emissions were identified as material topics through a comprehensive materiality assessment exercise ("MAE"). Management approved the findings of the MAE and climate change and related topics such as energy management, emissions and waste have since then received due strategic focus from Management.</p> <p>Management is tasked with developing strategic plans towards the eventual realisation of the zero carbon or net carbon neutral goal of Unitrade. This is premised on a comprehensive strategy primarily focusing on energy and resource efficiency while adopting decarbonisation measures over the short, medium and long-term perspectives.</p> <p>Beyond adoption of solar energy, Management has continued its decarbonisation approach by transitioning from diesel based machinery and fleet vehicles to grid / solar powered electricity based alternatives.</p> <p>This is evident in the switch to electricity-powered overhead cranes, battery operated forklifts and other initiatives.</p> <p>With regard to energy consumption and emissions outside of the organisation, Management has looked to encourage its employees to use EVs, with charging stations built within the Group's premises. It has also commenced calculation of employee commuting measurement and business travel. This is in measuring fuel consumption and corresponding emissions.</p> <p>In addition, Unitrade intends to install charging stations right outside its premises with minimal fees. This is to enable the local community within the Bukit Jelutong Industrial Park to gain access to EV charges.</p> <p>Such information will be used towards further refining the decarbonisation strategies and specifically, improve fuel efficiency. Management will progressively look to extend its present strategies to its supply chain, beginning with the major suppliers. Major defined as in suppliers with the biggest exposure to Unitrade in terms of procurement spend.</p>

Strategy

Specific Recommendations	Organisation's Adoption of Recommendations
<p>Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<p>Unitrade has identified its climate change physical, transitional and legal / reputational risks as follows:</p> <p>Physical Risks:</p> <p>Increased ambient temperatures or drought like conditions could affect operational sites. There may be increased requirements for increased precautionary measures that protect employees / workers from rising heat. This is also a potential Occupational Safety and Health ("OSH") hazard and may lead to increased operational costs.</p> <p>Flash floods may be a possibility as increased rainfall may cause a sudden deluge of stormwater that inundates surrounding drainage. The resulting flash flood could damage equipment, machinery or even render sites inoperable for short periods of time.</p> <p>Physical risks also may lead to higher insurance premiums if insurance companies deem the Group's operational sites to be of higher risks to flash floods or OSH incidents.</p> <p>The Group sources its products nationwide, mostly within peninsular Malaysia. Hence, flooding which frequently impacts the east coast could affect the availability of goods and materials sourced from the region.</p> <p>Climate Change: Transitional and Legal Risks</p> <p>In undertaking the necessary changes for effective energy reduction and decarbonisation, Unitrade would need to allocate considerable financial resources over a fixed period of time. The construction and installation of the Group's solar photovoltaic panel cost RM1.954 million and the repayment period is expected to take 60 months. This equates to a payback period of 5 years.</p> <p>Unitrade has also installed rainwater harvesting systems.</p> <p>However with increased electricity rates that came into effect on 1 January 2023 and the expected removal of further subsidies, the Group's ROI, notably in savings may be higher.</p> <p>It is necessary that in effectively achieving zero carbon or net carbon neutral status, Unitrade will need to constantly have adequate funds, which could be used for business growth and expansion that may deliver a more direct and higher ROI.</p> <p>Unitrade is presently developing more specific cost-benefit analyses as part of its approach to developing a more comprehensive transition plan based on tangible accounting.</p> <p>Legal risks include loss of access to financing for business expansion or even customers, especially overseas, due to the Group not meeting the legal requirements of such markets. Increasingly, legislation on climate change has been tightened in many overseas markets, where buyers must ensure their suppliers comply with requirements for energy consumption and emissions.</p> <p>Climate Change Opportunities:</p> <p>Given Unitrade's use of solar, the Group's opportunities include positioning its operations as being partially "green" which may afford it an element of premium pricing or at least increased level of compliance with market requirements for more sustainable products to be sourced from sustainable companies.</p> <p>Unitrade can also participate in Malaysia's voluntary carbon market ("VCM") as a buyer of carbon credits to offset emissions. With regard to financing, Unitrade can explore green financing i.e. green bonds or sukuk to fund energy related projects including additional solar photovoltaic installations.</p>

Sustainability Statement

Specific Recommendations	Organisation's Adoption of Recommendations
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Information on how climate change and related risks may impact Unitrade's operations is provided under the Strategy section. In terms of strategy, Unitrade is developing its climate transition plan.

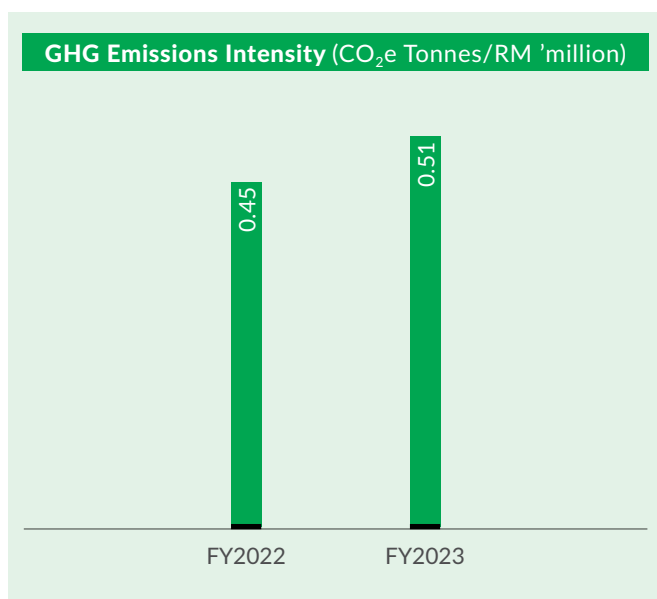
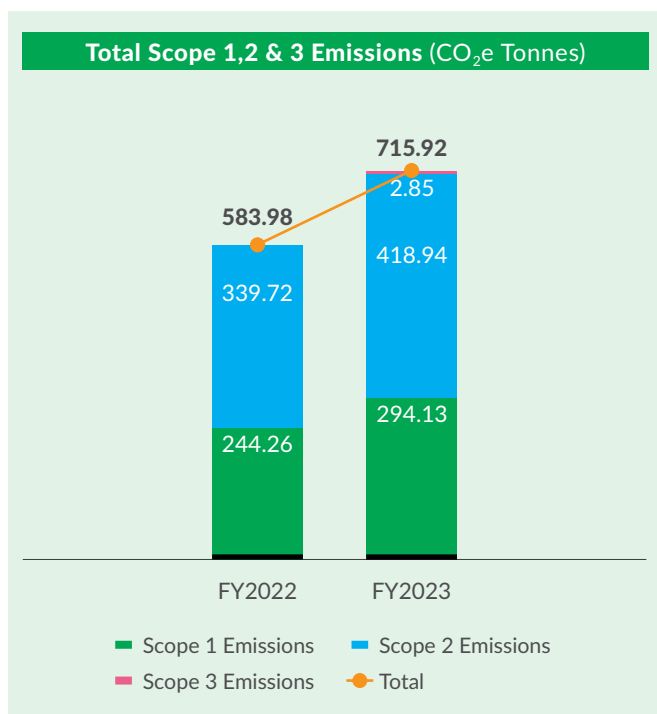
Risk

Describe the organisation's processes for identifying and assessing climate-related risks.	The definition of risks is potential or actual impacts that are sufficiently material to disrupt enterprise value creation. These could be impacting not just business performance i.e. impacts on revenue and earnings, but also other considerations. These include access to, and pricing of resources / materials, disruption of supply chains, access to financing / capital markets and regulatory compliance.
Describe the organisation's processes for managing climate-related risks.	Risk factors are quantified where possible. The views of stakeholders as well as the impact on stakeholders are also considered. Regular MAEs enable this to be achieved.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	The Group also ensures that it has an effective Business Continuity Plan ("BCP") to address physical risks attributed to climate change.

Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Unitrade measures direct and indirect energy consumption as well as Scope 1, 2 and 3 emissions. Direct energy consumption comprises mainly diesel fuel to power machinery, equipment and company vehicles. Indirect energy consumption comprises grid derived electricity as well as solar derived electricity. Kindly refer to pages 43-45 for more information.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Unitrade calculates its emissions using the GHG Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"). The global warming potential ("GWP") emission factors for all greenhouse gases are consistent with the Intergovernmental Panel on Climate Change ("IPCC") Fifth Assessment Report, 2014 (AR5) based on a 100-year timeframe. The calculation methodologies are aligned with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, US Environmental Protection Agency Climate Leaders and Malaysian Green Technology and Climate Change Corporation ("MGTC"), the lead agency of the government in green technology. The GHG types associated with Scope 1 emissions include CO ₂ , CH ₄ , and N ₂ O which arise from the combustion process of machinery, equipment, and vehicles. Scope 2 (indirect emissions) GHG emissions are purchased electricity from the electricity grids. Scope 1 Emissions, Scope 2 Emissions, Scope 3 Emissions and more emissions and GHG data disclosures are provided in the Emissions section of SR2023 from page 49.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Unitrade is in progress of setting energy / emissions reduction and / or intensity targets and these will be published in subsequent sustainability reporting.

Emissions



The Group diligently monitors Scope 1, 2 and 3 emissions, which arise from the consumption of vehicle fleet, grid electricity as well as employee commuting. In FY2023, the Group generated 715.92 tonnes of CO₂e, representing an increase compared to the previous year which was attributed to the aforementioned factors.

Water Consumption

Unitrade's business operations is not regarded as water intensive. The Group also does not operate in locations deemed to be water stressed. Still, Unitrade's philosophy to water consumption is that water, especially treated, freshwater is a finite and shared resource and hence, should be conserved as much as possible.

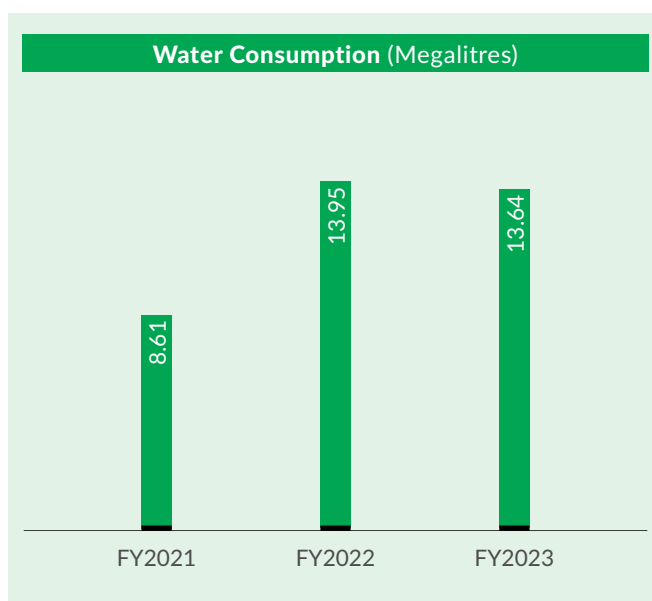
Towards this end, Unitrade continues to adopt a wide range of water conservation measures. These include installation of rainwater harvesting tanks. The collective capacity of these rainwater tanks is 24m³ which provides an alternative non-potable water source for commercial and industrial applications at the Group's facilities. These include for washing, cleaning, watering plants, toilet flushing and others.

Potable water is drawn from the state water utility provider, Air Selangor Berhad. Though as mentioned, Unitrade's operations is not water intensive as compared to other industries, the Group has implemented water saving measures. These include timed taps across all operating sites, especially in toilets.

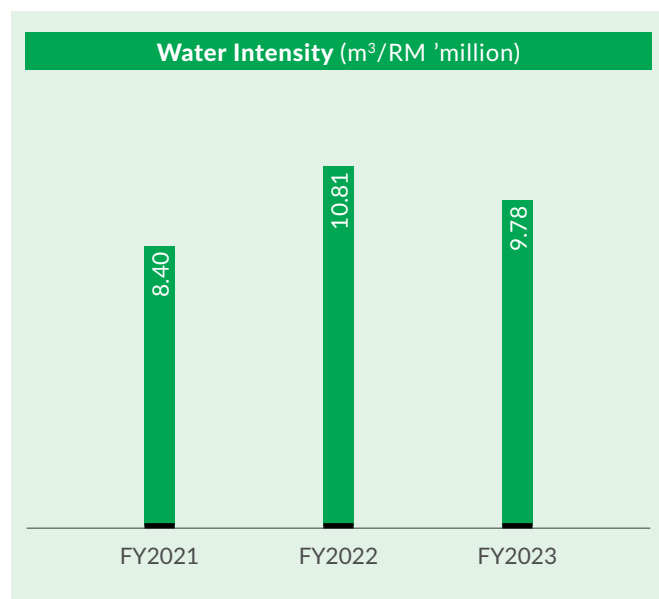
In addition, the Group conducts regular checks for leaks to eliminate non-revenue water ("NRW") losses. In particular, additional checks are conducted if there is a surge in monthly water bills for any particular site or operation. A surge may be a lagging indicator of a burst or leaky pipe.

In addition, the message to conserve water usage is constantly conveyed to employees across the Group through period reminders disseminated via email, office posters, memos and other official communication channels.

FY2023, Unitrade and its subsidiaries consumed a total of 13,639.2m³ of water, as shown below:



Sustainability Statement



WASTE MANAGEMENT AND RECYCLING

Unitrade's ESG commitment towards safeguarding the environment also entails a waste management system. Given the large range of materials that Unitrade deals with in its manufacturing processes, the Group ensures it tracks the variety of total waste generated across its operations.

In general, waste is divided into two types: daily waste and recyclable waste. Both are disposed through different channels. Unitrade engages a DOE certified waste collection and disposal company, Titan Waste Management Sdn Bhd to manage daily waste.

Save for empty chemical drums from Ricwil's operations, Unitrade does not produce liquid waste. Chemical drums are disposed by a licensed third party scheduled waste disposal company.

Reducing Single-Use Plastic

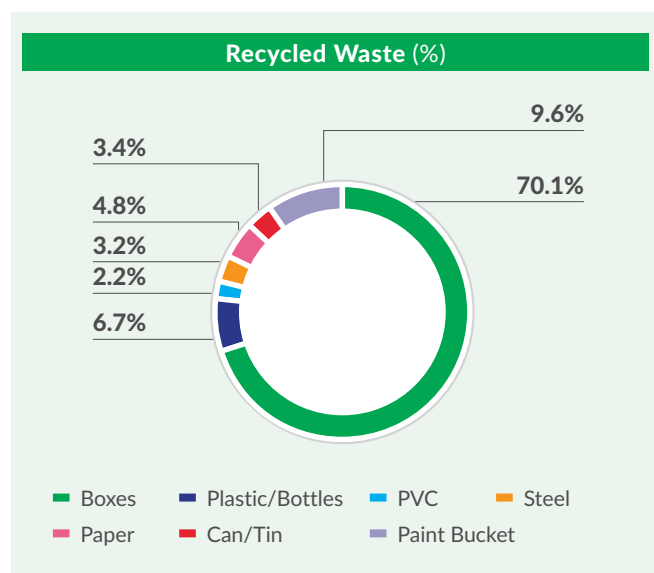
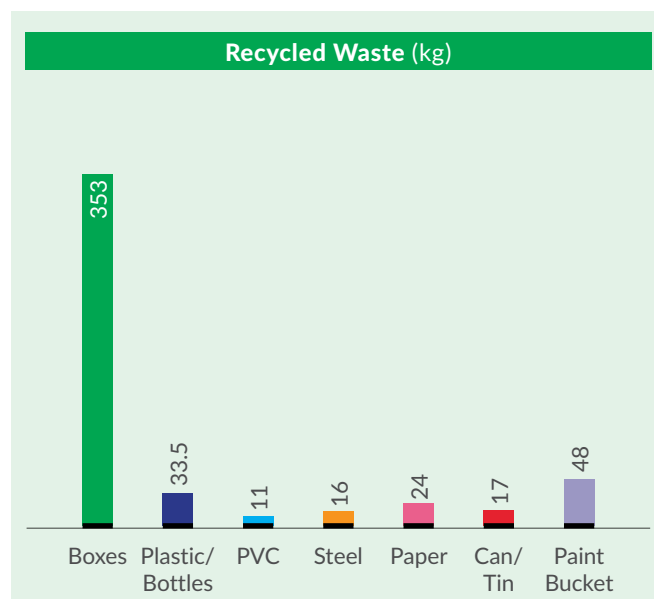
In FY2023, Unitrade has made progressive elimination of single-use plastic as one of its waste reduction goals. This encompasses reducing use of plastic mineral water bottles, plastic food packaging and utensils. The Group's cafeteria has ceased provision of disposal plastic food containers for employees to use. Instead, employees have been provided with eco-friendlier alternatives towards reducing plastic waste.

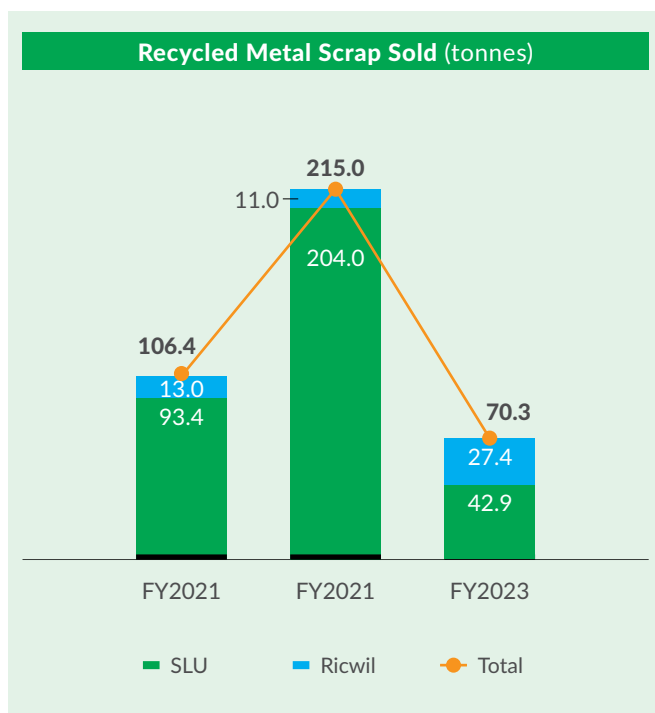
Waste Recycling

In FY2023, Unitrade established its Recycling Committee. The Committee's mandate is to develop plans that will enable a greater level of recycling to be progressively achieved across Unitrade's operations.

At Unitrade, sorting of recyclable items are done at the department level and then aggregated / centralised at a single location. All employees are encouraged to support the recycling effort by bringing items for recycling.

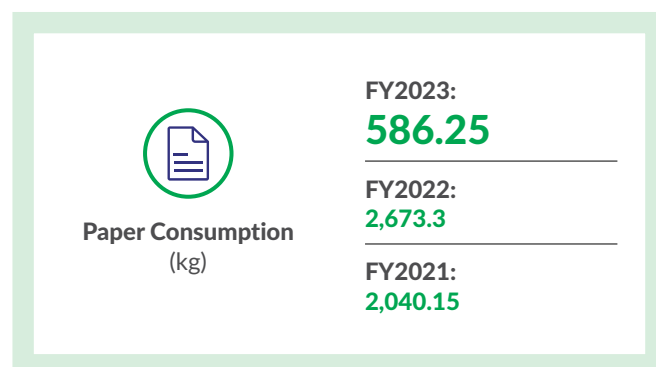
Recyclable items from the office and warehouses are collected and sold except for metal scraps which are only sold to an appointed metal collector.





General announcements, circulars and leave applications by staff have been digitalised, thus eliminating the need to fill up physical forms. Customer statements, invoices, purchase and delivery orders, even product catalogues and price lists have been converted into electronic form and are disseminated through digital channels.

In addition, Unitrade utilises e-storage folders / servers instead of physical documentation storage. This has reduced space requirements and also enabled a more systematic approach to documentation storage and management.



Environmental Performance Monitoring and Compliance

Unitrade consistently monitors its environmental performance across its work environments to ensure it complies with the standards stipulated by the Department of Environment ("DOE"). This may include environmental pollution monitoring which is carried out when it is deemed necessary.

Unitrade also screens all suppliers and vendors to ensure they comply with environmental standards of the Group as well as comply with local laws. As of FY2023, zero environmental non-compliance incidents including spillages or leakages were reported.

PAPER CONSUMPTION

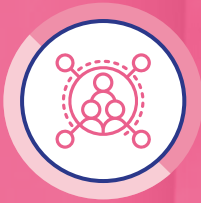
Progressively, with the proliferation of digitalisation across the Group's business operations, Unitrade intends to reduce as much as possible use of paper. Specifically, Management is focusing on reducing A4 paper usage.

This has been effected through increased use of electronic communication mediums such as emails, WhatsApp and other tools for internal and external business communication. Customers are encouraged to send enquiries and orders via email.

BIODIVERSITY

Unitrade's operations are located in areas deemed low in biodiversity value (industrial areas) that primarily comprises warehouses, factories and manufacturing plants. The Group does not operate in areas deemed to be or adjacent or in close proximity to locations considered to be of high conservation value ("HCV"). There have been no IUCN Red List species, be it flora or fauna identified in the areas in which Unitrade operates.

Unitrade has in place general environmental-friendly protocols that aims to reduce any negative impacts the Group may or may not have on its surrounding environment. Unitrade will continue to monitor its operations and operating environment for potential biodiversity impacts.



SOCIAL DISCLOSURES

Unitrade's material social topics are talent management as well as human and labour rights. While talent management is mainly scoped to the Group's operations, human and labour rights extend to the Group's supply chains as well as its customers. Similarly, with regard to its supply chains, the Group has not found any indications of child or forced labour incidents among suppliers.

A risk assessment on labour issues in Unitrade and its supply chain is carried out regularly. Since the inception of Unitrade, there have been no human rights violations. Neither have there been incidents of hiring of illegal / underaged workers. The topic of human rights, labour rights and equal opportunity and diversity come under the purview of Unitrade's Executive Management. Unitrade's talent policies also specifically state the commitment of the Group to prevent child and forced labour within its operations.

Unitrade's policies, corporate values and work standards remain our core guiding features when it comes to adhering to human rights and labour standards. These policies and values are created based on international standards such as the UN International Bill of Human Rights, UN Guiding Principles on Business and Human Rights, Universal Declaration of Human Rights ("UDHR"), International Labour Organisation ("ILO"), as well as Malaysia's laws such as the Malaysian Employment Act 1955 and the Minimum Wages Order 2016 law, both of which Unitrade complies with.

Unitrade adheres to the following:



Comply with local laws in supporting the prevention of forced labour and child labour



Ensure a discrimination-free, ethical and equal opportunity workplace



Respect employees' rights to freedom of association and collective bargaining



Continue adhering to labour laws on working hours and minimum wages.



Foster a harassment-free and bully-free work culture

The Group complies with the following legislation:

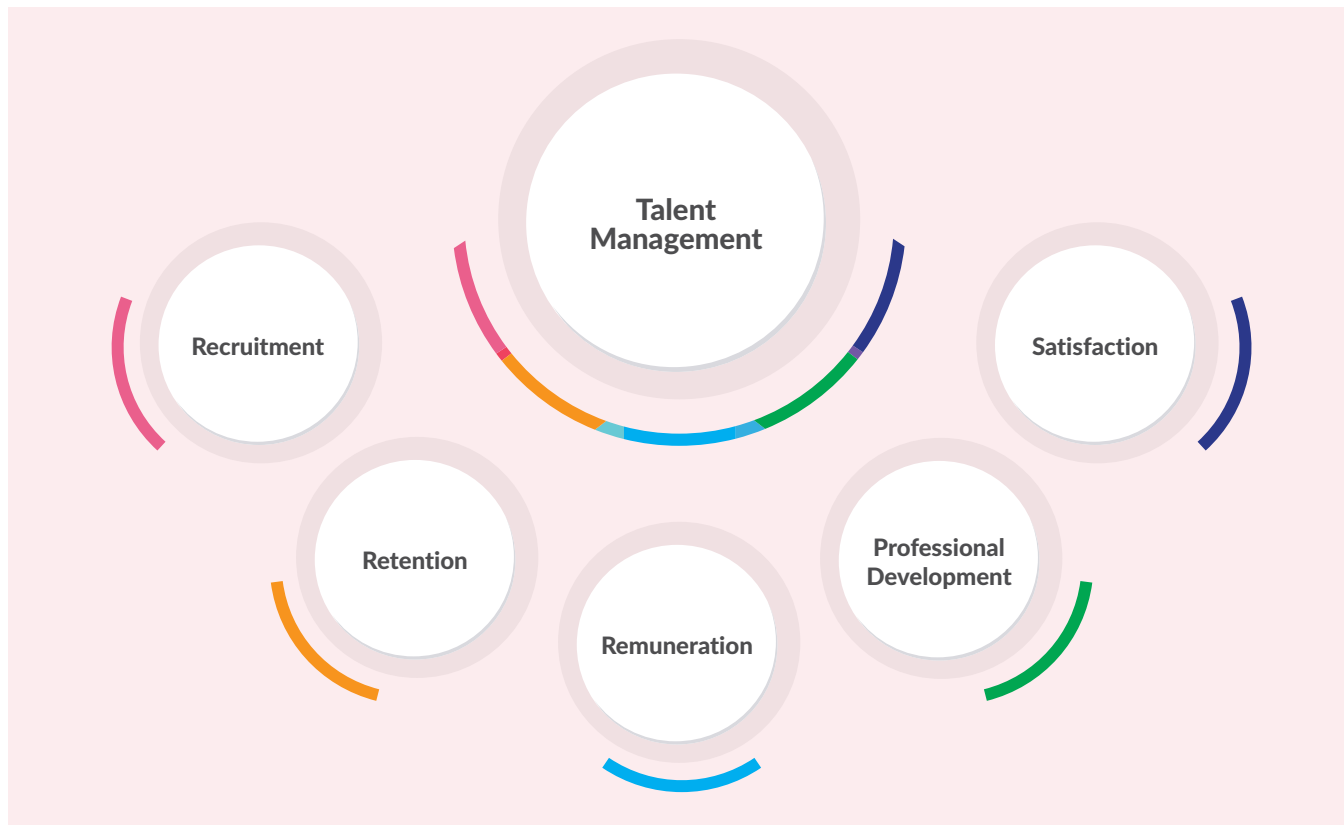
- Employment Act 1955
- Industrial Relations Act 1967
- Occupational Safety and Health Act 1994
- Employees Provident Fund Act 1991
- Employees Social Security Act 1969
- Income Tax Act 1967
- Employment Insurance System Act 2017
- Personal Data Protection Act 2010
- Minimum Retirement Age Act 2012
- National Wages Consultative Council Act 2011
- Children and Young Persons (Employment) (Amendment) Act 2019

It is a practice for Unitrade to periodically assess their suppliers to ensure social and environmental compliance including compliance to labour laws i.e. suppliers hire workers of a legal age, are not illegal workers and are not using forced / slave labour. Where applicable, the assessment also includes whether the basic rights of workers have been met i.e. access to healthcare, decent accommodation, the right to retain their personal documentation and other basic human rights and benefits.

Likewise, the same is applied to foreign workers hired by Unitrade across its operations. All workers are given universal healthcare, hostel accommodation or a centralised labour quarters, necessary training and personal protection equipment (where required) to perform their jobs safely and workers retain their passports and have access to mobile phones. It also ensures that workers only work the required number of working hours per day as stipulated in their contracts and any worker choosing to work beyond that is provided all overtime pay and benefits.

TALENT MANAGEMENT

Unitrade considers its talent to be a strategic aspect of the business model. The term human capital is used to refer to the value of employees organisation-wide as the organisation continues to manage its dependency for professional, competent and qualified personnel. Hence, Unitrade has prioritised talent management – comprising the following aspects: recruitment, retention, remuneration, professional development and satisfaction.



The Vice Chairman and CEO are also personally involved in performance management of the Group's employees. The general principle applied for talent management is merit; that is all decisions pertaining to employees are to be made based on the principle of merit disregarding socio-demographic factors such as ethnicity, religion, gender and so on. Decisions on recruitment, remuneration, training and career advancement opportunities are to be purely based on the performance, qualifications, experience and expertise of employees.

The Group applies the principle of equal pay for equal work and complies with local laws on working hours and overtime. The Group does not discriminate based on age, gender, race, religion, sexual orientation, or physical disabilities.

