

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF UNITRADE INDUSTRIES BERHAD (“UIB” OR THE “COMPANY”) DATED 28 APRIL 2022 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

### **Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“Bursa Securities”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“Website”).

### **Availability and Location of Paper/Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd (“M&A Securities”), or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

### **Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and UIB take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

### **Close of Application**

Applications will be accepted from 10.00 a.m. on 28 April 2022 and will close at 5.00 p.m. on 30 May 2022.

In the event the Closing Date is extended, UIB will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

### **Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.





[www.unitrade.com.my](http://www.unitrade.com.my)

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

2, Jalan Astaka U8/87  
Seksyen U8, Bukit Jelutong  
40150 Shah Alam  
Selangor

**Tel** | (603) 7843 2828  
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UNITRADE

PROSPECTUS



UNITRADE INDUSTRIES BERHAD  
(Registration No. 202101013724 (1414023-X))  
(Incorporated in Malaysia under the Companies Act 2016)

**INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:**

- (I) **PUBLIC ISSUE OF 312,500,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:**
- 78,125,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
  - 63,500,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
  - 117,187,500 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ("MITI"); 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 MITI; AND
  - 46,875,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

**AT AN ISSUE/OFFER PRICE OF RM0.32 PER SHARE, PAYABLE IN FULL UPON APPLICATION**

## PROSPECTUS

*Adviser, Sponsor, Underwriter and Placement Agent*



**M & A SECURITIES SDN BHD**  
(Registration No. 197301001503 (15017-H))  
(A Wholly-Owned Subsidiary of Insas Berhad)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Prospectus has been registered by the Securities Commission Malaysia ("SC"). The registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 169.

**THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.**

**THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS NOT A PROPOSAL REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SC UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.**

This Prospectus is dated 28 April 2022



Our Directors, Promoters (as defined herein) and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 13 January 2022 and 21 March 2022. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The SC has on 7 March 2022 and 15 April 2022 approved the resultant equity structure of our Company under the Bumiputera equity requirements of public listed companies pursuant to our Listing (as defined herein).

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

### **ELECTRONIC PROSPECTUS**

This Prospectus can be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damages or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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**INDICATIVE TIMETABLE**

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*All terms used are defined under "Definitions" commencing from page vii.*

The indicative timing of events leading to our Listing is set out below:

<b>Events</b>	<b>Tentative dates</b>
Issuance of this Prospectus/Opening of Application	28 April 2022
Closing of Application	30 May 2022
Balloting of the Application	2 June 2022
Allotment of our IPO Shares to successful applicants	13 June 2022
Date of Listing	14 June 2022

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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*All terms used are defined under "Definitions" commencing from page vii.*

All references to "UIB" and the "Company" in this Prospectus are to Unitrade Industries Berhad (Registration No. 202101013724 (1414023-X)). Unless otherwise stated, references to "Group" are to our Company and our subsidiary taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiary. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 1 decimal place (for percentages) or dollar and sen for currency. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" and "Technical Glossary" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from our Management. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus.

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**FORWARD-LOOKING STATEMENTS**

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*All terms used are defined under "Definitions" commencing from page vii.*

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our products;
- (b) Our business strategies;
- (c) Our future plans;
- (d) Our future earnings, cash flows and liquidity; and
- (e) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The ongoing COVID-19 pandemic and possible similar future outbreak;
- (b) The economic, political and investment environment in Malaysia; and
- (c) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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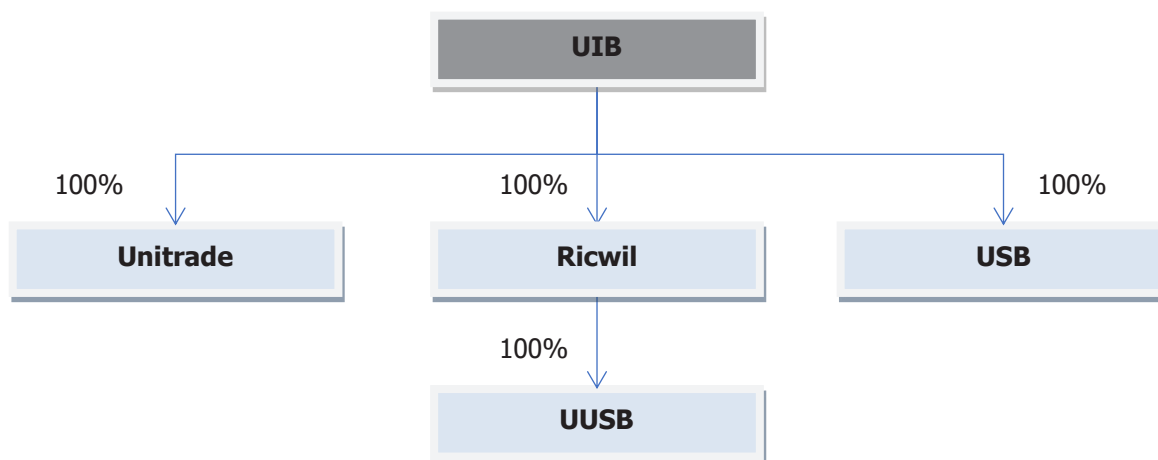
## DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

### COMPANIES WITHIN OUR GROUP:

“Ricwil”	: Ricwil (Malaysia) Sdn Bhd (Registration No. 198401001080 (113601-W)), a wholly-owned subsidiary of UIB
“Ricwil Group”	: Ricwil and its subsidiary, collectively
“UIB” or “Company”	: Unitrade Industries Berhad (Registration No. 202101013724 (1414023-X))
“UIB Group” or “Group”	: UIB and its subsidiaries, collectively
“Unitrade”	: Syarikat Logam Unitrade Sdn Bhd (Registration No. 198401000054 (112575-X)), a wholly-owned subsidiary of UIB
“USB”	: Unitrade Sdn Bhd (Registration No. 201001031273 (915196-V)), a wholly-owned subsidiary of UIB
“UUSB”	: Unitrade United Sdn Bhd (Registration No. 201701000144 (1214294-U)), a wholly-owned subsidiary of Ricwil

A diagrammatic illustration of our Group structure is as follows:



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**DEFINITIONS (Cont'd)**

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**GENERAL:**

"ACE Market"	:	ACE Market of Bursa Securities
"Act"	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
"Acquisitions"	:	Acquisition of Unitrade, Acquisition of Ricwil, Acquisition of USB, and Acquisition of UUSB, collectively
"Acquisition of Ricwil"	:	Acquisition by UIB of the entire share capital of Ricwil for a purchase consideration of RM20,739,924 which was wholly satisfied by the issuance of 133,290,000 new Shares at an issue price of RM0.1556 per Share, which was completed on 25 March 2022
"Acquisition of Unitrade"	:	Acquisition by UIB of the entire share capital of Unitrade for a purchase consideration of RM168,897,576 which was wholly satisfied by the issuance of 1,085,459,998 new Shares at an issue price of RM0.1556 per Share, which was completed on 25 March 2022
"Acquisition of USB"	:	Acquisition by UIB of the entire share capital of USB for a purchase consideration of RM2.00 which was wholly satisfied by cash, which was completed on 26 March 2022
"Acquisition of UUSB"	:	Acquisition by Ricwil of 40% equity interest in UUSB for a purchase consideration of RM4,862,500 which was wholly satisfied by the issuance of 31,250,000 new Shares at an issue price of RM0.1556 per Share, which was completed on 25 March 2022
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor" or "Placement Agent" or "Underwriter"	:	M&A Securities
"AGM"	:	Annual General Meeting
"Application"	:	Application for Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	:	Printed application form for the application of Issue Shares accompanying this Prospectus
"ATM(s)"	:	Automated Teller Machine(s)
"Board"	:	Board of Directors of UIB
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))

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**DEFINITIONS (Cont'd)**

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"CAGR"	:	Compounded annual growth rate
"CCC"	:	Certificate of Completion and Compliance
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"CIDB"	:	Construction Industry Development Board
"CF"	:	Certificate of Fitness for Occupancy
"CFA"	:	Certificate for Accommodation
"Closing Date"	:	The date adopted in this Prospectus as the last date for acceptance and receipt of Application
"CMSA"	:	Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
"Constitution"	:	Constitution of our Company
"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Depository Rules"	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"DOL"	:	Department of Labour Peninsular
"DOSH"	:	Department of Occupational Safety and Health
"EBIT"	:	Earnings before interest and taxation
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for our IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"ERP"	:	Enterprise resource planning
"ETP"	:	Economic Transformation Programme
"FM"	:	Factory Mutual, an international certification body

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**DEFINITIONS (Cont'd)**

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"FPE"	:	Financial periods ended 30 November, as the case may be
"FYE"	:	Financial years ended/ending 31 March, as the case may be
"GDP"	:	Gross Domestic Product
"Government"	:	Government of Malaysia
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Smith Zander"	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Building Materials Industry in Malaysia"
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising our Public Issue and Offer for Sale
"Internet Participating Financial Institutions"	:	Participating financial institutions for Internet Share Application as listed in Section 16
"Internet Share Application"	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"IPO Price"	:	Our issue/offer price of RM0.32 per Share pursuant to our Public Issue and Offer for Sale
"IPO Share(s)"	:	The Issue Share(s) and Offer Share(s), collectively
"ISO"	:	International Organisation for Standardisation
"Issuing House"	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
"Issue Share(s)"	:	312,500,000 new Share(s) to be issued pursuant to our Public Issue
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM294,500,002 comprising 1,562,500,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	:	Comprising our Public Issue, Offer for Sale and Listing, collectively
"LPD"	:	31 March 2022, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))



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**DEFINITIONS (Cont'd)**

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"M&E"	:	Mechanical and electrical
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MCO"	:	The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"MFRS"	:	Malaysian Financial Reporting Standards
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of International Trade and Industry Malaysia
"MyIPO"	:	Intellectual Property Corporation of Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"NRP"	:	National recovery plan
"OEMs"	:	Original equipment manufacturers
"Offer for Sale"	:	Offer for sale by our Selling Shareholders of 125,000,000 Offer Shares at our IPO Price
"Offer Share(s)"	:	125,000,000 existing Share(s) to be offered pursuant to our Offer for Sale
"Official List"	:	The list specifying all securities which have been admitted for listing of Bursa Securities and not removed
"Participating Financial Institutions"	:	Participating financial institutions for Electronic Share Application, as listed in Section 16 of this Prospectus
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	The allocation of 63,500,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group, which forms part of our Public Issue
"Promoters"	:	SAS, Sim Keng Chor, Teh Beng Khim, Nomis Sim Siang Leng and Simson Sim Xian Zhi, collectively
"Prospectus"	:	This prospectus dated 28 April 2022 in relation to our IPO

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**DEFINITIONS (*Cont'd*)**

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"Public Issue"	:	Public issue of 312,500,000 Issue Shares at our IPO Price
"Ricwil Vendors"	:	Sim Keng Chor, Nomis Sim Siang Leng and Simson Sim Xian Zhi collectively
"ROC"	:	Registrar of Companies
"RPGT"	:	Real property gains tax
"SAS"	:	Unitrade SAS Sdn Bhd (Registration No. 202101021869 (1422169-W))
"SC"	:	Securities Commission Malaysia
"SIRIM"	:	Standard and Industrial Research Institute of Malaysia
"Selling Shareholders"	:	Sim Keng Chor and Teh Beng Khim whom are undertaking the Offer for Sale
"Share(s)" or "Share(s)"	or "UIB"	: Ordinary share(s) in UIB
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time
"SKU(s)"	:	Stock keeping unit(s)
"SOP"	:	Standard operating procedures
"sq ft"	:	Square foot
"sqm" or "m <sup>2</sup> "	:	Square metre
"SST"	:	Sales and Service Tax
"UL"	:	Underwriters Laboratories, an international certification body
"Underwriting Agreement"	:	The underwriting agreement dated 7 April 2022 entered into between our Company and M&A Securities pursuant to our IPO
"Unitrade Vendors"	:	SAS, Sim Keng Chor and Teh Beng Khim, collectively
"USA"	:	United States of America
"USB Vendors"	:	Sim Keng Chor and Teh Beng Khim, collectively
"Vendors"	:	Unitrade Vendors, Ricwil Vendors and USB Vendors, collectively
"UUSB Vendors"	:	United Jaya Sdn Bhd, W T Steel Sdn Bhd and Stella Industrial Sdn Bhd, collectively

**CURRENCIES:**

"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"USD"	:	United States Dollar

## TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"ABS"	:	Acrylonitrile butadiene styrene, a thermoplastic which is used in a wide variety of applications due to its property of withstanding high melting point
"Band saw"	:	A powered saw with a long blade consisting of a continuous band of toothed metal stretched between two or more wheels to cut material
"Catwalk"	:	Steel planks that are placed across the main frame of the scaffoldings as platforms for workers to stand, walk and work on the scaffoldings
"CNC turning centre"	:	A centre of advanced computer-controlled machines (computer numeric control, CNC machines) used to automatically cut and move flat materials to create a cylindrical finished piece
"Cross brace"	:	A support structure that is placed diagonally intersecting in an X-shaped manner and is used to provide stability for the scaffold frame structure
"District heating and cooling"	:	A centralised generation and distribution of heating and cooling
"Flanged strainer mesh"	:	A device connected to pipes which mechanically removes solids from flowing fluid or gas in a pipeline
"FRP"	:	Fibreglass reinforced plastic, a composite material made of a polymer matrix reinforced with fibres
"Galvanised iron pipes"	:	Steel pipes which are coated with zinc for corrosion protection and are used mainly on water pipe lines
"Groove"	:	Creating long, narrow cuts or indentations on the surface of the ends of pipes using a grooving machine
"HVAC"	:	Heating, ventilation and air-conditioning
"HCFC"	:	Hydrochlorofluorocarbons, a chemical used as a blowing agent for pipe insulation
"Jack base"	:	A vertical steel object screwed to the leg of the scaffold structure placed on uneven grounds to elevate the scaffold structure and to provide a stable base
"Joint pin"	:	Pin used to connect the ends of the scaffold tubes
"LPG"	:	Liquified petroleum gas
"Malleable iron fittings"	:	Iron fittings that are used to connect steel pipes due to its malleable properties and durability

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**TECHNICAL GLOSSARY (Cont'd)**

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"Mechanical fittings"	grooved	:	Grooved fittings that are used to mechanically join two pipes and fittings at the ends of pipes and fittings
"Motorised hoist"		:	An electrically powered appliance that is used to lift and lower heavy objects
"PE"		:	Polyethylene, a thermoplastic polymer used in a variety of applications as it is resistant to most chemicals
"Polarised rubber joints"		:	A joint made out of rubber and is inserted in piping systems to absorb temperature-induced expansion, contraction, vibration and sound transmission for the safety and reliability of the entire system
"PPR"		:	Polypropylene random copolymer, are thermoplastic resins produced through the polymerisation of propylene which is used in a wide variety of applications
"PU"		:	Pre-insulated polyurethane
"PVC"		:	Polyvinyl chloride is a thermoplastics polymer used in a wide variety of applications and has a relatively higher resistance to chemicals as compared to polypropylene
"PVC-O"		:	Oriented-PVC is molecularly oriented PVC for pressure applications, designed to be lighter, have better impact resistance and increased tensile strength when compared to standard PVC
"Rubber gaskets"		:	A mechanical seal made out of silicone rubber that is used to prevent leaks of gas or liquid in piping and plumbing systems
"Scaffolding"		:	A temporary supporting framework of poles and boards that are used in construction sites to support work crew and materials
"Steel flanges"		:	A cast ring of steel designed to connect sections of pipes to other equipment
"Threading"		:	A process in which a pipe threading machine is used to cut threads into the end of a pipe
"U-head"		:	An object used in a scaffolding system to hold the beams securely in place
"UPVC"		:	Unplasticised polyvinyl chloride, a material with high resistance and durability and is used for pipes carrying fluid
"Vitrified clay fittings"		:	A fitting that is made out of clay and is widely used in drainage and sewerage systems due to its durability in corrosive conditions

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## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

<b>Name</b>	<b>Designation</b>	<b>Residential address</b>	<b>Nationality/ Profession</b>	<b>Gender</b>
Dato' Abdul Majit Bin Ahmad Khan	Senior Independent Non-Executive Chairman	5, Jalan SS 7/4 Kelana Jaya 47301 Petaling Jaya Selangor	Malaysian/ Director	Male
Sim Keng Chor	Executive Vice Chairman	8, Lorong Kemaris Enam Bukit Bandaraya 59100 Kuala Lumpur	Malaysian/ Director	Male
Nomis Sim Siang Leng	Managing Director	8, Lorong Kemaris Enam Bukit Bandaraya 59100 Kuala Lumpur	Malaysian/ Director	Male
Simson Sim Xian Zhi	Executive Director	8, Lorong Kemaris Enam Bukit Bandaraya 59100 Kuala Lumpur	Malaysian/ Director	Male
Dato' Lok Bah Bah @ Loh Yeow Boo	Independent Non- Executive Director	20, Jalan Geh Chong Keat Hillside 11200 Tanjong Bungah Pulau Pinang	Malaysian/ Director	Male
Cynthia Toh Mei Lee	Independent Non- Executive Director	30, Lorong PJU 1/46C Aman Suria Damansara 47301 Petaling Jaya Selangor	Malaysian/ Advocate & Solicitor	Female
Ong Soo Chan	Independent Non- Executive Director	48, Jalan Mandarina Damai Bukit Mandarina Cheras 56000 Kuala Lumpur	Malaysian/ Director	Female

### AUDIT COMMITTEE

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Lok Bah Bah @ Loh Yeow Boo	Chairman	Independent Non-Executive Director
Cynthia Toh Mei Lee	Member	Independent Non-Executive Director
Ong Soo Chan	Member	Independent Non-Executive Director

### REMUNERATION COMMITTEE

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ong Soo Chan	Chairwoman	Independent Non-Executive Director
Dato' Lok Bah Bah @ Loh Yeow Boo	Member	Independent Non-Executive Director
Cynthia Toh Mei Lee	Member	Independent Non-Executive Director



## 1. CORPORATE DIRECTORY (Cont'd)

### NOMINATING COMMITTEE

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

### RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Cynthia Toh Mei Lee	Chairwoman	Independent Non-Executive Director
Ong Soo Chan	Member	Independent Non-Executive Director
Nomis Sim Siang Leng	Member	Managing Director

**REGISTERED OFFICE** : 12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor

Telephone number: 03-7890 4800

**HEAD OFFICE** : 2, Jalan Astaka U8/87  
Seksyen U8, Bukit Jelutong  
40150 Shah Alam  
Selangor

Telephone number: 03-7843 2828

**EMAIL ADDRESS AND WEBSITE** : Email address: IR@unitrade.com.my  
Website: www.unitrade.com.my

**COMPANY SECRETARY** : Tai Yit Chan (MAICSA 7009143)  
SSM Practising Certificate No. 202008001023  
(Chartered Secretary, Malaysian Institute of  
Chartered Secretaries and Administrators)

Tan Ai Ning (MAICSA 7015852)  
SSM Practising Certificate No. 202008000067  
(Chartered Secretary, Malaysian Institute of  
Chartered Secretaries and Administrators)

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor

Telephone number: 03-7890 4800

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**1. CORPORATE DIRECTORY (Cont'd)**

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**AUDITORS AND REPORTING  
ACCOUNTANTS FOR OUR IPO**

**: KPMG PLT**

LLP0010081-LCA & AF 0758  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Selangor

Telephone number: 03-7721 3388

Partner-in-charge: Lam Shuh Siang  
Approval number: 03045/02/2023 J  
*Professional qualification: Member of Malaysian  
Institute of Accountants ("MIA")  
(MIA membership no.: CA22909)  
Fellow of Association of Chartered Certified  
Accountants ("FCCA")  
(FCCA membership no.: 2673904)*

**PRINCIPAL ADVISER, SPONSOR,  
UNDERWRITER AND PLACEMENT  
AGENT**

**: M & A Securities Sdn Bhd**

(Registration No. 197301001503 (15017-H))

Level 11, 45 & 47, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Telephone number: 03-2284 2911

**SOLICITORS FOR OUR IPO**

**: Rosli Dahlan Saravana Partnership**

Level 16, Menara 1 Dutamas  
1, Jalan Dutamas 1  
Solaris Dutamas  
50480 Kuala Lumpur

Telephone number: 03-6209 5400

**ISSUING HOUSE**

**: Malaysian Issuing House Sdn Bhd**

(Registration No. 199301003608 (258345-X))

11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor

Telephone number: 03-7890 4700

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**1. CORPORATE DIRECTORY (Cont'd)**

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<b>SHARE REGISTRAR</b>	<b>:</b> <b>Boardroom Share Registrars Sdn Bhd</b> (Registration No. 199601006647 (378993-D))  11 <sup>th</sup> Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor  Telephone number: 03-7890 4700
<b>INDEPENDENT MARKET RESEARCHER</b>	<b>:</b> <b>Smith Zander International Sdn Bhd</b> (Registration No. 201301028298 (1058128-V))  15-01, Level 15 Menara MBMR 1, Jalan Syed Putra 58000 Kuala Lumpur  Managing Partner's name: Dennis Tan Tze Wen ( <i>Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada</i> )  Telephone number: 03-2732 7537
<b>LISTING SOUGHT</b>	<b>:</b> ACE Market of Bursa Securities

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## 2. PROSPECTUS SUMMARY

**This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.**

### 2.1 PRINCIPAL STATISTICS OF OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

<b>No. of Shares to be issued under Public Issue</b>	<b>312,500,000</b>
- For application by the Malaysian Public	78,125,000
- For Pink Form Allocations	63,500,000
- For private placement to MITI-approved Bumiputera investors	117,187,500
- For private placement to selected investors	53,687,500

<b>No. of Shares to be offered under Offer for Sale</b>	<b>125,000,000</b>
- For private placement to MITI-approved Bumiputera investors	78,125,000
- For private placement to selected investors	46,875,000

Enlarged no. of Shares upon Listing 1,562,500,000

IPO Price per Share 0.32

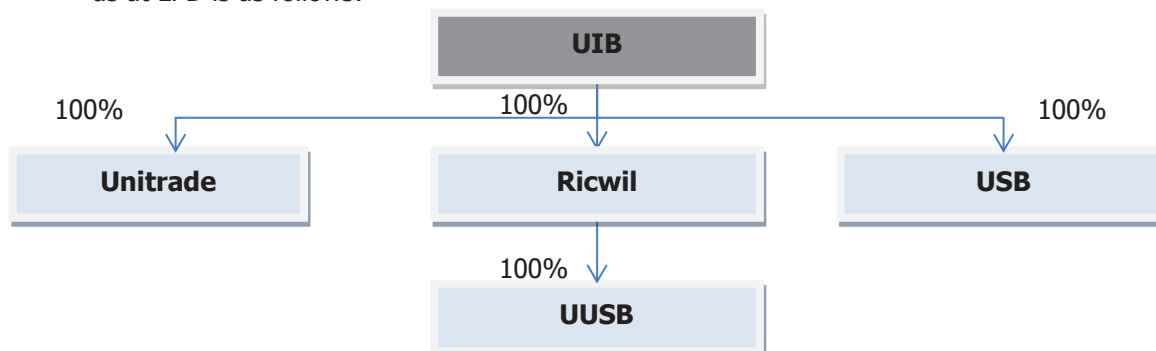
Market capitalisation (calculated based on our IPO Price and enlarged no. of Shares upon Listing) 500,000,000

Further details of our IPO are set out in Section 4.

Our Promoters' entire shareholdings after our IPO will be held under moratorium for 6 months from the date of Listing. Thereafter, our Promoters' shareholdings amounting to 45% of our share capital will remain under moratorium for another 6 months. Our Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 month period. Separately, the ultimate shareholders of SAS who is one of our Promoters, have also undertaken not to sell, transfer or assign their respective shareholdings in SAS during their moratorium period. Further details on the moratorium on our Shares are set out in Section 3.2.

### 2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Act on 13 April 2021 as a private limited company under the name of Unitrade Industries Sdn Bhd. On 15 September 2021, we converted into a public limited company and adopted our present name. Our Group structure as at LPD is as follows:



Our Group is principally involved in the wholesale and distribution of a wide variety of building materials for building and construction works such as pipes, valves, fittings and accessories for M&E works; and reinforcement steel, structural steel and other building materials for civil works.



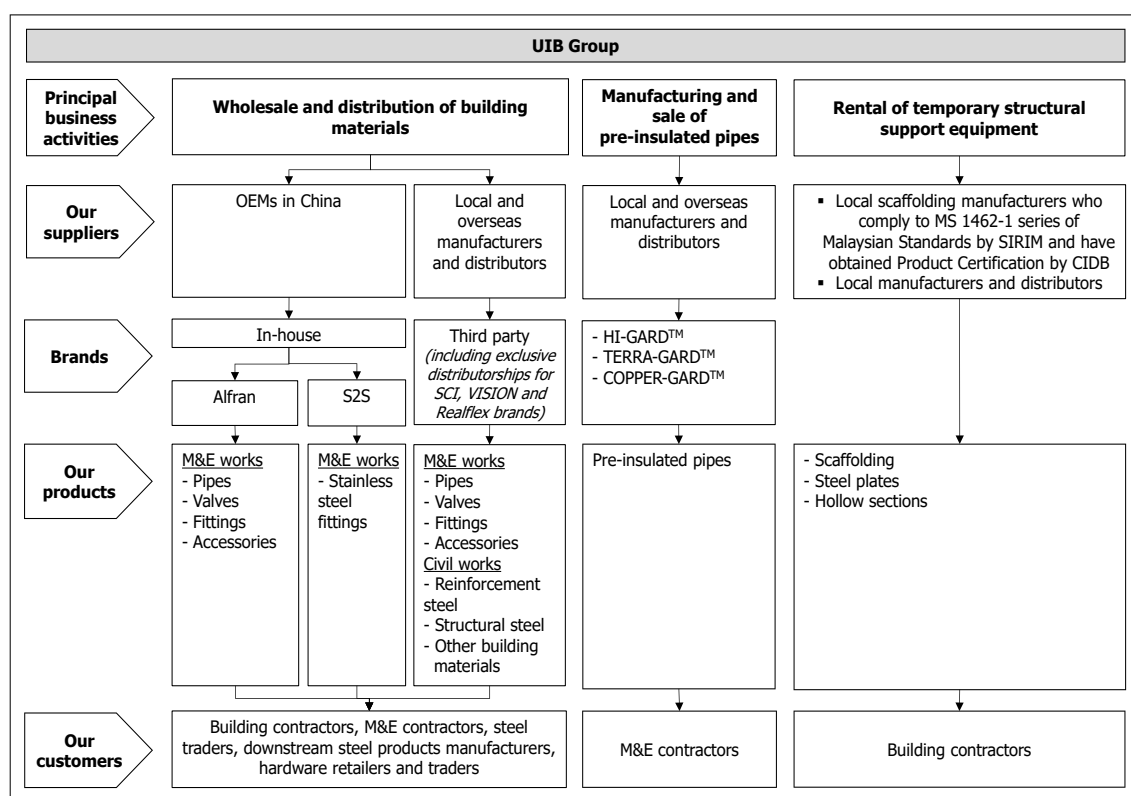
## 2. PROSPECTUS SUMMARY (Cont'd)

We source for these products, in bulk, from our network of suppliers which we store in our warehouse to maintain an inventory of ready stock for our customers. Having an inventory of ready stock enables our Group to deliver the products to our customers in a timely manner.

We are also involved in the manufacturing and sale of pre-insulated pipes primarily used to transport and maintain the temperature of fluids in the pipes in underground or aboveground piping systems. They are used in a wide range of industrial, commercial and domestic applications such as air-conditioning systems, electric heating, industrial processing as well as oil storage and handling.

In addition, we provide rental of temporary structural support equipment such as scaffolding, steel plates and hollow sections for use in various building and construction activities. Scaffoldings, steel plates and hollow sections are reusable and can be repeatedly rented out to customers throughout their useful lifespan, which are typically 10 years. As such, our Group had, over the years, purchased scaffoldings, steel plates and hollow sections to build our stockpile of rental assets.

Our Group's business model is as illustrated as below:



Scaffolding sourced from manufacturers which comply to the MS1462-1 of Malaysian Standards by SIRIM and have obtained Product Certification by CIDB are generally of higher grade material, weigh heavier, and are measured to a specified thickness of 2.5mm which is thicker than commercial quality which are typically between 1.5mm to 1.7mm.

Further details of our Group and our business model are set out in Sections 6 and 7.

For FYE 2019, 2020, 2021 and FPE 2022, our revenue from Malaysia contributed 99.3%, 99.7%, 99.6% and 99.7%, whereas, overseas only contributed 0.7%, 0.3%, 0.4% and 0.3% respectively. The breakdown of our Group's revenue segmentation by principal business activities is as follows:

**2. PROSPECTUS SUMMARY (Cont'd)**

Revenue by principal business activities	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Wholesale and distribution	1,013,000	96.6	1,041,232	96.6	991,839	96.8	737,404	97.5
Manufacturing and sale of pre-insulated pipes	23,570	2.2	21,905	2.0	21,009	2.0	12,301	1.6
Rental of temporary structural support equipment	12,153	1.2	14,492	1.4	12,196	1.2	6,679	0.9
<b>Total revenue</b>	<b>1,048,723</b>	<b>100.0</b>	<b>1,077,629</b>	<b>100.0</b>	<b>1,025,044</b>	<b>100.0</b>	<b>756,384</b>	<b>100.0</b>

**2.3 IMPACT OF COVID-19 AND MCO**

Our business and operations faced temporary interruption pursuant to the COVID-19 outbreak and the imposition of various forms of MCO since 18 March 2020 by the Government to contain the spread of the virus, as well as the NRP until LPD. The periods of closure and impact to our operations, by individual subsidiaries (other than USB, which is a property investment holding company), are summarised as follows:

	<b>Unitrade</b>	<b>Ricwil</b>	<b>UUSB</b>
<b>Periods of closure</b>	18 March 2020 to 26 April 2020	18 March 2020 to 26 April 2020	18 March 2020 to 3 May 2020 <sup>(1)</sup>
	1 June 2021 until 14 June 2021	1 June 2021 until 14 June 2021	1 June 2021 until 18 July 2021 <sup>(1)</sup>
	3 July 2021 to 18 July 2021	3 July 2021 to 18 July 2021	
<b>Operational impact during closure</b>	No workforce capacity, delayed fulfilment of orders	No workforce capacity, delayed fulfilment of orders, no manufacturing activities	No workforce capacity, delayed fulfilment of orders, and rental rebates given to customers

**Workforce capacity level on resumption of operations:**

- <b>MCO</b>	27 April 2020 to 31 May 2021: 30%	27 April 2020 to 31 May 2021: 50%	4 May 2020 to 31 May 2021: 100%
- <b>NRP Phase 1</b>	15 June 2021 to 2 July 2021: 60%	15 June 2021 to 2 July 2021: 10% <sup>(2)</sup>	19 July 2021 to 9 September 2021: 60%
	19 July 2021 to 9 September 2021: 60%	19 July 2021 to 22 August 2021: 10% <sup>(2)</sup>	
		23 August 2021 to 1 September 2021: 80%	
		1 September 2021 to 10 September 2021: 100%	
- <b>NRP Phase 2</b>	10 September 2021 to 30 September 2021: 80%	10 September 2021 to 30 September 2021: 100%	10 September 2021 to 30 September 2021: 80%
- <b>NRP Phase 3</b>	1 October 2021 to 17 October 2021: 80%	1 October 2021 to 17 October 2021: 100%	1 October 2021 to 17 October 2021: 100%
- <b>NRP Phase 4</b>	Since 18 October 2021 onwards until LPD: 100%	Since 18 October 2021 onwards until LPD: 100%	Since 18 October 2021 onwards until LPD: 100%

**Notes:**

- (1) UUSB was closed for a longer period compared to Unitrade and Ricwil for up to 3 May 2020 as most of its customers were also not operating till then, and for up to 18 July 2021 as it obtained approval from MITI to resume operations at a later date.

**2. PROSPECTUS SUMMARY (Cont'd)**

- (2) 10% workforce capacity based on MITI's letter of approval dated 14 June 2021.

Apart from the periods of closure, our businesses were allowed to operate at reduced capacities throughout the various MCO and the NRP. Our Group's cash flow was restricted due to slowdown in collection during these periods of lockdown, but recovered thereafter within the financial period upon resumption of operations. Profitability was also reduced during these periods as a result of delayed revenue recognition during the periods of lockdown, whilst fixed costs continued to be incurred.

Save for the abovementioned, and notwithstanding the outbreak of the Omicron variant of COVID-19, we did not experience any major disruptions to our business operations and the fulfilment of orders as a result of the various movement control/lockdown measures implemented since 18 March 2020 and up until LPD. Further, there was also no material impact on the collectability of our trade receivables arising from business interruptions as a result of the COVID-19 pandemic.

As at LPD, we do not expect any major impact to our revenue recognition for FYE 2022 as a result of the NRP as all delayed orders have been completed.

We recorded lower revenue resulting from the periods of closure, where lower sales performance was recorded during the first MCO and first phase of the NRP due to reduced workforce capacity, and the operations of most of our customers were also closed. Save for the foregoing, there were no material adverse impact to our financial performance. As at LPD, we have complied with the latest SOP imposed by the Government. Our Group has also not been in breach of any laws relating to COVID-19 restrictions and/or SOPs as issued by the relevant authorities. As at LPD, there have been 50 confirmed cases of COVID-19 among our local employees and 10 confirmed cases of COVID-19 among our foreign workers. All of our infected workers have since recovered. Our Group's workforce capacity returned to 100% since 18 October 2021, as we transitioned into phase 4 of the NRP. Moving forward, as the nation transitions into endemic phase, we expect to maintain our workforce capacity at 100%.

Please refer to Section 7.7 for detailed information on the impact of the COVID-19 pandemic on our Group for the risk factor in relation to the COVID-19 pandemic.