DIVERSITY AND INCLUSIVITY

Equality and Diversity in employment ensures that everyone (internal and external candidates) are allowed the opportunity to apply for vacancies. This boosts morale, and also improves the company's image as an attractive employer. This is reflected in the Group's approach to recruitment where advertisements are to only mention job requirements.

Management remains supportive and committed to diversity and inclusivity. This is reflected in the manner in which policies are formulated. For instance, GHR and top management actively participates in discussions with hiring managers to ensure equality and diversity is prioritised. GHR frequently reviews employee composition across the Group, even to departmental levels to assess ethnic and gender compositions and may make recommendations towards improving workforce composition to reflect diversity. All heads of department are made aware by GHR on employee diversity statistics.

Going forward, GHR is attempting to establish co-relations between diversity and inclusivity with productivity levels.

Diversity and inclusivity are also emphasised through the role of line managers, who are highly encouraged to ensure that a level of ethnic and cultural diversity is reflected in their respective teams as much as possible.

Sustainability Statement

Unitrade's employees are always treated fairly and respectfully in accordance with the Employment Act 1955. The Group's Human Resource Department ("GHR") remains the primary organisational resource that drives and implements human rights and labour rights initiatives within the Group, including the application of relevant company policies, protocols, guidelines and standards. As per the Employment Act, Unitrade complies with all aspects such as parental leave, overtime hours and pay, recruitment, probationary periods, grievances, healthcare benefits, mandatory leave and so on.

Unitrade ensures all employees are formally informed of their rights as employees as provided by law. Employees are provided an induction prior to commencing work, are given annual appraisals and departing employees are provided exit interviews. An employee handbook or manual is available.

In ensuring that Unitrade stays abreast with the latest changes in legislation, relevant GHR are sent for physical and online training / briefings on labour related matters. The training list is provided at the end of this Sustainability Statement.

When necessary, GHR enrolls relevant employees in workshops / seminars that the Management deems suitable in order to increase awareness and knowledge on labour and human rights related matters.

Unitrade practices an open door policy and culture, where all employees can see senior management with their concerns or proposals. Employees are encouraged to raise any grievances they have through regular channels i.e. with their immediate superiors and if no action is taken or if the outcome is unsatisfactory, to then raise the issue with higher levels of authority accordingly.

However, all employees have the right to raise their grievance via the whistleblowing channel if so desired. All reported grievances will be investigated fairly and thoroughly.

In FY2023, there were zero employee grievances raised.

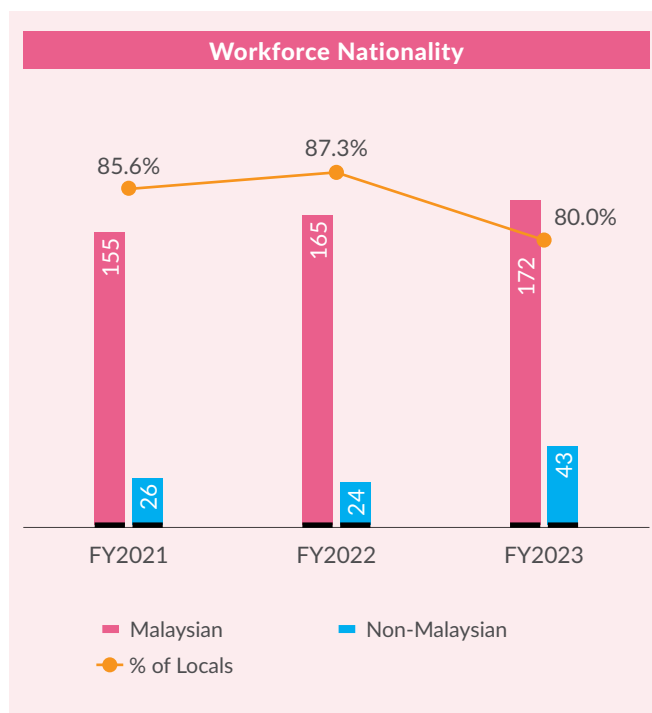
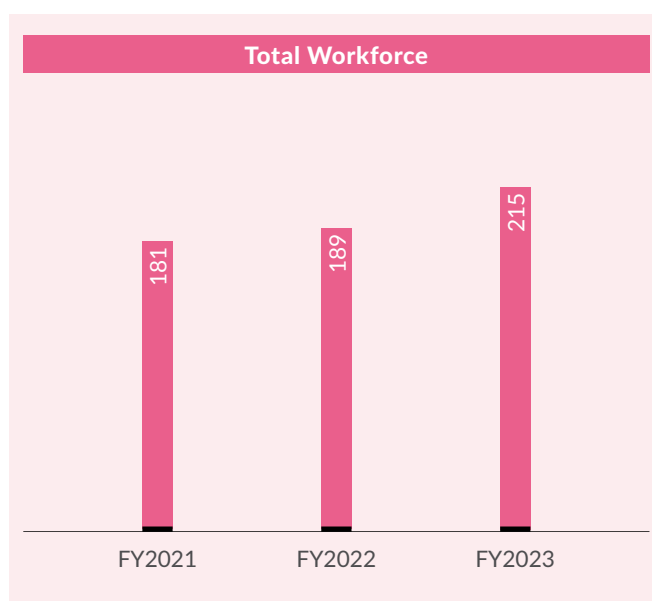
Unitrade's employees do not work in a unionised environment but the right to collective bargaining and freedom of association is respected for both local employees and foreign workers. Unitrade attempts to provide a minimum notice period for changes that affect employees such as change in working hours or nature of work as much as possible. This is to enable employees and workers to adjust to the change accordingly. In FY2023, there have been no complaints regarding changes to working conditions or hours.

WORKFORCE COMPOSITION

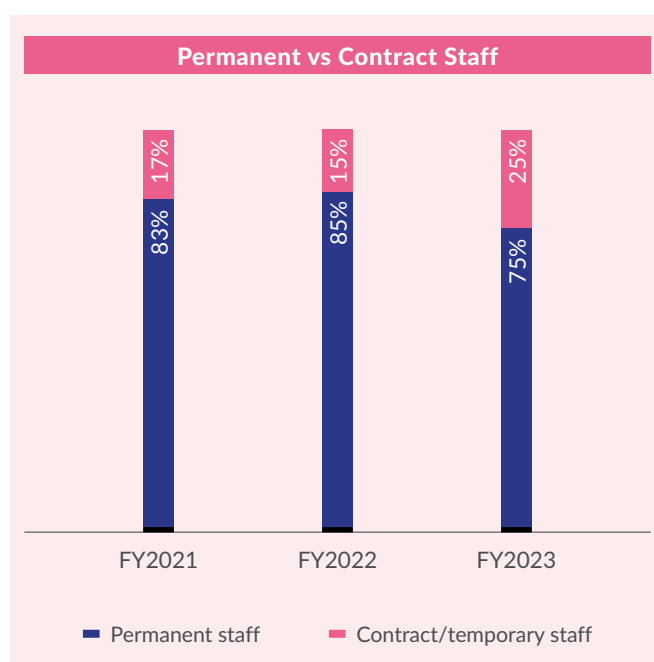
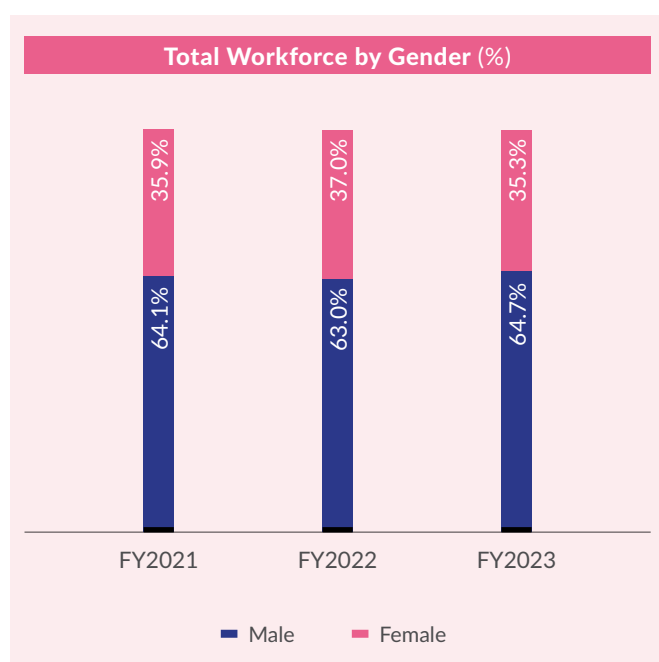
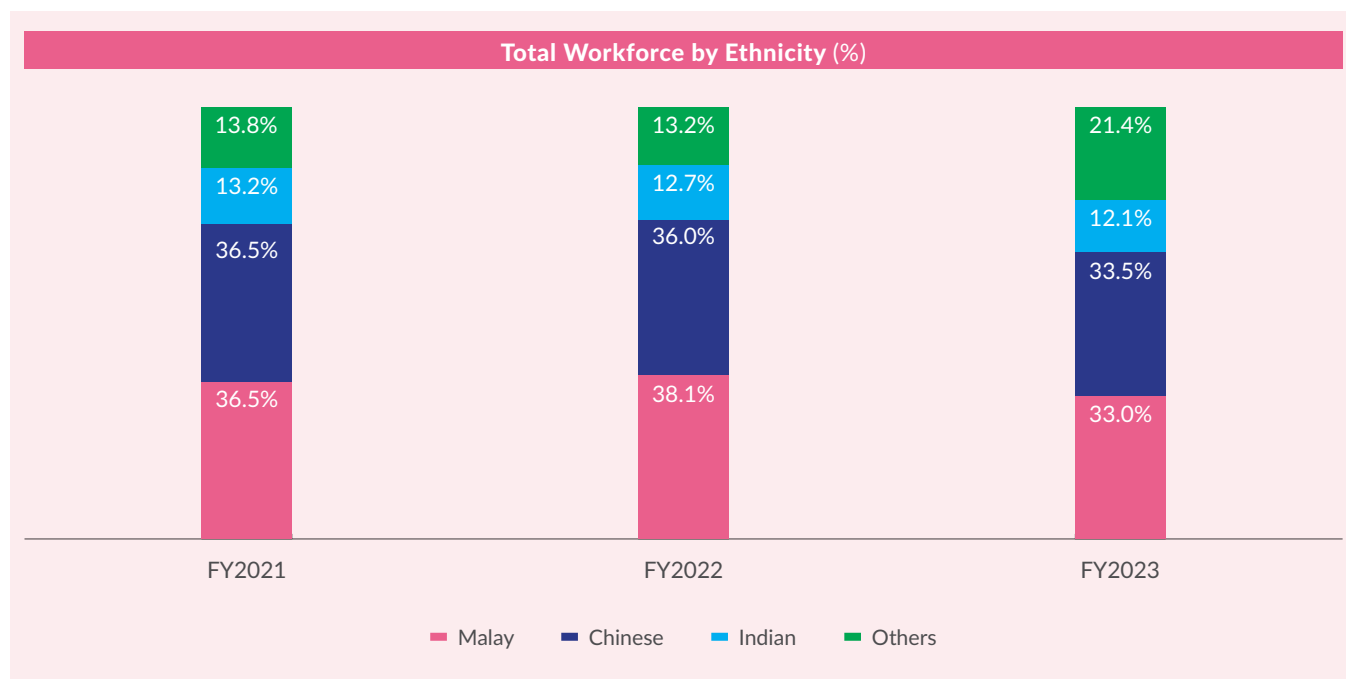
Typically, for all management and executive positions, Unitrade aims to hire Malaysians. For non-executive positions and manual jobs at the warehouses, Unitrade also attempts to hire Malaysians, but given the lack of local talent willing to take on such work, Unitrade addresses its talent requirements by recruiting foreign talent.

In essence, all Unitrade employees, with the exception of foreign workers for factory and warehouse jobs are Malaysian. 100% of Management – at Group and subsidiary level are Malaysians. In FY2023, there were zero reported incidents of discrimination. Unitrade has not employed any differently abled persons during the year in review.

Unitrade's focus is local hires, locals defined as being Malaysians. In certain unavoidable situations i.e. employment of manual labour in Malaysian operations, foreign workers are hired due to locals not wanting to work in these professions. The use of foreign workers is typically only on the manufacturing floor of operating companies.

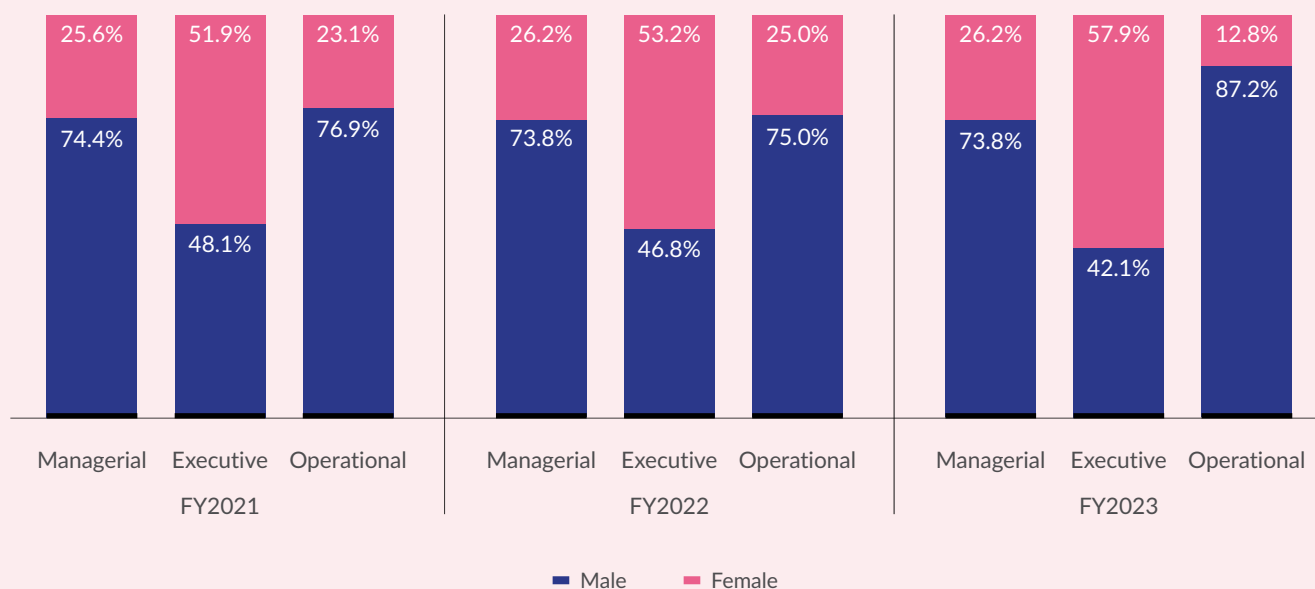


Foreign nationals hired as contract workers are excluded as employees. With the inclusion of foreign workers, Unitrade's total workforce for FY2023 is 215.

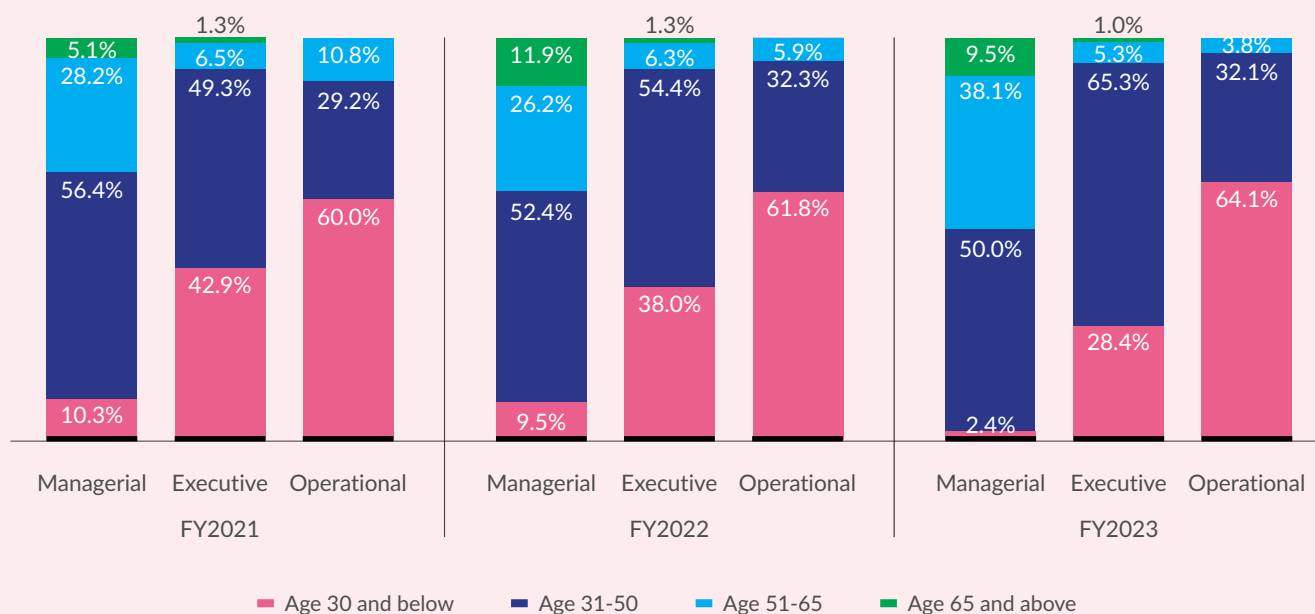


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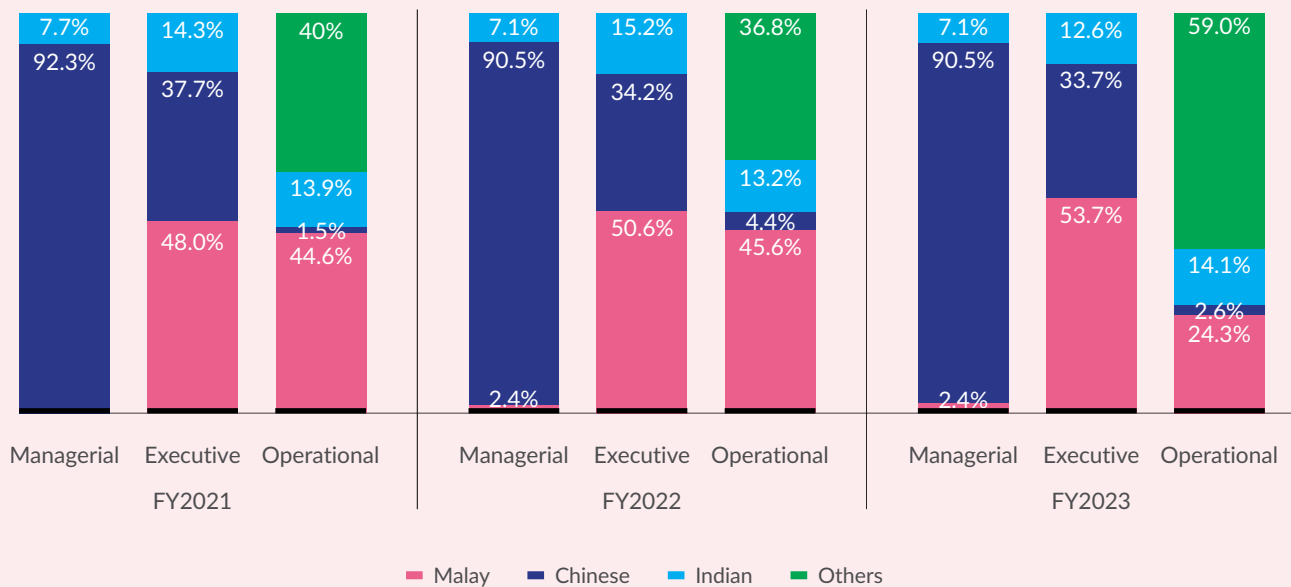
Gender Breakdown by Employment Position (%)



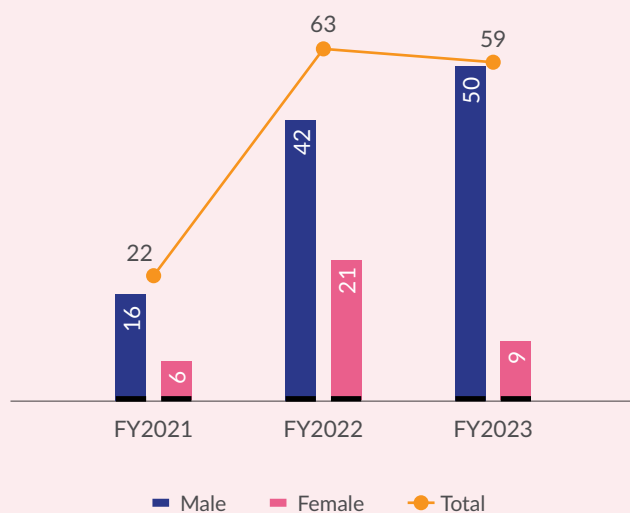
Age Breakdown Based on Employment Position (%)



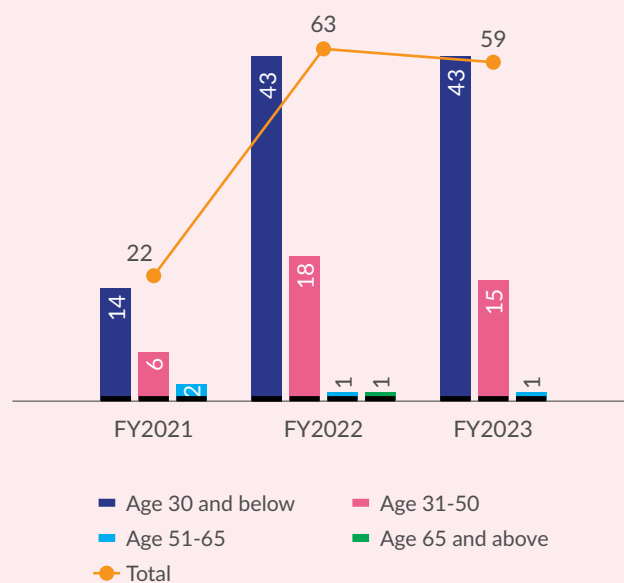
Ethnicity Breakdown by Employment Position (%)



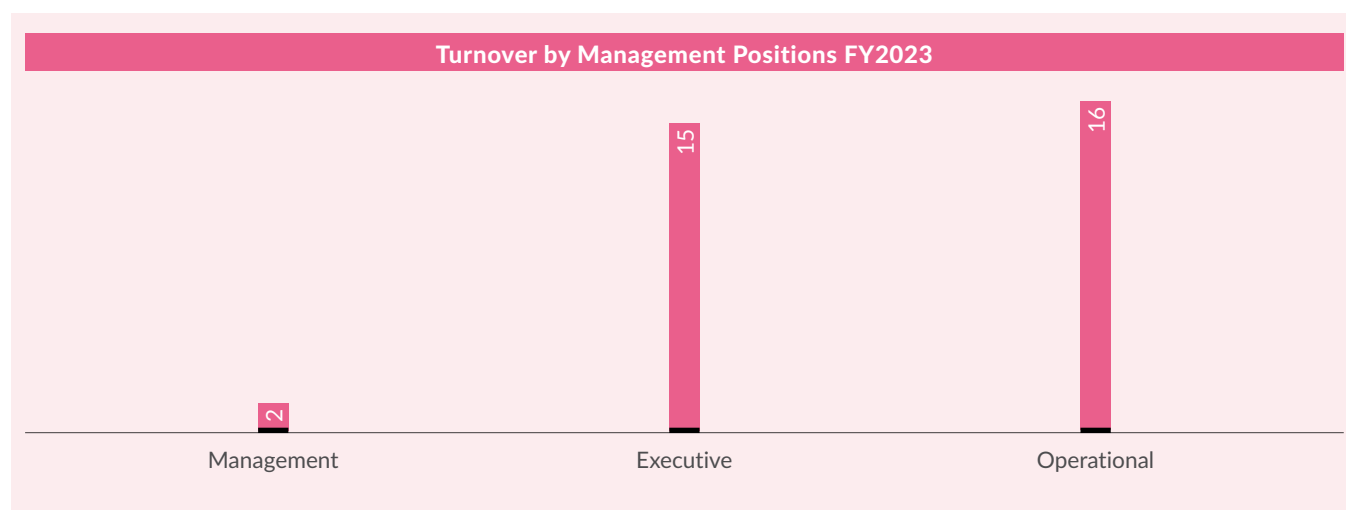
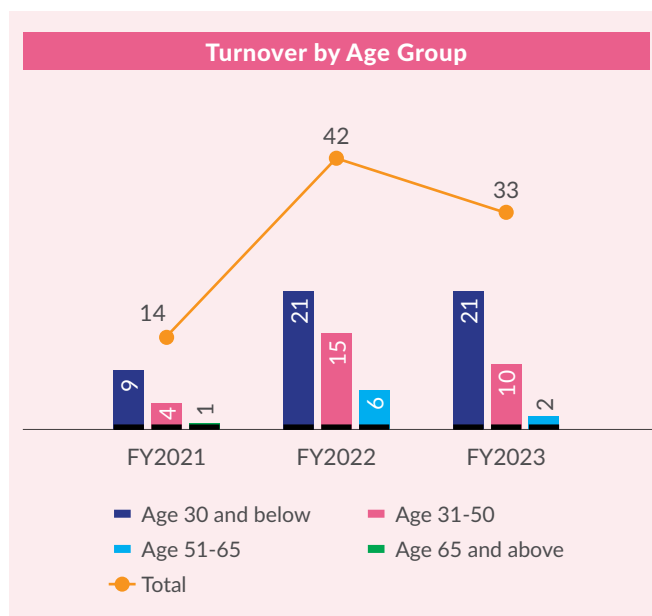
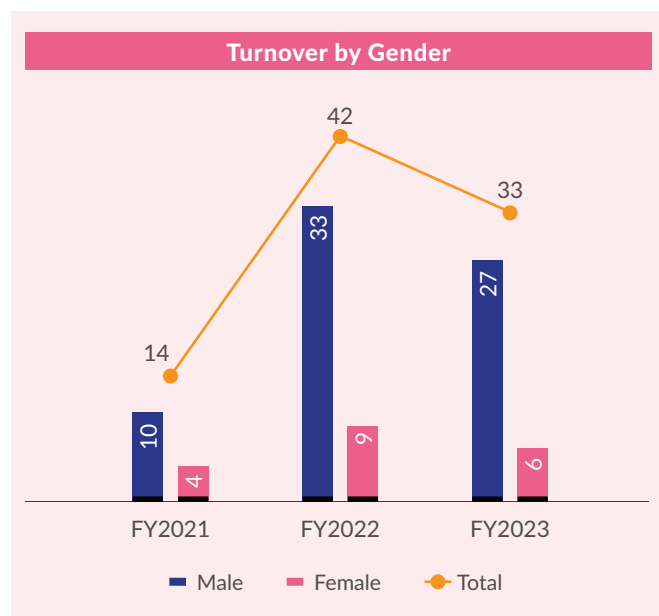
New Hires by Gender



New Hires by Age Group



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SECURITY PRACTICES

Unitrade employs 3rd party security personnel to secure its operational sites and offices. The Group ensures that security personnel are provided by a licensed security company and that all security personnel have received necessary training to perform their jobs. Unitrade also has made contract stipulations that security company ensures its security personnel are all treated in compliance with applicable employment and labour laws of the country.

In addition to security personnel, all sites are fitted with CCTV cameras and other security features.

TALENT DEVELOPMENT AND MANAGEMENT

The constant professional development of the workforce is a priority for Unitrade. Investments made in upskilling the Group's talent supports improved productivity and

competency as well as contributes to increased employee morale and satisfaction.

Training needs are discussed in inter-department and senior management discussions. Unitrade generally always selects training programmes for groups, so as to fully maximise the benefits of the training programme. Unitrade has established a training policy and there is a policy and a dedicated form for training programme applications.

As per all things related to talent, training and development comes under the purview of GHR.

Training needs are determined through annual appraisals of employees. In FY2023, 100% of employees have been appraised and 100% of employees were given regular appraisals. Appraisals enable individual professional development plans to be determined based on the existing skills and knowledge gaps as well as ascertaining future requirements based on the specific employees' career pathway within the Group.

Unitrade also contributes to the Human Resources Development Fund ("HRDF"), a specific government fund set aside to encourage continuous upskilling of employees. As HRDF funds can be utilised for training purposes, this serves as an added motivation for heads of department and line managers to nominate staff and request for training and courses for their departments.

Aside from contributions to HRDF, Unitrade also provides study leave for employees developing themselves with courses that are relevant to their work. In some instances, management is willing to compensate employees for their course fees, in exchange for a bond.

Aside from the formal appraisal process, employees can also take the initiative to raise training requests to their respective line managers. This can be made during the appraisal review or at any given time. Such requests are given due consideration and where merited, training requests are approved. All training programme applications are to be either approved by the GMD, COO or CFO.

The Group requires all heads of departments to ensure a career path is plotted for exceptional performers and concrete improvement plans are developed for employees who require additional support.

Going further, GHR plays an active role in encouraging professional training and development. GHR specifically requests all heads of department across the Group to notify HR on any specific training requirements.

All employees who attend training are required to evaluate the effectiveness of training courses, usually via feedback forms. Such feedback is useful in determining if the course or training provider has managed to deliver the intended outcomes of the programme.

Following are Unitrade's training highlights for FY2023:

Company	UIB	SLU	Ricwil	UU	Total
Total Training Hours	25	1,247	872	547	2,691
- Director	17				17
- Management	8	486.5	202.5	168	865
- Executive	0	704.5	585.5	288	1,578
- Operational	0	56	84	91	231
Total Employees	7	130	50	35	222
Avg Training hours per employee	3.6	9.6	17.4	15.6	12.1

The list of training courses attended in FY2023 are provided at the end of this Sustainability Statement.

Remuneration and Benefits

Unitrade provides a wide range of monetary and non-monetary benefits for its employees. These include statutory benefits as required under the Employment Act and other laws of Malaysia and additional benefits and incentives based on performance, tenure, seniority and other considerations.

Benefits include various types of paid leave, healthcare benefits, travel and entertainment allowance for selected staff and more. The Group consistently evaluates its benefits and monetary compensation alongside industry best practices to ensure a fair and competitive remuneration package for its employees. Unitrade supports the right to minimum wage, and provides as well as exceeds the minimum wage standards when it comes to its own employee wages.

Employee Benefits Data

	FY2021	FY2022	FY2023
Total payments made to employees in terms of salaries, bonuses and benefits (RM)	18,177,335	21,652,100	25,046,067
Total statutory payments made for employees' retirement benefits (EPF) (RM)	2,369,755	2,921,062	3,389,195
Total payments in medical insurance (SOCISO) for employees (RM)	111,982	113,728	135,759

Parental Leave Data

Information Required	FY2021	FY2022	FY2023
Employees Entitled for Maternity and Paternity Leave	121	138	121
Employees Who Took Paternity Leave	1	1	6
Employees Who Took Maternity Leave	8	4	4
Male Return to Work Rates	100%	100%	100%
Female Return to Work Rates	100%	100%	100%
Male Retention Rates Post 12 Months	100%	100%	100%
Female Retention Rates Post 12 Months	100%	100%	100%

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OCCUPATIONAL SAFETY AND HEALTH

Unitrade is committed to ensuring a safe, healthy and secure workplace environment for all stakeholders.

OSH is material to Unitrade as incidents that lead to injuries or fatalities could have significant commercial and operational impacts to business operations. A single OSH incident could disrupt operations, affecting the Group's ability to fulfil customers' orders. However, there is also impact on employees and workers, company reputation, which would all lead to other undesired impacts such as employee morale, impaired ability to recruit workers due to perceptions of unsafe working conditions, reduced access to financing and more, due to a poor OSH track record.

Given the significant importance of OSH, the Board and Management continue to ensure a concerted focus on the topic. OSH in Unitrade comes under the purview of a dedicated Safety & Health Committee ("SHC") comprising 8 members from various subsidiaries and departments. The members are led by the SHC Advisor who is the Chief Operating Officer ("COO"). OSH also comes under Board oversight with OSH performance statistics regularly presented to the Board. This includes any lost time incidents, fatalities or injuries.

The SHC is supported by the HSE committee which convenes monthly to assess Unitrade's overall OSH performance. The HSE committee comprises representatives from various departments.

In terms of OSH risk assessments, the SHC has assessed that the high-risk locations at the Group are the warehouse and factory floors. We also do not have any employees whose work involves a high incidence or high risk of specific diseases. No employee is currently undergoing any health surveillance.

In cascading the OSH first mindset, Unitrade has developed a Health, Safety, and Environment ("HSE") safety manual, which provides clear SOPs for employees to adhere to. The ISO based manual states how employees should approach the material topic of OSH, how they should conduct themselves, what are the SOPs to follow for a wide range of scenarios, how to recognise hazards, what are their roles and responsibilities as well as measures such as emergency and evacuation plans.

The OSH first management approach is well supported by the Board and Management, notably with the direct involvement of the COO and CFO. The latter is responsible for ensuring sufficient funds for OSH related matters such as training and equipment, including personal protection equipment.

As at end FY2023, 30 employees in Unitrade have been trained on OSH related standards. About 30% of the Group's workforce, primarily those working in warehouses and the factory are represented on joint management-worker OSH Committees.

Incident Reporting and Investigation

Any OSH incident is to be reported to the HSE committee immediately which will then launch an investigation to determine

the root causes of the incidents, full impacts and required remedial measures as well as preventive mechanisms to avoid a reoccurrence. The Board of Directors will also be informed immediately.

OSH Training

In ensuring that employees / workers are well trained in OSH procedures as well as in handling related equipment, Unitrade continues to organise a wide range of OSH related training throughout FY2023. These include training for forklift operators, first aid and emergency training as well as training on handling fire-fighting equipment.



OSH Performance

Given that Unitrade only recently started operations in our new work premises, the Group is striving to ensure all basic OSH systems and SOPs are set up first before delving further into monitoring and evaluating OSH performance in a more detailed manner. Moreover, given that all 3 subsidiaries that make up the Group are contained in one location, we have yet to establish OSH targets to measure our performance against. We aim to rectify this in the next financial year.

Notably, Unitrade plans to engage a third-party internal audit firm and obtain their advice in the next couple of months on how to approach tracking and assessing its OSH performance.

OSH Performance

	FY2021	FY2022	FY2023
Total Manhours Worked	376,861	389,574	287,345
Number of Fatalities	0	0	0
Number of Recordable Work-related Injuries	1	2	3
Number of Lost Days	2	13	37
Lost Time Incident Rate (Number of lost-time injury cases per 200,000 manhours worked)	0.53	1.03	2.09

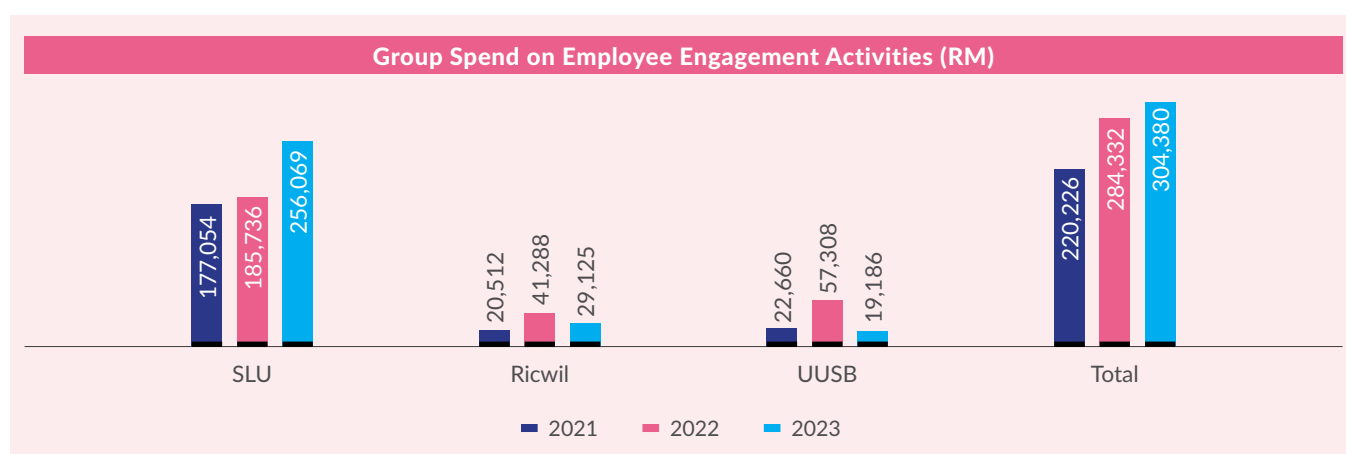
Safety & Health Training Attended

Training	Participants
First Aid Workplace	15
Health and Safety Training	26
Total	41

EMPLOYEE EVENTS AND ENGAGEMENT

As part of its approach to talent management, Unitrade organises a wide range of employee related activities. These include sports, health and recreational programmes and activities. Unitrade has established many committees which are meant to drive staff engagement. This is part of enabling employees to attain and retain a good work-life balance, which is afforded to all employees.

Following is the Group's spend on employee engagement activities:



COMMUNITY DEVELOPMENT

Corporate Social Responsibility

Unitrade continues to play a meaningful role as a responsible corporate citizen, contributing to a wide range of corporate social responsibility ("CSR") causes. The management approach to CSR is determined by the Group's Charity Committee comprising of volunteers. However, the universal principle is to render aid to those in need irrespective of ethnicity, religion, gender and age. In essence, contributing where contributions are required the most, and where the greatest positive impact can be achieved.

In FY2023, Unitrade donated a total of RM30,000 to the following charitable organisations:

Organisation	Donated Sum (RM)
UOB Heartbeat Run/Walk Fundraiser 2022	2,000
Pusat Penjagaan Kanak-Kanak Cacat Taman Megah	5,000
Malaysia Steel and Metal 2023 Charity Donation	3,000
Tung Shin Hospital Donation	10,000
St. John Ambulans Malaysia (Fundraising for Ambulance and Mobile Heart Clinic)	10,000
Total	30,000

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Employee volunteerism is highly encouraged and duly recognised by the Group. Participation in CSR activities is included in the annual appraisal of employees. Such participation provides additional merit points as part of the appraisal.

Bursa Malaysia Performance Data Table

In accordance with the Bursa Malaysia Sustainability Reporting Guide 3rd Edition ("Guide"), Unitrade has produced a concise performance data table providing 3-year disclosure of the Common Sustainability topics prescribed by the Guide.

Topic	Common Indicators	FY2021	FY2022	FY2023
Anti-Corruption	• Percentage of employees that have received training on anti-corruption by employee category	Not Available	Director: 100% Management: 55% Executive: 8%	Director: 71.4% Management: 5%
	• Confirmed incidence of corruption and action taken	Zero reported incidents	Zero reported incidents	Zero reported incidents
Community / Society	• Total amount invested in the community where the target beneficiaries are external to the listed issuer	Not Available	Not Available	RM30,000
	• Total number of beneficiaries of the investment in communities	Not Available	Not Available	Five charitable organisations
Diversity	Percentage of employees by gender, age group, ethnicity and disability, for each employee category			
	• Managerial Staff	Male: 74.4% Female: 25.6%	Male: 73.8% Female: 26.2%	Male: 73.8% Female: 26.2%
		<30: 10.3% 31-50: 56.4% 51-65: 28.2% >65: 5.1%	<30: 9.5% 31-50: 52.4% 51-65: 26.2% >65: 11.9%	<30: 2.4% 31-50: 50.0% 51-65: 38.1% >65: 9.5%
		Bumiputera: 0% Chinese: 92.3% Indian: 7.7% Others: 0%	Bumiputera: 2.4% Chinese: 90.5% Indian: 7.1% Others: 0%	Bumiputera: 2.4% Chinese: 90.5% Indian: 7.1% Others: 0%
	• Executive Staff	Male: 48.1% Female: 51.9%	Male: 46.8% Female: 53.2%	Male: 42.1% Female: 57.9%
		<30: 42.9% 31-50: 49.3% 51-65: 6.5% >65: 1.3%	<30: 38.0% 31-50: 54.4% 51-65: 6.3% >65: 1.3%	<30: 28.4% 31-50: 65.3% 51-65: 5.3% >65: 1.0%
		Bumiputera: 48.0% Chinese: 37.7% Indian: 14.3% Others: 0%	Bumiputera: 50.6% Chinese: 34.2% Indian: 15.2% Others: 0%	Bumiputera: 53.7% Chinese: 33.7% Indian: 12.6% Others: 0%
	• Operational Staff	Male: 76.9% Female: 23.1%	Male: 75.0% Female: 25.0%	Male: 87.2% Female: 12.8%
		<30: 60.0% 31-50: 29.2% 51-65: 10.8% >65: 0%	<30: 61.8% 31-50: 32.3% 51-65: 5.9% >65: 0%	<30: 64.1% 31-50: 32.1% 51-65: 3.8% >65: 0%
		Bumiputera: 44.6% Chinese: 1.5% Indian: 13.9% Others: 40.0%	Bumiputera: 45.6% Chinese: 4.4% Indian: 13.2% Others: 36.8%	Bumiputera: 24.3% Chinese: 2.6% Indian: 14.1% Others: 59.0%

Topic	Common Indicators	FY2021	FY2022	FY2023
Diversity	Percentage of directors by gender, age group, ethnicity and disability			
	• Bumiputera	Not Available	14.3%	14.3%
	• Chinese	Not Available	85.7%	85.7%
	• Female	Not Available	28.6%	28.6%
	• Male	Not Available	71.4%	71.4%
	• <40 years old	Not Available	14.2%	14.2%
	• 41-60 years old	Not Available	42.9%	42.9%
	• > 61 years old	Not Available	42.9%	42.9%
	• Non-disabled	Not Available	100%	100%
	• Disabled	Not Available	0%	0%
Energy management	• Total energy consumption	Not Available	5,542 GJ	7,561 GJ*
Health and safety	• Number of work-related fatalities	0	0	0
	• Lost time incident rate	0.53	1.03	2.09
	• Number of employees trained on health and safety standards	0	0	41
Labour practices and standards	• Total hours of training by employee category	Director: 18 Management: 65 Executives: 49 Operational: 62	Director: 87 Management: 554 Executives: 706 Operational: 98	Director: 17 Management: 865 Executives: 1,578 Operational: 231
	• Percentage of employees that are contractors or temporary staff	Permanent: 83% Contract: 17%	Permanent: 85% Contract: 15%	Permanent: 75% Contract: 25%
	• Total number of employee turnover by employee category	Management: 0 Executives: 3 Operational: 3	Management: 1 Executives: 10 Operational: 33	Management: 2 Executives: 15 Operational: 16
Supply chain management	• Proportion of spending on local suppliers	93.72%	92.68%	83.25%
Data privacy and security	• Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero complaints	Zero complaints	Zero complaints
Water	• Total volume of water used	8.61 ML	13.95 ML	13.64 ML
Emissions management	• Scope 1 emissions in tonnes of CO ₂ e	Not Available	244.3 TCO ₂ e	294.1 TCO ₂ e
	• Scope 2 emissions in tonnes of CO ₂ e	Not Available	339.7 TCO ₂ e	419.0 TCO ₂ e
	• Scope 3 emissions in tonnes of CO ₂ e (at least on business travel and employee commuting)	Not Available	Not Available	2.9 TCO ₂ e
Human Rights	• Number of incidents of human rights violations over the reporting period	Zero incidents	Zero incidents	Zero incidents
Materials	• Total weight or volume of materials that are used to produce and package products and services	Not Available	Not Available	Not Available
Waste and Effluent	• Total waste generated	Not Available	Not Available	Not Available
	• Total volume of water (effluent) discharge over the reporting period	Not Available	Not Available	Not Available

Note:

* This has taken into account the energy consumption from solar-generated electricity (810 GJ), which is derived from the consumption of 224,970 kWh for our own operations, whilst another 108,114 kWh was sold back to the grid.

Sustainability Statement

FY2023 Training Events and Programmes

Month (FY2023)	Training Program	Trainer
April 2022	AOB Conversation with Audit Committees	Audit Oversight Board
April 2022	Live Webinar-Effective Accounts Receivable Management	CPA Australia
May 2022	ACE (Anti-Corruption Empowerment) Talk Series for Directors and Senior Management	Hong Leong Financial Group
May 2022	St John Ambulances Malaysia -First Aid @Workplace	ST John Ambulance Malaysia
May 2022	HASIL-MEF Tax Webinar 2022-Building Sustainable Future	Malaysia Employers Federation
June 2022	Payroll Administration Skills and the Laws	Carriera Academy Sdn Bhd
July, August, September 2022	Women in Leadership-Finance 2022 MY	CPA Australia
August 2022	MIA Webinar Series: Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants
August 2022	Risk Management Conference 2022 (Towards Recovery & Resiliency)	Malaysian Institute of Accountants
August 2022	Seminar Effective Account	Malaysian Institute of Accountants
August 2022	Accounting for Equity-webinar	CPA Australia
August 2022	What Should Investor Relations Know About Section 17A	Malaysian Investor Relations Association (MIRA)
August 2022	Understanding The Employment Act 1955	Malaysian Export Academy
August 2022	ESG Investing -The Way to Go	Malaysian Institute of Accountants
August 2022	Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants
August 2022	Effective Accounts Payable Managerial	CPA Australia (M) Sdn Bhd
August 2022	Speak With Confidence In English	Lourdes Training Sdn Bhd
August 2022	Data Analysis Utilizing Microsoft Excel For Management Reporting (Level 1)	Lourdes Training Sdn Bhd
September 2022	Sharpening Practical Accounting Skills to Handle Full set of Accounts	Malaysian Institute of Accountants
September 2022	Microsoft Excel Data Analysis With Lookup Functions & Pivot Table	Skills Network Training & Consultancy
October 2022	Corporate Compliance & Practices Under the Companies Act 2016 (Module 2)	Malaysian Institute of Accountants
October 2022	The Corporate Governance Overview Statement, CG Report, Audit Committee Report and Statement on Risk Management & Internal Control	Malaysian Institute of Accountants
October 2022	MyReskill IoT Programme	Malaysia Productivity Corporation
October 2022	Employment Act 1955 New Revision	Lourdes Training Sdn Bhd
November 2022	ESG Series for Accountants and Financial Professionals	Malaysian Institute of Accountants
November 2022	Microsoft Dynamics Training	Trainer - CRT Insights Technologies Sdn Bhd
December 2022	Change & Seize Opportunities - Team Building	Wevolve Learning PLT
December 2022	Agile Leadership Essentials	Profound Learning Solutions
February 2023	Modul Kursus Pasukan Keselamatan Kebakaran (OKK)	Jabatan BOMBA &Penyelamat Malaysia Negeri Selangor
February 2023	Product Training-Water Proofing & Tiles Adhesive (Mychem Brand)	Mychem Industries Sdn Bhd
March 2023	Hasil - MEF Tax Seminar 2023	Malaysian Employers Federation
March 2023	Post Budget 2023	CPA Australia
March 2023	Seminar Percukaian Kebangsaan 2022 (Bajet 2023)	Lembaga Hasil Dalam Negeri Malaysia

INTRODUCTION

The Board of Directors ("the Board") of Unitrade Industries Berhad ("Unitrade" or "the Company") recognises the importance of adopting a sound base for good corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

This Corporate Governance Overview Statement ("CGOS") provides a summary of the Company's corporate governance practices during the financial year ended 31 March 2023 ("FY2023") with reference to the following three (3) principles set out in the Malaysian Code on Corporate Governance 2021 ("MCCG"):-

Principle A: Board leadership and effectiveness;

Principle B: Effective audit and risk management; and

Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders

In preparing this CGOS, the Company is guided by Guidance Note 11 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Corporate Governance Guide (4th edition) issued by Bursa Securities. The CGOS is supplemented with a Corporate Governance Report ("CG Report"), in accordance with Rule 15.25 of the AMLR of Bursa Securities and it provides an insight on how the Company map the application of the Company's CG practice during the FY2023 against MCCG.

The CGOS shall be read together with the CG Report, available on the Company's website at <https://www.unitrade.com.my/>. The detailed explanation on the application of the corporate governance practices is reported under the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I : BOARD RESPONSIBILITIES

1. BOARD'S LEADERSHIP ON OBJECTIVE AND GOALS

1.1 Board of Directors

The Board is collectively responsible for the long-term success of a company and the delivery of sustainable value to its stakeholders. Therefore, the Group is headed by an experienced and effective Board. It aims to provide an effective oversight of the conduct of Unitrade's businesses, while ensuring that appropriate risk management and internal control systems are in place as well as regularly reviewing such systems to ensure their adequacy and effectiveness.

Each Director has a legal duty to act in the best interest of the Group and the Directors are aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed.

In performing its roles, the Board is committed to setting a high standard of corporate governance to drive sustainable performance and to meet good market practices and stakeholders' expectations.

Board Charter

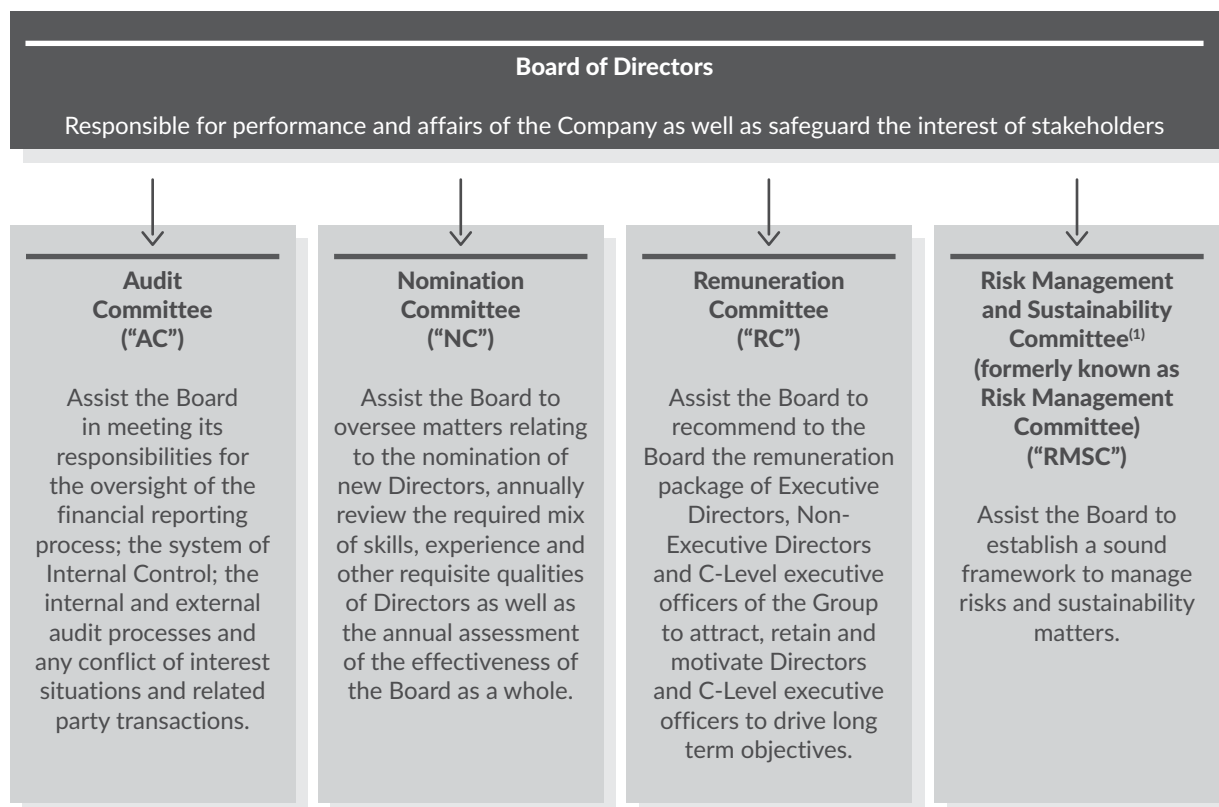
The Board is guided by a Board Charter that defines its roles and responsibilities, the principles for Board's operation, Board's evaluation and remuneration and code of ethics and conduct and matters reserved for the Board. It is accessible through the Company's website at <https://www.unitrade.com.my/>.

The Board Charter is subject to Board's review as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remains consistent with the policies and procedures of the Board.

Corporate Governance Overview Statement

Board Committees

In order to discharge of its stewardship role effectively, the Board delegates certain responsibilities to the following Board Committees:-



Note:

- (1) The Board had on 2 September 2022, approved the renaming of the "Risk Management Committee" to "Risk Management and Sustainability Committee ("RMSC").

Each of the Board Committees operates within its respective Terms of Reference ("TOR") approved by the Board, which are available on the Company's website. The respective Board Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for decision making, however, lies with the Board.

1.2 The Chairman of the Board

The Board is chaired by an Independent Non-Executive Chairman namely, Dato' Abdul Majit Bin Ahmad Khan. The Chairman is responsible for leading the Board in oversight of management, representing the Board to shareholders and chairing general meetings of shareholders.

The responsibilities of the Chairman are set out in the Board Charter.

The Board views that the Chairman of the Board should not be involved in any Board Committees. This is to ensure check and balance as well as the objectivity will not be influenced by the Chairman of the Board who also sits on Board Committee(s). Therefore, the Chairman of the Board is not a member of any of the Board Committees which is in line with MCGG.

1.3 Separation of positions of the Chairman and Group Managing Director ("GMD")

The Board Charter has established clear roles and responsibilities of the Board in discharging its fiduciary and leadership function. The positions of the Chairman of the Board and the GMD are held by different persons. The Chairman of the Company is Dato' Abdul Majit Bin Ahmad Khan, an Independent Non-Executive Chairman whilst the GMD is Mr. Nomis Sim Siang Leng. The segregation of roles facilitates a healthy open discussion and exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

There is a clear division of roles and responsibilities between the Chairman and GMD to ensure a balance of power and authority so that no one individual has unfettered powers of decision making. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, whilst the GMD is responsible for the day-to-day operations of the Group, ensure the effective implementation of the Group's strategic plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operations.

1.4 Company Secretaries

The Board is supported by qualified and competent Company Secretaries. The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators and are qualified to act as company secretary under Section 235 of the Companies Act 2016. The Board has access to the advice and services of the Company Secretaries who ensure effective functioning of the Board and compliance of applicable rules and regulations. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and is advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

1.5 Board Meetings and Access to Information and Advice

The Board is required to meet on a quarterly basis with additional meetings being convened as and when necessary to consider urgent proposals or matters that require that Board's consideration.

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors, External Auditors and Independent Advisers, if deemed necessary and may seek advice from the management on issues under their respective purview. The Board members have full and unrestricted access to all information within the Group in discharging their duties. The Notice of the Board Meeting is served at least seven (7) days prior to the Board Meeting. Relevant Board Papers were circulated to all Directors at least five (5) business days prior to the Board Meeting so as to accord sufficient time for the Directors to peruse the Board papers.

The Board papers which include the agenda and reports cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.

The breakdown of the Directors' attendance at the Board meeting during the FY2023 is set out below:-

Name of Director	No. of meetings attended
Dato' Abdul Majit Bin Ahmad Khan	6/6
Sim Keng Chor	6/6
Nomis Sim Siang Leng	6/6
Simson Sim Xian Zhi	6/6
Dato' Lok Bah Bah @ Loh Yeow Boo	6/6
Cynthia Toh Mei Lee	6/6
Ong Soo Chan	6/6
Datin Shivajini Sathya Seelan*	Not Applicable

Note:-

* Appointed as Independent Non-Executive Director on 14 June 2023.

Corporate Governance Overview Statement

All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

1.6 Code of Conduct

The Company has set out a Code of Conduct ("the Codes") for its Directors, management and employees in discharging their duties and responsibilities. The Codes are established to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The Codes is published on the Company's website at <https://www.unitrade.com.my/>.

1.7 Ethics and Compliance Whistleblowing Policy and Procedures

The Board had formalised an Ethics and Compliance whistleblowing policy and Procedures as the Group places high value on the level of trust and integrity. Therefore, the Ethics and Compliance Whistleblowing Policy and Procedures provides an avenue for all Directors, employees and stakeholders of the Group to disclose or report any improper conduct and to provide protection for those who report such allegations.

The Ethics and Compliance Whistleblowing Policy and Procedures can be assessed through the Company's website at <https://www.unitrade.com.my/>.