**2.4 COMPETITIVE STRENGTHS**

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (a) We are a distributor and wholesaler, and we offer an extensive range of about 6,319 SKUs of building materials as at LPD for use in various building and construction activities. We hold a large inventory of ready stocks, and can cater to a broad range of customer requirements. We are also an exclusive distributor of Shanghai Vision Mechanical Joint Co. Ltd, Taizhou Realflex Pipetec Co., Ltd and Jinan Meide Casting Co., Ltd, for the distribution and sale of premium fittings under the brand names VISION, Realflex and SCI in Malaysia respectively;
- (b) We carry our house brand of pipes, valves, fittings and accessories branded under Alfran, stainless steel fittings branded under S2S and pre-insulated pipes branded under HI-GARD™, TERRA-GARD™ and COPPER-GARD™, which are registered trademarks with MyIPO, and which establishes our presence in the building materials industry through product branding of quality building materials that is synonymous with our Group;
- (c) Our products are used throughout the lifecycle of buildings and infrastructure, from new building and infrastructure construction to building refurbishments, retrofitting, repair and maintenance, allowing us to cater to a broad and diversified use, and reduce our business concentration risk arising from any unanticipated downturns in a particular segment or lifecycle of the construction industry;

## **2. PROSPECTUS SUMMARY (Cont'd)**

- (d) We have an established history and proven track record, with over 43 years of experience in the industry, which enable us to cater to the needs of a broad customer base of 1,232 active customers as at LPD. As at FPE 2022, the length of relationship with our customers range from below 6 years (668 customers), 6 to 10 years (220 customers), and over 10 years (362 customers). Our relationship with our major customers ranges from 1 to 24 years;
- (e) We have developed a sourcing network comprising over 426 suppliers locally and 57 suppliers overseas as at LPD. As at FPE 2022, the length of relationship with our local and overseas suppliers range from below 6 years (local: 286 suppliers, overseas: 42 suppliers), 6 to 10 years (local: 38 suppliers, overseas: 3 suppliers), and over 10 years (local: 98 suppliers, overseas: 10 suppliers);
- (f) Our in-house manufactured pre-insulated pipes are certified to internationally recognised quality and safety standards; and
- (g) Our key management team has accumulated years of experience in their respective field and key expertise, industry experience and in-depth knowledge of our business operations. They are led by Sim Keng Chor and Nomis Sim Siang Leng, both of whom have over 50 years and 20 years of experience respectively in the building materials industry.

Further details of our competitive strengths are set out in Section 7.13.

### **2.5 BUSINESS STRATEGIES**

Our business objectives are to maintain sustainable growth in our business and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 24 months from the date of our Listing:

- (a) We plan to consolidate our distribution and wholesale, and manufacturing operations under Unitrade, Ricwil and UUSB within one location to enhance the operational efficiency of our businesses. Through this consolidation, we will be able to streamline the management of our resources and at the same time, resources can be shared among the individual business segments to reduce operational expenses; and
- (b) As our Group is presently involved in the wholesale and distribution of pipes, we plan to enhance our offerings through the provision of value-added services for pipes, by setting up a pipe fabrication centre that provides end-to-end pipe services to our customers. With the centre, we can provide pipe cutting, grooving, threading, welding and painting services for pipes under the wholesale and distribution segment.

Further details of our business strategies are set out in Section 7.14.

### **2.6 RISK FACTORS**

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

- (a) Our business is capital intensive and we are subject to availability of financing for our working capital, as we offer an extensive range of building materials, resulting in a large amount of inventory being held to provide timely delivery to our customers. If we are unable to secure adequate credit facilities at competitive rates, interest costs will be higher and borrowings will be less feasible to undertake, which will negatively impact our cash flows, operations, growth and expansion plans;

**2. PROSPECTUS SUMMARY (Cont'd)**

Due to our level of financing, we are subject to debt servicing obligations. Any significant increase in interest rates on our borrowings will increase our finance cost and affect our financial performance. Our total finance costs and our interest coverage ratios for FYE 2019 to 2021 and FPE 2022 are as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
EBIT	40,547	44,229	51,983	47,082
Finance costs	13,917	16,792	13,914	8,875
Interest coverage ratio (times) <sup>(1)</sup>	2.9	2.6	3.7	5.3

**Note:**

<sup>(1)</sup> Computed based on EBIT divided by finance costs.

- (b) We keep inventories for up to 36 months, and conduct annual assessments of our inventory value and will impair slow moving inventories above 36 months, inventories where the net realisable value of the inventories are below their cost, such as in the event of a drop in steel prices. Details of impairment loss on inventories for FYE 2019 to FYE 2021 and FPE 2022 are as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impairment loss on inventories	1,786	530	1,919	369
Reversal of impairment loss on inventories	(48)	(86)	(73)	-
	<b>1,738</b>	<b>444</b>	<b>1,846</b>	<b>369</b>

- (c) We are subject to fluctuations in the price of steel products resulting from the fluctuations in global steel prices. Any material increases in the price of steel may lead to a rise in our cost of sales as well as our carrying cost for maintaining our inventories. If we are unable to pass on this increase in supply cost to our customers, we will bear the increasing costs and this may have a material impact on our financial results;
- (d) Any disruption in the supply of products and raw materials from our suppliers may have an adverse impact on our business, results of operations and financial condition, as we do not enter into long term agreements or contracts with our suppliers;
- (e) Our business is exposed to interruptions or delays caused by outbreak of pandemic, sudden and unexpected equipment failures, fires as well as environmental factors (including natural disasters). Our operations were briefly interrupted in 2020 and 2021 due to the mandatory closure of our operations as imposed by the Government via the MCO and the first phase of the NRP. Any prolonged interruptions in our operations and/or suppliers' business operations could have an adverse impact on our financial performance;
- (f) We are dependent on our Executive Directors and key senior management for continued success and the loss of their continued services may affect our business. The loss of any Executive Directors and any of our key senior management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business, which may ultimately affect the results of operations, performance and prospects of our Group, if we are not able to replace or attract suitable talents in a timely manner;
- (g) We may not be able to effectively manage our growth or successfully implement our business strategies, nor can we assure that we will be able to anticipate all the business and operational risks arising from our business strategies, including delays in construction, delays in obtaining approval from the relevant government bodies for the construction of the new factory and delays in machine delivery, further details of our business strategy and prospects which are set out in Section 7.14. Any failure to do so, including any failure or inefficiencies in managing our business growth, may lead to a material adverse effect on our business operations and financial performance; and

**2. PROSPECTUS SUMMARY (Cont'd)**

- (h) We are subject to foreign exchange fluctuation risks which may impact our profitability. As at FPE 2022, we have outstanding RM1.2 million in net financial liabilities denominated in USD which mainly comprises USD trade financing. A sensitivity analysis performed on our Group's foreign currency financial assets and liabilities as at 31 November 2021 indicates that our PAT for FPE 2022 would increase or decrease by approximately RM0.1 million, as a result of a 10% strengthening or weakening of RM against USD.

**2.7 DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and key senior management are as follows:

<b>Name</b>	<b>Designation</b>
<b>Directors</b>	
Dato' Abdul Majit Bin Ahmad Khan	Senior Independent Non-Executive Chairman
Sim Keng Chor	Executive Vice Chairman
Nomis Sim Siang Leng	Managing Director
Simson Sim Xian Zhi	Executive Director
Dato' Lok Bah Bah @ Loh Yeow Boo	Independent Non-Executive Director
Cynthia Toh Mei Lee	Independent Non-Executive Director
Ong Soo Chan	Independent Non-Executive Director
<b>Key senior management</b>	
Sim Yung Chi	Chief Operating Officer
Sim Aik Chor	Chief Marketing Officer
Koh Sui Ming	Chief Financial Officer

Further details of our Directors and key senior management are set out in Section 5.

**2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

<b>Name</b>	<b>Place of incorporation/ Nationality</b>	<b>(1)Before IPO</b>				<b>(2)After IPO</b>			
		<b>Direct</b>		<b>Indirect</b>		<b>Direct</b>		<b>Indirect</b>	
		<b>No. of Shares '000</b>	<b>%</b>	<b>No. of Shares '000</b>	<b>%</b>	<b>No. of Shares '000</b>	<b>%</b>	<b>No. of Shares '000</b>	<b>%</b>
SAS	Malaysia	788,654	63.1	-	-	788,654	50.5	-	-
Sim Keng Chor	Malaysian	215,048	17.2	(3)937,057	(3)75.0	168,173	10.7	(3)858,932	(3)55.0
Teh Beng Khim	Malaysian	148,403	11.9	(3)1,003,702	(3)80.3	70,278	4.5	(3)956,827	(3)61.2
Nomis Sim Siang Leng	Malaysian	39,987	3.2	-	-	39,987	2.6	-	-
Simson Sim Xian Zhi	Malaysian	26,658	2.1	-	-	26,658	1.7	-	-

**Notes:**

- (1) Based on the share capital of 1,250,000,000 Shares in issue before IPO.
- (2) Based on the enlarged share capital of 1,562,500,000 Shares after IPO.
- (3) Deemed interest by virtue of Sim Keng Chor's and Teh Beng Khim's shareholdings in SAS holding 50% each, and his/her spouse's shareholdings in our Group.

Further details of our Promoters and substantial shareholders are set out in Section 5.



## 2. PROSPECTUS SUMMARY (Cont'd)

### 2.9 UTILISATION OF PROCEEDS

The gross proceeds to be raised by our Company from the Public Issue of RM100.0 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	(1) Estimated timeframe for utilisation
Working capital	50,500	50.5	12 months
Repayment of bank borrowings	39,800	39.8	12 months
Capital expenditure for pipe fabrication centre	5,000	5.0	36 months
Estimated listing expenses	4,700	4.7	Within 1 month
<b>Total</b>	<b>100,000</b>	<b>100.0</b>	

**Note:**

(1) From the date of listing of our Shares.

There is no minimum subscription to be raised from IPO. Detailed information on our utilisation of proceeds is set out in Section 4.9. The gross proceeds from the Offer for Sale of approximately RM40.0 million shall accrue entirely to the Selling Shareholders.

### 2.10 FINANCIAL HIGHLIGHTS

#### 2.10.1 Combined statements of comprehensive income

The following table sets out the financial highlights based on our combined statements of comprehensive income for FYE 2019 to FYE 2021 and FPE 2021 and 2022:

	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,048,723	1,077,629	1,025,044	567,766	756,384
GP	79,779	80,906	88,736	46,664	75,208
PBT	27,879	29,047	40,071	19,898	38,557
Profit and total comprehensive income for the year/period	20,960	20,343	29,166	14,650	28,453
Total comprehensive income attributable to owners of the Group	18,925	19,087	28,782	13,812	28,107
PAT margin (%) <sup>(1)</sup>	2.0	1.9	2.8	2.6	3.8
Gearing ratio (times) <sup>(2)</sup>	1.7	2.3	2.2	2.3	2.4
Net gearing ratio (times) <sup>(3)</sup>	1.4	2.1	1.8	2.0	2.0
Basic EPS (sen) <sup>(4)</sup>	1.5	1.5	2.3	1.1	2.2
Diluted EPS (sen) <sup>(5)</sup>	1.2	1.2	1.8	0.9	1.8

Further details on the financial information are set out in Sections 12 and 13.

**Notes:**

- (1) Calculated based on total comprehensive income for the year/period divided by revenue.
- (2) Computed based on total borrowings over total equity as at each financial year/period end.
- (3) Computed based on net borrowings (total borrowings less cash and cash equivalents) over total equity as at each financial year/period end.
- (4) Calculated based on total comprehensive income attributed to owners of our Group divided by our share capital of 1,250,000,000 Shares in issue before Public Issue.
- (5) Calculated based on total comprehensive income attributed to owners of our Group divided by our enlarged share capital of 1,562,500,000 Shares after Public Issue.

**2. PROSPECTUS SUMMARY (Cont'd)**

In terms of gearing, our Group's business depends on the availability of working capital to acquire and maintain sufficient inventory to fulfil our sales orders in a timely manner. As such, our Group utilises a significant amount of borrowings, especially short term borrowings, which resulted in its gearing level of between 1.7 to 2.4 times. In FPE 2022, our gearing increased to 2.4 times mainly due to term loan drawn down for purchase of new machinery and construction for our new industrial complex, and the reduction of total equity due to the declaration of dividend amounting to RM36.1 million to offset with the outstanding balances owing by SLU Sdn Bhd and Sanlens Sdn Bhd, as well as proceeds in relation to the disposal of property to Sim Keng Chor, as detailed in Section 10.2.3. The net gearing ratios are computed based on the net borrowings (total borrowings net of cash and bank balances) over total equity as at FYE 2019 to 2021 and FPE 2022, which illustrate our Group's availability of cash and bank balances to repay our borrowings.

Please refer to Section 12.8.5 for further details on the gearing ratio.

**2.10.2 Combined statements of cash flows**

The following table sets out the financial highlights based on our combined statements of cash flow for FYE 2019 to 2021 and FPE 2022:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash (used in)/ from operating activities	(68,100)	(38,358)	62,204	23,541
Net cash used in investing activities	(15,002)	(109,497)	(22,259)	(18,936)
Net cash from/ (used in) financing activities	82,712	118,885	9,886	(21,215)
Net (decrease)/ increase in cash and cash equivalents	(390)	(28,970)	49,831	(16,610)
Cash and cash equivalents at the beginning of financial year/period	58,252	57,862	28,892	78,723
<b>Cash and cash equivalents at end of financial year/period</b>	<b>57,862</b>	<b>28,892</b>	<b>78,723</b>	<b>62,113</b>

In FYE 2019, the net cash used in operating activities was mainly in relation to increase in inventories for products which were in shortage in FYE 2018, and increase in trade receivables due to overall business growth. In FYE 2020, the net cash used in operating activities was mainly due to slower collections during the onset of the MCO, as well as continued payment of our trade payables despite the MCO period.

Please refer to Section 12.2.4 for further details on the review of cash flows.

There were no exceptional items during the financial years/period under review. Our audited combined financial statements for the past financial years under review were not subject to any audit qualifications.

**2.10.3 Pro forma combined statements of financial position**

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the effects of the Acquisitions, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma combined statements of financial position as set out in Section 14.

	<b>I</b>	<b>II</b>	<b>III</b>
	<b>After Acquisitions</b>	<b>After I and Public Issue</b>	<b>After II and utilisation of proceeds</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Total non-current assets	197,952	197,952	197,952
Total current assets	630,338	630,323	726,478
<b>TOTAL ASSETS</b>	<b>828,290</b>	<b>828,275</b>	<b>924,430</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	(1)-	194,500	294,500
Invested equity	15,300	-	-

**2. PROSPECTUS SUMMARY (Cont'd)**

		I	II	III
	As at 30 November 2021	After Acquisitions	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Retained earnings	195,030	195,362	195,362	194,020
Merger reserve	-	(174,338)	(174,338)	(174,338)
<b>Total equity attributed to owners of the Group</b>	<b>210,330</b>	<b>215,524</b>	<b>315,524</b>	<b>311,679</b>
Non-controlling interest	5,209	-	-	-
<b>TOTAL EQUITY</b>	<b>215,539</b>	<b>215,524</b>	<b>315,524</b>	<b>311,679</b>
Total non-current liabilities	121,499	121,499	121,499	121,499
Total current liabilities	491,252	491,252	491,252	491,252
<b>TOTAL LIABILITIES</b>	<b>612,751</b>	<b>612,751</b>	<b>612,751</b>	<b>612,751</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>828,290</b>	<b>828,275</b>	<b>928,275</b>	<b>924,430</b>
Gearing ratio <sup>(2)</sup> (times)	2.37	2.37	1.62	1.64
Net gearing ratio <sup>(3)</sup> (times)	2.03	2.03	1.07	1.10
No. of Shares in issue ('000)	15,800	1,250,000	1,562,500	1,562,500
NA per Share <sup>(4)</sup> (RM)	13.31	0.17	0.20	0.20

**Notes:**

- (1) Representing RM2.00.
- (2) Calculated based on total borrowings over total equity.
- (3) Calculated based on net borrowings (total borrowings less cash and cash equivalents) over total equity.
- (4) Calculated based on total equity attributed to the owners of our Group over number of Shares in issue.

**2.11 DIVIDEND POLICY**

Our Board intends to recommend and distribute a dividend of up to 30% of our annual audited consolidated PAT attributable to our shareholders. Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to the approval of our shareholders at our annual general meeting. You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion. During FYE 2019 to 2021 and FPE 2022, we declared and paid the following dividends:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Dividend declared	7,279	1,894	7,954	36,141
Dividend paid	10,379	2,570	7,954	36,141

The dividend declared and paid during FPE 2022 of RM36.1 million comprised a RM24.6 million dividend by Unitrade which was set-off against the same amount owing by SLU Sdn Bhd, a company wholly-owned by Sim Keng Chor and Teh Beng Khim, and a RM11.5 million dividend by Ricwil which was set-off against an amount of RM7.2 million owing By Sanlens Sdn Bhd, a company which is substantially owned by Sim Keng Chor and Nomis Sim Siang Leng, and against proceeds of RM4.3 million in relation to the disposal of property to Sim Keng Chor, further details of which are disclosed in Section 10.2.3. There were no further dividends declared and paid subsequent to FPE 2022 up to LPD. Further, we do not intend to declare and pay any dividends from the LPD up to the point of our Listing.

Further details of our dividend policy are set out in Section 12.16.

**3. APPROVALS AND CONDITIONS****3.1 APPROVALS AND CONDITIONS****3.1.1 Bursa Securities**

Bursa Securities had, vide its letters dated 13 January 2022 and 21 March 2022, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

<b>No.</b>	<b>Details of conditions imposed</b>	<b>Status of compliance</b>
(a)	Submit the following information with respect to the moratorium on the shareholdings of the Promoters to Bursa Depository: <ul style="list-style-type: none"> <li>(i) Name of shareholders;</li> <li>(ii) Number of shares; and</li> <li>(iii) Date of expiry of the moratorium for each block of shares;</li> </ul>	Complied
(b)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
(c)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
(d)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of UIB on the first day of Listing;	To be complied
(e)	In relation to the Public Issue to be undertaken by UIB, to announce at least 2 Market Days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> <li>(i) Level of subscription of public balloting and placement;</li> <li>(ii) Basis of allotment/allocation;</li> <li>(iii) A table showing the distribution for placement tranche; and</li> <li>(iv) Disclosure of placees who become substantial shareholders of UIB arising from the Public Issue, if any;</li> </ul>	To be complied
(f)	UIB / M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of UIB to the Official List of the ACE Market; and	To be complied
(g)	UIB is to obtain the CFA for all premises for its employees' accommodations prior to the registration of UIB's Prospectus.	Complied

**3. APPROVALS AND CONDITIONS (Cont'd)****3.1.2 SC**

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letters dated 7 March 2022 and 15 April 2022, approved the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Listing. The approval from the SC is subject to the following conditions:

<b>No.</b>	<b>Details of conditions imposed</b>	<b>Status of compliance</b>
(a)	UIB allocating shares equivalent to 12.5% of its enlarged number of issued shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	To be complied
(b)	UIB is to make available at least 50.0% of the shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied

The effects of our Listing on our equity structure are as follows:

<b>Category of shareholders</b>	<b>As at 31 August 2021</b>		<b>After Listing</b>	
	<b>No. of Shares</b>	<b>% of no. of Issued Shares</b>	<b>No. of Shares '000</b>	<b>% of enlarged no. of Issued Shares</b>
<b>Bumiputera</b>				
- Bumiputera investors to be approved by MITI	-	-	<sup>(1)</sup> 195,313	12.5
- Bumiputera public investors via balloting	-	-	<sup>(2)</sup> 39,063	2.5
<b>Total Bumiputera</b>	-	-	<b>234,376</b>	<b>15.0</b>
<b>Non-Bumiputera</b>	2	100.0	1,328,124	85.0
<b>Malaysians</b>	<b>2</b>	<b>100.0</b>	<b>1,562,500</b>	<b>100.0</b>
Foreigners	-	-	-	-
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>1,562,500</b>	<b>100.0</b>

**Notes:**

- (1) Based on the assumption that the Shares allocated to Bumiputera investors to be approved by MITI shall be fully subscribed.
- (2) Based on the assumption that the Shares offered to Bumiputera public investors via balloting shall be fully subscribed.

**3.1.3 MITI**

The MITI had, vide its letter dated 18 October 2021, taken note and has no objection to our Listing.

### 3. APPROVALS AND CONDITIONS (Cont'd)

#### 3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Promoters as follows:

- (a) The moratorium applies to the entire shareholdings of our Promoters for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Promoters' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

Details of our Promoters and their Shares which will be subject to the abovementioned moratorium, are set out below:

Promoters	Moratorium shares during the First 6-Month Moratorium <sup>(1)</sup>		Moratorium shares during the Second 6-Month Moratorium	
	<sup>(1)</sup> No. of Shares '000	<sup>(2)</sup> %	<sup>(1)</sup> No. of Shares '000	<sup>(2)</sup> %
SAS	788,654	50.5	506,992	32.5
Sim Keng Chor	168,173	10.7	108,111	6.9
Teh Beng Khim	70,278	4.5	45,179	2.9
Nomis Sim Siang Leng	39,987	2.6	25,706	1.6
Simson Sim Xian Zhi	26,658	1.7	17,137	1.1
	<b>1,093,750</b>	<b>70.0</b>	<b>703,125</b>	<b>45.0</b>

#### Notes:

(1) After the Offer for Sale.

(2) Based on the enlarged share capital of 1,562,500,000 Shares.

The moratorium has been fully accepted by our Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during their moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

Separately, the ultimate shareholders of SAS, namely Sim Keng Chor and Teh Beng Khim have also undertaken not to sell, transfer or assign their respective shareholdings in SAS during their moratorium period.



## 4. DETAILS OF OUR IPO

### 4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 28 April 2022 and will remain open until 5.00 p.m. on 30 May 2022. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

### 4.2 INDICATIVE TIMETABLE

Events	Tentative dates
Issuance of this Prospectus/ Opening of Application	28 April 2022
Closing Date/Closing of Application	30 May 2022
Balloting of Application	2 June 2022
Allotment/Transfer of IPO Shares to successful applicants	13 June 2022
Date of Listing	14 June 2022

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

### 4.3 DETAILS OF OUR IPO

#### 4.3.1 Listing scheme

##### (a) Public Issue

A total of 312,500,000 Issue Shares representing 20.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

##### (i) Malaysian Public

78,125,000 Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 39,062,500 Shares made available to public investors; and

(ba) 39,062,500 Shares made available to Bumiputera public investors.

##### (ii) Eligible Directors, employees and persons who have contributed to the success of our Group

63,500,000 Shares, representing 4.1% of our enlarged share capital, are reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3.

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**4. DETAILS OF OUR IPO (Cont'd)**

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**(iii) Private placement to Bumiputera investors approved by MITI and selected investors**

170,875,000 Shares, representing 10.9% of our enlarged share capital will be reserved for private placement in the following manner:

(aa) 117,187,500 Issue Shares made available for selected Bumiputera investors approved by MITI; and

(bb) 53,687,500 Issue Shares made available for selected investors.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM194,500,002 comprising 1,250,000,000 Shares to RM294,500,002 comprising 1,562,500,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

**(b) Offer for Sale**

Our Selling Shareholders will undertake an offer for sale of 125,000,000 Offer Shares, representing 8.0% of our enlarged share capital at our IPO Price. The Offer Shares shall be undertaken by way of private placement in the following manner:

(i) 78,125,000 Offer Shares made available for selected Bumiputera investors approved by MITI; and

(ii) 46,875,000 Offer Shares made available for selected investors.

Further details of our Selling Shareholders are set out in Section 4.3.2.

Our Offer for Sale is subject to the terms and conditions of this Prospectus.

**(c) Listing**

Upon completion of our IPO, our Company's entire enlarged share capital of RM294,500,002 comprising 1,562,500,000 Shares shall be listed on the ACE Market.

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#### 4. DETAILS OF OUR IPO (Cont'd)

##### 4.3.2 Selling Shareholders

Details of our Selling Shareholders are as follows:

Name/ Residential address	Material relationship with our Group	<sup>(1)</sup> Before IPO		Offer Shares offered		After IPO	
		No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%
Sim Keng Chor/ 8, Lorong Kemaris Enam Bukit Bandaraya 59100 Kuala Lumpur	Promoter, substantial shareholder and Executive Vice Chairman	215,048,000	17.2	46,875,000	3.8	168,173,000	10.7
Teh Beng Khim/ 8, Lorong Kemaris Enam Bukit Bandaraya 59100 Kuala Lumpur	Promoter and substantial shareholder	148,403,000	11.9	78,125,000	6.3	70,278,000	4.5

##### Notes:

<sup>(1)</sup> After completion of Acquisitions but prior to Public Issue.

<sup>(2)</sup> Based on the share capital of 1,250,000,000 Shares before IPO.

<sup>(3)</sup> Based on the enlarged share capital of 1,562,500,000 Shares after IPO.

The Selling Shareholders shall bear all expenses such as placement fee and miscellaneous fees estimated at approximately RM0.8 million relating to the Offer Shares. The Offer Shares are not underwritten by our Underwriter.

Further details of our Selling Shareholders, who are also our Promoters and substantial shareholders can be found in Section 5.1.

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**4. DETAILS OF OUR IPO (Cont'd)****4.3.3 Pink Form Allocations**

We have allocated 63,500,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

<b>Category</b>	<b>No. of eligible persons</b>	<b>Aggregate no. of Issue Shares allocated</b>
Eligible Directors	4	800,000
Eligible employees	85	23,742,000
Persons who have contributed to the success of our Group	32	38,958,000
	<b>121</b>	<b>63,500,000</b>

Entitlements which are not accepted by certain eligible Directors, employees and persons who have contributed to the success of our Group will be re-allocated to the other eligible Directors as set out in the table below and other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

**(a) Allocation to eligible Directors**

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Details of the proposed allocation to our Directors are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Dato' Abdul Majit Bin Ahmad Khan	Senior Independent Non- Executive Chairman	200,000
Dato' Lok Bah Bah @ Loh Yeow Boo	Independent Non-Executive Director	200,000
Cynthia Toh Mei Lee	Independent Non-Executive Director	200,000
Ong Soo Chan	Independent Non-Executive Director	200,000
		<b>800,000</b>

Sim Keng Chor, Nomis Sim Siang Leng and Simson Sim Xian Zhi have opted not to participate in the Pink Form Allocations as they are already our existing shareholders.

**(b) Allocation to our eligible employees**

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) Our employees must be an eligible and/or confirmed employee and on the payroll of our Group;
- (ii) The number of shares allocated to our eligible employees are based on their seniority, position, their length of service and their respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (iii) Full time employees of at least 18 years of age.

**4. DETAILS OF OUR IPO (Cont'd)**

Included in the allocation to our eligible employees are the proposed allocations to our key senior management:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Sim Yung Chi	Chief Operating Officer	3,000,000
Sim Aik Chor	Chief Marketing Officer	5,000,000
Koh Sui Ming	Chief Financial Officer	1,000,000
		<b>9,000,000</b>

**(c) Allocation to persons who have contributed to the success of our Group**

Persons who have contributed to the success of our Group include our business associates, customers and suppliers.

Included in the allocation to persons who have contributed to the success of our Group are the following proposed allocations to the UUSB Vendors, who are our existing shareholders:

<b>Name</b>	<b>No. of Issue Shares allocated</b>
W T Steel Sdn Bhd	1,000,000
Stella Industrial Sdn Bhd	3,000,000
	<b>4,000,000</b>

The shareholdings of our abovementioned existing shareholders in our Company before and after IPO are set out below:

<b>Name</b>	<b>(2)After IPO</b>					
	<b>(1)Before IPO</b>		<b>Excluding Pink Form Allocations</b>		<b>Including Pink Form Allocations</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
W T Steel Sdn Bhd	11,719,000	0.9	11,719,000	0.8	12,719,000	0.8
Stella Industrial Sdn Bhd	3,906,000	0.3	3,906,000	0.3	6,906,000	0.4

**Notes:**

(1) Based on the share capital of 1,250,000,000 Shares in issue before IPO.

(2) Based on the enlarged share capital of 1,562,500,000 Shares after IPO.

United Jaya Sdn Bhd has opted not to participate in the Pink Form Allocation.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

**4.3.4 Placement and underwriting arrangement**

Our Underwriter will underwrite 141,625,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 170,875,000 Issue Shares and 125,000,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will be placed out by our Placement Agent and will not be underwritten.

#### 4. DETAILS OF OUR IPO (Cont'd)

Any IPO Shares not subscribed for by Bumiputera investors approved by MITI under the private placement as stated in Sections 4.3.1(a)(iii) and 4.3.1(b) will firstly be reallocated to selected institutional investors via private placement. Subsequently, any IPO Shares that are not taken up shall be made available firstly for subscription by the Bumiputera general public, and thereafter to the other public investors, via the balloting process.

If all Issue Shares offered to the Malaysian Public are oversubscribed, Issue Shares not subscribed for under the Pink Form Allocations (if any), will be made available for application by the Malaysian Public. Any remaining Issue Shares which are not subscribed by the Malaysian Public or Pink Form Allocations will then be made available to selected investors via private placement.

Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

##### 4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

#### 4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
As at the date of this Prospectus	1,250,000,000	194,500,002
To be issued under our Public Issue	312,500,000	100,000,000
<b>Enlarged share capital upon our Listing</b>	<b>1,562,500,000</b>	<b>294,500,002</b>

Our Offer for Sale will not have effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

**4. DETAILS OF OUR IPO (Cont'd)**

Our Offer Shares rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, or by proxy or by other duly authorised representative. Every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each Share held.

**4.5 PURPOSES OF OUR IPO**

The purposes of our IPO are as follows:

- (a) To gain recognition through our listing status which will enhance our reputation in terms of marketing our products and services and retention of our employees;
- (b) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity;
- (c) To enable our Group to raise funds for the purposes specified in Section 4.9 herein; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

**4.6 BASIS OF ARRIVING AT OUR IPO PRICE**

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) The PE Multiple of our IPO Price of approximately 11.9 times based on our net EPS of approximately 2.7 sen for FPE 2022, calculated based on the PAT attributable to owners of our Group for FPE 2022 of RM42.2 million (extrapolated to 12 months) and enlarged share capital of 1,562,500,000 Shares upon Listing;
- (b) Our pro forma NA per Share as at 30 November 2021 of RM0.20, calculated based on our pro forma NA as at 30 November 2021 of approximately RM311.7 million and enlarged share capital of 1,562,500,000 Shares upon Listing;
- (c) Our historical financial track record as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	1,048,723	1,077,629	1,025,044	756,384
PAT attributable to owners of the Group	18,925	19,087	28,782	28,107

- (d) Our competitive strengths as set out in Section 7.13; and



**4. DETAILS OF OUR IPO (Cont'd)**

(e) Our business strategies and prospects as set out in Section 7.14.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

**4.7 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and enlarged share capital of 1,562,500,000 Shares upon Listing, our total market capitalisation will be RM500,000,000.

**4.8 DILUTION**

Dilution is the amount by which our IPO Price exceeds the pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<b>RM</b>
IPO Price	0.32
Our pro forma NA per Share as at 30 November 2021 after the Acquisitions and subsequent events, before the IPO	0.17
Our pro forma NA per Share as at 30 November 2021 after the Acquisitions and subsequent events, IPO and utilisation of proceeds	0.20
Increase in the pro forma NA per Share attributable to existing shareholders	0.03
Decrease in the pro forma NA per Share to our new public investors	(0.12)
Decrease in the pro forma NA per Share as a percentage of our IPO Price	(37.5%)

Further details of our pro forma NA per Share as at 30 November 2021 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

<b>Shareholders</b>	<b>(1) No. of Shares received</b>	<b>Total consideration</b>	<b>Average effective cost per Share</b>
		<b>RM</b>	<b>RM</b>
SAS	788,654,000	122,714,646	0.1556
Sim Keng Chor	215,048,000	33,461,428	0.1556
Teh Beng Khim	148,403,000	23,091,466	0.1556
Nomis Sim Siang Leng	39,987,000	6,221,977	0.1556
Simson Sim Xian Zhi	26,658,000	4,147,985	0.1556
United Jaya Sdn Bhd	15,625,000	2,431,250	0.1556
W T Steel Sdn Bhd	11,719,000	1,823,476	0.1556
Stella Industrial Sdn Bhd	3,906,000	607,774	0.1556
	<b>1,250,000,000</b>	<b>194,500,002</b>	

**4. DETAILS OF OUR IPO (Cont'd)****Note:**

<sup>(1)</sup> Issued under the Acquisitions and acquisition from 2 existing subscriber shareholders.

Save for the Shares received by our Promoters under the Acquisitions as well as Pink Form Allocation to our eligible Directors and key senior management, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

**4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM100.0 million will accrue entirely to us and are planned to be utilised in the following manner:

<b>Utilisation of proceeds</b>	<b>Notes</b>	<b>RM'000</b>	<b>%</b>	<b>Estimated timeframe for utilisation from date of Listing</b>
Working capital	(a)	50,500	50.5	12 months
Repayment of bank borrowings	(b)	39,800	39.8	12 months
Capital expenditure for pipe fabrication centre	(c)	5,000	5.0	36 months
Estimated listing expenses	(d)	4,700	4.7	Within 1 month
		<b>100,000</b>	<b>100.0</b>	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

**(a) Working capital**

Our business growth depends largely on the availability of working capital as well as storage space to hold our inventories. As our Group depends on available financing to bridge the gap for our customers and purchase of inventory, our IPO proceeds are prioritised to expand our working capital to do the same for future growth instead of capital expenditure. As such, the IPO proceeds will enable our Group to tap into new products which we do not presently keep stock.

In terms of space, we plan to consolidate our operations under a new industrial complex which houses our headquarters, factory and warehouse.

We have completed the relocation to the new industrial complex on 31 December 2021, after receiving the CCC on 13 December 2021.