1.8 Anti-Bribery and Anti-Corruption Policy

In addition to the Code of Conduct, the Company has further established the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") to comply with enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act. The ABAC Policy is to ensure that all Directors, management and employees are aware of their obligation to disclose and not to be involved in any corruption, bribes, conflict of interest or similar unethical acts that they may have in order to prevent the occurrence of bribery and corrupt practices in relation to the Group's business.

The ABAC Policy can be accessed through the Company's website at <https://www.unitrade.com.my/>.

1.9 Sustainability

The Board is aware of its responsibility for Environmental, Social and Governance ("ESG") and sustainability to all various stakeholders and the communities in which it operates. As such, the ESG and sustainability aspects are considered by the Board in its corporate strategies.

The Board continuously and constantly communicates the targets and performance of the ESG and sustainability to all the stakeholders of the Group internally and externally.

Following the renaming of the Risk Management Committee to RMSC on 2 September 2022, the RMSC's responsibilities are expanded to include overseeing all matters relating to ESG and sustainability. In addition, the Board has identified Mr. Simson Sim Xian Zhi, Executive Director as a designated person to manage the Group's sustainability strategically in the operations of the Group.

The Company's efforts in this regard have been set out in the Sustainability Statement on pages 22 to 64 in this Annual Report.

PART II : BOARD COMPOSITION

2. BOARD'S OBJECTIVES

2.1 Composition of the Board

The Company is led by a capable and experienced Board. During the financial year, the Board consists of seven (7) members, comprising one (1) Independent Non-Executive Chairman, one (1) Senior Independent Non-Executive Director, one (1) Executive Vice Chairman, one (1) Group Managing Director, (1) Executive Director and two (2) Independent Non-Executive Directors, as follows:-

Name	Designation and Directorate	Age	Gender
Dato' Abdul Majit Bin Ahmad Khan	Independent Non-Executive Chairman	77	Male
Sim Keng Chor	Executive Vice Chairman	76	Male
Nomis Sim Siang Leng	Group Managing Director	47	Male
Simson Sim Xian Zhi	Executive Director	31	Male
Dato' Lok Bah Bah @ Loh Yeow Boo	Senior Independent Non-Executive Director	74	Male
Cynthia Toh Mei Lee	Independent Non-Executive Director	50	Female
Ong Soo Chan	Independent Non-Executive Director	61	Female
Datin Shivajini Sathya Seelan*	Independent Non-Executive Director	44	Female

Note:-

* Appointed as Independent Non-Executive Director on 14 June 2023.

The composition of the Board complies with Rule 15.02(1) of the AMLR of Bursa Securities and the recommended Practice 5.2 of MCCG.

The Board members are from different backgrounds with diverse perspectives. Such make-up is fundamental to the strategic success of the Group, as each Director has in-depth knowledge and experience in a variety of areas providing valuable direction to the Group. With more than half of the Board composed of Independent Directors, the Company is able to facilitate greater checks and balances during boardroom deliberations and decision making. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations or the ability to provide independent judgement in the best interest of the Company.

The Independent Directors are free from interests and influences that may conflict with their duties to the Company.

A brief profile of each Director is presented in the Directors' Profile section of the Annual Report.

2.2 Re-election of Directors

In accordance with the Constitution of the Company, an election of Directors shall take place each year. At the annual general meeting of the Company where one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3) then the number nearest one-third (1/3) shall retire from office provided always that all Directors including an GMD or Deputy GMD shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

The Directors to retire in every year shall subject nevertheless as hereinafter provided, be the Directors who have been longest in office since their last election but as between those who became Directors on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment when he has previously vacated office.

The Directors shall have power at any time to appoint any person a Director either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not be increased beyond the maximum number hereinbefore prescribed. Any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election but not be taken into account in determining the Directors who are to retire by rotation at the meeting.

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Based on the recent annual assessment, including fit and proper evaluations, the NC is satisfied with the performance of the Directors who are standing for re-election and has recommended to the Board their proposed re-election in accordance with the Constitution of the Company. The Board supported the NC's recommendations to re-elect the eligible Directors standing for re-election at the forthcoming Second Annual General Meeting ("2nd AGM") of the Company. The Directors who are retiring shall abstain from deliberations and decisions on their own eligibility to stand for re-election at the meetings of the Board. The Directors who are standing for re-election at the forthcoming 2nd AGM are stated in the Notice of 2nd AGM.

2.3 Tenure of Independent Directors

The Board will justify and seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for a cumulative period of more than nine (9) years.

As at the date of this statement, none of the Independent Directors has served the Company beyond nine (9) years.

2.4 Board Appointment

The selection, nomination and appointment of suitable candidates to the Board are made via a formal, rigorous and transparent process and taking into account objective criteria such as skills, knowledge, expertise, experience, professionalism and merit needed on the Board. In the case of Independent Directors, the NC will evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The assessment of the Independent Directors is in accordance with the criteria as set out in the Board Charter, Directors' Fit and Proper Policy and AMLR of Bursa Securities.

The Board appointment process is as follows:-

- (a) Should there be a vacancy on the Board or if an additional Board appointment is required, the Board will consider making an appointment that will attain and maintain the best mix of diversity, consistent with skills, expertise, experience and background required to fill such a position. The NC shall prepare descriptions of the director characteristics the Board is looking for in a new appointment.
- (b) The NC may seek professional advice from independent search firms as and when it considers necessary to identify and short-list suitable candidates and a list of nomination for candidates proposed by the GMD and within the bounds of practicability, by any other director or major shareholder for consideration.
- (c) The NC meeting will be held to deliberate on the nomination of board candidates and review the profile of board candidates.
- (d) Interview between NC members and the shortlisted candidates will be held after the NC meeting.
- (e) The NC will then make a decision in recommending the appointment to the Board.
- (f) Based on the recommendation of the NC and upon review of the profile of board candidates, the Board will deliberate the appointment of new Director at the Board of Directors' meeting or to approve the appointment of new Director via Directors' Circular Resolution.

The Company had on 30 June 2022, adopted a Directors' Fit and Proper Policy to assess the fitness and propriety of a candidate before being appointed or seeking re-election as a director of the Group. This serves to ensure that any person to be appointed or re-elected as a Director within the Group possesses the character, experience, integrity, competence and time to effectively discharge his/her role as a Director. The Directors' Fit and Proper Policy is available on the Company's website at <https://www.unitrade.com.my/>.

On 14 June 2023, Datin Shivajini Sathya Seelan was appointed as an Independent Non-Executive Director of the Company. The NC had reviewed and assessed the experience, skills, time commitment and expertise of Datin Shivajini Sathya Seelan and was satisfied that she had fulfilled the fit and proper criteria in accordance with the Company's Directors' Fit and Proper Policy and would be able to contribute meaningfully to the Group. In addition, Datin Shivajini Sathya Seelan has met the criteria set forth for an Independent Director as prescribed in the AMLR of Bursa Securities.

2.5 Gender Diversity

As at the date of this statement, there are three (3) female Board members, representing 37.5% of female representation on the Board, adopting MCCG's target to achieve at least 30% female representation on the Board.

The Board had on 28 November 2022, adopted the Diversity Policy to promote diversity for the Board and workforce of the Group. The Diversity Policy provides the Group all measurable targets to be achieved through:-

- i. sustaining a balanced mix of Board structure that involves both male and female representatives from different skills, competencies and experiences are developed for the Group's future leadership succession;
- ii. embracing equal treatment and acceptance for the benefit of all stakeholders;
- iii. ensuring the selection, promotion, retention and development for all excluding any gender-based consideration;
- iv. fostering mentorship and development opportunity for all identified candidates; and
- v. cultivating a corporate culture and working environment which is free from harassment and discrimination.

The Diversity Policy is available on the Company's website at <https://www.unitrade.com.my/>.

2.6 NC

As at the date of this statement, the NC comprised the following members and the details of the meeting attendance of each member are set out below:-

Name	Designation	Directorate	No. of NC meetings attended
Dato' Lok Bah Bah @ Loh Yeow Boo	Chairman	Senior Independent Non-Executive Director	1/1
Cynthia Toh Mei Lee	Member	Independent Non-Executive Director	1/1
Ong Soo Chan	Member	Independent Non-Executive Director	1/1
Datin Shivajini Sathya Seelan*	Member	Independent Non-Executive Director	Not Applicable

Note:-

* Appointed as Member of NC on 14 June 2023

The NC is governed by its TOR approved by the Board which is available on the Company's website at <https://www.unitrade.com.my/>.

The NC meeting is held as and when required, but at least once a year. One (1) NC meeting was held during FY2023. The NC has carried out the following activities during the financial year under review:-

- i. Reviewed and recommended to the Board the adoption of Evaluation Forms for:-
 - Board, Board Committees and each Director Evaluation
 - Audit Committee Evaluation
 - Audit Committee Members' Self and Peer Evaluation
 - External Auditors Performance and Independence Evaluation
- ii. Assessed and was satisfied with the effectiveness of the Board as a whole and the Board committees and the contribution of each Director.
- iii. Reviewed and was satisfied with the mix of skills, knowledge, expertise and experience, composition and size of the Board in terms of gender, ethnicity and age.
- iv. Assessed the independence of Independent Directors and concluded that the Independent Directors are independent and have complied with the criteria of independence as set out in AMLR of Bursa Securities.
- v. Assessed and was satisfied with the character, experience, integrity, competence and time commitment of Directors.

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- vi. Reviewed the term of office and performance of the AC and each of its members and concluded that the AC and each of its members have carried out their duties and responsibilities.
- vii. Reviewed and recommended to the Board the re-election of Directors at the First Annual General Meeting ("1st AGM") of the Company pursuant to the Company's Constitution.
- viii. Reviewed the Directors' training programme for the FY2022.
- ix. Reviewed and recommended to the Board the adoption of the Directors' Fit and Proper Policy in accordance with the Rule 15.01A of the AMLR of Bursa Securities.
- x. Reviewed and recommended to the Board the re-designation of Dato' Lok Bah Bah @ Loh Yeow Boo from Independent Non-Executive Director to Senior Independent Non-Executive Director.
- xi. Reviewed and recommended the appointment of Datin Shivajini Sathya Seelan as Independent Non-Executive Director of the Company after having reviewed her profile in detail.
- xii. Reviewed and recommended the appointment of Datin Shivajini Sathya Seelan as a member of AC, RMSC, NC and RC after having reviewed her profile in detail.

The NC is governed by its TOR approved by the Board which is available on the Company's website at <https://www.unitrade.com.my/>.

3. OVERALL BOARD EFFECTIVENESS

3.1 Annual Evaluation

The Board through the NC conducted an annual evaluation to review the performance of each individual Director and the effectiveness of the Board and its Board Committees as well as the independence of Independent Non-Executive Directors. The annual evaluation was conducted on self and peer evaluation model through customised questionnaires guided by the Corporate Governance Guide of Bursa Securities.

The results of the annual evaluation and comments by the Directors were tabled and discussed at the NC meeting and thereafter reported at the Board meeting by the Chairman of NC. All evaluations carried out by the NC are properly documented.

Pursuant to Rule 15.20 of the AMLR of Bursa Securities, the NC of a listed issuer must review the term of office and performance of an AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with their terms of reference. The NC had reviewed and assessed the performance of each of the members of the AC through and was satisfied with the performance and effectiveness of the AC and each of its members.

The NC had upon its annual evaluation conducted in July 2023, conclude that the Directors have discharged their duties satisfactory, objectively and professionally. The NC was also satisfied with the performance of the Board and its Board Committee.

3.2 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision-making process. The Board through the NC has assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the AMLR of Bursa Securities.

The current Independent Directors of the Company have fulfilled the criteria for "independence" as prescribed under Rule 1.01 and Guidance Note 9 of the AMLR of Bursa Securities. The Company has also fulfilled the requirement of at least one-third of its Board members being Independent Non-Executive Directors.

3.3 Directors' Training

The Board acknowledges that continuous education is vital for the Board members to keep abreast with the latest developments in the industry and business environment as well as changes to statutory requirements and regulatory guidelines.

All Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme as prescribed in the AMLR of Bursa Securities. The Directors are mindful of the need to continue enhancing their skills and knowledge to maximise their effectiveness as Directors during their tenure. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis.

The training programmes and seminars attended by the Directors during the FY2023 are as follows:-

Name of Directors	Name of Programme	Trainer/Organiser	Date	Duration (hours)
Dato' Abdul Majit Bin Ahmad Khan	ACE (Anti-Corruption Empowerment) Talk Series for Directors and Senior Management	Hong Leong Financial Group	9-May-22	2
	Sustainability Management and Reporting Programme	Compass Mind Asia Sdn Bhd	9-Aug-22	8
	MIA Webinar Series: Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants	25-Aug-22	4
	ESG Briefing for Board of Directors and Management	Joshua Rayan Integrated and Sustainability Reporting Sdn Bhd	7-Sep-22	2
	Key Amendments to Listing Requirements 2022 and Various Corporate Proposals	CKM Advisory Sdn Bhd	7-Nov-22	4
Sim Keng Chor	ESG Briefing for Board of Directors and Management	Joshua Rayan Integrated and Sustainability Reporting Sdn Bhd	7-Sep-22	2
Nomis Sim Siang Leng	MIA Webinar Series: Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants	25-Aug-22	4
	ESG Briefing for Board of Directors and Management	Joshua Rayan Integrated and Sustainability Reporting Sdn Bhd	7-Sep-22	2
Simson Sim Xian Zhi	MIA Webinar Series: Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants	25-Aug-22	4
	ESG Briefing for Board of Directors and Management	Joshua Rayan Integrated and Sustainability Reporting Sdn Bhd	7-Sep-22	2

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Name of Directors	Name of Programme	Trainer/Organiser	Date	Duration (hours)
Dato' Lok Bah Bah @ Loh Yeow Boo	MIA Webinar Series: Advanced Corporate Tax Issues and Strategies	Malaysian Institute of Accountants	16-Aug-22	7
	MIA Webinar Series: Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants	25-Aug-22	4
	Managing Whistleblowing and Conducting Effective Internal Corporate Investigations: How Finance Professionals, Company Secretaries and Governance Practices can effectively manage the Channels and conduct internal investigations	RC Compliance Consultancy	25-Aug-22	4
	ESG Briefing for Board of Directors and Management	Joshua Rayan Integrated and Sustainability Reporting Sdn Bhd	7-Sep-22	2
Cynthia Toh Mei Lee	AOB Conversation with Audit Committees	Audit Oversight Board	7-Apr-22	3
	MIA Webinar Series: Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants	25-Aug-22	4
	ESG Briefing for Board of Directors and Management	Joshua Rayan Integrated and Sustainability Reporting Sdn Bhd	7-Sep-22	2
Ong Soo Chan	MIA Webinar Series: Managing Whistleblowing and Conducting Effective Internal Corporate Investigations	Malaysian Institute of Accountants	25-Aug-22	4
	ESG Briefing for Board of Directors and Management	Joshua Rayan Integrated and Sustainability Reporting Sdn Bhd	7-Sep-22	2
Datin Shivajini Sathya Seelan*	Not Applicable			

Note:-

* Appointed as Independent Non-Executive Director on 14 June 2023.

PART III : REMUNERATION

4. LEVEL AND COMPOSITION OF REMUNERATION

4.1 Remuneration Policies and Procedures

The Board had on 28 November 2022, adopted the Directors and Senior Management's Remuneration Policy ("Remuneration Policy"). The primary objective of the Remuneration Policy is to provide a guidance for the Board and the RC in determining the remuneration of individual Directors and Management and create a strong performance-oriented environment which is able to attract, motivate and retain talent.

Nevertheless, the RC is responsible to review the remuneration packages of the Executive Vice Chairman, GMD, Executive Directors, Non-Executive Directors, C-Level executive officers, taking into account of individual performance, time commitment, experience, level of responsibilities, as well as the performance of the Group and market conditions and recommend the same for Board approval.

The Non-Executive Directors' remuneration comprises fees and meeting allowances that are linked to their expected roles and level of responsibilities. The Directors' annual fees, which are determined by the Board as a whole, are approved by shareholders of the Company at each AGM. The meeting allowances of the Non-Executive Directors are also approved by the shareholders of the Company at the relevant AGM. All individual Directors shall abstain from making decisions in respect of his own remuneration.

4.2 RC

The RC is primarily responsible for recommending to the Board the remuneration packages of Executive Vice Chairman, GMD, Executive Directors, Non-Executive Directors and C-Level executive officers in all its forms.

As at the date of this statement, the RC comprised the following members and the details of the meeting attendance of each member are set out below:-

Name	Designation	Directorate	No. of RC meetings attended
Ong Soo Chan	Chairwoman	Independent Non-Executive Director	1/1
Dato' Lok Bah Bah @ Loh Yeow Boo	Member	Senior Independent Non-Executive Director	1/1
Cynthia Toh Mei Lee	Member	Independent Non-Executive Director	1/1
Datin Shivajini Sathya Seelan*	Member	Independent Non-Executive Director	Not Applicable

Note:-

* Appointed as Member of RC on 14 June 2023.

The RC meeting is held as and when required, but at least once a year. One (1) RC meeting was held during FY2023. The RC has carried out the following activities during the financial year under review:

- Reviewed the directors' fee and benefit payables to the Directors of the Group for the FY2023 and recommended the same to the Board for approval.
- Reviewed the remuneration package of the Executive Directors, Non-Executive Directors and C-Level executive officers within the Group and recommended the same to the Board for approval.
- Reviewed the Salary Increment and Bonus Provisions for Executive Directors for the FY2023 and recommended the same to the Board for approval.

The RC is governed by its TOR approved by the Board which is available on the Company's website at <https://www.unitrade.com.my/>.

Corporate Governance Overview Statement

5. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

5.1 Remuneration of Directors

The Board is mindful that fair remuneration is critical to attract, retain and motivate the directors of Unitrade as well as directors serving as members of the board committees.

The details of the Directors' remuneration of the Company and the Group on the named basis for the FY2023 are tabulated as follows:

THE COMPANY

Directors	Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	Other emoluments (RM'000)	Benefits-in- kind (RM'000)	Total (RM'000)
Executive Directors						
Sim Keng Chor	-	-	-	-	-	-
Nomis Sim Siang Keng	-	-	-	-	-	-
Simson Sim Xian Zhi	-	-	-	-	-	-
Non-Executive Directors						
Dato' Abdul Majit Bin Ahmad Khan	48	-	-	7	-	55
Dato' Lok Bah Bah @ Loh Yeow Boo	48	-	-	7	-	55
Cynthia Toh Mei Lee	48	-	-	7	-	55
Ong Soo Chan	48	-	-	7	-	55
Datin Shivajini Sathya Seelan*	-	-	-	-	-	-
TOTAL	192	-	-	28	-	220

THE GROUP

Directors	Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	Other emoluments (RM'000)	Benefits-in- kind (RM'000)	Total (RM'000)
Executive Directors						
Sim Keng Chor	-	1,050	562	426	28	2,066
Nomis Sim Siang Keng	-	1,200	1,297	624	33	3,154
Simson Sim Xian Zhi	-	420	432	277	7	1,136
Non-Executive Directors						
Dato' Abdul Majit Bin Ahmad Khan	48	-	-	7	-	55
Dato' Lok Bah Bah @ Loh Yeow Boo	48	-	-	7	-	55
Cynthia Toh Mei Lee	48	-	-	7	-	55
Ong Soo Chan	48	-	-	7	-	55
Datin Shivajini Sathya Seelan*	-	-	-	-	-	-
TOTAL	192	2,670	2,291	1,355	68	6,576

Note:-

* Appointed as Independent Non-Executive Director on 14 June 2023.

5.2 Remuneration of Key Senior Management

In determining the remuneration packages of the Group's Key Senior Management, factors that were taken into consideration included the Senior Management's responsibilities, skills, expertise and contribution to the Group's performance.

Due to confidentiality and sensitivity of information, the Board is of the view that it would not be in its best interest to make such disclosure on named basis in view of the competitive nature of human resource market and the Company should maintain confidentiality on employees' remuneration packages.

As an alternative, the Board decided to disclose the Key Senior Management's remuneration on an unnamed basis in bands of RM50,000, as follows:-

Range of Remuneration*	No. of Key Senior Management
RM750,000 – RM800,000	1
RM950,000 – RM1,000,000	1
RM1,450,000 – RM1,500,000	1

Note:

* The remuneration including salary and other emoluments, bonus, contribution to the defined contribution plan and social security contributions, successive bands of RM50,000/- are not shown entirely as these are not represented.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I : AC

6. AC

6.1 Chairman of AC

The AC is chaired by a Senior Independent Non-Executive Director namely, Dato' Lok Bah Bah @ Loh Yeow Boo who is distinct from the Chairman of the Board. The Chairman of the AC is a member of Malaysian Institute of Accountants ("MIA") and Fellow of CPA.

6.2 Financial Reporting

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements of the Group comply with the Companies Act 2016 and applicable approved financial reporting standards in Malaysia.

The AC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Companies Act 2016, Malaysian Financial Reporting Standards and AMLR of Bursa Securities. In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balance and fair assessment of the Company's financial position and prospects. The AC reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy adequacy and completeness prior to presentation to the Board for its approval.

The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements is set out in page 83 of this Annual Report.

Corporate Governance Overview Statement

6.3 Cooling-Off Period for Former Key Audit Partner

The AC recognises the importance of upholding independence of its external auditors and that no possible conflict of interest whatsoever should arise. The TOR of the AC stated that no former key audit partner shall be appointed as a member of the AC before observing a cooling-off period of at least three (3) years in line with the practice 9.2 of MCCG. Presently, none of the current AC members is a former key audit partner involved in auditing of the Group.

6.4 Assessment of Suitability and Independence of External Auditors

The Board maintains a good professional relationship with the external and internal auditors through the AC in discussing with them their audit plans, audit findings and financial statements. In addition, the AC met with the external auditors during FY2023 without the presence of the Executive Board members and Management to discuss on audit findings, audit plans and the Company's financial statements.

The AC is responsible for the recommendation on the appointment and re-appointment of the Company's external auditors and the audit fees. The AC carried out an assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, communication, interaction, independence, and objectivity.

In safeguarding and supporting external auditors' independence and objectivities, the AC has adopted in its TOR, the External Auditors' assessment which sets out the assessment of external auditors' basis principles and the prohibition of non-audit services and the approval process for the provision of non-audit services.

The AC has obtained assurance from KPMG PLT, confirming that they are and have been independent throughout the conduct of the audit in accordance with the terms of relevant professional and regulatory requirements.

Based on the AC's assessment of the External Auditors, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for the FY2023. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming 2nd AGM.

6.5 Composition of the AC

The AC comprises four (4) Non-Executive Directors and all the AC members are Independent Directors. The present members of the AC are as follows:-

Designation	Name	Directorship
Chairman	Dato' Lok Bah Bah @ Loh Yeow Boo	Senior Independent Non-Executive Director
Member	Cynthia Toh Mei Lee	Independent Non-Executive Director
Member	Ong Soo Chan	Independent Non-Executive Director
Member	Datin Shivajini Sathya Seelan*	Independent Non-Executive Director

Note:-

* Appointed as Member of AC on 14 June 2023.

All members of the AC are financially literate, competent and able to understand matters under the purview of the AC including the financial reporting process. The summary of activities undertaken by AC for FY2023 are set out in the AC Report of this Annual Report.

The AC is governed by its TOR approved by the Board which is available on the Company's website at <https://www.unitrade.com.my/>.

PART II : RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

7. Effective Risk Management and Internal Control Framework

The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that is not limited to financial aspects of the business but also operational and regulatory compliance. The RMSC and AC have been entrusted by the Board in managing the risks and establishment of the internal control system and processes of the Group. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.

The Board acknowledges that the internal control system is devised to cater for particular needs of the Company and risk management system is to provide reasonable assurance against material misstatements or loss.

Our Group has outsourced its internal audit function to the independent professional service provider, Talent League Sdn Bhd ("Talent League" or "Outsourced Internal Auditors"), which reports directly to our AC. The Outsourced Internal Auditors carry out its function in accordance with the approved annual internal audit plan approved by the AC. The findings of the audit and the recommendations for improvement or actions to be taken by the management to rectify the issue will be presented in AC Meeting.

Any significant issue affecting the existing risks or emerging risks as well as the changes to the action plans to address the risks identified, will be discussed during the RMSC meetings and brought to the attention of the Board by the Chairman of RMSC.

The Statement on Risk Management and Internal Control as set out in this Annual Reports provides an overview of the state of risk management and internal controls within the Group.

8. Internal Audit Function

The Company recognised that an internal audit function is essential to ensure the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

The Board has engaged an independent professional service firm, Talent League Sdn Bhd ("Talent League" or "Outsourced Internal Auditors") to assume the Group's risk management and its internal audit function, who reports and assists the RMSC and AC in managing the risks and establish the internal control system and processes of the Group. The Board has also ensured that the Outsourced Internal Auditors, Talent League, are free from any relationship and/or conflict of interest with the Group.

The Outsourced Internal Auditors is headed by its Executive Director, Mr. Roy Thean Chong Yew ("Mr. Thean"). He is also a Chartered Member of Institute of Internal Auditor. Mr. Thean is also a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Mr. Thean has more than twenty-two (22) years of audit experience. The number of staff deployed for the internal audit reviews will be four (4) staff. They will perform their works in accordance with a recognised framework such as the International Professional Practices Framework issued by the Institute of Internal Auditors. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control.

The further details of Internal Audit Function are set out in the AC Report of this Annual Report.

Corporate Governance Overview Statement

9. RMSC (formerly known as Risk Management Committee)

The Board had on 2 September 2022, approved the renaming of Risk Management Committee to RMSC. Following the above, the RMSC's responsibilities are expanded to include overseeing all matters relating to ESG and sustainability.

The RMSC is primarily responsible to assist the Board in establishing a sound framework to manage risks and sustainability matters.

As at the date of this statement, the RMSC comprised the following members and the details of the meeting attendance of each member are set out below:-

Name	Designation	Directorate	No. of RMSC meetings attended
Cynthia Toh Mei Lee	Chairwoman	Independent Non-Executive Director	4/4
Ong Soo Chan	Member	Independent Non-Executive Director	4/4
Nomis Sim Siang Leng	Member	Group Managing Director	4/4
Datin Shivajini Sathya Seelan*	Member	Independent Non-Executive Director	Not Applicable

Note:-

* Appointed as Member of RMSC on 14 June 2023.

The RMSC is governed by the TOR of RMSC which outlines its duties and responsibilities and the said TOR can be viewed at <https://www.unitrade.com.my/>.

The RSMC meeting is held as and when required, but at least once a year. Four (4) RMSC meeting were held during FY2023:-

- Reviewed the Statement on Risk Management and Internal Control for the FY2022 and recommended the same to the Board for approval.
- Reviewed the Enterprise Risk Management Framework and recommended the same to the Board for approval.
- Reviewed the Enterprise Risk Management Report.
- To note the amendments to ACE Market Listing Requirements of Bursa Securities in relation to the Enhanced Sustainability Reporting Framework.
- Reviewed and recommended to the Board the revisions in TOR of the RMSC following the renaming of Risk Management Committee to RMSC.
- To note the ESG progress report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

10. Communication with Stakeholders

The Board recognises the importance of effective, transparent, regular and timely communication with its shareholders and other stakeholders to keep them informed on the Group's latest financial performance, business and corporate developments.

Our Group endeavours to provide as much information as possible to its shareholders and stakeholders. It is mindful of legal and regulatory framework governing the release of material and price-sensitive information. Such material and price-sensitive information will not be released unless it has been duly announced or made public through proper channels.

The Group maintains a corporate website, <https://www.unitrade.com.my/> with the intention of building communication channel between our Company with the stakeholders setting out:-

- Announcements submitted to Bursa Securities
- Investor section which provides relevant corporate information
- General telephone number, fax number and email address

11. Conduct of General Meetings

The principal forum for dialogue and interaction with shareholders is the Company's annual general meeting ("AGM") and extraordinary general meeting. The Board encourages and welcomes participation from shareholders to ask questions regarding the resolutions being proposed at the meeting and also other matters pertaining to the business activities of the Group. All Directors, including the Chairperson of the AC, RC, NC, and RMSC, including the Key Senior Management team, the external auditors and Sponsor are available at the AGM to provide responses to questions from the shareholders.

In accordance with Practice 13.1 of the MCCG, the notice for the Company's 1st AGM was issued on 29 July 2022, providing shareholders with at least twenty-eight (28) days' notice before the AGM scheduled for 1 September 2022. This timeline ensures that shareholders were given sufficient time to read and consider the resolutions to be resolved.