Upon relocation of Ricwil's manufacturing operations to the new industrial complex, our Group has applied for the business premise license and reissuance of the manufacturing licence to reflect the change in factory location. Our Group obtained the conditional approval for the reissuance of the manufacturing licence on 14 January 2022 and has submitted the requisite documents to be submitted to MIDA for the issuance of the manufacturing licence. As at LPD, the estimated timeline for the receipt of the business license and the reissuance of the manufacturing licence is by May 2022.

**4. DETAILS OF OUR IPO (Cont'd)**

Notwithstanding the need to reissue the license, based on discussions with officers in MIDA, after the application for reissuance is made, Ricwil can operate in the new industrial complex with its existing license, pending the reissuance of the new license.

Our new warehouse has a built-up area of approximately 281,000 sq ft which is relatively larger as compared to our existing warehouse with a built-up area of approximately 123,000 sq ft. With this, we are able to increase our operational efficiency and hold more inventories. After relocation, our Group has rented out the existing warehouse.

Further details on our new industrial complex are set out in Section 7.14.1.

In conjunction with the new warehouse, we require a larger working capital base to grow our business, with which we will be better equipped to supply to more projects simultaneously, projects of larger contract value, and we can also increase our product range. Our Group intends to hold a larger number of building materials to ensure customers' expectations of a wide product range with timely deliveries can always be met without delays. As such, a total of RM50.5 million from the proceeds raised from our Public Issue will be allocated to finance the growth of our working capital, to be used in the following manner:

	<b>RM'000</b>	<b>%</b>
(i) Purchase of building materials in the following proportions:		
- Building materials for civil works, as follows:		
- Mild steel plates, chequered plates, and coils, which we previously do not maintain an inventory, will help reduce the lead time for our customers and users	20,500	40.6
- Used sheet piles, which are affordable alternatives to customers as compared to new sheet piles	15,000	29.7
- Stainless steel angles, channels, which will increase our product range to cater to a wider range of customers	10,000	19.8
	45,500	90.1
- Building materials for M&E works, namely high pressure hydraulic hoses, which is a premium item that will expand our product range	5,000	9.9
<b>Total</b>	<b>50,500</b>	<b>100.0</b>

We had allocated more proceeds for the purchase of building materials for civil works as we have historically purchased more building materials for civil works as compared to M&E works for our business. Details of our purchase cost of building materials for civil works and M&E works for FYE 2019 to FYE 2021 and FPE 2022 are set out below:

	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FPE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Building materials for civil works	750,163	72.5	771,002	77.1	744,715	80.8	571,584	78.8
Building materials for M&E works	285,042	27.5	229,621	22.9	176,401	19.2	153,628	21.2
<b>Total</b>	<b>1,035,205</b>	<b>100.0</b>	<b>1,000,623</b>	<b>100.0</b>	<b>921,116</b>	<b>100.0</b>	<b>725,212</b>	<b>100.0</b>

**4. DETAILS OF OUR IPO (Cont'd)****(b) Repayment of bank borrowings**

We have allocated RM39.8 million from the proceeds of our Public Issue to partially repay the utilisation of our bankers' acceptance facilities. The interest rate and tenure of the banker's acceptance are set out below:

<b>Banking facility</b>	<b>Tenure Days</b>	<b>Interest rate (% per annum)/ Maturity/ Duration</b>	<b>Amount outstanding as at LPD RM'000</b>	<b>Proposed repayment RM'000</b>	<b>Purpose of borrowing</b>
Bankers' acceptance	60 - 180	2.30 - 4.58/ 4 months to 6 months as at LPD	390,600	39,800	Working capital

As at LPD, we have utilised bankers' acceptance facilities from 9 banks. We will repay the above bankers' acceptance as and when it falls due and as such we are unable to determine which bankers' acceptance we will repay at this juncture as it depends on the timing of the receipt of the proceeds, the prevailing interest rates, and the maturity date of the bankers' acceptance at that point of time.

The repayment of the bankers' acceptance amounting to RM39.8 million is expected to result in interest savings of RM0.9 million to RM1.8 million per annum based on the interest rate of 2.30% to 4.58% per annum for the bankers' acceptance.

**(c) Capital expenditure for a new pipe fabrication centre**

To complement our wholesale and distribution of pipes, we intend to enhance our offerings through the provision of value-added services for pipes in a new pipe fabrication centre that provides end-to-end pipe services to our customers. These services comprise pipe cutting, grooving, threading, welding, painting and assembly.

Our strategy in setting up a new pipe fabrication centre is based on customers' increasing demand for such services, as well as the availability of space in our new industrial complex. This will enable our Group to take on opportunities anticipated from future business growth and expansion, arising from current and future demands from existing customers. This is expected to contribute to the growth of our financial performance.

Our pipe fabrication centre will be implemented at our new factory, details of which are set out in Section 7.14.2.

By leveraging on our pipe fabrication centre, our customers can reduce their manpower required to cut, groove, thread, weld, paint and assemble pipes at construction sites. The pipes are fabricated off-site and delivered to our customers' construction sites ready for installation according to their construction progress at site. This will also allow more effective use of space at the construction sites, reduce on-site disruption and speed up overall construction progress. Further, safety at construction sites can be improved with less workers, equipment and materials reducing site congestion.

**4. DETAILS OF OUR IPO (Cont'd)**

The cost of setting up this new pipe fabrication centre is expected to be RM6.0 million, which comprises machinery and equipment as well as installation over 3 phases of approximately a year each phase, to which we have allocated RM5.0 million from the proceeds of our Public Issue and RM1.0 million will be funded using internally generated funds and/or bank borrowings, the proportion of which will be determined at the point of the deployment of funds. The costs and production capacities expected to be attained from each phase is set out as follows:

		Phase 1	Phase 2	Phase 3	Total			
		RM'000	RM'000	RM'000	RM'000			
Machinery and equipment								
-	Pipe grooving machine	219	164	164	547			
-	Pipe cutting machine and band saw	19	19	-	38			
-	Lifting device	63	63	21	147			
-	Pipe threading line	207	567	360	1,134			
-	Conveyors and racks	376	-	-	376			
-	Robotic branch welding line	1,066	1,066	400	2,532			
-	CNC turning centre	350	350	-	700			
-	Pipe painting line	150	150	100	400			
-	Painting booth and ventilation system	150	-	-	150			
Total					6,024			
Number of machines / Annual production capacity <sup>(1)</sup>								
		Phase 1	Phase 2	Phase 3	Total			
		'000	'000	'000	'000			
Machinery	Qty	Units <sup>(2)</sup>	Qty	Units <sup>(2)</sup>	Qty	Units <sup>(2)</sup>		
Grooving machine	8	193	6	144	6	144		
Cutting machine / band saw	2	69	2	69	-	-		
Threading machine	2	413	2	413	-	-		
- Automatic loader	-	-	1	775	1	775		
Robotic branch welding system	1	62	1	62	-	-		
- Automatic loader	-	-	-	-	2	124		
CNC turning centre	1	310	1	310	-	-		
Painting system	1	124	1	124	-	-		
- Automation	-	-	-	-	2	165		

**Notes:**

(1) Calculated based on each machine's daily production capacity for 269 working days a year (i.e. 5.5 working days per week and 18 days of public holiday per year).

(2) The units produced may be intermediate or end products, as each pipe may undergo multiple fabrication process.

**4. DETAILS OF OUR IPO (Cont'd)**

All the machinery to be acquired as set out above will be used in the fabrication of pipes. With the abovementioned additional machinery, our Group will be able to offer end-to-end pipe services and a more comprehensive and extensive range of pipe products. These machinery are semi-automated, which will enable us to reduce our dependency on foreign workers.

The purchase, installation and commissioning of machinery and equipment will take place progressively in three phases:

- (i) For the first phase, our Group intends to purchase the machinery and equipment to set up all the required stations to offer cutting, grooving, threading, welding and painting of pipes, which is expected to be completed within 12 months from the date of our Listing.
- (ii) In the second phase, our Group intends to purchase more machinery and equipment to expand the capacity of each station and improve the automation in threading station, which is expected to be completed within 24 months from the date of our Listing.
- (iii) In the last phase, our Group intends to purchase additional machinery and equipment to expand the capacity of grooving station, and further improve the automation in threading, welding and painting stations, which is expected to be completed within 36 months from the date of our Listing.

Please refer to Section 7.14.2 for further details on the setup of the new pipe fabrication centre.

**(d) Estimated listing expenses**

An amount of RM4.7 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

<b>Estimated listing expenses</b>	<b>RM'000</b>
Professional fees <sup>(1)</sup>	2,200
Fees payable to authorities	90
Underwriting, placement and brokerage fees	2,200
Printing, advertising fees and contingencies <sup>(2)</sup>	210
	<b>4,700</b>

**Notes:**

- (1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

#### **4. DETAILS OF OUR IPO (Cont'd)**

##### **4.9.2 Offer for Sale**

The Offer for Sale will raise gross proceeds of approximately RM40.0 million which will accrue entirely to our Selling Shareholders.

##### **4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION**

###### **4.10.1 Brokerage fees**

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

###### **4.10.2 Placement fees**

Our Placement Agent will place out a total of 170,875,000 Issue Shares and 125,000,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of 2.0% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.0% of the value of those Offer Shares placed out by our Placement Agent will be borne entirely by the Selling Shareholders.

###### **4.10.3 Underwriting commission**

Our Underwriter has agreed to underwrite 141,625,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 2.0% of our IPO Price multiplied by the number of Shares underwritten.

##### **4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 141,625,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.4.

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

- 1.1 Our Company irrevocably appoints the Underwriter as the underwriter of the Underwritten Shares and the Underwriter accepts its appointment on the terms and conditions in the Underwriting Agreement.
- 1.2 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("**Conditions**")
  - (a) the acceptance of the listing proposal from Bursa Securities, the clearance of registrable prospectus from the SC and the lodgement of registrable prospectus with the Companies Commission of Malaysia respectively together with copies of all documents required under Section 154 of the Companies Act prior to the issuance of the Prospectus to the public;



#### **4. DETAILS OF OUR IPO (Cont'd)**

- (b) the issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Companies Act to the public within three (3) months from the date of the Underwriting Agreement or such extension as consented by the Underwriter;
- (c) there having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Company and our subsidiaries (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Public Issue Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement if they are repeated on and as of the Closing Date;
- (d) the issue, offering and subscription of the Public Issue Shares in accordance with the provisions hereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia;
- (e) all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
- (f) the Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of all costs, charges, commissions, fees and expenses:
  - (i) of and incidental to the preparation and execution of the Underwriting Agreement, including solicitors' fees and charges, and all stamp duty charges payable thereon;
  - (ii) in connection with the Public Issue, including but not limited to the cost of crediting the Public Issue Shares into the respective securities accounts of the successful applicants thereof and/or the Underwriter;
  - (iii) that may be incurred by the Underwriter in carrying out its obligations under the Underwriting Agreement; and
  - (iv) incurred or payable in connection with the listing or maintenance of the listing of the Public Issue Shares on Bursa Securities,
- (g) the delivery to the Underwriter prior to the date of registration of the Prospectus of:
  - (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors of our Company and our shareholders in a general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus;
  - (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in item 1.2(c) above;

#### **4. DETAILS OF OUR IPO (Cont'd)**

- (h) the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board of Directors of our Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Company or our subsidiaries nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
  - (i) the Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market of Bursa Securities without undue delay.
- 1.3 In the event any of the Conditions are not satisfied by the Closing Date, the Underwriter shall be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than three (3) market days after the Closing Date. The Underwriter reserves the right to waive or modify any of the Conditions.
- 1.4 The liabilities and obligations of the Underwriter shall be to take up and apply for or procure subscriptions of the Underwritten Shares not subscribed or taken up by the Closing Date. In the event by or on the Closing Date the Issuing House shall have validly received acceptance (as defined in the Prospectus) for all the Underwritten Shares then the underwriting obligations of the Underwriter in the Underwriting Agreement shall cease.
- 1.5 The Underwriting Commission shall be paid to the Underwriter whether or not any allotment of the Underwritten Shares is made to the Underwriter or its nominees or whether or not the Underwritten Shares have been validly subscribed in full. Our Company shall at all times pay the Underwriter the Underwriting Commission and all relevant fees and expenses notwithstanding the failure of our Company to proceed with the IPO or notwithstanding any deferment, postponement and/or rescheduling of the IPO for any reasons whatsoever including without limitation in accordance with any directive or order of the SC, regulatory authorities or otherwise.
- 1.6 The Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Public Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
  - (a) there is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier;
  - (b) there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group and the success of the Public Issue, or the distribution of the Public Issue Shares;
  - (c) there shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Company or any of our subsidiaries;

#### 4. DETAILS OF OUR IPO (Cont'd)

- (d) there shall have occurred, happened or come into effect any of the following circumstances:
  - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
  - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter which would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Company or any of our subsidiaries and the success of the Public Issue, or the distribution of the Public Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms;
  - (iii) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
    - (1) on or after the date of the Underwriting Agreement; and
    - (2) prior to the allotment of the Public Issue Shares,

lower than ninety percent (90%) of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least three (3) Market Days;
  - (iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency,
- (e) there is failure on the part of our Company to perform any of our respective obligations under the Underwriting Agreement;
- (f) any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
- (g) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.

- 1.7 Upon such notice(s) being given under item 1.6 above, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of our obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and our undertaking to indemnify the Underwriter pursuant to the provisions of the Underwriting Agreement.

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**4. DETAILS OF OUR IPO (Cont'd)**

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**4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants. Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

**5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

**5.1.1 Promoters' and substantial shareholders' shareholdings**

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Name	Place of incorporation/ Nationality	<sup>(1)</sup> Before IPO			<sup>(2)</sup> After IPO		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
SAS	Malaysia	788,654,000	63.1	-	788,654,000	50.5	-
Sim Keng Chor	Malaysian	215,048,000	17.2	(3)937,057,000	168,173,000	10.7	(3)858,932,000
Teh Beng Khim	Malaysian	148,403,000	11.9	(3)1,003,702,000	70,278,000	4.5	(3)956,827,000
Nomis Sim Siang Leng	Malaysian	39,987,000	3.2	-	39,987,000	2.6	-
Simson Sim Xian Zhi	Malaysian	26,658,000	2.1	-	26,658,000	1.7	-

**Notes:**

(1) Based on the share capital of 1,250,000,000 Shares in issue before IPO.

(2) Based on the enlarged share capital of 1,562,500,000 Shares after IPO.

(3) Deemed interest by virtue of his/her shareholdings in SAS and his/her spouse's shareholdings in our Group.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

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## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

### **5.1.2 Profiles of Promoters and/or substantial shareholders**

#### **(a) Sim Keng Chor**

Sim Keng Chor, a Malaysian, age 75, is our founder, Promoter, substantial shareholder and Executive Vice Chairman. He has been involved in spearheading the growth and strategic development of our Group since inception, prior to relinquishing his role to Nomis Sim Siang Leng in 2019. He is currently involved in providing advisory and guidance on the strategic business direction of our Group. He was appointed to our Board on 1 September 2021.

In December 1965, he completed his Malaysian Certificate of Education at Government English School (now known as Sekolah Tinggi Muar). Upon graduation, in early 1966, he joined Eng Wah (HK) Film Company Pte Ltd, a film distribution company in Butterworth, as an Assistant and was involved in the distribution and delivery of films to cinemas. In 1972, he resigned and set up Syarikat Azza as a sole proprietorship to venture into the trading of agricultural chemicals and building materials in Johor Bahru. In 1975, he handed over the business to one of his younger siblings and relocated to Kuala Lumpur. He spent the next 3 years helping in another sibling's business in the retail of general hardware and learning about the hardware retail business.

Leveraging on his experience in the trading of agricultural chemicals and building materials as well as hardware retail, he established Syarikat Unitrade as a sole proprietorship in May 1979 to undertake the trading of pipes, valves, fittings and accessories. As the business grew, he incorporated Unitrade in January 1984 to assume the business of Syarikat Unitrade and served as the Managing Director until 2019 and thereafter, assumed his role as Executive Chairman. With over 43 years of experience in the business, Sim Keng Chor has vast knowledge and in-depth understanding of trends and demand in the industry. Building on his experience and industry knowledge, he continues to play a major role in the strategic business direction and expansion of our Group.

He is the spouse of Teh Beng Khim, the brother of Sim Aik Chor and Sim Yung Chi, and father of Nomis Sim Siang Leng and Simson Sim Xian Zhi. Kindly refer to Section 5.2.3 for his involvement in other business activities outside our Group.

#### **(b) Teh Beng Khim**

Teh Beng Khim, a Malaysian, age 69, is our Promoter and substantial shareholder.

In 1972, she obtained a Diploma in Private Secretaryship from Goon Institution Sdn Bhd, School of Commerce and Higher Secretarial Group Certificate from Pitman Examinations Institute. Thereafter, she obtained a Private Secretary's Certificate from London Chamber of Commerce and Industry in 1973. In 1983, she obtained a Certificate in Advertising from Malaysian Advertisers Association and Association of Accredited Advertising Agents Malaysia, and a Diploma in Industrial Advertising and Marketing from The Communication Advertising and Marketing Educations Foundation Limited, London.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Upon graduation, she was involved in secretarial duties and providing administrative assistance on finance related matters in several companies between July 1972 and July 1980. She gained experience in advertising, marketing and communication works during her tenure with DOW Chemical Pacific Limited between July 1980 and September 1986. She then spent 7 years in Pacific Chemicals Berhad as Marketing Communications Executive where she was involved in marketing communications, public relations and finance administration works, before she resigned in September 1993 to join Unitrade.

She joined Unitrade in 1993 as an Executive Director and was responsible for administrative and finance matters. In 2008, she was redesignated as Deputy Managing Director, where she assumed an overseeing role in finance and administration, before being redesignated as Executive Vice Chairman in 2019, a position she presently assumes in Unitrade where she is involved in advising the company on administrative and finance related matters, but she is not actively involved in the day-to-day operations of the company.

She is the spouse of Sim Keng Chor, sister-in-law of Sim Aik Chor and Sim Yung Chi, and mother of Nomis Sim Siang Leng and Simson Sim Xian Zhi.

### (c) **Nomis Sim Siang Leng**

Nomis Sim Siang Leng, a Malaysian, age 46, is our Promoter and Managing Director. He is responsible for overseeing and managing the day-to-day operations of our Group as well as driving the growth of our Group. He was appointed to our Board on 1 September 2021.

He graduated with a Bachelor of Engineering in Mechanical Engineering from Imperial College of Science, Technology and Medicine, University of London in August 1998. He also obtained a Master of Science in Analysis, Design & Management of Information Systems from London School of Economics and Political Science, University of London in November 1999.

Upon graduation, he joined IBM Malaysia Sdn Bhd in April 2000 as an IT Specialist and was involved in programming software for wafer manufacturing machines. He left IBM Malaysia Sdn Bhd in May 2002 and joined Unitrade as a Product Development Director in August 2002, where he worked alongside Sim Keng Chor, identifying and sourcing new products to expand our product offerings. Upon our acquisition of Ricwil, he was appointed as 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 comprising sales and marketing, procurement, warehousing, finance and administration.

Concurrent with his role in Unitrade, he was appointed as the Chief Executive Officer of Molecor (SEA) Sdn Bhd (a subsidiary of Fitters Diversified Berhad, a company listed on the Main Market of Bursa Securities) in March 2014 after Ricwil acquired 25% equity interest in Molecor (SEA) Sdn Bhd on 9 January 2014.

Molecor (SEA) Sdn Bhd was incorporated in 24 February 1997 under the name Fitters Technology Sdn Bhd as a wholly-owned subsidiary of Fitters Diversified Berhad (a company listed on the Main Market of Bursa Securities). It subsequently changed its name to Molecor (SEA) Sdn Bhd in 2013. Due to long gestation period resulting in continued losses incurred by Molecor (SEA) Sdn Bhd, there was a need to reorganise. It was decided that Sanlens Sdn Bhd, being an investment holding company of the Promoters to acquire such investments from Ricwil on 11 July 2017, where there is no longer participation in day-to-day activities as a passive investor.



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Molecor (SEA) Sdn Bhd was set up to manufacture and distribute the HYPRO® brand of eco-friendly oriented PVC-O pipes in South East Asia. As the Chief Executive Officer of this start-up, his primary responsibilities included making corporate decisions, managing the overall operations and resources of the company and executing the vision of the board of directors. In April 2016, he resigned after achieving the objectives set for initial stage of the business and remains as a non-executive Director in Molecor (SEA) Sdn Bhd.

In January 2019, he was redesignated to Chief Executive Officer of Unitrade, a position he presently holds in addition to being our Managing Director.

He is the son of Sim Keng Chor and Teh Beng Khim, nephew of Sim Aik Chor and Sim Yung Chi, and brother of Simson Sim Xian Zhi. Kindly refer to Section 5.2.3 for his involvement in other business activity outside of our Group.

### (d) Simson Sim Xian Zhi

Simson Sim Xian Zhi, a Malaysian, age 30, is our Promoter and Executive Director. He is responsible for overseeing the overall operations and business direction of the rental business of our Group. He was appointed to our Board on 1 September 2021.

He graduated with a Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology, Australia in December 2014.

He began his career when he joined Unitrade in June 2014, prior to his graduation date in December 2014, as Assistant to Sim Keng Chor, our founder, and was responsible for assisting him on the day-to-day management of the company. In April 2018, he was promoted to Business Development Director, a position he presently holds.

Upon the incorporation of UUSB, he was appointed as a Director of the company in January 2017, where he is currently responsible for overseeing the overall operations and business direction of UUSB.

He is the son of Sim Keng Chor and Teh Beng Khim, nephew of Sim Aik Chor and Sim Yung Chi, and brother of Nomis Sim Siang Leng. Kindly refer to Section 5.2.3 for his involvement in other business activity outside of our Group.

### (e) Unitrade SAS Sdn Bhd

SAS was incorporated as a private limited company under the Act on 21 June 2021.

The principal activity of SAS is investment holding of companies, as it was incorporated by our Promoters as a holding company of UIB. As at LPD, SAS has a share capital of RM2.00 comprising 2 ordinary shares. The directors of SAS are Sim Keng Chor and Teh Beng Khim, both of whom are its shareholders, holding 1 share each.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation are as follows:

Name	As at incorporation				<sup>(1)</sup> After IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Huang Swee Lin	1	50.0	-	-	-	-	-	-
Marlina Binti Budin	1	50.0	-	-	-	-	-	-
SAS	-	-	-	-	-	50.5	-	-
Sim Keng Chor	-	-	-	-	(2)788,654,000	10.7	(3)858,932,000	(3)55.0
Teh Beng Khim	-	-	-	-	168,173,000	4.5	(3)956,827,000	(3)61.2
Nomis Sim Siang Leng	-	-	-	-	70,278,000	2.6	-	-
Simson Sim Xian Zhi	-	-	-	-	39,987,000	1.7	-	-
					26,658,000	-	-	-

#### Notes:

- (1) Based on the enlarged share capital of 1,562,500,000 Shares after IPO.
- (2) Including the two subscribers' Shares which are transferred to SAS.
- (3) Deemed interest by virtue of his/her shareholdings in SAS and his/her spouse's shareholdings in our Group.

### 5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.2 DIRECTORS

Our Board takes note of the recommendations under the Malaysian Code of Corporate Governance ("MCCG") released in April 2021 and intends to have our Group adhere to its recommendations. Specifically on Practice Note 5.9, where it is recommended that the Board comprises 30% female members. As at LPD, our Board comprises 2 females out of 7 members, which represents 28% of the Board, and is a departure from Practice Note 5.9. We undertake to secure the appointment of additional female Directors within a year after Listing to meet the recommendation of 30% female Board members. Save for Practice Note 5.9, the composition of our Board presently adheres to the other recommendations of the MCCG.

#### 5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

			<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
			Direct		Indirect		Direct		Indirect	
Name	Designation/ Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	%
Dato' Abdul Majit Bin Ahmad Khan	Senior Independent Non-Executive Chairman/ Malaysian	-	-	-	-	200,000	<0.1	-	-	-
Sim Keng Chor	Executive Vice Chairman/ Malaysian	215,048,000	17.2	<sup>(3)</sup> 937,057,000	<sup>(3)</sup> 75.0	168,173,000	10.7	<sup>(3)</sup> 858,932,000	<sup>(3)</sup> 55.0	-
Nomis Sim Siang Leng	Managing Director/ Malaysian	39,987,000	3.2	-	-	39,987,000	2.6	-	-	-
Simson Sim Xian Zhi	Executive Director/ Malaysian	26,658,000	2.1	-	-	26,658,000	1.7	-	-	-
Dato' Lok Bah Bah @ Loh Yeow Boo	Independent Non-Executive Director/ Malaysian	-	-	-	-	200,000	<0.1	-	-	-
Cynthia Toh Mei Lee	Independent Non-Executive Director/ Malaysian	-	-	-	-	200,000	<0.1	-	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Name	Designation/ Nationality	<sup>(1)</sup> Before IPO		<sup>(2)</sup> After IPO	
		Direct		Indirect	
		No. of Shares	% No. of Shares	No. of Shares	% No. of Shares
Ong Soo Chan	Independent Non-Executive Director/ Malaysian	-	-	200,000	<0.1

**Notes:**

- (1) Based on the share capital of 1,250,000,000 Shares before IPO.
- (2) Based on the enlarged share capital of 1,562,500,000 Shares after IPO.
- (3) Deemed interest by virtue of his shareholdings in SAS and his spouse's shareholdings in our Group.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

### 5.2.2 Profiles of Directors

The profiles of Sim Keng Chor, Nomis Sim Siang Leng and Simson Sim Xian Zhi are set out in Section 5.1.2. The profiles of our other Directors are as follows:

**Dato' Abdul Majit Bin Ahmad Khan**, a Malaysian aged 76, is our Senior Independent Non-Executive Chairman and was appointed to our Board on 15 September 2021.

In June 1970, Dato' graduated with a Bachelor of Economics from University of Malaya.

Between 1970 and 2005, he was a Pegawai Tadbir dan Diplomati (PTD) and was assigned to the Prime Minister's Department and Ministry of Foreign Affairs of Malaysia where he held different positions in various divisions, involved in promoting bilateral relations between Malaysia and other countries, as detailed below:

1. October 1970 to October 1985, as Administrative and Diplomatic Service Officer of the Research Division in The Prime Minister's Department;
2. October 1972 to December 1974, Second Secretary in the Embassy of Malaysia in Vientiane, Laos;
3. December 1974 to February 1976, Assistant Secretary in the Prime Minister's Department;
4. February 1976 to February 1981, Second Secretary in the Embassy of Malaysia in Hanoi, Vietnam;
5. February 1981 to October 1985, Counsellor in the Embassy of Malaysia in Beijing, The People's Republic of China;
6. October 1985 to June 1988, as Under Secretary in Politics;
7. June 1988 to November 1989, as Deputy Chief of Mission in the Embassy of Malaysia in Washington DC, the USA;
8. November 1989 to March 1990, as Under Secretary in the South East Asia and South Pacific Division;
9. March 1990 to January 1993, as High Commissioner of Malaysia to Nigeria;
10. January 1993 to March 1996, as Under Secretary in the West Asia, Africa and the Organisation of Islamic Cooperation (OIC);
11. March 1996 to January 1998, as Director General in the Association of Southeast Asian Nations (ASEAN) Division; and
12. January 1998 to January 2005, as Ambassador in the Embassy of Malaysia, in the People's Republic of China.

Further, he has been Adjunct Professor at the Institute of China Studies in University of Malaya since 2018 under contract expiring January 2024 in which he participates in educational sessions to share his experience working in China with the researchers at the institute.

He was appointed as Chairman of Malaysian Investment Development Authority between April 2019 and April 2021, and Director of Malaysia-China Business Council between April 2012 and June 2020. He is also the Honorary President of the Malaysia China Chamber of Commerce for 2019 to 2022, co-founder of the Cheng He International Peace Foundation since June 2005 and President of the Malaysia-China Friendship Association since April 2005.

He is an Independent Non-Executive Director of Hong Leong Asset Management Berhad since May 2005 and also a board member of several public listed companies on Bursa Malaysia as follows:

- Independent Non-Executive Director of Zecon Berhad (a company listed on the Main Market of Bursa Securities) since May 2007,

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

- Independent Non-Executive Chairman of MGB Berhad (a company listed on the Main Market of Bursa Securities) since August 2014,
- Independent Non-Executive Director of DutaLand Berhad (a company listed on the Main Market of Bursa Securities) since January 2015.

Kindly refer to Section 5.2.3 for his involvement in other business activities outside our Group.

**Dato' Lok Bah Bah @ Loh Yeow Boo**, a Malaysia aged 73, is our Independent Non-Executive Director and was appointed to our Board on 15 September 2021.

He graduated with a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore in July 1974. He has been a member of the Malaysian Institute of Accountants since June 1980 and was reclassified as Chartered Accountant in June 2001. Further, he has been a member of the Australian Society of Accountants (now known as CPA Australia) since October 1987 where he was admitted as a Certified Practising Accountant and advanced to the status of Fellow of CPA Australia in December 2005.

He began his career in June 1976 when he joined Eastern & Oriental Hotel Penang as Accountant where he was responsible for preparing revenue audit reports and monitoring spending and budgets. He left Eastern & Oriental Hotel Penang in November 1978 to continue with his professional examination.

In April 1979, he joined Northern Telecom Industries Sdn Bhd as Assistant Financial Controller where he was responsible for preparing monthly manufacturing account to be submitted to the headquarters and inventory control. In 1989, he was promoted to Group Procurement Director where he was responsible for sourcing and purchasing of raw materials. In 1992, he was redesignated to Group Human Resources Director where he was responsible for human resource functions including staff welfare, employment and administration matters. He left Northern Telecom Industries Sdn Bhd in May 1994.

In January 1995, he joined Cheah Hong Inn Sdn Bhd as Financial Controller, in which he was responsible for the company's financial matters. He left Cheah Hong Inn Sdn Bhd in June 2015. In October 2016, he rejoined Cheah Hong Inn Sdn Bhd as Financial Advisor on a contract basis, to oversee the financial management team and provide advisory on financial related matters. He ended the contract on April 2020.

In September 2015, he was appointed as an Independent Non-Executive Director of Plenitude Berhad (a company listed on the Main Market of Bursa Securities), a position which he presently holds.

Kindly refer to Section 5.2.3 for his involvement in other business activities outside our Group.

**Cynthia Toh Mei Lee**, a Malaysian aged 49, is our Independent Non-Executive Director and was appointed to our Board on 15 September 2021.

She completed her Bachelor of Commerce in November 1994 and Bachelor of Laws in November 1996, respectively from Monash University. In February 1997, she commenced her pupillage at Presgrave & Matthews where she was involved in corporate and commercial, banking and conveyancing matters. In November 1997, she was admitted as an Advocate and Solicitor of the High Court of Malaya.

She continued her employment at Presgrave & Matthews as a Legal Assistant where she was involved in the corporate and commercial legal matters. In January 2002, she left Presgrave & Matthews.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

She was one of the founding partners of Wong Beh & Toh when it was established in March 2002, a firm in which she presently holds the position of a Partner. She practices in the areas of debt and equity service offerings, corporate restructuring of insolvent companies, takeovers, mergers and acquisitions of companies and businesses, initial public offerings, venture and development capital financing, unit trusts and investment funds, foreign direct investment, placement and underwriting arrangements, franchising and commercial and intellectual property transactions.

In April 2018, she was appointed as an Independent Non-Executive Director of QL Resources Berhad (a company listed on the Main Market of Bursa Securities), a position which she presently holds.

She has 24 years of experience as an advocate and solicitor in the matters of equity corporate finance, mergers and acquisitions and joint ventures as well as other corporate and commercial matters.

Kindly refer to Section 5.2.3 for her involvement in other business activities outside our Group.

**Ong Soo Chan**, a Malaysian aged 60, is our Independent Non-Executive Director and was appointed to our Board on 15 September 2021.

She graduated with a Bachelor of Arts in Economics from University Malaya in August 1987.

She began her career in December 1987 when she joined Development and Commercial bank as Management Trainee where she was placed under rotational basis in various departments. In August 1994, she joined RHB Bank as Position Officer where she was involved in the operations of buying and selling foreign currencies, money market placement and gold bullion dealing. She was promoted through the positions of Head of Unit in the Treasury Operation, Assistant to Asset-Liability Committee Head, and Treasury Operation Officer Head before she resigned in October 1996.

In October 1996, she joined ABN-AMRO Bank as the Head of Treasury Operations in which she was responsible for managing the day-to-day treasury operations, supporting the front-end, and was also involved in the set up of a derivative confirmation desk in Kuala Lumpur.

In July 1998, she left ABN-AMRO Bank and joined Citibank Berhad as the Head of Treasury Operations in which she was responsible for managing the day-to-day treasury operations and transaction. She was promoted to Senior Vice President and Director before she was promoted to Head of Corporate Banking Operations and Technology in January 2005. She was responsible for leading and managing the corporate banking operations and technology functions including cash and trade services, securities and funds services, as well as monitoring the overall financial performance of the division.

In January 2008, she was redesignated as the Head of Consumer Business Operations and Technology where she was responsible for leading and managing the operations of various functions under consumer business. In December 2010, she was promoted and seconded to Citigroup Overseas Investments Ltd as the Head of Citigroup Transaction Services Sdn Bhd where she was responsible for building a regional centre of excellence in Kuala Lumpur for the bank's regional operations, contact centre services, fraud and anti-money laundering operations.



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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)***

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In December 2013, she was transferred back to Citibank Berhad and was promoted to Head of Country Operations and Technology where she was responsible for developing and implementing strategies to increase operational productivity and cost efficiency which include developing strategies to accelerate the adoption of e-Payments initiatives, communicating and coordinating with regulators on bank's policies and processes, developing guidelines for risk management in technology usage, pioneered the adoption of risk management for cloud services, and implemented risk management guidelines for outsourcing activities within the bank's affiliates and third party vendors. She retired early when she left Citibank Berhad in December 2020.