The 1st AGM of the Company held on 1 September 2022 was conducted virtually through live streaming from the Broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

At the Company's virtual 1st AGM held on 1 September 2022, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolutions.

In line with the AMLR of Bursa Securities, all resolution set out in the Notice of the 1st AGM were voted by poll via Remote Participation and Electronic Voting facilities. The Company also appointed an independent scrutineer, SKY Corporate Services Sdn Bhd, to validate the votes cast before the poll results is announced by the Chairman of the meeting.

The minutes of the 1st AGM detailing the meeting proceedings, including issues and concerns raised by the shareholders together with the responses from the Company, were published on the Company's corporate website within 30 business days after the conclusion of the 1st AGM.

FUTURE PRIORITIES IN KEY AREAS OF CORPORATE GOVERNANCE PRACTICES

The Board shall continue to strive for high standards of corporate governance throughout the Group for the best interest of all stakeholders.

The areas to be prioritised would be those principles which have not adopted by the Company as disclosed in the CG Report 2023.

This CGOS and the CG Report are made in accordance with the resolution passed by the Board of Directors on 26 July 2023.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

The Company was listed on the ACE Market of Bursa Securities on 14 June 2022 in conjunction with its Initial Public Offering ("IPO"), where the Company undertook a public issue of 312,500,000 new ordinary shares in the Company at an issue price of RM0.32 per share, raising proceeds of RM100 million.

The gross proceeds of RM100 million raised from the IPO have been utilised in the following manner as at 31 March 2023:-

Purpose of utilisation	Proposed utilisation ⁽¹⁾ (RM'000)	Reallocation (RM'000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)	Estimated timeframe for utilisation from the date of Listing ⁽²⁾
Working Capital	50,500	(4,900) ⁽⁴⁾⁽⁵⁾	(29,338)	16,262	Within 18 months ⁽³⁾
Repayment of bank borrowings	39,800	-	(39,800)	-	Within 12 months
Capital expenditure for pipe fabrication centre	5,000	-	(36)	4,964	Within 36 months
Estimated listing expenses	4,700	283 ⁽⁴⁾	(4,983)	-	Immediate
Capital expenditure for temporary structural equipment	-	4,617 ⁽⁵⁾	(1,228)	3,389	Within 18 months ⁽³⁾
Total	100,000	-	(75,385)	24,615	

Notes:

⁽¹⁾ As per the Initial Public Offering ("IPO") Prospectus dated 28 April 2022.

⁽²⁾ From the date of listing of the Company on the ACE Market of Bursa Securities on 14 June 2022. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 28 April 2022.

⁽³⁾ Revised estimated timeframe as per Company's announcement dated 26 May 2023.

⁽⁴⁾ RM283,000 proceeds were reallocated for working capital was reallocated to defray listing expenses due to a shortfall where the funding costs were underestimated.

⁽⁵⁾ A total of RM4.6 million proceeds were reallocated from working capital to capital expenditure for temporary structural equipment, especially for the acquisition of heavy-duty shoring system. Such system is used primarily in construction and engineering projects, providing temporary support to structures under higher load conditions during the construction phase.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors' firm by the Group and the Company for the financial year ended 31 March 2023 are as follows:-

	Company (RM '000)	Group (RM '000)
Audit Fees	50	208
Non-Audit Fees	14	40
Total	64	248

3. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING ("RRPT")

The details for the Recurrent Related Party Transactions of Revenue or Trading Nature transacted pursuant to the Shareholders' Mandate during the financial year ended 31 March 2023 are stated in Section 2.4 of the Circular to shareholders dated 28 July 2023, which is available on Bursa Securities' website and the Company's website.

4. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company and/or its subsidiary companies involving the interests of Directors and major shareholders, which subsisted at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:-

- (a) 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;
- (b) 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;
- (c) 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
- (d) 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.

5. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the ACE Market Listing Requirements of Bursa Securities to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable Malaysian Financial Reporting Standards approved by the Malaysian Accounting Standards Board in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2023 and of the financial performance and cash flows of the Group for the year then ended and of the Company for the financial year then ended.

During the preparation of the financial statements for the financial year ended 31 March 2023, the Directors have:

- (i) applied the appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
- (ii) made judgements and estimates that are reasonable and prudent; and
- (iii) applied the going concern basis for the preparation of the financial statements.

The Directors are also responsible for taking such steps that are necessary and reasonable to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Annual Report.

The Statement is made in accordance with a resolution of the Board of Directors 26 July 2023.

Audit Committee Report

The primary objective of the Audit Committee ("AC" or "the Committee") is to assist and support the Board of Directors ("the Board") in meeting its responsibilities for the oversight of the financial reporting process, the system of Internal Control, the internal and external audit processes, and any conflict of interest situations and related party transactions. The Board of Unitrade Industries Berhad ("Unitrade" or "the Company") is pleased to present the following AC Report which illustrates the insights as to the manner in which the AC has discharged their duties and responsibilities during the financial year ended 31 March 2023 ("FY2023"). This report is prepared in compliance with Rule 15.15 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")

In performing their duties and discharging their responsibilities, the AC is guided by its Terms of Reference ("TOR"). The AC's TOR is available at the Company's website at <https://www.unitrade.com.my/>.

COMPOSITION OF THE AC

The AC comprises four (4) members, all of whom are Independent Non-Executive Director which satisfy the requirements of Rule 15.09(1)(a) and (b) of the AMLR of Bursa Securities and Practice 9.4 under Principle B of the MCCG.

The members of the AC and their respective designation are as follows:-

Name	Designation	Directorship
Dato' Lok Bah Bah @ Loh Yeow Boo	Chairman	Senior Independent Non-Executive Director
Cynthia Toh Mei Lee	Member	Independent Non-Executive Director
Ong Soo Chan	Member	Independent Non-Executive Director
Datin Shivajini Sathya Seelan*	Member	Independent Non-Executive Director

Note:-

* Appointed as member of AC on 14 June 2023.

The AC also meets the AMLR which requires at least one member of the Committee must fulfill the financial expertise requisite of Rule 15.09(c) of the AMLR of Bursa Securities.

The Chairman of the Committee, Dato' Lok Bah Bah @ Loh Yeow Boo, is a Fellow of CPA Australia and member of the Malaysian Institute of Accountants ("MIA").

All AC members are financially literate with diverse backgrounds, experiences, and knowledge in the field of accountancy, tax, finance and corporate laws. None of the members were former key audit partners of the Company's existing External Auditors.

ATTENDANCE OF MEETINGS

The AC conducted five (5) meetings during the FY2023. The details of attendance of each member at the AC meetings held during the FY2023 are as follows:-

Name of AC Members	No. of AC Meetings Attended	Percentage of Attendance
Dato' Lok Bah Bah @ Loh Yeow Boo	5/5	100%
Cynthia Toh Mei Lee	5/5	100%
Ong Soo Chan	5/5	100%
Datin Shivajini Sathya Seelan*	Not Applicable	Not Applicable

Note:-

* Appointed as member of AC on 14 June 2023.

The Group Managing Director, Executive Director, Chief Financial Officer, External Auditors and Internal Auditors and relevant personnel from Management were invited to attend AC meetings to present their reports and provide updates and developments on issues arising from the audit reports. The AC Chairman thereafter reported the AC's recommendations to the Board for their consideration. He also updated the Board on significant matters discussed during the AC meetings.

Discussions and deliberation at the AC meetings were recorded in the minutes of the AC meetings. Minutes of the AC meetings are tabled to the Board after they are confirmed at each subsequent AC meeting.

SUMMARY OF ACTIVITIES

For the FY2023, the main activities undertaken by the AC were as follows:

1. Financial Reporting

- (a) Reviewed the unaudited quarterly financial results of the Company and the Group prior to the recommendation to the Board for approval and subsequent release to Bursa Securities.
- (b) Reviewed the draft audited financial statements of the Company and the Group for the financial year ended 31 March 2022 ("FY2022") prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia.
- (c) Reviewed the Budget and Forecast of the Group for the financial year ended 31 March 2024 for recommendation to the Board for approval.
- (d) Reviewed and made the recommendation to the Board in respect of the proposed dividend after reviewing and considering the solvency test presented.

2. External Audit

- (a) Reviewed the status of the audit for the FY2022 with External Auditors including the issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the AC.
- (b) Reviewed the Audit Planning Memorandum for the FY2023 presented by the External Auditors on 22 February 2023, entailing mainly the audit scope, key areas of audit emphasis and the audit approach.
- (c) Evaluated the performance of the External Auditors before recommending their re-appointment and remuneration to the Board for approval.
- (d) Reviewed the audit fees and non-audit fees and recommended to the Board for approval.
- (e) Had private sessions with the External Auditors during the financial year, i.e 8 June 2022, 21 July 2022 and 22 February 2023 respectively without the presence of the Executive Directors and Management to discuss further with them any issues of concern, if any, arising from the audit.

3. Related Party Transactions

- (a) Reviewed the related party transaction entered and/or to be entered by the Group to ensure that the transactions entered into were on an arm's length basis and not detrimental to the interests of minority shareholders.
- (b) Reviewed the draft Application Letter to Bursa Securities in relation to the Extension of Time to obtain Shareholders' Ratification and Mandate for the Recurrent Related Party Transactions entered into by the Group prior to recommendation to the Board for approval and subsequent submit to Bursa Securities.
- (c) Reviewed the 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 prior to submitting the same to the Board for consideration and approval.

Audit Committee Report

4. Internal Audit

- (a) Reviewed and approved the appointment of Talent League Sdn Bhd ("Talent League") as the Internal Auditors of the Group.
- (b) Reviewed and approved the adoption of Internal Audit Charter.
- (c) Reviewed the Internal Audit Plan presented by the Internal Auditors.
- (d) Reviewed the reports from the Internal Auditors and assessed the Internal Auditors' findings and the Management's responses and the necessary recommendations.
- (e) Reviewed and discussed the effective implementation of the action plans taken by the Management in response to audit findings and weaknesses identified during the audit review.
- (f) Had private session with internal auditors on 28 November 2022, without the presence of the Executive Directors and Management for discussion on internal audit related matters.

5. Others

- (a) Reviewed the Statement on Risk Management and Internal Control, AC Report, Corporate Governance Overview Statements and Corporate Governance Report prior to recommendation for Board's approval for inclusion into the Annual Report.
- (b) Reviewed the Revised Hedging Policy prior to submitting the same to the Board for consideration and approval.
- (c) Reviewed the Business Plan of the Company for recommendation to the Board for approval.
- (d) Reviewed the list of Corporate Guarantee provided to the Suppliers.
- (e) Reviewed the Non-Assurance Services Pre-Approval Policy for recommendation to the Board for approval.
- (f) Reported to the Board on significant issues and concerns discussed during the AC meeting.

INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential in ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The internal audit function of the Group was carried out by Talent League, an independent professional internal audit services provider.

The internal audit function has undertaken independent and systematic audit reviews in accordance with the annual internal audit plan approved by the AC before the commencement of work. Talent League reports directly to the AC and Risk Management and Sustainability Committee ("RMSC") on the adequacy and effectiveness of the risk management and internal control systems of the Group.

For FY2023, Talent League was free from any relationship or conflict of interest, which could impair their objectivity and independency during the internal audit review.

(1) Summary of Works

During the period under review, the Internal Auditors carried out the following activities:-

- a) Performed audit according to the audit plan, reviewed following business processes of the Group and made recommendations to improve their effectiveness:-
 - Branch Reporting for Unitrade United Sdn Bhd's Penang Branch
 - Branch Reporting for Unitrade United Sdn Bhd's Sarawak Branch
 - Enterprise Risk Management of the Group
- b) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management, AC and RMSC.

(2) Total costs incurred for the financial year ended 31 March 2023

The total cost incurred for the internal audit function for the FY2023 was RM41,350.

(3) Review of Internal Audit Function

The AC and the Board were satisfied with the performance of the Internal Auditors for the FY2023.

The AC is of the opinion that the internal audit function is independent and the Internal Auditors have performed their audit assignments with impartiality, proficiency and due professional care.

Further details of the activities of internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

This Report was made in accordance with the resolution of the Board dated 26 July 2023.

Statement of Risk Management and Internal Control

1. Introduction

The Board of Directors ("the Board") of Unitrade Industries Berhad ("Unitrade") acknowledges the importance of maintaining good risk management and internal control systems within Unitrade and its subsidiaries (collectively, "the Group") and is pleased to provide the following statement on risk management and internal control ("Statement") which outlines the nature and scope of risk management and internal control systems of the Group for the financial year ended 31 March 2023.

This statement has been prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance. This statement was prepared by taking into account the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("The Guidelines") pursuant to Guidance Note 11 of the ACE Market Listing Requirements. The scope of this Statement includes Unitrade and its operating subsidiaries ("the Group").

2. Board Responsibilities

The Board recognises the importance of maintaining risk management and internal control systems to safeguard the assets of the Group as well as the investment of shareholders and the interests of customers, regulators, employees and other stakeholders. The Board, in discharging its responsibilities, is fully committed to maintaining appropriate risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the objectives of the Group. However, in view of the limitations that are inherent in any risk management system, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives of the Group. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, losses or fraud.

The Board has delegated the oversight of the risk management to the Risk Management and Sustainability Committee ("RMSC") which comprises the Group Managing Director and two Independent Non-Executive Directors, chaired by an Independent Non-Executive Director. Also, the oversight of the internal control function has been delegated by the Board to the Management of the Company and Audit Committee ("AC") which comprises solely of Independent Non-Executive Directors. On 14 June 2023, the Board has appointed an additional Independent Non-Executive Director as the member of RMSC, AC, Remuneration Committee as well as Nomination Committee. The Board, via the RMSC and AC, evaluates the adequacy and operating effectiveness of the risk management and internal control systems and, where appropriate, requires the Management to implement controls to address emerging issues or areas of control deficiencies. The process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report of the Company.

3. Enterprise Risk Management Framework

The Board has established and developed an Enterprise Risk Management ("ERM") framework to achieve the following objectives:

- communicate and disseminate across the organisation the vision, role and direction of the Group;
- identify, assess, evaluate and manage the various principal risks which affect the business of the Group;
- create a risk-awareness culture and risk ownership for more effective management of risks; and
- formulate a systematic process of review, tracking and reporting on keys risks identified and corresponding mitigation procedures.

A risk analysis of the Group is conducted on bi-yearly basis including reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of risks on the operation and business. The process requires the Management to identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. Significant risks identified are subsequently brought to the attention of the RMSC, AC and Board at the respective meetings. This serves as an on-going process of identifying, evaluating and managing risks faced by the Group and has been put in place for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

The findings will be reviewed by the RMSC and the Board at the RMSC meeting and Board meeting respectively with the assistance of the engaged internal audit team to further review and improve the existing internal control processes within the Group. The Group will continue to focus on the key risks and corresponding controls to ensure that they are able to respond to the business changes and competitive environment.

4. Internal Audit Function

The Group has outsourced its internal audit function to an independent professional firm, Talent League Sdn Bhd ("Internal Auditor"), which assists both the Board and AC by conducting independent assessment on the adequacy and operating effectiveness of the internal control system of the Group. To ensure independence from Management, the Internal Auditor reports directly to the AC through the execution of internal audit work based on a risk-based annual internal audit plan reviewed and approved by the AC before the commencement of work. The Internal Auditor also conducts private session with the AC without the presence of the Management on an annual basis.

The Internal Auditor uses the Committee of Sponsoring Organisation of the Treadway Commission - Internal Control (COSO - IC) Integrated Framework as a basis for evaluating the effectiveness of the internal control system. The Internal Auditor also makes reference to the International Professional Practices Framework during the course of the assignments. The internal audit function shall highlight any key areas of weaknesses in the risks and internal control management system of the Group to the AC and include in their report the recommendations on the remedial actions to be taken to address the areas of weaknesses as highlighted for the reviews and recommendations of AC to the Board for implementation. In addition, the Internal Auditor shall perform follow-up reviews on previously reported issues and provide an update to the AC on the status of the implementations.

The Internal Auditor conducted internal audit review in three cycles, highlighting any identified risks in the risk management and internal control system. In relation to the financial year ended 31 March 2023, the Internal Auditor performed the following internal audit reviews:

Reported on	Company	Audited area
2 nd Quarter 2023	UUSB	Branch Reporting (Penang)
3 rd Quarter 2023	The Group	Risk Management Review
4 th Quarter 2023	UUSB	Branch Reporting (Sarawak)

The Internal Auditor also attended AC meetings on a quarterly basis to present their Risk-Based Internal Audit Reports which included findings on internal audit classified into several risk level, significant weakness identified, management responses and an overall audit opinion.

The Internal Auditor also carries out follow-up reviews subsequent to prior internal audit reviews to assess the status of the implementation of the management action plans, which are based on the recommended course of action. Based on the internal audit reviews conducted, none of the weaknesses identified have resulted in any material losses, contingencies, or uncertainties.

The total cost of the outsourced internal audit function for the financial year ended 2023 was RM41,350.

5. Other Internal Control Processes

Apart from risk management and internal audit, the system of internal controls of the Group also comprises the following key elements:

a. Organisation Structure and Delegation of Authority

The Group has an organisational structure that defines lines of responsibility, delegation of authority, segregation of duties and flow of information, aligned to the operational requirements of the business of the Group within management, which provides the levels of accountability and responsibility of the respective job functions of management.

The Group has established authorisation limits and approval levels for management to follow including those requiring approval from the Board.

Statement of Risk Management and Internal Control

5. Other Internal Control Processes (Cont'd)

b. Policies and Standard Operating Procedures ("SOP")

SOP and various policies are formalised to serve as a guiding principle to all employees within the Group for their day-to-day activities to safeguard the assets of the Group against material losses. The policies and SOP are reviewed and updated to cater to the changing business environment and operational requirements, and statutory reporting needs. Ricwil has also documented policies and procedures to regulate relevant key processes in compliance with International Organisation for Standardisation ("ISO") 9001:2015.

c. Integrity and Ethical Value

The tone from the top on integrity and ethical value are enshrined in the formal Code of Conduct for Directors ("the Code") established and approved by the Board. The Code forms the foundation of the integrity and ethical value of the Group.

Integrity and ethical value expected from the employees are incorporated in the Employees Handbook whereby the ethical behaviours expected with customers, suppliers, employees to carry out their duties and responsibilities assigned are also established and formalised in the Handbook.

In line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, a formal Anti-Bribery and Corruption Policy had been put in place to prevent the risk of bribery and conflict of interest within the Group with Ethics and Compliance Whistleblowing Policy and Procedures implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements at the earliest opportunity.

d. Board of Directors/Board Committee Meetings

The role, functions, composition, operation and processes of the Board are guided by the Board Charter. Board committees, namely AC, Nomination Committee, Remuneration Committee and RMSC are established with terms of references outlining their functions and duties delegated by the Board. AC and RMSC assist the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope of work.

Meetings of the Board and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective.

e. Employee Handbook

Guidelines on the human resource management are in place to ensure the ability of the Group to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned.

Performance evaluations are carried out for all levels of staff to identify performance gaps, training needs, talent development and succession planning.

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programmes and workshops to enhance their knowledge and expand the employees' competency level in executing daily jobs. Relevant trainings and courses are provided to personnel across all functions to maintain a high level of competency and capability.

f. Information and Communication

The Group has put in place information and communication infrastructures and channels, i.e., computerised systems, secured intranet and electronic mail system, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

5. Other Internal Control Processes (Cont'd)

g. Monitoring and Review Activities

The Group Managing Director reviews the operational information and is involved in the daily operations of the Group. The Group conducts management meeting every month which is chaired by our Group Managing Director and attended by the various Head of Department to review and discuss on various matters covering operational, financial, business development and human resources areas.

h. Company Secretary

The Company Secretary provides the necessary advice and guidance on matters relating to the Constitution of the Company, Board policies and procedures, and compliance with relevant regulatory requirements, codes or guidance.

i. COVID-19 Management

The Group emphasises the safety and health of employees and stakeholders by enforcing precautionary measures and guidelines in factory premises as stipulated by the relevant authorities since the breakout of the COVID-19 pandemic.

6. Review of The Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2023, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a. has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b. is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

7. Conclusion

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the risk management and internal control systems adopted by the Group are operating adequately and effectively, in all material aspects, based on their observations in the course of their management of daily operations of the Group. The Board is of the view that the risk management and internal control systems are operating satisfactorily and effectively to safeguard the interest of stakeholders and assets of the Group, and have not resulted in any material losses, contingencies or uncertainties for the financial year under review and up to date of this report that would require disclosure in this Annual Report of the Company. The Board continues to take measures to review and, where necessary, enhance the risk management and internal control systems of the Group to meet the strategic objectives of the Group.

The Board is committed towards maintaining a sound internal control system and an effective risk management throughout the Group and reaffirms its commitment to continuously review and where necessary, enhance further the risk management and internal control systems.

This Statement is made in accordance with the resolution of the Board of Directors dated 26 July 2023.

FINANCIAL STATEMENTS

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The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is a subsidiary of Unitrade SAS Sdn Bhd, which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	15,397	12,422

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company declared and paid a first and final single tier ordinary dividend of 0.82 sen per ordinary share amounting to RM12,812,500 on 4 October 2022 in respect of financial year ended 31 March 2022.

The Directors recommended a first and final single tier dividend of approximately 0.30 sen per ordinary share amounting to approximately RM4,619,000 in respect of the financial year ended 31 March 2023. These dividends will be recognised in the subsequent financial year upon approval by the owners of the Company at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Sim Keng Chor
Nomis Sim Siang Leng
Simson Sim Xian Zhi
Dato' Abdul Majit Bin Ahmad Khan
Dato' Lok Bah Bah @ Loh Yeow Boo
Cynthia Toh Mei Lee
Ong Soo Chan
Datin Shivajini Sathya Seelan (appointed on 14 June 2023)

The names of the Directors of the Company's subsidiaries during the financial year until the date of this report excluding those who are listed above are as follows:

Teh Beng Khim
Koh Sui Ming (appointed on 1 August 2022)
Lim Chee Chow (resigned on 1 August 2022)

Directors' Report

for the Financial Year Ended 31 March 2023

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2022	Bought	Sold	At 31.3.2023
Interests in the Company, Unitrade Industries Berhad:				
Direct interest				
Sim Keng Chor				
- own	215,048,000	-	(46,875,000)	168,173,000
- spouse	148,403,000	-	(78,125,000)	70,278,000
Nomis Sim Siang Leng	39,987,000	-	-	39,987,000
Simson Sim Xian Zhi	26,658,000	6,200,000	-	32,858,000
Cynthia Toh Mei Lee	-	200,000	-	200,000
Dato' Abdul Majit Bin Ahmad Khan	-	200,000	-	200,000
Dato' Lok Bah Bah @ Loh Yeow Boo	-	200,000	(50,000)	150,000
Ong Soo Chan	-	200,000	-	200,000
Deemed interest through Unitrade SAS Sdn Bhd				
Sim Keng Chor				
- own*	394,327,000	-	-	394,327,000
- spouse*	394,327,000	-	-	394,327,000
Interests in the ultimate holding company, Unitrade SAS Sdn Bhd				
Direct interest				
Sim Keng Chor				
- own	1	-	-	1
- spouse	1	-	-	1

* Deemed interest by virtue of Sim Keng Chor's and Teh Beng Khim's shareholdings in Unitrade SAS Sdn Bhd holding 50% each, and his/her spouse's shareholdings in the Company.

By virtue of his interests of more than 20% in the shares of the Company, Sim Keng Chor is also deemed to have interest in the ordinary shares of the subsidiaries during the financial year to the extent that Unitrade Industries Berhad has an interest.

The other Directors holding office at 31 March 2023 do not have any interest in the ordinary shares of the Company and of its related corporations during the year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' benefits (continued)

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 March 2023 are as follows:

	Group RM'000	Company RM'000
Fees	192	192
Remuneration	6,316	28
Benefit-in-kind	68	-
	6,576	220
<i>Trading with a company in which certain Director who has substantial financial interests and certain companies in the Group in the ordinary course of business</i>		
Sale transactions	4,961	-
Purchase transactions	(117)	-
	4,844	-

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company issued 312,500,000 new ordinary shares of RM0.32 per ordinary share for a total cash consideration of RM100,000,000 as part of the listing of the Company on the ACE Market of Bursa Malaysia Securities.

There were no other changes in the issued and paid-up capital of the Company during the financial year. There were no debenture issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

With effect from 1 June 2022, the total amount of insurance effected for Directors and Officers of the Company and its subsidiaries is RM3,000,000. The premium paid for Directors and Officers liabilities insurance is RM10,000. There were no indemnity effected and insurance costs paid for auditors of the Group and of the Company.

Effective from 1 June 2023 the total amount of insurance effected for Directors and Officers of the Company and its subsidiaries is RM5,000,000. The premium paid for Directors and Officers liabilities insurance is RM13,500.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- all known bad debts have been written off and adequate allowance made for doubtful debts, and
- any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

Directors' Report

for the Financial Year Ended 31 March 2023

Other statutory information (continued)

At the date of this report, the Directors are not aware of any circumstances: (continued)

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and the Company for the financial year ended 31 March 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Significant events are disclosed in Note 31 to the financial statements.

Subsequent events

Subsequent events are disclosed in Note 32 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM248,000 and RM64,000 respectively. Details are as set out in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Sim Keng Chor
Director

Nomis Sim Siang Leng
Director

Shah Alam

Date: 26 July 2023

Statements of Financial Position

as at 31 March 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	179,608	175,122	-	-
Right-of-use assets	4	424	559	-	-
Investment properties	5	17,241	19,835	-	-
Intangible assets	6	630	687	-	-
Investments in subsidiaries	7	-	-	234,337	189,637
Other investments	8	41	41	-	-
Deferred tax assets	9	3,410	2,781	-	-
Total non-current assets		201,354	199,025	234,337	189,637
Inventories	10	202,872	155,149	-	-
Trade and other receivables	11	380,844	428,739	19,331	4,863
Current tax assets		3,773	783	-	-
Derivative financial assets	12	106	-	-	-
Other investments	8	31,064	-	31,064	-
Deposits placed with licensed banks	13	9,359	9,193	-	-
Cash and cash equivalents	14	87,140	86,470	6,237	-
		715,158	680,334	56,632	4,863
Asset classified as held for sale	15	2,320	-	-	-
Total current assets		717,478	680,334	56,632	4,863
Total assets		918,832	879,359	290,969	194,500
Equity					
Share capital	16	291,335	194,500	291,335	194,500
Merger reserve	16	(174,337)	(174,337)	-	-
Retained earnings/(Accumulated losses)		212,773	210,189	(593)	(202)
Total equity attributable to owners of the Company		329,771	230,352	290,742	194,298
Liabilities					
Loans and borrowings	17	117,740	115,672	-	-
Lease liabilities		211	342	-	-
Deferred tax liabilities	9	3,415	2,105	-	-
Total non-current liabilities		121,366	118,119	-	-
Loans and borrowings	17	367,586	413,131	-	-
Lease liabilities		223	229	-	-
Trade and other payables	18	99,370	112,645	55	202
Current tax liabilities		516	4,883	172	-
Total current liabilities		467,695	530,888	227	202
Total liabilities		589,061	649,007	227	202
Total equity and liabilities		918,832	879,359	290,969	194,500

The notes on pages 104 to 160 are integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year Ended 31 March 2023

	Note	Group		Company	
		Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Revenue	19	1,394,677	1,290,202	13,023	-
Cost of sales		(1,317,517)	(1,177,174)	-	-
Gross profit		77,160	113,028	13,023	-
Other income		8,882	6,697	-	-
Administrative expenses		(46,229)	(42,403)	(2,509)	(202)
Net loss on impairment of financial instruments	23	(2,193)	(6,565)	-	-
Results from operating activities		37,620	70,757	10,514	(202)
Finance income	20	1,439	650	2,369	-
Finance costs	21	(18,365)	(13,024)	-	-
Profit/(Loss) before tax		20,694	58,383	12,883	(202)
Tax expense	22	(5,297)	(15,117)	(461)	-
Profit/(Loss) and total comprehensive income/(expense) for the year/period	23	15,397	43,266	12,422	(202)
Profit/(Loss) and total comprehensive income/(expense) attributable to:					
Owners of the Company		15,397	43,207	12,422	(202)
Non-controlling interest		-	59	-	-
Profit/(Loss) and total comprehensive income/(expense) for the year/period		15,397	43,266	12,422	(202)
Basic earnings per ordinary share (sen)	24	1.0	180.2		
Diluted earnings per ordinary share (sen)	24	1.0	180.2		

The notes on pages 104 to 160 are integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the Financial Year Ended 31 March 2023

Attributable to owners of the Company							
Group	Note	Non-distributable			Distributable		
		Share capital RM'000	Invested equity RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000
At 1 April 2021							
Issuance of ordinary shares		-	5,000	-	213,364	218,364	4,863
Profit and total comprehensive income for the year		-	10,300	-	(10,300)	-	-
Dividends to owners of the Company	25	-	-	-	43,207	43,207	59
Effect of restructuring exercise	31	194,500	(15,300)	(174,337)	(36,141)	(36,141)	-
					59	4,922	(4,922)
At 31 March 2022/1 April 2022							
Issuance of ordinary shares		194,500	-	(174,337)	210,189	230,352	-
Profit and total comprehensive income for the year		100,000	-	-	-	100,000	-
Share issuance expenses		-	-	-	15,397	15,397	-
Dividends to owners of the Company	25	(3,165)	-	-	-	(3,165)	-
		-	-	-	(12,813)	(12,813)	-
At 31 March 2023							
		291,335	-	(174,337)	212,773	329,771	-
	Note 16		Note 16	Note 16			

Note 16

Note 16

Note 16

The notes on pages 104 to 160 are integral part of these financial statements.

Statement of Changes in Equity

for the Financial Year Ended 31 March 2023

Company	Note	Non-distributable		Total RM'000
		Share capital RM'000	Accumulated losses RM'000	
At date of incorporation		-	-	-
Loss and total comprehensive expense for the period		-	(202)	(202)
Effect of restructuring exercise	31	194,500	-	194,500
At 31 March 2022/1 April 2022		194,500	(202)	194,298
Profit and total comprehensive income for the year		-	12,422	12,422
Issuance of ordinary shares		100,000	-	100,000
Share issuance expenses		(3,165)	-	(3,165)
Dividend to owners of the Company	25	-	(12,813)	(12,813)
At 31 March 2023		291,335	(593)	290,742
		Note 16		

The notes on pages 104 to 160 are integral part of these financial statements.

Statements of Cash Flows

for the Financial Year Ended 31 March 2023

		Group		Company	
	Note	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		20,694	58,383	12,883	(202)
<i>Adjustments for:</i>					
Impairment loss on:					
- trade receivables		3,299	7,859	-	-
- inventories	10	4,592	1,762	-	-
Depreciation of:					
- property, plant and equipment	3	9,468	6,179	-	-
- right-of-use assets	4	238	1,128	-	-
- investment properties	5	274	126	-	-
Amortisation of intangible assets	6	129	70	-	-
Write off of property, plant and equipment		170	1,010	-	-
Write off of intangible assets		98	-	-	-
Gain on disposal of:					
- property, plant and equipment		(1,340)	(815)	-	-
- assets classified as held for sale completed in FY2022		-	(1,545)	-	-
Gain from termination of lease		-	(116)	-	-
Loss on disposal of other investments	8	-	9	-	-
Finance income	20	(1,439)	(650)	(2,369)	-
Dividend income from subsidiaries	19	-	-	(13,023)	-
Reversal of impairment loss on:					
- trade receivables		(1,106)	(1,294)	-	-
- inventories	10	(84)	(147)	-	-
Unrealised foreign exchange (gain)/loss	23	(95)	10	-	-
Finance cost	21	18,365	13,024	-	-
Operating profit/(loss) before changes in working capital		53,263	84,993	(2,509)	(202)
Change in inventories		(52,231)	(39,415)	-	-
Change in trade and other receivables		45,878	(8,295)	(29,668)	-
Change in trade and other payables		(13,414)	16,326	(147)	202
Cash generated from/(used in) operations		33,496	53,609	(32,324)	-
Interest paid		(500)	(499)	-	-
Net income tax paid		(11,973)	(11,202)	(289)	-
Net cash from/(used in) operating activities		21,023	41,908	(32,613)	-

Statements of Cash Flows

for the Financial Year Ended 31 March 2023

		Group		Company	
	Note	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(14,447)	(11,723)	-	-
Acquisition of investment property	5	-	(530)	-	-
Acquisition of intangible assets	6	(160)	(201)	-	-
Acquisition of other investments	8	(31,064)	-	(31,064)	-
Subscription of shares in subsidiaries	7.2	-	-	(29,500)	(*)
Proceeds from disposal of property, plant and equipment		3,765	3,130	-	-
Proceeds from disposal of other investments	8	-	21	-	-
Change in pledged deposits		(166)	(168)	-	-
Dividend received		-	-	13,023	-
Interest received		1,439	650	2,369	-
Net cash used in investing activities		(40,633)	(8,821)	(45,172)	(*)
Cash flows from financing activities					
Dividends paid to owners of the Company	(ii)	(12,813)	(31,841)	(12,813)	-
Net proceeds from issuance of ordinary shares	16	96,835	-	96,835	-
Net (repayment)/drawdown of loans and borrowings		(44,757)	20,842	-	-
Repayment of lease liabilities	(iii)	(240)	(1,000)	-	-
Repayment of hire purchase liabilities		(832)	(371)	-	-
Interest paid		(17,913)	(12,970)	-	-
Net cash from/(used in) financing activities		20,280	(25,340)	84,022	-
Net increase/(decrease) in cash and cash equivalents		670	7,747	6,237	(*)
Cash and cash equivalents at beginning of the year/date of incorporation		86,470	78,723	-	*
Cash and cash equivalents at end of the year	14	87,140	86,470	6,237	-

* Denote RM2

Notes to statements of cash flows

(i) Acquisition of property, plant and equipment

Group

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM16,559,000 (2022: RM30,966,000) of which RM353,000 (2022: RM3,106,000) were financed by hire purchase and RM1,759,000 (2022: RM16,137,000) were financed by term loans.

Notes to statements of cash flows (continued)

(ii) Dividends paid to owners of the Company

Group

During the financial year, the Group paid dividends to owners of the Company amounting to RM12,812,500 (2022: RM36,141,000) of which none (2022: RM4,300,000) was offset against the cash consideration from the disposal of assets held for sale to a Director of the Group.

(iii) Cash flow for leases as a lessee

Note	Group		Company	
	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Included in net cash from operating activities:				
Payment relating to:				
- short-term leases	-	449	-	-
- low-value assets	40	4	-	-
Interest paid in relation to lease liabilities	19	156	-	-
	59	609	-	-
Included in net cash from financing activities				
Payment of lease liabilities	240	1,000	-	-
Total cash outflows for leases	299	1,609	-	-

Reconciliation of liabilities

	Group Lease liabilities RM'000
At 1 April 2021	7
Acquisition of new lease	5,554
Derecognition	(3,990)
Repayment of lease liabilities	(1,000)
At 31 March 2022/1 April 2022	571
Acquisition of new lease	103
Repayment of lease liabilities	(240)
At 31 March 2023	434

The notes on pages 104 to 160 are integral part of these financial statements.

Notes to the Financial Statements

Unitrade Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad on 14 June 2022. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

No. 2, Jalan Astaka U8/87
Seksyen U8, Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 March 2023 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

The ultimate holding company of the Company is Unitrade SAS Sdn Bhd, a company incorporated in Malaysia, during the financial year until the date of this report.

These financial statements were authorised for issue by the Board of Directors on 26 July 2023.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 April 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company; and
- from the annual period beginning on 1 April 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 10 – valuation of inventories

The determination of inventories written down to net realisable value involved a high degree of judgement as it involves estimating future selling prices and rate of obsolescence of the inventories.

- Note 27.4 – measurement of expected credit loss ("ECL")

The Group applied judgements to determine that financial instruments of the Group are recognised and measured in accordance with the accounting standard, MFRS 9 as described in Note 2(c) to the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(ii) Business combinations (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisition from entities under common control

The Company was incorporated on 13 April 2021 for the purpose of a restructuring exercise (Note 31) that resulted in the Company becoming the holding company of Syarikat Logam Unitrade Sdn Bhd ("SLU"), Ricwil (Malaysia) Sdn Bhd and its subsidiary ("Ricwil Group") and Unitrade Sdn Bhd ("USB"), entities that are under common control of a shareholder who controls the Group. Business combinations involving entities under common control are accounted for using the merger method of accounting. The business combination does not result in a change in economic substance, and accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

- the assets and liabilities of the acquired entities are recognised at their respective carrying amounts without adjustments being made to reflect fair values;
- the results of entities are presented as if the restructuring occurred from the beginning of the earliest period presented in the financial statements; and
- any difference between cost of investment recorded by the Company and the share capital of acquired entities is accounted for in merger reserve.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Group, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) *Fair value through other comprehensive income*

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) *Fair value through profit or loss*

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Others financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are measured at cost less accumulated impairment losses, if any. Other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "administrative expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Property, plant and equipment under construction (capital work-in-progress) are not depreciated until the assets are ready for their intended use.

For other assets, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Company will obtain ownership by the end of the lease term.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative years are as follows:

Buildings	50 years
Plant, machinery and other equipment	5 – 10 years
Computers, office equipment, furniture and fittings	3 – 13 years
Motor vehicles	3 – 7 years
New temporary structural support equipment	10 years
Used temporary structural support equipment	5 years
Cabin	5 years
Renovation	3 – 10 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Intangible assets

Intangible assets, that are acquired by the Group entities, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life of computer software is 10 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Depreciation

Depreciation is based on the cost of the investment property less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each investment property. Freehold land is not depreciated.

The estimated useful lives of investment properties for the current and comparative periods is 50 years.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(iii) Reclassification to investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, the carrying amount at date of transfer is remained as the Group entities measure investment properties at cost less accumulated depreciation and accumulated impairment losses, if any.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Non-current asset held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks which have insignificant risk of changes in fair value, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, if any.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss that are determined to have low credit risk at the reporting date, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and non-current assets classified as held for sales) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instrument

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(l) Equity instrument (continued)

(ii) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(n) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognise revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company transfer control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group and the Company perform;
- (b) the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the lease term.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2. Significant accounting policies (continued)

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rate enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the Group's chief operating decision maker, which in this case is the Group Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(t) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset and liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement dates.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of fair value hierarchy as of the date of the event or changes in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Note	Freehold land RM'000	Computers,		Plant, machinery and other equipment RM'000	office furniture and fittings RM'000	Motor vehicles RM'000	Temporary structural support equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Cabin RM'000	Total RM'000
			Buildings RM'000	machinery and other equipment RM'000								
Cost												
At 1 April 2021		96,255	24,436		4,866	1,747	6,926	33,267	614	20,045	-	188,156
Additions		-	-		1,733	1,075	1,112	6,661	2,217	18,024	144	30,966
Borrowing costs capitalised		-	543		-	-	-	-	-	-	-	543
Disposal		-	-		(100)	(7)	(534)	(3,034)	-	-	-	(3,675)
Write off		-	-		(777)	(300)	-	(1,475)	-	-	-	(2,552)
Transfer to investment properties	3.6											
- Offset of accumulated depreciation		-	(2,339)		-	-	-	-	-	-	-	(2,339)
- Transfer of carrying amount	5	(9,275)	(4,556)		-	-	-	-	-	-	-	(13,831)
Reclassification		-	31,111		5,374	12	-	-	1,343	(37,840)	-	-
At 31 March 2022/1 April 2022												
Additions		86,980	49,195		11,096	2,527	7,504	35,419	4,174	229	144	197,268
Disposal		-	451		2,380	345	507	10,835	1,015	-	1,026	16,559
Write off		-	-		(493)	-	(313)	(3,673)	-	-	(4)	(4,483)
Transfer to intangible assets		-	-		-	(367)	-	(143)	-	-	-	(510)
3.5												
- Offset of accumulated depreciation		-	-		-	(50)	-	-	-	-	-	(50)
- Transfer of carrying amount		-	-		-	(10)	-	-	-	-	-	(10)
6												
At 31 March 2023		86,980	49,646		12,983	2,445	7,698	42,438	5,189	229	1,166	208,774

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Group	Note	Freehold land RM'000	Buildings RM'000	Plant, machinery and other equipment RM'000	Computers, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Temporary structural support equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Cabin RM'000	Total RM'000
Depreciation and impairment loss											
At 1 April 2021											
Accumulated depreciation		-	2,951	3,532	1,211	5,461	7,739	85	-	-	20,979
Accumulated impairment loss		-	-	-	-	-	-	-	229	-	229
Depreciation for the year		-	2,951	3,532	1,211	5,461	7,739	85	229	-	21,208
Disposal		-	650	669	211	684	3,805	158	-	2	6,179
Write off		-	-	(97)	(4)	(534)	(725)	-	-	-	(1,360)
Offset of accumulated depreciation on property transferred to investment properties		-	-	(762)	(275)	-	(505)	-	-	-	(1,542)
		-	(2,339)	-	-	-	-	-	-	-	(2,339)
At 31 March 2022/1 April 2022											
Accumulated depreciation		-	1,262	3,342	1,143	5,611	10,314	243	-	2	21,917
Accumulated impairment loss		-	-	-	-	-	-	-	229	-	229
		-	1,262	3,342	1,143	5,611	10,314	243	229	2	22,146

3. Property, plant and equipment (continued)

Group	Note	Freehold land RM'000	Buildings RM'000	Plant, machinery and other equipment RM'000	Computers, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Temporary structural support equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Cabin RM'000	Total RM'000
Depreciation and impairment loss (continued)											
Depreciation for the year		-	1,262	3,342	1,143	5,611	10,314	243	229	2	22,146
Disposal		-	989	1,435	324	745	5,290	509	-	176	9,468
Write off		-	-	(378)	-	(313)	(1,367)	-	-	-	(2,058)
Offset of accumulated depreciation on property transferred to intangible assets		-	-	-	(285)	-	(55)	-	-	-	(340)
At 31 March 2023		-	-	-	(50)	-	-	-	-	-	(50)
Accumulated depreciation		-	2,251	4,399	1,132	6,043	14,182	752	-	178	28,937
Accumulated impairment loss		-	-	-	-	-	-	-	229	-	229
		-	2,251	4,399	1,132	6,043	14,182	752	229	178	29,166
Carrying amounts											
At 1 April 2021		96,255	21,485	1,334	536	1,465	25,528	529	19,816	-	166,948
At 31 March 2022/1 April 2022		86,980	47,933	7,754	1,384	1,893	25,105	3,931	-	142	175,122
At 31 March 2023		86,980	47,395	8,584	1,313	1,655	28,256	4,437	-	988	179,608

Notes to the Financial Statements

3. Property, plant and equipment (continued)

3.1 Assets acquired under hire purchase

Included in property, plant and equipment of the Group are plant and machinery and motor vehicles acquired under hire purchase arrangements with carrying amounts of RM1,946,000 and RM1,498,000 (2022: RM2,430,000 and RM1,429,000) respectively.

3.2 Assets acquired under term loans

Included in property, plant and equipment of the Group are plant, machinery and other equipment acquired under term loan arrangements with carrying amounts of RM4,364,000 (2022: Nil).

In 2022, included in property, plant and equipment of the Group were additions of capital work-in-progress financed by term loans amounting to RM16,137,000. During the financial year 2022, the capital work-in-progress was reclassified to the respective asset category upon the completion of the construction.

3.3 Security

The property, plant and equipment of the Group with carrying amount of RM165,559,000 (2022: RM161,550,000) are pledged to licensed banks as security for financing facilities granted to the Group (see Note 17).

3.4 Equipment subject to operating lease

The Group leases its temporary structural support equipment to third parties. Each of the lease typically runs for a period of less than 1 year.

The following are recognised in profit or loss:

Group	2023 RM'000	2022 RM'000
Rental income	15,620	10,443

3.5 Transfer to intangible assets

During the financial year ended 31 March 2023, a computer software previously recognised under computers, office equipment, furniture and fittings with a carrying amount of RM10,000 was reclassified to intangible assets.

3.6 Transfer to investment properties

In 2022, a freehold land and a building with carrying amounts of RM9,275,000 and RM4,556,000 respectively were transferred to investment properties because they were no longer used by the Group and have been leased to third parties.

4. Right-of-use-assets

Group	Note	Buildings RM'000
At 1 April 2021		7
Addition		5,554
Derecognition	4.2	(3,874)
Depreciation		(1,128)
At 31 March 2022/1 April 2022		559
Addition		103
Depreciation		(238)
At 31 March 2023		424

The Group leases buildings that run for a period of 2 to 3 years, with an option to renew the lease after that date.

4.1 Judgements and assumptions in relation to lease

The Group applied judgement and assumptions in determining the incremental borrowing rate of the lease. The Group first determined the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the lease.

4.2 Derecognition

On 31 January 2022 and 28 February 2022, right-of-use assets and lease liabilities of the Group with carrying amounts of RM3,874,000 and RM3,990,000 respectively were derecognised as the Group relocated its operation.

Notes to the Financial Statements

5. Investment properties

Group	Note	2023 RM'000	2022 RM'000
Cost			
At the beginning of the year		21,630	7,269
Additions		-	530
Transfer from property, plant and equipment	3	-	13,831
Transfer to asset classified as held for sale			
- Offset of accumulated depreciation		(1,511)	-
- Transfer of carrying amount	15	(2,320)	-
At the end of the year		17,799	21,630
Depreciation			
At the beginning of the year		1,795	1,669
Charge for the year		274	126
Offset of accumulated depreciation on property transferred to asset classified as held for sales		(1,511)	-
At the end of the year		558	1,795
Carrying amounts			
At the end of the year		17,241	19,835

Included in the investment properties are land and buildings amounting to RM13,790,000 (2022: RM16,307,000) that are leased to third parties. The lease contains an initial non-cancellable period of 1 to 2 years, with fixed monthly rental.

The Group's investment properties with carrying amount of RM13,819,000 (2022: RM16,339,000) are pledged to licensed banks as security for financing facilities granted to the Group (see Note 17).

The following are recognised in profit or loss in respect of investment properties:

Group	2023 RM'000	2022 RM'000
Rental income	3,114	1,097
Direct operating expenses on income generating investment properties	(695)	(22)
Direct operating expenses on non-income generating investment properties	(46)	(32)

5. Investment properties (continued)

The operating lease payments to be received are as follows:

Group	2023 RM'000	2022 RM'000
Less than one year	208	3,951
One to two years	-	3,507
Two to three years	-	2,520
	208	9,978

5.1 Fair value information

Fair value of investment properties is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Land and buildings	-	-	71,964	71,964
2022				
Land and buildings	-	-	93,152	93,152

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Fair values of investment properties have been generally derived using the sales comparison approach. In the sales comparison approach, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Valuation process applied by the Group for Level 3 fair value

The fair value of investment properties is determined by the Directors based on comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.

Notes to the Financial Statements

6. Intangible assets

Group	Note	Computer software RM'000
Cost		
At 1 April 2021		666
Additions		201
At 31 March 2022/1 April 2022		867
Additions		160
Transfer from property, plant and equipment	6.1	10
Write off		(181)
At 31 March 2023		856
Amortisation		
At 1 April 2021		110
Charge for the year		70
At 31 March 2022/1 April 2022		180
Charge for the year		129
Write off		(83)
At 31 March 2023		226
Carrying amounts		
At 1 April 2021		556
At 31 March 2022/1 April 2022		687
At 31 March 2023		630

6.1 Reclassification from property, plant and equipment

During the financial year ended 31 March 2023, a computer software previously recognised under computers, office equipment, furniture and fittings with a carrying amount of RM10,000 was reclassified to intangible assets.

7. Investments in subsidiaries

Company	Note	RM'000
At the date of incorporation on 13 April 2021		-
Cost of investments	7.1	189,637
At 31 March 2022/1 April 2022		189,637
Cost of investments	7.2	44,700
At 31 March 2023		234,337

7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
Syarikat Logam Untrade Sdn Bhd ("SLU")	Malaysia	Stockist, exporter, importer, wholesaler, distributor and supplier of building materials, plumbing engineering hardware and providing engineering services.	100	100
Ricwil (Malaysia) Sdn Bhd and its subsidiary ("Ricwil Group")	Malaysia	Assembling and manufacturing of construction and industrial requisites.	100	100
Untrade United Sdn Bhd ("Untrade United")	Malaysia	Sales and rental of temporary structural support equipment.	100	100
Untrade Sdn Bhd ("USB")	Malaysia	Buying, selling, renting and operating self-owned or leased non-residential buildings.	100	100

- 7.1 In 2022, the Company has undertaken a restructuring exercise and completed the acquisition of the entire equity interest in SLU, Ricwil Group and USB, for a purchase consideration of RM168,897,576, RM20,739,924 and RM2 respectively. The purchase consideration for the acquisitions of SLU and Ricwil Group was satisfied via issuance of 1,085,459,998 and 133,290,000 new ordinary shares of the Company respectively at an issue price of RM0.1556 per share, which was issued to the shareholders of SLU and Ricwil Group. The acquisition of USB was satisfied via a cash consideration of RM2.
- 7.2 During the financial year ended 31 March 2023, the Company subscribed for additional ordinary shares in its subsidiaries and the said purchase consideration was partially satisfied by capitalisation of the amount due from the subsidiaries.

	Company 2023 RM'000
Total consideration from subscription of shares	44,700
Less: Capitalisation of the amount due from subsidiaries	(15,200)
Net cash outflow	29,500

Notes to the Financial Statements

8. Other investments

Group	Note	Shares RM'000	Highly liquid investments with other financial institutions RM'000	Total RM'000
2023				
Non-current				
Fair value through other comprehensive income	8.1	41	-	41
Current				
Fair value through profit or loss		-	31,064	31,064
2022				
Non-current				
Fair value through other comprehensive income	8.1	41	-	41
Current				
Fair value through profit or loss		-	-	-
Company				
2023				
Current				
Fair value through profit or loss		-	31,064	31,064
2022				
Current				
Fair value through profit or loss		-	-	-

8.1 Equity investments designated at fair value through other comprehensive income

The Group designated the investments shown below as equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

Group	Shares		Total RM'000
	Unquoted RM'000	Quoted in Malaysia RM'000	
2023			
Non-current			
Fair value through other comprehensive income	16	25	41
Market value of quoted investments	-	25	25
2022			
Non-current			
Fair value through other comprehensive income	16	25	41
Market value of quoted investments	-	25	25

8. Other investments (continued)

8.2 Disposal

In 2022, the Group disposed the following investment which was carried at fair value through other comprehensive income.

Group	Fair value at derecognition RM'000	Loss on disposal RM'000
Corporate golf club and vacation club membership	30	9

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Asset		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment	-	-	(4,639)	(3,229)	(4,639)	(3,229)
Right-of-use of assets	-	-	(102)	(134)	(102)	(134)
Lease liabilities	104	137	-	-	104	137
Inventories	2,949	2,444	-	-	2,949	2,444
Provisions	1,008	1,052	-	-	1,008	1,052
Others	675	406	-	-	675	406
Tax assets/(liabilities)	4,736	4,039	(4,741)	(3,363)	(5)	676
Set off of tax	(1,326)	(1,258)	1,326	1,258	-	-
	3,410	2,781	(3,415)	(2,105)	(5)	676

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Movement in temporary differences during the year

Group	At 1.4.2021 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.3.2022/ 1.4.2022 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.3.2023 RM'000
Property, plant and equipment	(2,421)	(808)	(3,229)	(1,410)	(4,639)
Right-of-use of assets	(2)	(132)	(134)	32	(102)
Lease liabilities	2	135	137	(33)	104
Inventories	2,148	296	2,444	505	2,949
Provisions	1,716	(664)	1,052	(44)	1,008
Others	5	401	406	269	675
	1,448	(772)	676	(681)	(5)

Notes to the Financial Statements

10. Inventories

	Group	
	2023 RM'000	2022 RM'000
Raw materials	21,636	21,508
Finished goods	827	1,007
Trading goods	180,409	132,634
	202,872	155,149
<i>Recognised in profit or loss:</i>		
Inventories recognised as cost of sales	1,297,995	1,166,749
Write-down to net realisable value	4,592	1,762
Reversal of write-down	(84)	(147)

The write-down and reversal are included in cost of sales.

The determination of inventories written down to net realisable value involved a high degree of judgement as it involves estimating future selling prices and rate of obsolescence of the inventories.

11. Trade and other receivables

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade receivables		375,620	414,371	-	-
Less: Allowance for impairment losses		(22,851)	(20,658)	-	-
		352,769	393,713	-	-
Amounts due from a related party	11.1	3,547	511	-	-
		356,316	394,224	-	-
Non-trade					
Other receivables	11.2	20,736	27,086	-	-
Goods & services tax ("GST") receivable		520	520	-	-
Amount due from subsidiaries	11.3	-	-	19,328	4,863
Deposits		876	2,642	-	-
Prepayments		2,396	4,267	3	-
		24,528	34,515	19,331	4,863
		380,844	428,739	19,331	4,863

11.1 The trade amount due from a related party is subject to negotiated terms.

11.2 Included in other receivables of the Group are advance payments totaling RM18,664,000 (2022: RM26,214,000) paid to suppliers for procurement of materials.

11.3 The non-trade amounts due from the subsidiaries are unsecured, interest free and repayable on demand.

12 Derivative financial assets

Group	2023		2022	
	Nominal value RM'000	Assets RM'000	Nominal value RM'000	Assets RM'000
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	25,162	106	-	-

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currency of the Group entities. Forward exchange contracts entered into by the Group had maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

13. Deposits placed with licensed banks

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks	9,359	9,193	-	-

The fixed deposits placed with licensed banks are pledged as security for banking facilities granted to the Group (see Note 17).

14. Cash and cash equivalents

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	87,140	86,470	6,237	-

15. Asset classified as held for sale

Group	Note	2023 RM'000	2022 RM'000
Investment properties	5	2,320	-

Investment properties are presented as an asset held for sale following the commitment of the Group to sell a detached 3-storey office cum single story factory building for a total cash consideration of RM19,400,000.

The carrying value of investment properties are the same as its carrying value before it was being reclassified to current asset. The sales is expected to be completed by the end of financial year ending 31 March 2024.

Notes to the Financial Statements

16. Share capital, invested equity and merger reserve

16.1 Share capital

Group and Company	Note	Number of shares '000	Amount RM'000
Issued and fully paid shares with no par value classified as equity instruments:			
At date of incorporation		*	*
Issuance of shares under restructuring	31	1,250,000	194,500
At 31 March 2022/1 April 2022		1,250,000	194,500
Issuance of ordinary shares	31	312,500	100,000
Less: Share issuance expenses		-	(3,165)
At 31 March 2023		1,562,500	291,335

* Denotes RM2, comprising 2 ordinary shares.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

The new ordinary shares issued during the financial period rank equally in all respects with the existing shares of the Company.

16.2 Invested equity

Group	Note	Number of shares '000	Amount RM'000
Invested equity			
At 1 April 2021		5,500	5,000
Issuance of ordinary shares		10,300	10,300
Effect of restructuring	31	(15,800)	(15,300)
At 31 March 2022/1 April 2022/31 March 2023		-	-

Invested equity comprised the share capital of SLU, Ricwil Group and USB. In 2021, the Group increased its issued and paid-up ordinary shares by way of issuance of 10,300,000 renounceable bonus shares through the capitalisation of RM10,300,000 from the Group's retained earnings.

The amount was subsequently reversed against the merger reserve during the restructuring exercise as disclosed in Note 31 to the financial statements.

16.3 Merger reserve

The merger reserve comprises the difference between cost of investment recorded by the Company and the share capital of acquired entities in financial year ended 31 March 2022.