Kindly refer to Section 5.2.3 for her involvement in other business activities outside our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.2.3 Principal business performed outside our Group**

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

**(a) Sim Keng Chor**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
<b><u>Present involvement<sup>(1)</sup></u></b> SAS	Investment holding in our Group	Director / Shareholder	21 June 2021	-	50.0	<sup>(2)</sup> 50.0
SLU Sdn Bhd <sup>(2)</sup>	Property investment	Director / Shareholder	24 October 2018	-	50.0	<sup>(2)</sup> 50.0
Midcity Maxim Sdn Bhd	Property investment holding and property development	Director	2 February 2018	-	-	-
Benar Bangsa Development Sdn Bhd	Property investment holding, real property and housing development	Director	2 February 2018	-	-	-
Sovereign Maxim Sdn Bhd	Money lending	Director	2 February 2018	-	-	-
Butirjaya Maxim Development Sdn Bhd	Property investment holding and property developer	Director	2 February 2018	-	-	-
Pribumi Ehsan Sdn Bhd	Dormant, intend to undertake property investment activities	Director	2 February 2018	-	-	-
Kaisar Maxim Sdn Bhd	Property investment holding and property development	Director	2 February 2018	-	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
Bigboy Maxim Sdn Bhd	Property investment holdings and property development	Director	2 February 2018	-	-	-
Maxim Holdings Sdn Bhd	Property investment holdings and property development	Director / Shareholder	4 June 2015	-	-	(2)13.1
Maxim Global Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, where its subsidiaries are involved in property development, agriculture development and industrial supply	Shareholder	-	-	0.8	-
Sanlens Sdn Bhd <sup>(3)</sup>	Investment holding in shares of companies involved in the manufacturing and distribution of PVC-O pipes, provision of engineering and project management services, assembly and fabricating of display panels and road safety barriers systems, and property investment holdings and property development, as well as investment in properties	Director / Shareholder	5 May 2015	-	50.0	-
Lucrative Skyline Sdn Bhd	Property development	Director / Shareholder	18 March 2013	-	9.1	-
Meridian Maxim Sdn Bhd	Property development	Director / Shareholder	15 October 2010	-	20.0	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings	
					Direct	Indirect
Nova Pharma Solutions Berhad (a company listed on the LEAP Market of Bursa Securities)	Provision of technical documentation, validation and project execution in the pharmaceutical and biotechnology industries	Shareholder	-	-	2.0	-
Fitters Diversified Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, where its subsidiaries are involved in the trading of fire safety materials, equipment and fire prevention system	Shareholder	-	-	0.2	-
BCO Ventures Sdn Bhd	Provision of engineering and project management services, assembly and fabricating of display panels and road safety barriers systems	Shareholder	-	-	-	(2)100.0
Molecor (SEA) Sdn Bhd <sup>(4)</sup> (a subsidiary of Fitters Diversified Berhad, a company listed on the Main Market of Bursa Securities)	Manufacturing and distribution of PVC-O pipes	Shareholder	-	-	-	(2)25.0
<b>Past involvement</b>						
Majestic Maxim Sdn Bhd (a subsidiary of Maxim Global Berhad, a company listed on the Main Market of Bursa Securities)	Property investment holding, property developer and general trading	Director	2 February 2018	23 November 2020	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
Blue Ocean Maxim Sdn Bhd (a subsidiary of Maxim Global Berhad, a company listed on the Main Market of Bursa Securities)	Property development	Director	2 February 2018	11 November 2020	-	-
Bendera Juara Maxim Sdn Bhd (a subsidiary of Maxim Global Berhad, a company listed on the Main Market of Bursa Securities)	Property development	Director	2 February 2018	21 May 2020	-	-
Mcpowell Distribution Sdn Bhd	Trading of batteries and accessories	Director	15 April 2004	22 October 2018	-	-
W.O.G Systems Sdn Bhd	Trading of hardware products. Struck off on 13 November 2020	Director / Shareholder	23 July 2002	13 November 2020	33.3	<sup>(2)</sup> 33.3
Antara Biz Sdn Bhd	Trading of hardware products. Struck off on 26 April 2017	Director / Shareholder	16 July 2002	26 April 2017	90.0	-
Unitrade Batteries Distribution Sdn Bhd	Trading of batteries. Struck off on 13 November 2020	Director / Shareholder	20 April 1999	13 November 2020	75.0	-
Unitrade Holdings Sdn Bhd	Dormant. Struck off on 13 November 2020	Director / Shareholder	13 May 1982	13 November 2020	50.0	<sup>(2)</sup> 50.0

**Notes:**

- <sup>(1)</sup> Sim Keng Chor is not involved in the day-to-day operations of these companies. Therefore, his ability to perform his role and responsibility as the Executive Vice Chairman of our Group is not affected.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(2) Deemed interest by virtue of his shareholdings in Sanlens Sdn Bhd pursuant to Section 8 of the Act and/or his spouse's shareholdings in the company.

(3) The details of substantial shareholders, directors and subsidiaries of Sanlens Sdn Bhd are as follows:

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

<b>Subsidiary</b>	
BCO Ventures Sdn Bhd	1,345,500
	100.0

<b>Associated companies</b>	
Molecor (SEA) Sdn Bhd	27,500,000
Maxim Holdings Sdn Bhd	13,110
	25.0
	13.1

(4) Molecor (SEA) Sdn Bhd is one of our suppliers. As it is managed by its holding company i.e. Fitters Diversified Berhad, his involvement will not give rise to any potential conflict of interest with our Group as disclosed in Section 11.1, notwithstanding the related party transactions with us as disclosed in Section 10.1. Its shareholders are as follows:

<b>Name</b>	<b>No. of shares held</b>	<b>%</b>
Fitters Diversified Berhad	79,500,000	72.3
Molecor Tecnologia S.L.	3,000,000	2.7
Sanlens Sdn Bhd	27,500,000	25.0

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(b) Nomis Sim Siang Leng**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
<b><u>Present involvement<sup>(1)</sup></u></b> Brilliant Allied Resources (M) Sdn Bhd	Provision of technical and consultancy services	Director / Shareholder	5 June 2020	-	50.0	-
Simbros Sdn Bhd	Investment holding, which are involved in food and beverages outlets	Director / Shareholder	29 November 2019	-	50.0	-
SLU Sdn Bhd	Property investment	Director	24 October 2018	-	-	-
Midcity Maxim Sdn Bhd	Property investment holding and property development	Director	2 February 2018	-	-	-
Benar Bangsa Development Sdn Bhd	Property investment holding, real property and housing development	Director	2 February 2018	-	-	-
Sovereign Maxim Sdn Bhd	Money lending	Director	2 February 2018	-	-	-
Butirjaya Maxim Development Sdn Bhd	Property investment holding and property developer	Director	2 February 2018	-	-	-
Pribumi Ehsan Sdn Bhd	Dormant, intend to undertake property investment activities	Director	2 February 2018	-	-	-
Kaisar Maxim Sdn Bhd	Property investment holding and property development	Director	2 February 2018	-	-	-
Bigboy Maxim Sdn Bhd	Property investment holding and property development	Director	2 February 2018	-	-	-



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
BCO Ventures Sdn Bhd	Provision of engineering and project management services, assembly and fabricating of display panels and road safety barriers systems	Director	22 August 2017	-	-	(2)100.0
Maxim Holdings Sdn Bhd	Property investment holding and property development	Director	4 June 2015	-	-	(2)13.1
Sanlens Sdn Bhd <sup>(3)</sup>	Investment holding in shares of companies involved in the manufacturing and distribution of PVC-O pipes, provision of engineering and project management services, assembly and fabricating of display panels and road safety barriers systems, and property investment holdings and property development, as well as investment in properties	Director / Shareholder	5 May 2015	-	20.0	-
Molecor (SEA) Sdn Bhd <sup>(4)</sup> (a subsidiary of Fitters Diversified Berhad, a company listed on the Main Market of Bursa Securities)	Manufacturing and distribution of PVC-O pipes	Director	31 October 2013	-	-	(2)25.0
Maxim Global Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, where its subsidiaries are involved in property development, agriculture development and industrial supply	Shareholder	-	-	0.5	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings	
					Direct	Indirect
<b>Past involvement</b>						
Majestic Maxim Sdn Bhd (a subsidiary of Maxim Global Berhad, a company listed on the Main Market of Bursa Securities)	Property investment holding, property developer and general trading	Director	2 February 2018	23 November 2020	-	-
Bendera Juara Maxim Sdn Bhd (a subsidiary of Maxim Global Berhad, a company listed on the Main Market of Bursa Securities)	Property development	Director	2 February 2018	21 May 2020	-	-
Blue Ocean Maxim Sdn Bhd (a subsidiary of Maxim Global Berhad, a company listed on the Main Market of Bursa Securities)	Property development	Director	2 February 2018	11 November 2020	-	-
Antara Biz Sdn Bhd	Trading of hardware products. Struck off on 26 April 2017	Director / Shareholder	10 June 2010	26 April 2017	10.0	-
W.O.G Systems Sdn Bhd	Trading of hardware products. Struck off on 13 November 2020	Director / Shareholder	23 July 2002	13 November 2020	33.3	-
Astroprise Sdn Bhd	Trading of scrap metal	Director	4 December 2000	2 February 2021	-	-
Unitrade Holdings Sdn Bhd	Dormant, no intended activities. Struck off on 13 November 2020	Director	22 July 1997	13 November 2020	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**Notes:**

- (1) Nomis Sim Siang Leng is not involved in the day-to-day operations of these companies. Therefore, his ability to perform his role and responsibility as the Managing Director of our Group is not affected.
- (2) Deemed interest by virtue of his/her shareholdings in Sanlens Sdn Bhd pursuant to Section 8 of the Act.
- (3) The details of substantial shareholders, directors and subsidiaries of Sanlens Sdn Bhd are as follows:

<b>Substantial shareholders and directors</b>	<b>No. of shares</b>	<b>%</b>
Sim Keng Chor	50,000	50.0
Nomis Sim Siang Leng	20,000	20.0
Simson Sim Xian Zhi	20,000	20.0
Ecla Sim Ju-Inn	10,000	10.0
<b>Total</b>	<b>100,000</b>	<b>100.0</b>

**Subsidiary**

BCO Ventures Sdn Bhd	1,345,500	100.0
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**Associated companies**

Molecor (SEA) Sdn Bhd	27,500,000	25.0
Maxim Holdings Sdn Bhd	13,110	13.1

- (4) Molecor (SEA) Sdn Bhd is one of our suppliers. As is managed by its holding company i.e. Fitters Diversified Berhad, his involvement will not give rise to any potential conflict of interest with our Group as disclosed in Section 11.1, notwithstanding the related party transactions with us as disclosed in Section 10.1. Its shareholders are as follows:

<b>Name</b>	<b>No. of shares held</b>	<b>%</b>
Fitters Diversified Berhad	79,500,000	72.3
Molecor Tecnologia S.L.	3,000,000	2.7
Sanlens Sdn Bhd	27,500,000	25.0

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(c) Simson Sim Xian Zhi**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
<b><u>Present involvement<sup>(1)</sup></u></b> UU Equipments Sdn Bhd	Dormant, no intended activities	Director / Shareholder	12 March 2021	-	50.0	-
Simbros Sdn Bhd	Investment holding in companies which are involved in operating food and beverages outlets	Director / Shareholder	29 November 2019	-	50.0	-
Cuisine Heights Sdn Bhd	Restaurant	Director / Shareholder	19 June 2019	-	50.0	-
Sanlens Sdn Bhd <sup>(3)</sup>	Investment holding in shares of companies involved in the manufacturing and distribution of PVC-O pipes, provision of engineering and project management services, assembly and fabricating of display panels and road safety barriers systems, and property investment holdings and property development, as well as investment in properties	Director / Shareholder	5 May 2015	-	20.0	-
Maxim Global Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, where its subsidiaries are involved in property development, agriculture development and industrial supply	Shareholder	-	-	0.6	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings	
					Direct	Indirect
Maxim Holdings Sdn Bhd	Property investment holding and property development	Shareholder	-	-	-	(2)13.1
BCO Ventures Sdn Bhd	Provision of engineering and project management services, assembly and fabricating of display panels and road safety barriers systems	Shareholder	-	-	-	(2)100.0
Molecor (SEA) Sdn Bhd <sup>(4)</sup> (a subsidiary of Fitters Diversified Berhad, a company listed on the Main Market of Bursa Securities)	Manufacturing and distribution of PVC-O pipes	Shareholder	-	-	-	(2)25.0
<b>Past involvement</b> Lush Bowl Sdn Bhd	Food and beverage with general trading	Director	9 June 2016	21 June 2018	-	-

**Notes:**

- (1) Simson Sim Xian Zhi is not involved in the day-to-day operations of these companies. Therefore, his ability to perform his role and responsibility as the Executive Director of our Group is not affected.
- (2) Deemed interest by virtue of his shareholdings in Sanlens Sdn Bhd pursuant to Section 8 of the Act.
- (3) The details of substantial shareholders, directors and subsidiaries of Sanlens Sdn Bhd are as follows:

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

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**Substantial shareholders and directors**

<b>Subsidiary</b>	<b>No. of shares</b>	<b>%</b>
BCO Ventures Sdn Bhd	1,345,500	100.0

**Associated companies**

Molecor (SEA) Sdn Bhd	27,500,000	25.0
Maxim Holdings Sdn Bhd	13,110	13.1

<sup>(4)</sup> Molecor (SEA) Sdn Bhd is one of our suppliers. As is managed by its holding company i.e. Fitters Diversified Berhad, his involvement will not give rise to any potential conflict of interest with our Group as disclosed in Section 11.1, notwithstanding the related party transactions with us as disclosed in Section 10.1. Its shareholders are as follows:

<b>Name</b>	<b>No. of shares held</b>	<b>%</b>
Fitters Diversified Berhad	79,500,000	72.3
Molecor Tecnologia S.L.	3,000,000	2.7
Sanlens Sdn Bhd	27,500,000	25.0

**(d) Dato' Abdul Majit Bin Ahmad Khan**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
<b>Present involvement</b>						
DutaLand Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, and its subsidiaries are involved in the oil palm and real estate industries	Independent Non-Executive Director	28 January 2015	-	-	-
MGB Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, and its subsidiaries are involved in construction, property development and property management	Independent Non-Executive Chairman	1 August 2014	-	-	-
Straits of Malacca Partners Sdn Bhd	Construction of infrastructure	Director	21 April 2014	-	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
Zecon Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, and its subsidiaries are involved in construction, infrastructure, toll concession and property development	Independent Non-Executive Director	16 May 2007	-	-	-
Hong Leong Asset Management Berhad (a subsidiary of Hong Leong Capital Berhad, a company listed on the Main Market of Bursa Securities)	Asset management	Director	16 May 2005	-	-	-
<b><u>Past involvement</u></b>						
Top Builders Capital Berhad (formerly known as Ikhtmas Jaya Group Berhad) (a company listed on the Main Market of Bursa Securities)	Investment holding, and its subsidiaries are involved in engineering and construction of piling and foundation, bridges and buildings	Independent Non-Executive Chairman	20 July 2020	18 December 2020	-	-
Malaysia-China Business Council	Promotion and provision of investment opportunities in Malaysia to Chinese investors	Director	5 April 2012	23 June 2020	-	-
GTC MM2H Sdn Bhd	Promotional activities for the "Malaysia My Second Home" (MM2H) programme. Struck off on 16 March 2021	Director / Shareholder	23 June 2010	-	30.0	-
MY Elevator Sdn Bhd	Lifts and escalators installation and repair services	Director	28 September 2009	22 January 2019	-	-



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
					<b>Direct</b>	<b>Indirect</b>
OSK Holdings Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, and its subsidiaries are involved in property development and construction, insurance agents and administration services	Director	2 January 2009	24 May 2018	-	-
MM Centre Sdn Bhd	Dormant, no intended activities. Struck off on 2 July 2018	Director / Shareholder	2 January 2008	2 July 2018	50.0	-
TDM-YT Plantation Sdn Bhd (a subsidiary of TDM Berhad, a company listed on the Main Market of Bursa Securities)	Cultivation of oil palm	Director	24 July 2007	31 July 2020	-	-
IBDC (Malaysia) Sdn Bhd	International and local business development adviser, management and consultancy services	Director	10 February 2006	25 October 2017	-	-
Hong Leong Islamic Bank Berhad (a subsidiary of Hong Leong Bank Berhad, a company listed on Main Market of Bursa Securities)	Islamic banking and financial services	Director	23 June 2005	29 June 2017	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(e) Dato' Lok Bah Bah @ Loh Yeow Boo**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
<b><u>Present involvement</u></b>					<b>Direct</b>	<b>Indirect</b>
Plenitude Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, and its subsidiaries are involved in property development, property investment and property management	Independent Non-Executive Director	9 September 2015	-	-	-
Plenitude Georgetown Sdn Bhd	Hotel	Director	1 October 2012	-	-	-
<b><u>Past involvement</u></b>						
Cathay Heritage Boutique Hotel Sdn Bhd	Hotel. Struck off on 19 January 2018	Shareholder	-	-	8.3	-

**(f) Ong Soo Chan**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings</b>	
<b><u>Present involvement</u></b>					<b>Direct</b>	<b>Indirect</b>
Maxis Collections Sdn Bhd (a subsidiary of Maxis Berhad, a company listed on the Main Market of Bursa Securities)	Collection of telecommunication revenue and provision of other support services for its subsidiaries	Independent Non-Executive Director	15 September 2021	-	-	-
Signorvino Sdn Bhd	Wholesale and retail of alcohol	Director	7 July 2021	-	50.0	-
1 More Byte Sdn Bhd	Property investment	Director / Shareholder	20 December 2016	-	10.0	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings	
					Direct	Indirect
Wealth Tree Holdings Sdn Bhd	Property investment	Director / Shareholder	7 December 2007	-	50.0	-
Four Seasons Development Sdn Bhd	Investment holding	Director	1 December 2021	-	-	-
<b>Past involvement</b>						
Citigroup Nominee (Malaysia) Sdn Bhd	Nominee company. In the process of winding up	Director	10 June 2019	22 December 2020	-	-
Citigroup Nominees (Asing) Sdn Bhd	Nominee company	Director	10 June 2019	22 December 2020	-	-
Citigroup Nominees (Tempatan) Sdn Bhd	Nominee company	Director	10 June 2019	22 December 2020	-	-
Citigroup Sales and Outsourcing Services Sdn Bhd	Dormant and no intended activities. Dissolved on 19 April 2018	Director	17 February 2016	22 December 2020	-	-
Inverfin Sdn Bhd	Property investment	Director	21 November 2013	22 December 2020	-	-
Menara Citi Holding Company Sdn Bhd	Property investment	Director	29 October 2013	22 December 2020	-	-
Citigroup Transactions Services (M) Sdn Bhd	Banking and financial services	Director	12 April 2011	22 December 2020	-	-

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(g) Cynthia Toh Mei Lee**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings	
					Direct	Indirect
<b><u>Present involvement</u></b> QL Resources Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, and its subsidiaries are involved in marine products manufacturing, integrated livestock farming, palm oil activities and convenience store chain	Independent Non-Executive Director	1 April 2018	-	-	-
Wong Beh & Toh	Provision of legal services	Partner	-	-	-	-
<b><u>Past involvement</u></b> WBT Management Services (KL) Sdn Bhd	Provision of custodian and escrow services. Struck off on 25 August 2017	Director / Shareholder	22 September 2005	25 August 2017	33.3	-

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

The involvement of our Executive Vice Chairman, Managing Director and Executive Director in Molecor (SEA) Sdn Bhd and BCO Ventures Sdn Bhd does not give rise to any conflict of interest with our business as disclosed in Section 11.