17. Loans and borrowings

Group	Note	Group	
		2023 RM'000	2022 RM'000
Non-current			
Term loans	17.1	28,740	29,103
Hire purchase liabilities	17.2	1,936	2,460
Revolving credit	17.3	87,064	84,109
		117,740	115,672
Current			
Term loans	17.1	2,185	1,706
Hire purchase liabilities	17.2	877	832
Revolving credit	17.3	17,429	19,051
Bankers' acceptances	17.4	347,095	390,599
Foreign currency trade financing	17.5	-	943
		367,586	413,131
		485,326	528,803

Reconciliation of movement of liabilities to cash flows arising from financing activities

Group Audited	Hire purchase liabilities RM'000	Term loans RM'000	Bankers' acceptances RM'000	Revolving credit RM'000	Foreign currency trade financing RM'000	Total liabilities from financing activities RM'000
At 1 April 2021	557	15,519	342,982	111,288	18,743	489,089
Net changes from financing cash flows	(371)	(847)	47,617	(8,128)	(17,800)	20,471
Acquisition of property, plant and equipment	3,106	16,137	-	-	-	19,243
At 31 March 2022/1 April 2022	3,292	30,809	390,599	103,160	943	528,803
Net changes from financing cash flows	(832)	(1,643)	(43,504)	1,333	(943)	(45,589)
Acquisition of property, plant and equipment	353	1,759	-	-	-	2,112
At 31 March 2023	2,813	30,925	347,095	104,493	-	485,326

17.1 Term loans

The term loans are secured by certain property, plant and equipment (Note 3), escrow account maintained with a licensed bank, a fixed and floating charge over all the present and future assets of Unitrade United and corporate guarantees issued by the Company.

The term loans are repayable in fixed principal instalments over 5 to 20 years, with monthly interest to be serviced separately based on prevailing rates.

Notes to the Financial Statements

17. Loans and borrowings (continued)

17.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments 2023 RM'000	Interest 2023 RM'000	Present value of minimum lease payments 2023 RM'000	Future minimum lease payments 2022 RM'000	Interest 2022 RM'000	Present value of minimum lease payments 2022 RM'000
Group						
Less than one year	1,007	(130)	877	987	(155)	832
Between one to five years	2,080	(144)	1,936	2,687	(227)	2,460
	3,087	(274)	2,813	3,674	(382)	3,292

Certain hire purchase liabilities are secured by corporate guarantees issued by the Company.

17.3 Revolving credits

The revolving credits are secured by certain property, plant and equipment (Note 3), deposit placed with licensed banks (Note 13), escrow account maintained with a licensed bank, a fixed and floating charge over all the present and future assets of Unitrade United and corporate guarantees issued by the Company.

17.4 Bankers' acceptances

The bankers' acceptances are secured by certain property, plant and equipment (Note 3), investment properties (Note 5), deposits placed with licensed banks (Note 13) and corporate guarantees issued by the Company.

17.5 Foreign currency trade financing

In 2022, the foreign currency trade financing was secured by certain property, plant and equipment (Note 3), deposits placed with licensed banks (Note 13) and were supported by joint and several guarantees by certain Directors of the Group.

Certain loans and borrowings that were previously secured by joint and several guarantees by certain Directors of the Group together with corporate guarantee by SLU and Ricwil Group were discharged and substituted by corporate guarantees issued by the Company.

18. Trade and other payables

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade payables		64,238	60,410	-	-
Supplier factoring facilities	18.1	22,014	29,993	-	-
Amount due to a related party	18.2	13	-	-	-
		86,265	90,403	-	-
Non-trade					
Other payables and accruals		13,105	22,242	55	50
Amount due to a subsidiary	18.3	-	-	-	152
		13,105	22,242	55	202
		99,370	112,645	55	202

18. Trade and other payables (continued)

18.1 Supplier factoring is an arrangement where the licensed bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group when the amount is due. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to the licensed bank before their due date. From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers.

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group.

18.2 The trade amount due to a related party is subject to negotiated terms.

18.3 The non-trade amount due to a subsidiary was unsecured, interest free and repayable on demand.

19. Revenue

Note	Group		Company	
	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Revenue from contracts with customers				
- Sale of goods	1,378,877	1,279,582	-	-
- Rendering of repair and maintenance services	180	177	-	-
	1,379,057	1,279,759	-	-
Other revenue:				
Rental of temporary structural support equipment	15,620	10,443	-	-
Dividend income from subsidiaries	-	-	13,023	-
Total revenue	1,394,677	1,290,202	13,023	-
Primary geographical markets:				
Malaysia	1,378,795	1,283,982	13,023	-
Overseas	15,882	6,220	-	-
	1,394,677	1,290,202	13,023	-
Timing and recognition				
Point in time	1,379,057	1,279,759	-	-

Notes to the Financial Statements

19. Revenue (continued)

19.1 Nature of goods and services

Nature of goods or services	Sale of goods	Rendering of repair and maintenance services
Timing of recognition or method used to recognise revenue	Revenue is recognised at point in time when the goods are delivered and accepted by the customers at their premises.	Revenue is recognised when the services are rendered.
Significant payment terms	Credit period up to 120 days from invoice date.	Credit period of 30 to 120 days from invoice date.
Variable element in consideration	Discount or incentives given to customers.	Discount given to customers.
Obligation for returns or refunds	Not applicable.	Not applicable.
Warranty	Not applicable.	Not applicable.

20. Finance income

	Group		Company	
	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- Deposits placed with licensed banks	904	382	295	-
- Deposits with other financial institution	535	268	390	-
- Amount due from subsidiaries	-	-	1,684	-
	1,439	650	2,369	-

21. Finance cost

	Group		Company	
	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Interest expense on:				
- bankers' acceptances	13,110	9,029	-	-
- hire purchase liabilities	155	50	-	-
- lease liabilities	19	156	-	-
- term loans	1,175	790	-	-
- revolving credit	3,330	2,523	-	-
- bank overdraft	67	87	-	-
- others	509	389	-	-
	18,365	13,024	-	-
Recognised in profit or loss	18,365	13,024	-	-
Interest expense capitalised into property, plant and equipment	-	543	-	-
	18,365	13,567	-	-

22. Tax expense

Recognised in profit or loss

	Group		Company	
	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Current tax expense				
Current year	5,022	14,675	461	-
Over provision in prior year	(406)	(330)	-	-
	4,616	14,345	461	-
Deferred tax expense				
Origination and reversal of temporary differences	846	264	-	-
(Over)/Under provision in prior year	(165)	508	-	-
	681	772	-	-
Total tax expense	5,297	15,117	461	-
Reconciliation of tax expense				
Profit/(Loss) before tax	20,694	58,383	12,883	(202)
Income tax using Malaysian tax rate of 24% (2022: 24%)	4,967	14,012	3,092	(48)
Effect of lower real property gains tax rate at 10%	-	(119)	-	-
Non-deductible expenses	1,029	1,110	588	48
Tax exempt income	(128)	(64)	(3,219)	-
	5,868	14,939	461	-
(Over)/Under provision in prior year				
- current tax expense	(406)	(330)	-	-
- deferred tax expense	(165)	508	-	-
	5,297	15,117	461	-

Notes to the Financial Statements

23. Profit/(Loss) for the year/period

		Group		Company	
	Note	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
Profit/(Loss) for the year/period is arrived at after charging/(crediting):					
Auditors' remuneration					
Audit fees					
- KPMG PLT					
- Statutory audit		208	188	50	40
Non-audit fees					
- KPMG PLT		10	320	10	10
- Local affiliates of KPMG PLT		30	102	4	4
Material expenses/(income)					
Depreciation of:					
- property, plant and equipment	3	9,468	6,179	-	-
- right-of-use assets	4	238	1,128	-	-
- investment properties	5	274	126	-	-
Amortisation of intangible assets	6	129	70	-	-
Impairment loss on inventories	10	4,592	1,762	-	-
Reversal of impairment loss on inventories	10	(84)	(147)	-	-
Initial public offering expenses	a	1,826	1,147	1,826	-
Write off of property, plant and equipment		170	1,010	-	-
Gain on disposal of:					
- property, plant and equipment		(1,340)	(815)	-	-
- assets classified as held for sale completed in FY2022		-	(1,545)	-	-
Loss on disposal of other investment		-	9	-	-
Unrealised foreign exchange (gain)/loss		(95)	10	-	-
Realised foreign exchange loss/(gain)		16	(74)	-	-
Late payment charges from trade receivables		(2,349)	(2,174)	-	-
Personnel expenses (including key management personnel)					
- Contributions to state plans		3,389	2,921	-	-
- Salaries, wages and others		25,182	21,766	74	-
Rental income	5	(3,114)	(1,097)	-	-
Expenses/(Income) arising from leases					
Expenses relating to short-term leases	b	-	449	-	-
Expenses relating to leases of low-value assets	b	40	4	-	-
Gain from termination of lease		-	(116)	-	-
Net loss on impairment of financial instruments					
Financial assets at amortised cost		2,193	6,565	-	-

23. Profit/(Loss) for the year/period (continued)

Note a

In 2022, the initial public offering expenses amounting to RM1,147,000 were borne by SLU.

Note b

The Group leases office and equipment with contract term of 1 year or less. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

24. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	2023	2022
Group		
Profit attributable to ordinary shareholders (RM'000)	15,397	43,207
Weighted average number of ordinary shares at year end ('000)	1,498,288 ⁽¹⁾	23,973 ⁽²⁾
Basic earnings per ordinary share (sen)	1.0	180.2

⁽¹⁾ The weighted average number of ordinary shares as at 31 March 2023 was arrived at after the public issue of 312,500,000 ordinary shares on 14 June 2022.

⁽²⁾ The weighted average number of ordinary shares as at 31 March 2022 was arrived at after the completion of restructuring exercise but before the public issue and issuance of 312,500,000 ordinary shares.

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

There were no potential dilution effects on ordinary shares of the Group for the current and previous financial year. Accordingly, the diluted earnings per ordinary share for the current and previous year are equal to the basic earnings per ordinary share.

Notes to the Financial Statements

25. Dividends

Dividends recognised by the Group:

	sen per share	Total RM'000	Date of payment
2023			
Company			
First and final 2022 single tier dividend	0.82	12,813	4 October 2022
2022			
SLU			
Special 2021 single tier dividend	702.97	24,604	1 April 2021
Ricwil Group			
First special interim single tier dividend	723.70	7,237	1 April 2021
Second special interim single tier dividend	430.00	4,300	21 June 2021
		11,537	
		36,141	

After the end of the reporting period, the following dividends was proposed by the Directors. The first and final single tier dividend will be recognised in the subsequent financial period upon approval by the owners of the Company at the forthcoming Annual General Meeting.

	sen per share	Total amount RM'000
First and final 2023 single tier dividend	0.30	4,619

26. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) and the Board of Directors reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Wholesale and distribution of building materials for mechanical and engineering ("M&E") works comprising pipes, valves, fittings and accessories, and civil works comprising reinforcement steel, structural steel and other building materials.
- Manufacturing and sale of pre-insulated pipes.
- Rental of temporary structural support equipment.

Other non-reportable segments comprise operations related to investment holding and leasing of properties. None of these segments met the quantitative thresholds for reporting segments in 2023 and 2022.

The accounting policies of the reportable segments are the same as described in Note 2(r).

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director and the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

26. Operating segments (continued)

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group Managing Director. Hence no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets, investment properties and intangible assets.

Group	Wholesale and distribution RM'000	Manufacturing RM'000	Rental RM'000	Other non-reportable segments RM'000	Total RM'000
2023					
Segment profit	31,039	9,552	9,992	(2,854)	47,729
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	1,345,146	34,430	15,101	-	1,394,677
Inter-segment revenue	35,094	3,178	699	13,023	51,994
Inventories written down	(4,592)	-	-	-	(4,592)
Reversal of inventories written down	84	-	-	-	84
<i>Not included in the measure of segment profit are:</i>					
Depreciation of:					
- property, plant and equipment	(3,533)	(174)	(5,761)	-	(9,468)
- right-of-use assets	(10)	(25)	(203)	-	(238)
- investment properties	(273)	(1)	-	-	(274)
Amortisation of intangible assets	(124)	-	(5)	-	(129)
Finance costs	(17,525)	(447)	(393)	-	(18,365)
Finance income	749	5	-	685	1,439
Segment assets	803,132	35,824	42,573	37,303	918,832
<i>Included in the measure of segment assets are:</i>					
Additions to non-current assets other than financial instruments and deferred tax assets*	4,348	281	12,193	-	16,822

* Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

Notes to the Financial Statements

26. Operating segments (continued)

Group	Wholesale and distribution RM'000	Manufacturing RM'000	Rental RM'000	Other non-reportable segments RM'000	Total RM'000
2022					
Segment profit	69,278	4,841	4,697	(556)	78,260
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	1,259,489	20,123	10,590	-	1,290,202
Inter-segment revenue	23,144	707	-	-	23,851
Inventories written down	(1,762)	-	-	-	(1,762)
Reversal of inventories written down	147	-	-	-	147
<i>Not included in the measure of segment profit are:</i>					
Depreciation of:					
- property, plant and equipment	(2,174)	(85)	(3,920)	-	(6,179)
- right-of-use assets	(617)	(400)	(111)	-	(1,128)
- investment properties	(126)	-	-	-	(126)
Amortisation of intangible assets	(64)	-	(6)	-	(70)
Finance costs	(12,340)	(261)	(423)	-	(13,024)
Finance income	646	4	-	-	650
Segment assets	814,118	29,535	34,894	812	879,359
<i>Included in the measure of segment assets are:</i>					
Additions to non-current assets other than financial instruments and deferred tax assets*	26,031	534	6,812	-	33,377

* Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets (after incorporating impact from derecognition during the financial year), investment properties and intangible assets.

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group	
	2023 RM'000	2022 RM'000
Profit or loss		
Total profit for reportable segments	50,583	78,816
Other non-reportable segments	(2,854)	(556)
Depreciation and amortisation	(10,109)	(7,503)
Finance income	1,439	650
Finance costs	(18,365)	(13,024)
Consolidated profit before tax	20,694	58,383

26. Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

	External revenue RM'000	Depreciation and amortisation RM'000	Finance income RM'000	Finance costs RM'000	Segment assets RM'000	Additions to non- current assets RM'000
2023						
Total reportable segments	1,394,677	(10,109)	754	(18,365)	881,529	16,822
Other non-reportable segments	-	-	685	-	37,303	-
Consolidated total	1,394,677	(10,109)	1,439	(18,365)	918,832	16,822
2022						
Total reportable segments	1,290,202	(7,503)	650	(13,024)	878,547	33,377
Other non-reportable segments	-	-	-	-	812	-
Consolidated total	1,290,202	(7,503)	650	(13,024)	879,359	33,377

Geographical segments

The Group operates primarily in Malaysia and as such, no geographical segment disclosures are made.

Major customers

There are no customers with revenue equal or more than 10% of the Group's total revenue.

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR")
- (c) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9

Notes to the Financial Statements

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000	Mandatorily at FVTPL RM'000
Group				
2023				
Financial assets				
Other investments	31,105	-	41	31,064
Derivative financial assets	106	-	-	106
Trade and other receivables*	377,928	377,928	-	-
Deposits placed with licensed banks	9,359	9,359	-	-
Cash and cash equivalents	87,140	87,140	-	-
	505,638	474,427	41	31,170
Financial liabilities				
Loan and borrowings	(485,326)	(485,326)	-	-
Trade and other payables	(99,370)	(99,370)	-	-
	(584,696)	(584,696)	-	-
Group				
2022				
Financial assets				
Other investments	41	-	41	-
Trade and other receivables*	423,952	423,952	-	-
Deposits placed with licensed banks	9,193	9,193	-	-
Cash and cash equivalents	86,470	86,470	-	-
	519,656	519,615	41	-
Financial liabilities				
Loan and borrowings	(528,803)	(528,803)	-	-
Trade and other payables	(112,645)	(112,645)	-	-
	(641,448)	(641,448)	-	-

* Exclude GST receivable and prepayments.

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000	Mandatorily at FVTPL RM'000
Company				
2023				
Financial assets				
Trade and other receivables^	19,328	19,328	-	-
Other investments	31,064	-	-	31,064
Cash and cash equivalents	6,237	6,237	-	-
	56,629	25,565	-	31,064
Financial liabilities				
Trade and other payables	(55)	(55)	-	-
2022				
Financial assets				
Trade and other receivables	4,863	4,863	-	-
Financial liabilities				
Trade and other payables	(202)	(202)	-	-

^ Exclude prepayments

27.2 Net gains and losses from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) on:				
Financial assets measured at amortised cost	1,204	(3,741)	1,684	-
Financial assets measured at FVTPL	641	-	685	-
Financial liabilities at measured at amortised cost	(18,517)	(12,804)	-	-
	(16,672)	(16,545)	2,369	-
Equity instruments designated at FVOCI	-	(9)	-	-
	(16,672)	(16,554)	2,369	-

27.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27. Financial instruments (continued)

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from amount due from subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually. Most of the trade receivables are secured by either personal guarantee from directors of its customers or corporate guarantees from its customers' related companies.

The exposures of credit risk for trade receivables as at the end of the current and previous reporting periods by geographic region was mainly domestic.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 120 days. The Group's debt recovery process is that above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team.

The Group uses an allowance matrix to measure ECLs of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to the probability of a receivable progressing through successive stages of delinquency to 90 days past due and by imputing expected delay that potentially will impact the Group.

Loss rates are based on actual credit loss experience over a period of one to three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Current (not past due)	243,153	(3)	243,150
1 - 30 days past due	5,603	(1)	5,602
31 - 60 days past due	68,991	(56)	68,935
61 - 90 days past due	20,508	(15)	20,493
	338,255	(75)	338,180
Credit impaired			
More than 90 days past due	20,045	(1,909)	18,136
Individually impaired	20,867	(20,867)	-
	379,167	(22,851)	356,316
2022			
Current (not past due)	305,914	(51)	305,863
1 - 30 days past due	13,048	(45)	13,003
31 - 60 days past due	46,501	(221)	46,280
61 - 90 days past due	5,793	(252)	5,541
	371,256	(569)	370,687
Credit impaired			
More than 90 days past due	27,193	(3,656)	23,537
Individually impaired	16,433	(16,433)	-
	414,882	(20,658)	394,224

There are trade receivables where the Group has not recognised any loss allowance although the debts have become past due and exceeded the credit terms granted to the debtors. The Directors are of the opinion that no allowance is necessary in respect of these receivables as there are no indications as of reporting date that the debtors will not meet their payment obligations within the next 12 months.

Notes to the Financial Statements

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of trade receivables during the period are shown below.

	Lifetime ECL RM'000	Credit impaired RM'000	Net balance RM'000
Group			
Balance at 1 April 2021	4,414	17,478	21,892
Amount written off	-	(7,799)	(7,799)
Net measurement of loss allowance	(189)	6,754	6,565
Balance at 31 March 2022/1 April 2022	4,225	16,433	20,658
Net measurement of loss allowance	(2,241)	4,434	2,193
Balance at 31 March 2023	1,984	20,867	22,851

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide performance guarantees to suppliers in respect of credit facilities granted to the subsidiaries. The Group and the Company monitor on an ongoing basis the results and repayment of the subsidiaries.

The Company also provides corporate guarantees to licensed banks in respect of credit facilities granted to the subsidiaries. The Company monitors on an ongoing basis the results and repayment of the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk for the Group consists of the performance guarantees given to suppliers amounting to RM15,316,000 (2022: RM1,616,000) as at the end of the reporting period.

The maximum exposure to credit risk for the Company as at the end of the report period consists of:

- (i) performance guarantees given to suppliers of a subsidiary amounting to RM13,700,000 (2022: Nil); and
- (ii) corporate guarantees given to licensed banks in respect of credit facilities granted to the subsidiaries of the Company amounting to RM419,377,000 (2022: Nil).

As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Cash and cash equivalents and deposits placed with licensed banks

The bank balances are held with banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Highly liquid investments with other financial institutions

These investments are held with licensed other financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

These licensed other financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from advance payment paid to suppliers for procurement of materials.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses as the materials procured are received subsequent to year end.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

Notes to the Financial Statements

27. Financial instruments (continued)

27.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
Company			
2023			
Low credit risk	19,328	-	19,328
2022			
Low credit risk	4,863	-	4,863

27.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2023							
<i>Non-derivative financial liabilities</i>							
Term loans	30,925	3.13 - 6.18	45,884	3,516	3,298	8,444	30,626
Bankers' acceptances	347,095	2.59 - 4.58	347,095	347,095	-	-	-
Hire purchase liabilities	2,813	2.08 - 9.39	3,087	1,007	845	1,235	-
Lease liabilities	434	3.96 - 5.30	461	240	164	57	-
Revolving credit	104,493	2.45 - 4.89	135,985	21,229	9,397	25,976	79,383
Trade and other payables	99,370	-	99,370	99,370	-	-	-
Financial guarantee	-	-	15,316	15,316	-	-	-
	585,130		647,198	487,773	13,704	35,712	110,009
<i>Derivative financial liabilities</i>							
<i>Forward exchange contracts (gross settled):</i>							
Inflow	(106)	-	(25,268)	(25,268)	-	-	-
Outflow	-	-	25,162	25,162	-	-	-
	585,024		647,092	487,667	13,704	35,712	110,009
2022							
<i>Non-derivative financial liabilities</i>							
Term loans	30,809	2.61 - 8.06	40,815	2,703	3,135	8,406	26,571
Bankers' acceptances	390,599	2.02 - 4.58	391,230	391,230	-	-	-
Hire purchase liabilities	3,292	2.08 - 9.39	3,674	987	923	1,764	-
Lease liabilities	571	3.75 - 5.30	608	249	207	152	-
Revolving credit	103,160	2.45 - 6.59	128,071	21,707	7,447	17,985	80,932
Foreign currency trade financing	943	1.10	946	946	-	-	-
Trade and other payables	112,645	-	112,645	112,645	-	-	-
Financial guarantee	-	-	1,616	1,616	-	-	-
	642,019		679,605	532,083	11,712	28,307	107,503
<i>Derivative financial liabilities</i>							
<i>Forward exchange contracts (gross settled):</i>							
Inflow	-	-	(13,817)	(13,817)	-	-	-
Outflow	-	-	13,786	13,786	-	-	-
	642,019		679,574	532,052	11,712	28,307	107,503

Notes to the Financial Statements

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2023							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	55	-	55	55	-	-	-
Financial guarantee	-	-	433,077	433,077	-	-	-
	55		433,132	433,132	-	-	-
2022							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	202	-	202	202	-	-	-

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's and the Company's financial position or cash flows.

27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, borrowings and cash and bank balances that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group's exposure to foreign currency risk is monitored on an ongoing basis and the Group will use forward exchange contracts to hedge its foreign currency risk when necessary. Forward exchange contracts, if any, would have maturities of less than one year. Where necessary, the forward contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period was:

Group	Denominated in USD	
	2023 RM'000	2022 RM'000
Cash and cash equivalents	2,900	1,342
Trade and other receivables	2,269	1,070
Trade and other payables	(4,539)	(2,591)
Foreign currency trade financing	-	(943)
Exposure in the statement of financial position	630	(1,122)

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2022: 10%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	2023 RM'000	2022 RM'000
USD	(48)	85

A 10% (2022: 10%) weakening of Ringgit Malaysia ("RM") against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's fixed rate borrowings, deposits placed with licensed banks and investments with other financial institutions are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings and other investments are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group monitors the fluctuation in market interest rate on an ongoing basis and only enters into agreement to obtain borrowings when it is absolutely necessary from banks that offer the most favourable interest rate.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group	
	2023 RM'000	2022 RM'000
Fixed rate instruments		
Financial assets	9,359	9,193
Financial liabilities	(351,156)	(395,534)
Lease liabilities	(434)	(571)
	(342,231)	(386,912)
Floating rate instruments		
Financial assets	31,064	-
Financial liabilities	(134,170)	(133,269)
	(103,106)	(133,269)

Notes to the Financial Statements

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group	Profit or loss			
	100 bp increase 2023 RM'000	100 bp decrease 2023 RM'000	100 bp increase 2022 RM'000	100 bp decrease 2022 RM'000
Floating rate instruments	(784)	784	(1,013)	1,013

27.7 Fair value information

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowing approximate their fair values due to the relatively short-term nature of these financial instruments.

27. Financial instruments (continued)

27.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Total carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2023										
Financial assets										
Other investments	25	31,064	16	31,105	-	-	-	-	31,105	31,105
Forward exchange contracts	-	106	-	106	-	-	-	-	106	106
	25	31,170	16	31,211	-	-	-	-	31,211	31,211
Financial liabilities										
Term loan	-	-	-	-	-	-	(30,244)	(30,244)	(30,244)	(30,925)
Hire purchase liabilities	-	-	-	-	-	-	(2,638)	(2,638)	(2,638)	(2,813)
Revolving credit	-	-	-	-	-	-	(102,368)	(102,368)	(102,368)	(104,493)
	-	-	-	-	-	-	(135,250)	(135,250)	(135,250)	(138,231)
2022										
Financial asset										
Other investment	25	-	16	41	-	-	-	-	41	41
Financial liabilities										
Term loan	-	-	-	-	-	-	(30,393)	(30,393)	(30,393)	(30,809)
Hire purchase liabilities	-	-	-	-	-	-	(2,923)	(2,923)	(2,923)	(3,292)
Revolving credit	-	-	-	-	-	-	(102,487)	(102,487)	(102,487)	(103,160)
	-	-	-	-	-	-	(135,803)	(135,803)	(135,803)	(137,261)
Company										
2023										
Other investments	-	31,064	-	31,064	-	-	-	-	31,064	31,064
2022										
Other investments	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements

27. Financial instruments (continued)

27.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

The fair value of quoted shares is derived from quoted price (unadjusted) by reference to the stock exchange which they are listed on.

Level 2 fair value

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Fair value of highly liquid investments with other financial institutions is calculated based on the net assets value of the highly liquid investments as advised by the other financial institutions.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year and previous year.

Level 3 fair value

Fair values within Level 3 are determined based on the discounted cash flows valuation technique using a rate based on the current market rate of borrowings of the respective Group entities at the reporting date.

28. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

The debt-to-equity ratios at 31 March 2023 and at 31 March 2022 were as follows:

Group	Note	2023 RM'000	2022 RM'000
Total borrowings	17	485,326	528,803
Lease liabilities		434	571
Less: Cash and cash equivalents	14	(87,140)	(86,470)
Net debt		398,620	442,904
Total equity attributable to owners of the Company		329,771	230,352
Debt-to-equity ratio (times)		1.2	1.9

There were no changes in the Group's approach to capital management during the financial year.

Certain subsidiaries are required to comply with various financial covenants, failing which, the banks may call an event of default. These subsidiaries have complied with these covenants at the end of the reporting period.

29. Capital commitment

	Group	
	2023 RM'000	2022 RM'000
Plant and equipment		
Contracted but not provided for	1,983	3,332

30. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors and certain members of senior management of the Group.

The Group has related party relationship with companies in which a Director has financial interest, subsidiaries and key management personnel.

Notes to the Financial Statements

30. Related parties (continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 18.

	Group		Company	
	Year ended 31.3.2023 RM'000	Year ended 31.3.2022 RM'000	Year ended 31.3.2023 RM'000	13.4.2021 to 31.3.2022 RM'000
A. Company in which certain Director has significant influence				
Sales	4,961	973	-	-
Purchase of goods	(117)	(600)	-	-
Purchase of equipment and services	-	(2,532)	-	-
B. Subsidiaries				
Interest income	-	-	1,684	-
Net advances to	-	-	(12,781)	(4,863)
C. Key management personnel				
Directors' emoluments				
Company's Directors				
Fees	192	112	192	112
Remuneration	6,316	4,937	28	4
Benefit-in-kind	68	56	-	-
	6,576	5,105	220	116
Rental expenses	-	925	-	-
Disposal of assets held for sale	-	4,300	-	-
	6,576	10,330	220	116
Subsidiaries' directors				
Remuneration	2,566	1,664	-	-
Benefit-in-kind	24	16	-	-
	2,590	1,680	-	-
Other key management personnel:				
Remuneration	2,420	3,062	-	-
Benefit-in-kind	23	23	-	-
	2,443	3,085	-	-

Other key management personnel comprise persons other than the directors of the Company and subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

31. Significant events

2023

In conjunction with and as an integral part of the listing of the Company's on ACE Market of Bursa Malaysia Securities, the following listing scheme was undertaken by the Company:

- (i) Public issue of 312,500,000 new ordinary shares in the Company at an issue price of RM0.32 per share ("IPO Price") allocated in the following manner:
 - 78,125,000 new shares available for application by the Malaysian Public;
 - 63,500,000 new shares available for applicable by the eligible directors and employees as well as persons who have contributed to the success of the Company;
 - 117,187,500 new shares by way of private placement to Bumiputera investors approved by Ministry of International Trade and Industry of Malaysia; and
 - 53,687,500 new shares by way of private placement to selected investors.
- (ii) Offer for sale of 125,000,000 existing shares in the following manner:
 - 78,125,000 existing shares by way of private placement to Bumiputera investors approved by Ministry of International Trade and Industry of Malaysia; and
 - 46,875,000 existing shares by way of private placement to selected investors.

The Company's entire enlarged issued and paid-up share capital comprising 1,562,500,000 ordinary shares were listed on the ACE Market of Bursa Malaysia Securities Berhad on 14 June 2022.

2022

a. Incorporation

The Company was incorporated on 13 April 2021 as a private limited liability company under the name of Unitrade Industries Sdn Bhd. On 15 September 2021, the Company was converted to a public limited company under the name of Unitrade Industries Berhad.

b. Restructuring exercise

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities, the following listing scheme was undertaken by the Company:

Acquisition of SLU, Ricwil Group and USB

On 9 September 2021, the Company entered into conditional share sale agreements to acquire the entire issued share capital of SLU, Ricwil Group and USB for a purchase consideration of RM168,897,576, RM20,739,924 and RM2 respectively. The purchase consideration for the acquisitions of SLU and Ricwil Group was satisfied via issuance of 1,085,459,998 and 133,290,000 new ordinary shares of the Company respectively at an issue price of RM0.1556 per share, which was issued to the shareholders of SLU and Ricwil Group on 25 March 2022.

The acquisition of USB was satisfied via a cash consideration of RM2 on 26 March 2022.

For the purpose of accounting for the restructuring exercise, the Group has applied book value accounting on the basis that the restructuring exercise does not constitute a business combination to which acquisition accounting can be applied. Under book value accounting, the difference between cost of investment recorded by the Company and the share capital of SLU, Ricwil Group and USB is accounted for as merger reserve.

Acquisition of non-controlling interests in Unitrade United

On 21 February 2022, Ricwil (Malaysia) Sdn Bhd entered into a conditional share sale and purchase agreement for the acquisition of 400,000 ordinary shares in Unitrade United, representing the remaining 40% interest in Unitrade United from its existing shareholders for a purchase consideration of RM4,862,500. The purchase consideration was satisfied via the issuance of 31,250,000 new ordinary shares of the Company at an issue price of RM0.1556 per share, which was issued to the existing shareholders of Unitrade United on 25 March 2022.

The transaction was completed on 25 March 2022.

Notes to the Financial Statements

32. Subsequent events

a. Acquisition of land

On 26 May 2023, the Group entered into a sale and purchase agreement with United Jaya Sdn Bhd to acquire a piece of agricultural land held under individual title PM 8227, Lot 14806, Tempat Telok Gong, Mukim Klang, Daerah Klang, Negeri Selangor with the lease expiring on 29 June 2069, measuring approximately 0.9057 hectare in area for a total consideration of RM4,500,000 including a deposit of RM500,000. Payment of deposit was settled on 31 May 2023.

The acquisition is expected to be completed by the end of financial year ending 31 March 2024.

b. Acquisition of UU Equipment Sdn Bhd

On 29 May 2023, the Group acquired the entire share capital of UU Equipment Sdn Bhd for RM2, satisfied in cash.

c. Acquisition of interest in Winnson Marketing Sdn Bhd

In July 2023, the Company entered into a Share Sale Agreement ("SSA") to acquire 60% equity interest in Winnson Marketing Sdn Bhd for a cash consideration of RM2.16 million.

The acquisition is expected to be completed by the end of financial year ending 31 March 2024.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 97 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2023 and of the financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Sim Keng Chor
Director

Nomis Sim Siang Leng
Director

Shah Alam

Date: 26 July 2023

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Koh Sui Ming**, the Officer primarily responsible for the financial management of Unitrade Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 97 to 160 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Koh Sui Ming, NRIC: 691006-04-5353, MIA: CA 9352, at Shah Alam in the State of Selangor on 26 July 2023.

Koh Sui Ming

Before me:

KAPT(B) Hj. Saibani Bin Hj. Adnan
Commissioner for Oaths

Selangor, Malaysia
26 July 2023

Independent Auditors' Report

to the Members of Unitrade Industries Berhad
(Registration No: 202101013724 (1414023-X))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Unitrade Industries Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 97 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for the current year and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of trade receivables	
Refer to Note 1(d) Basis of preparation: Use of estimates and judgements, Note 2(k)(i) - Significant accounting policy: Impairment, Note 11 - Trade and other receivables and Note 27.4 - Financial Instruments - Credit risk - Trade receivables.	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 March 2023, the trade receivables of the Group amounted to RM356.3 million. The Group has significant trade receivables, which comprised of a high volume of individual customers. Some of these individual customers have long outstanding debts, leading to the increase in credit risk exposure in the financial statements. These factors heightened the risk over the recoverability of the Group's trade receivables.</p> <p>Valuation of trade receivables is identified as a key audit matter because it requires the Group to exercise significant judgement and estimation in assessing the recoverability of the trade receivables.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none">Assessed the Group's credit evaluation, control and monitoring processes by evaluating the design and implementation of control over the allowance for impairment loss on trade receivables and monitoring of credit limit;Tested the invoices to their respective age bracket to ascertain the accuracy of trade receivables ageing on a sample basis;Assessed the recoverability of trade receivables by testing the receipts of cash after year end and considering the historical trend of payments and bad debts record for debts deemed doubtful on a sample basis; andChallenged the key assumptions applied in determining the allowance for impairment loss on trade receivables by taking into account the historical trend of recoverability of the trade receivables within the Group.

Key Audit Matters (continued)

Valuation of trade receivables (continued)	
Refer to Note 1(d) Basis of preparation: Use of estimates and judgements, Note 2(k)(i) - Significant accounting policy: Impairment, Note 11 – Trade and other receivables and Note 27.4 – Financial Instruments - Credit risk - Trade receivables.	
The key audit matter	How the matter was addressed in our audit
	<p>For expected credit loss of trade receivables:</p> <ul style="list-style-type: none"> • Evaluated the judgements and assumptions made by the Group in making the estimate; • Evaluated the completeness, relevance, reliability and accuracy of source data used in making the estimate; • Assessed the adequacy of the expected credit loss on trade receivables by comparing our expectations against the loss allowance made by Group; and • Assessed the adequacy of Group's disclosure on expected credit loss and relevant credit risks of trade receivables.
Valuation of inventories	
Refer to Note 1(d) Basis of preparation: Use of estimates and judgements, Note 2(h) - Significant accounting policy: Inventories and Note 10 – Inventories.	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 March 2023, the inventories of the Group amounted to RM202.9 million.</p> <p>Valuation of inventories is identified as a key audit matter due to the significance of the balance and the level of judgement required to determine the net realisable value as it involved estimating future selling prices and rate of obsolescence of inventories in assessing the amount of impairment needed to record the value of the inventories at the lower of cost and net realisable value and inventories that were slow moving.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • Evaluated the completeness, accuracy and relevance of data used by the Group for allowance for inventory written down; • Evaluated the method used by the Group to calculate allowance for inventory write down; • Compared on a sample basis, the carrying amount of inventories against net realisable value determined based on sales transaction subsequent to year end to check that the inventories were measured at the lower of cost and net realisable value; and • Assessed inventory movement to identify potential slow-moving inventories and evaluated the adequacy of allowance for inventory write down provided by the Group.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

to the Members of Unitrade Industries Berhad
(Registration No: 202101013724 (1414023-X))
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group for the current year and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 26 July 2023

Lam Shuh Siang
Approval Number: 03045/02/2025 J
Chartered Accountant

Analysis of Shareholdings

as at 30 June 2023

Total Number of Issued Shares : 1,562,500,000
 Class of Shares : Ordinary shares
 Voting Rights : One vote for each ordinary share held
 Number of Holders : 4,029

Distribution of Shareholding as at 30 June 2023

Size of Holdings	No. of Holders	%	No. of Shares	%
1 to 99	3	0.074	150	0.000
100 to 1,000	929	23.058	430,000	0.028
1,001 to 10,000	1,223	30.355	7,753,750	0.496
10,001 to 100,000	1,501	37.255	58,367,900	3.736
100,001 to 78,124,999*	371	9.208	547,121,200	35.016
78,125,000 and above**	2	0.050	948,827,000	60.725
Total	4,029	100	1,562,500,000	100

* Less than 5% of issued shares

** 5% and above of issued shares

Substantial Shareholders Shareholdings as 30 June 2023

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Unitrade SAS Sdn Bhd	788,654,000	50.474	-	-
Sim Keng Chor	168,173,000	10.763	858,932,000*	54.972
Teh Beng Khim	70,278,000	4.498	956,827,000*	61.237

* Deemed interest pursuant to Section 8 and Section 59 (11) (c) of the Act

Directors' Shareholdings as at 30 June 2023

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Abdul Majit Bin Ahmad Khan	200,000	0.013	-	-
Dato' Lok Bah Bah @ Loh Yeow Boo	150,000	0.010	-	-
Nomis Sim Siang Leng	39,987,000	2.559	-	-
Sim Keng Chor	168,173,000	10.763	858,932,000*	54.972
Simson Sim Xian Zhi	32,858,000	2.103	-	-
Cynthia Toh Mei Lee	200,000	0.013	-	-
Ong Soo Chan	200,000	0.013	-	-
Datin Shivajini Sathya Seelan#	-	-	-	-

* Deemed interest pursuant to Section 8 and Section 59 (11) (c) of the Act

Appointed as Independent Non-Executive Director of the Company on 14 June 2023

Top 30 Holders as at 30 June 2023

No.	Name	Holdings	%
1	UNITRADE SAS SDN BHD	788,654,000	50.474
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SIM KENG CHOR (PB)	160,173,000	10.251
3	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH BENG KHIM (MY3941)	40,158,666	2.570
4	TEH BENG KHIM	30,119,334	1.928
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NOMIS SIM SIANG LENG (SMART)	22,849,666	1.462
6	SU MING YAW	20,000,000	1.280
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	19,790,900	1.267
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	19,000,000	1.216
9	NOMIS SIM SIANG LENG	17,137,334	1.097
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD SIMSON SIM XIAN ZHI (12022241)	17,137,000	1.097
11	LIEW KANG LEONG	10,300,000	0.659
12	LEONG KOK HOU	10,005,000	0.640
13	MYCRON STEEL BERHAD	10,000,000	0.640
14	TEH POH GUAN	10,000,000	0.640
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIMSON SIM XIAN ZHI (7004419)	8,721,000	0.558
16	YL EMINENT SDN BHD	8,300,000	0.531
17	W T STEEL SDN BHD	7,831,300	0.501
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR SIMSON SIM XIAN ZHI (12022241) (443279)	7,000,000	0.448
19	TAN WEI BEOH	6,783,100	0.434
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROSHAN A/L MAHENDRAN	6,500,000	0.416
21	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG TSE FUI	6,280,000	0.402
22	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW SIONG KEAT (CHE2692C)	5,873,800	0.376
23	YEO WEE MENG	5,402,900	0.346
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR TAN WEI LUN (12022648) (444654)	5,200,000	0.333
25	TAN YIK BOR	5,160,500	0.330
26	TAY AH HENG	5,060,000	0.324
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD	5,000,000	0.320
28	SIM AIK CHOR	5,000,000	0.320
29	SINTARI VENTURE SDN BHD	4,711,900	0.302
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHEW HUAT (E-SPG)	4,500,000	0.288

List of Properties

No.	Location	Existing Use	Tenure	Land Area/ Built-up Area (sq ft)	Approximate Age of Building	Net Book Value as at 31 March 2023 (RM'000)	Date of Acquisition (A)
(a)	Freehold Industrial Land and Buildings No. 2, Jalan Astaka U8/87, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	<ul style="list-style-type: none"> • Headquarters of the Group (4-storey) • Factory (1-storey) • Open shed warehouse (1-storey) • Open shed warehouse (1-storey with mezzanine office) • Warehouse (1-storey with mezzanine office) 	Freehold	529,703/ 327,171	0-20 years	134,032	9 July 2019 (A)
(b)	Freehold Industrial Land and Building No. 1, Jalan Tiang U8/92, Section U8, Bukit Jelutong Industrial Park, Shah Alam	Vacant (3-storey building with enclosed warehouse and open sided warehouse)	Freehold	231,887/ 143,864	18 years	13,693	22 July 2004 (A)
(c)	Freehold Industrial Land and Building⁽¹⁾ No. 2, Jalan Pemaju U1/15, Section U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor	Rented out (3-storey building with detached warehouse)	Freehold	51,602/ 27,055	29 years	2,320	9 August 1993 (A)
(d)	Ilham Apartment No. 24-13-05, Tingkat 13, Blok 24, Jalan U2/1, Pangsapuri Ilham, Taman TTDI Jaya, Seksyen U2, 40150 Shah Alam	Workers' accommodation	Freehold	Not applicable/ 786	17 years	58	20 May 2005 (A)
(e)	Ilham Apartment No. 26-15-3, Tingkat 15, Blok 26, Jalan U2/1, Pangsapuri Ilham, Taman TTDI Jaya, Seksyen U2, 40150 Shah Alam	Workers' accommodation	Freehold	Not applicable/ 786	14 years	56	1 July 2008 (A)

No.	Location	Existing Use	Tenure	Land Area/ Built-up Area (sq ft)	Approximate Age of Building	Net Book Value as at 31 March 2023 (RM'000)	Date of Acquisition (A)
(f)	Ilham Apartment No. 24-12-2, Tingkat 12, Blok 24, Jalan U2/1, Pangsapuri Ilham, Taman TTDI Jaya, Seksyen U2, 40150 Shah Alam	Workers' accommodation	Freehold	Not applicable/ 786	17 years	58	26 April 2005 (A)
(g)	St.Regis Condominium No. 26-7, Level 26, St Regis, The Residence, No.6, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 WP Kuala Lumpur	Vacant	Freehold	Not applicable/ 1,541	5 years	2,806	30 March 2018 (A)
(h)	Forest City Service Apartment C-22-10, Laman Perkasa, Jalan Forest City 5, Pulau Satu, Forest City, 81550, Gelang Patah Johor	Vacant	Freehold	Not applicable/ 517	4 years	519	29 March 2022 (A)
(i)	Medium Cost Town House 2-02-12, Jalan Sigma U6/14, Seksyen U6, Taman Subang Permata, 40150, Shah Alam Selangor	Rented out (3-storey)	Leasehold for 99 years, expiring on 21 August 2105	Not applicable/ 833	10 years	97	28 March 2013 (A)
(j)	Taman Mesra Terrance House 8, Jalan Mesra 7, Taman Mesra, Batu 3, Seksyen U1, 40000 Shah Alam Selangor	Vacant (2-storey)	Freehold	1,040/ 1,120	23 years	172	18 December 2000 (A)

Note:

⁽¹⁾ Asset held for sale

Notice of 2nd Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting ("2nd AGM") of Unitrade Industries Berhad ("Unitrade" or "Company") will be conducted virtually at Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 7 September 2023 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if though fit, passing with or without modifications, the following resolutions set out in this Notice:-

AGENDA

As Ordinary Business

- | | |
|---|-------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to Note 1 |
| 2. To approve the payment of a first and final single tier dividend of 0.30 sen per ordinary share in respect of the financial year ended 31 March 2023. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors' fees to the Non-Executive Directors of the Company for the period from the date of the forthcoming Annual General Meeting ("AGM") until the conclusion of the next AGM of the Company:- | |
| (a) Director's fee of RM5,000 per month to Dato' Abdul Majit Bin Ahmad Khan | Ordinary Resolution 2 |
| (b) Director's fee of RM5,000 per month to Dato' Lok Bah Bah @ Loh Yeow Boo | Ordinary Resolution 3 |
| (c) Director's fee of RM5,000 per month to Ms. Cynthia Toh Mei Lee | Ordinary Resolution 4 |
| (d) Director's fee of RM5,000 per month to Ms. Ong Soo Chan | Ordinary Resolution 5 |
| 4. To approve the payment of Directors' fees to Datin Shivajini Sathya Seelan:- | Ordinary Resolution 6 |
| (a) RM4,000 per month for the period from 14 June 2023 until 6 September 2023; and | |
| (b) RM5,000 per month for the period from the date of the forthcoming AGM until the conclusion of the next AGM. | |
| 5. To approve the payment of the meeting allowance of RM1,000 per meeting day for the Non-Executive Directors for the period from the date of the forthcoming AGM until the conclusion of the next AGM of the Company. | Ordinary Resolution 7 |
| 6. To re-elect the following Directors who retire by rotation in accordance with Clause 134 of the Constitution of the Company and being eligible, have offered themselves for re-election: | |
| (a) Dato' Abdul Majit Bin Ahmad Khan | Ordinary Resolution 8 |
| (b) Mr. Sim Keng Chor | Ordinary Resolution 9 |
| 7. To re-elect Datin Shivajini Sathya Seelan who retire in accordance with Clause 119 of the Constitution of the Company and being eligible, has offered herself for re-election. | Ordinary Resolution 10 |
| 8. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 11 |

As Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

- | | |
|---|-------------------------------|
| 9. Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares | |
| "THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance. | Ordinary Resolution 12 |

THAT in connection with the above, pursuant to Section 85 of the Act and Clause 65 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares pursuant to this mandate by the Company, with such waiver resulting in a dilution to their shareholding percentage in the Company and the Board is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

10. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders Mandate for Additional 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 particulars which are set out in Section 2.4 and with the specified classes of related parties as specified in Section 2.4 of the Circular to Shareholders dated 28 July 2023, provided that:

Ordinary Resolution 13

- (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 conferred shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the mandate will lapse, 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 of the Company is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but will 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 resolution passed by the shareholders in general meeting,

whichever is the earlier.

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

Any Other Business

- 11.** To transact any other business that may be transacted at the 2nd AGM of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

Notice of 2nd Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 2nd AGM, a first and final single tier dividend of 0.30 sen per ordinary share in respect of the financial year ended 31 March 2023 will be paid on 6 October 2023 to Depositors whose names appear in the Record of Depositors at the close of business on 21 September 2023.

A depositor shall qualify for entitlement to the dividend only in respect of the following:-

- (a) Shares transferred into the Depositor's Securities Account on or before 4.30 p.m. on 21 September 2023 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA7009143) (SSM PC No.: 202008001023)
TAN AI NING (MAICSA7015852) (SSM PC No.: 202008000067)
NELSON FOO CHEAN EE (MAICSA7070316) (SSM PC No.: 202008003986)
COMPANY SECRETARIES

SELANGOR DARUL EHSAN
28 JULY 2023

Explanatory Notes

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders. Hence, this item is not put forward for voting.

(B) Ordinary Resolution 2 to 7 – Payment of Directors' fees and Meeting Allowance to Non-Executive Directors

Section 230(1) of the Act provides amongst others, that the Directors' fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at this 2nd AGM on the Directors' remuneration in six (6) separate resolutions as below:-

- Ordinary Resolutions 2 to 5 on payment of Directors' fees to the Non-Executive Directors for the period from the date of the forthcoming AGM until the conclusion of the next AGM of the Company.
- Ordinary Resolution 6 on payment of Directors' fees to Datin Shivajini Sathya Seelan
- Ordinary Resolution 7 on payment of the meeting allowance for the Non-Executive Directors

Directors' Fees

During a review in 2023, the Board, at the recommendation of the Remuneration Committee, agreed that the Directors' fees to the Non-Executive Directors shall be revised from RM4,000 per month to RM5,000 per month, subject to shareholders' approval at this 2nd AGM.

Meeting Allowance

There is no revision to the proposed meeting allowance for the Non-Executive Directors since the preceding financial year. The total estimated amount of Directors' meeting allowance is calculated based on the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these Meetings.

Any Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolutions 2 to 7 concerning remuneration to the Non-Executive Directors at the 2nd AGM.

(C) Ordinary Resolution 8 to 10 – Re-election of Directors

Pursuant to Malaysian Code of Corporate Governance 2021, the profiles of the Directors who are standing for re-election as per Agenda item no. 6 and 7 are set out in the Board of Directors' profile of the Annual Report 2023.

The Nomination Committee ("NC") has considered the performance and contribution of each of the retiring Directors for seeking re-election. In addition, the NC has also conducted an assessment on the fitness and propriety of the retiring Directors including the review of their fit and proper declarations in accordance with the Directors' Fit and Proper Policy. The said retiring Directors have abstained from deliberations and decision on their own eligibility and sustainability to stand for re-election. Based on the recommendation of the NC, the Board is satisfied with the performance and contributions of the retiring Directors' and supports their re-election based on the following justifications:-

Ordinary Resolution 8 – Re-election of Dato' Abdul Majit Bin Ahmad Khan as Independent Non-Executive Chairman

1. Dato' Abdul Majit Bin Ahmad Khan fulfils the requirements of independence set out in the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") as well as the Malaysian Code on Corporate Governance. He has demonstrated his independence through his engagement in the meetings by proactively giving valuable insights to the Management in developing the Group's business strategies.
2. He also exercised his due care and carried out his professional duties proficiently during his tenure as an Independent Non-Executive Chairman of the Company.

Ordinary Resolution 9 – Re-election of Mr. Sim Keng Chor as Executive Vice Chairman

1. Mr. Sim Keng Chor shows exemplary leadership in building the business and creating value for the Group, he has contributed significantly to the Group by providing valuable inputs and steered the Group forward in the past years with notable achievements during his tenure as an Executive Vice Chairman of the Company.
2. He also exercised his due care and carried out his professional duties proficiently during his tenure as an Executive Chairman of the Company.

Ordinary Resolution 10 – Re-election of Datin Shivajini Sathya Seelan as Independent Non-Executive Director

1. Datin Shivajini Sathya Seelan fulfils the requirements of independence set out in the AMLR of Bursa Securities as well as the Malaysian Code on Corporate Governance. She has demonstrated her independence through her engagement in the meetings by proactively giving valuable insights to the Management in developing the Group's business strategies.
2. She also exercised her due care and carried out her professional duties proficiently during her tenure as an Independent Non-Executive Director of the Company.

(D) Ordinary Resolution 12 – Authority pursuant to Section 76 of the Act for the Directors to Allot and Issue Shares

The Company had, during its 1st AGM held on 1 September 2022, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As of the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 12 proposed under item 9 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, serves as a measure to meet the Company's immediate working capital needs in the short term without relying on conventional debt financing (which result in higher finance costs to be incurred) for the purpose of funding investment project(s), working capital and/or acquisition(s). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

Notice of 2nd Annual General Meeting

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 65 of the Constitution of the Company will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

(E) Ordinary Resolution 13 – Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

For further information on Ordinary Resolution 13, please refer to the Circular to Shareholders dated 28 July 2023 accompanying the Annual Report of the Company for the financial year ended 31 March 2023.

Notes:

1. The 2nd AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting (“RPEV”) facilities to be provided by Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. Please refer to the Administrative Guide for Shareholders for the 2nd AGM on the procedures to register, participate and vote remotely via the RPEV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which specifies that the Chairman of the Meeting shall be present at the main venue of the 2nd AGM and is in accordance with Clause 74 of the Company’s Constitution which allows a meeting of members to be held at more than one (1) venue, using any technology or method so that all members of the Company can participate and be able to exercise their rights to participate and vote at the general meeting. No shareholders or proxy from the public should be physically present nor admitted at the Broadcast Venue on the day of the 2nd AGM.
3. Members may submit questions relating to resolutions to be tabled at the 2nd AGM or financial performance/prospect of the Company to the Board via Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> no later than 10.00 a.m. on Tuesday, 5 September 2023. Alternatively, members may transmit questions via real time submission of typed texts via RPEV facilities during the live streaming of the 2nd AGM.
4. A member of the Company entitled to attend and vote at the 2nd AGM is entitled to appoint proxy(ies) to attend and vote in his instead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
5. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly authorised.

8. The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, 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 48 hours before the time appointed for holding the meeting or adjourned meeting. Alternatively, the instrument appointing a proxy may be electronically submitted to Boardroom Share Registrars Sdn Bhd via Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for further information on electronic submission of Proxy Forms.
9. Pursuant to Rule 8.31A of the AMLR of Bursa Securities, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
10. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 25 August 2023 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend and vote at this meeting and entitled to appoint proxy or proxies.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Proxy Form



UNITRADE

UNITRADE INDUSTRIES BERHAD

(Registration No.: 202101013724 (1414023-X))

(Incorporated in Malaysia)

No. of Shares held	
CDS Account No.	

I/We* _____ (full name of shareholder, in capital letters) NRIC No./Passport No./Company No.*)

_____ of _____

_____ (full address) telephone no. _____

and email address _____ being a member/members* of UNITRADE INDUSTRIES BERHAD hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

and/ or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Second Annual General Meeting of the Company to be conducted virtually at Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 7 September 2023 at 10.00 a.m. or at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

No.	RESOLUTION		FOR	AGAINST
1.	To approve the payment of a first and final single tier dividend of 0.30 sen per ordinary share in respect of the financial year ended 31 March 2023.	Ordinary Resolution 1		
2.	To approve the payment of Directors' fees of RM5,000 per month to Dato' Abdul Majit Bin Ahmad Khan for the period from the date of the forthcoming Annual General Meeting ("AGM") until the conclusion of the next AGM of the Company.	Ordinary Resolution 2		
3.	To approve the payment of Directors' fees of RM5,000 per month to Dato' Lok Bah Bah @ Loh Yeow Boo for the period from the date of the forthcoming AGM until the conclusion of the next AGM of the Company.	Ordinary Resolution 3		
4.	To approve the payment of Directors' fees of RM5,000 per month to Ms. Cynthia Toh Mei Lee for the period from the date of the forthcoming AGM until the conclusion of the next AGM of the Company.	Ordinary Resolution 4		
5.	To approve the payment of Directors' fees of RM5,000 per month to Ms. Ong Soo Chan for the period from the date of the forthcoming AGM until the conclusion of the next AGM of the Company.	Ordinary Resolution 5		
6.	To approve the payment of Directors' fees to Datin Shivajini Sathya Seelan:- (a) RM4,000 per month for the period from 14 June 2023 until 6 September 2023; and (b) RM5,000 per month for the period from the date of the forthcoming AGM until the conclusion of the next AGM.	Ordinary Resolution 6		
7.	To approve the payment of the meeting allowance of RM1,000 per meeting day for the Non-Executive Directors for the period from the date of the forthcoming AGM until the conclusion of the next AGM of the Company.	Ordinary Resolution 7		
8.	To re-elect Dato' Abdul Majit Bin Ahmad Khan as Director.	Ordinary Resolution 8		
9.	To re-elect Mr. Sim Keng Chor as Director.	Ordinary Resolution 9		
10.	To re-elect Datin Shivajini Sathya Seelan as Director.	Ordinary Resolution 10		
11.	To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 11		
12.	To approve the authority pursuant to Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 12		
13.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 13		

*Strike out whichever is not desired.

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Signature/Common Seal of Member/(s) _____

Number of shares held : _____

Date : _____

Notes:

1. The 2nd Annual General Meeting ("2nd AGM") of the Company will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities to be provided by Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. Please refer to the Administrative Guide for Shareholders for the 2nd AGM on the procedures to register, participate and vote remotely via the RPEV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which specifies that the Chairman of the Meeting shall be present at the main venue of the 2nd AGM and is in accordance with Clause 74 of the Company's Constitution which allows a meeting of members to be held at more than one (1) venue, using any technology or method so that all members of the Company can participate and be able to exercise their rights to participate and vote at the general meeting. No shareholder or proxy from the public should be physically present nor admitted at the Broadcast Venue on the day of the 2nd AGM.
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AFFIX
STAMP

The Share Registrar
UNITRADE INDUSTRIES BERHAD
(Registration No.: 202101013724 (1414023-X))

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

First fold here

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
8. The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, 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 48 hours before the time appointed for holding the meeting or adjourned meeting. Alternatively, the instrument appointing a proxy may be electronically submitted to Boardroom Share Registrars Sdn Bhd via Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for further information on electronic submission of Proxy Forms.
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10. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 25 August 2023 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend and vote at this meeting and entitled to appoint proxy or proxies.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 2nd AGM dated 28 July 2023.

www.unitrade.com.my

UNITRADE INDUSTRIES BERHAD
202101013724 (1414023-X)

No. 2, Jalan Astaka U8/87, Seksyen U8
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