Save as disclosed in Section 11 and above, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Vice Chairman, Managing Director and Executive Director in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.2.4 Directors remuneration and benefits

The remuneration of our Executive Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Bonuses, if any, are determined based on our Group's performance and the individual's performance. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2020, 2021 and 2022 are as follows:

	Directors' fees	Salaries	(2)Other emoluments		(3)Benefits-in-kind	Total
			Bonuses			
			RM'000			
<b>FYE 2020</b>						
Sim Keng Chor	300	576	-	214	24	1,114
Nomis Sim Siang Leng	300	564	560	253	25	1,702
Simson Sim Xian Zhi	-	190	45	83	7	325
<b>FYE 2021</b>						
Sim Keng Chor	350	576	278	625	24	1,853
Nomis Sim Siang Leng	350	567	614	432	25	1,988
Simson Sim Xian Zhi	-	192	60	80	7	339
<b>Proposed for FYE 2022</b>						
Dato' Abdul Majjit Bin Ahmad Khan	(1)28	-	-	1	-	29
Sim Keng Chor	-	918	388	367	24	1,697
Nomis Sim Siang Leng	-	930	848	488	25	2,291
Simson Sim Xian Zhi	-	336	406	255	8	1,005
Dato' Lok Bah Bah @ Loh Yeow Boo	(1)28	-	-	1	-	29
Cynthia Toh Mei Lee	(1)28	-	-	1	-	29
Ong Soo Chan	(1)28	-	-	1	-	29

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**Notes:**

- (1) Pro-rated based on their respective appointment dates.
- (2) The other emoluments comprise of statutory contributions and allowances.
- (3) Benefits-in-kind are vehicle allowances.

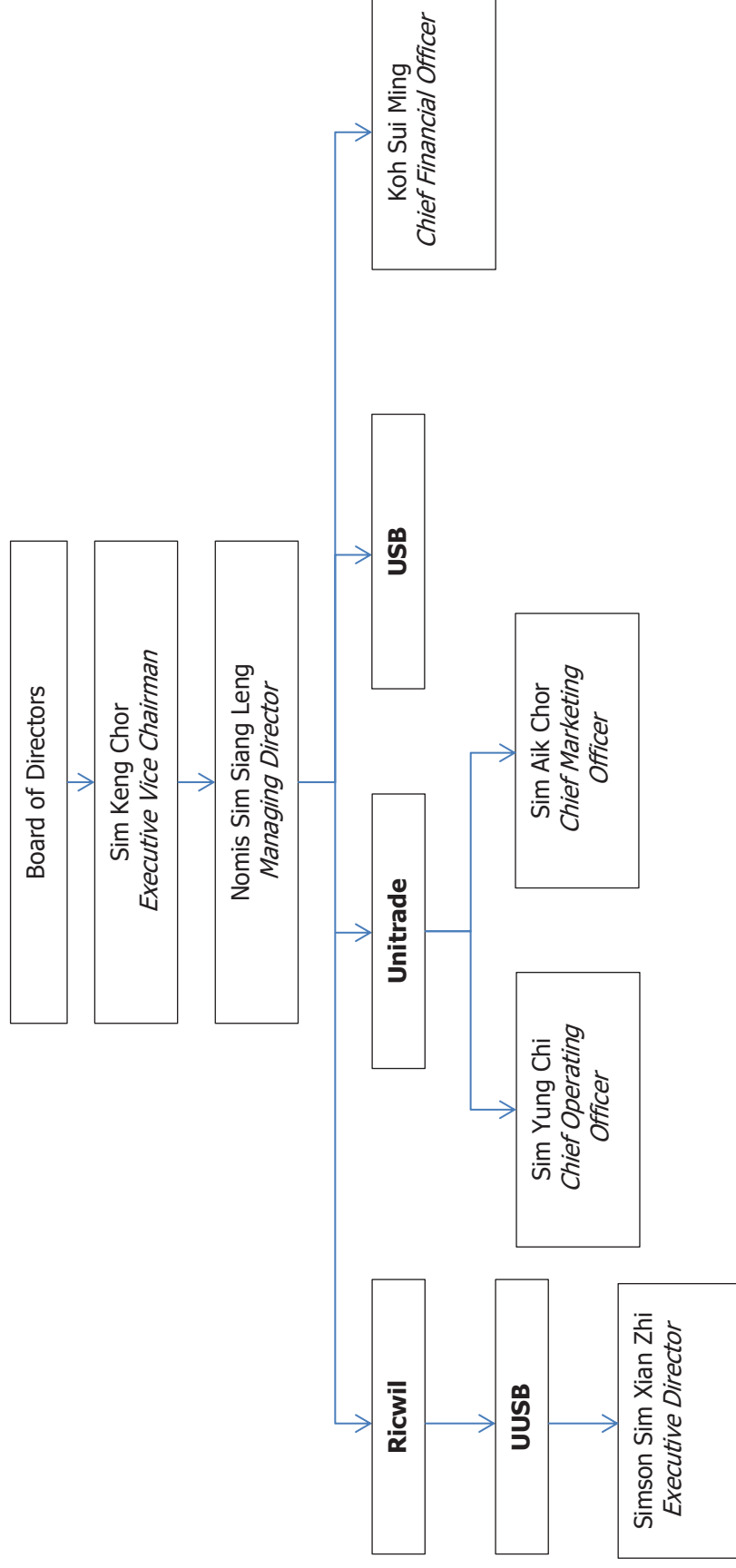
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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.3 KEY SENIOR MANAGEMENT**

**5.3.1 Management structure**

The management reporting structure of our Group is as follows:



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.2 Key senior management shareholdings

Save for the shareholdings of Sim Keng Chor, Nomis Sim Siang Leng and Simson Sim Xian Zhi which are set out in Section 5.2.1, the shareholdings of our other key senior management in our Company before and after IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO			(1)After IPO		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Sim Yung Chi	Chief Operating Officer/ Malaysian	-	-	-	3,000,000	0.2	-
Sim Aik Chor	Chief Marketing Officer/ Malaysian	-	-	-	5,000,000	0.3	-
Koh Sui Ming	Chief Financial Officer/ Malaysian	-	-	-	1,000,000	<0.1	-

Note:

(1) Based on the enlarged share capital of 1,562,500,000 Shares after IPO.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 5.3.3 Profiles of key senior management

Save for the profiles of Sim Keng Chor, Nomis Sim Siang Leng and Simson Sim Xian Zhi which are set out in Section 5.1.2, the profiles of our other key senior management are as follows:

**Sim Yung Chi**, a Malaysian, age 57, is our Chief Operating Officer. He is responsible for managing the operations of warehouse, logistics and quality control of Unitrade.

He graduated with a Bachelor of Arts in Mathematics from Hawaii Pacific University, USA in May 1993. He pursued further studies in the same university and subsequently obtained a Master of Business Administration Management in August 1996.

Upon graduation, he joined Unitrade in July 1996 as Assistant General Manager and was responsible for handling operational and administrative matters. He was involved in talent and performance management including recruitment of employees, as well as in planning and execution of business strategies and contingencies to ensure smooth operations at all times. He monitored and managed the company's order fulfilment and payment collection, as well as led the sourcing and negotiation of bank facilities to maintain sufficient working capital to purchase the required stock to achieve sales targets. He was also involved in the preparation of commercialisation of Alfran products including liaising with suppliers in China and application of certification with SIRIM.

In January 2000, he was redesignated to General Manager and in June 2013, he was redesignated to Finance and Admin Director. 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 where he assessed and prepared a report on Ricwil's operations, credit control and financial position which were presented to the management for decision making.

In January 2019, he was redesignated to his current role as Chief Operating Officer, a position he presently holds.

He is the brother of Sim Keng Chor, Sim Aik Chor and uncle of Nomis Sim Siang Leng and Simson Sim Xian Zhi. Kindly refer to Section 5.3.4 for his involvement in other business activity outside of our Group.

**Sim Aik Chor**, a Malaysian, age 67, is our Chief Marketing Officer. He is responsible for leading and managing the overall sales and marketing as well as procurement activities of Unitrade.

In June 1976, he graduated with a Special Superior Course of Technical and Artistic Training, a fashion design course from The School of the Chambre Syndicale De La Couture Parisienne. In December 1976, he graduated with a fashion design course from The Académie Internationale de Coupe de Paris. Subsequently in June 1977, he graduated with Honours in Textile Design, a training course within the fashion design course on mass production for factory from ESMOD Guerre Lavigne School, Paris.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

In December 1977, he co-founded Maison De Mode where he was involved in setting up a boutique with his sister in Malaysia. In December 1978, he left Maison De Mode to join Dutama Sdn Bhd as Manager and was responsible for managing sales and purchases as well as coordinating with contractors and consultants. In 1985, he joined Alfran Sdn Bhd (which now has ceased operations) as Manager in which he was responsible for managing sales and purchases as well as coordinating with contractors and consultants. He left the company in 1988.

He joined Unitrade in May 1988 as General Manager and was responsible for sales, purchasing and inventory related matters. In January 2000, he was redesignated to Marketing Director and assumed similar responsibilities.

In January 2019, he was redesignated to Chief Marketing Officer, a position he presently holds and is responsible for overseeing all sales and marketing as well as purchasing related matters of the company. As he understands the demand of the market through close contact with customers and business associates, he is also involved in sourcing for products and suppliers based on market demand, as well as negotiating with local and overseas suppliers.

He is the brother of Sim Keng Chor, Sim Yung Chi and uncle of Nomis Sim Siang Leng and Simson Sim Xian Zhi. Kindly refer to Section 5.2.3 for his involvement in other business activity outside of our Group.

**Koh Sui Ming**, a Malaysian, age 53, is our Chief Financial Officer. He is responsible for overseeing our Group's overall financial matters including accounting, taxation, corporate finance and treasury functions.

He graduated with a Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology, Australia in December 1991. He has been a member of CPA Australia since January 1992, 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.

Between December 1989 and December 1990, he was employed as an Assistant Accountant at Murray Goulburn Co-operative Co. Limited., a manufacturer of dairy products in Melbourne, Australia. His employment with the company was part of his 4-year degree programme, where he assisted in the preparation of budgets, monthly reporting, product costing and factory cost analysis.

After graduation, he joined KPMG (now known as KPMG PLT) in 1992 as Audit Junior, where he was involved in audit processes. In June 1995, he left KPMG as Audit Senior and joined Kemayan Corporation Berhad (a company then listed on the Main Market of Bursa Securities), as Group Accountant in July 1995 where he assisted the General Manager of Finance to oversee the preparation of the group's subsidiaries' accounts and consolidation of accounts, and coordinated the execution of various corporate exercises. In January 1997, he was promoted to Financial Controller of Kemayan Horticulture Sdn Bhd, a subsidiary of Kemayan Corporation Berhad, to lead and coordinate the company's corporate exercises. In 1999, he was promoted to Senior Manager of Kemayan Corporation Berhad and was involved in the monitoring and evaluation of investment activities.

In February 2000, he left Kemayan Corporation Berhad and joined Absolute IT (M) Sdn Bhd as Chief Financial Officer in March 2000 where he assisted in coordinating the set-up of the company.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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In December 2000, he left Absolute IT (M) Sdn Bhd and joined Hotline Furniture Manufacturers Sdn Bhd, a wholly-owned subsidiary of Hotline Furniture Berhad (a company then listed on the Second Board of Bursa Securities), as Director of Finance in May 2001. At Hotline Furniture Manufacturers Sdn Bhd, he was responsible for finance and corporate affairs.

In 2004, he left Hotline Furniture Manufacturers Sdn Bhd.

In 2005, he joined Earth Support Company (M) Sdn Bhd as Financial Controller where he was responsible for overseeing the accounting and finance functions of the company. He was also involved in securing funding from financial institutions for business expansion.

In March 2008, he left Earth Support Company (M) Sdn Bhd and joined Advance Modules Sdn Bhd, a wholly-owned subsidiary of Advance Modules Group Limited (a company then listed on the Main Board of Singapore Exchange Limited), as Chief Financial Officer in April 2008 where he assisted the management to formulate and implement business turnaround plans which involved raising new funds and identifying new businesses for injection into the company.

In September 2008, he left Advance Modules Sdn Bhd and joined Oil-Line Engineering & Associates Sdn Bhd, a wholly-owned subsidiary of Oilcorp Berhad (a company then listed on the Main Market of Bursa Securities) as Chief Financial Officer in October 2008 where he was responsible for overseeing the accounting and finance functions of the group. In November 2009, he was redesignated as General Manager, Corporate Affairs where he was involved in leading and coordinating the execution of corporate exercises of the group.

In April 2012, he left Oil-Line Engineering & Associates Sdn Bhd and joined GSB Summit CD (M) Sdn Bhd, a wholly-owned subsidiary of GSB Group Berhad (a company listed on the Main Market of Bursa Securities, now known as Kerjaya Prospek Property Berhad) in May 2012 as Chief Financial Officer, where he was responsible for overseeing the accounting and finance functions of the group, securing funding from financial institutions for business expansion as well as leading and coordinating the execution of corporate exercises of the group.

In July 2017, he left GSB Summit CD (M) Sdn Bhd and joined Unitrade in August 2017, as Chief Financial Officer, a position he presently holds.

Kindly refer to Section 5.3.4 for his involvement in other business activity outside of our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.3.4 Principal business performed outside our Group**

Save as disclosed in Section 5.2.3 and below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group as at LPD:

**(a) Sim Yung Chi**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings	
					Direct	Indirect
<b><u>Present involvement<sup>(1)</sup></u></b> Tiakins Sdn Bhd <sup>(2)</sup>	Property investment holding	Director / Shareholder	17 April 2012	-	86.1	-
City Art Gallery Sdn Bhd	Trading work of arts and investment holding in properties	Director / Shareholder	21 July 1997	26 April 2021	34.4	-
Mcpowell Distribution Sdn Bhd	Trading of batteries and accessories	Director / Shareholder	29 August 2003	-	30.0	-
<b><u>Past involvement</u></b> Unitrade Batteries Distribution Sdn Bhd	Trading of batteries. Struck off on 13 November 2020	Director / Shareholder	15 October 2005	13 November 2020	25.0	-
Neos Engineering Sdn Bhd <sup>(3)</sup>	Manufacture, engineering and installation of steel structures, piping and mechanical equipment, manufacturing and supply dish-end	Shareholder	-	-	29.4	-

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**Notes:**

- (1) Sim Yung Chi is not involved in the day-to-day operations of these companies. Therefore, his ability to perform his role and responsibility as the Chief Operating Officer of our Group is not affected.
- (2) Despite his directorship and 86.1% shareholdings in the company, which through its subsidiary, the company is principally involved in property investment, its operations are run by other shareholder, and therefore does not require his active involvement.
- (3) Sim Yung Chi has disposed his equity interest in Neos Engineering Sdn Bhd on 15 September 2021.

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Executive Vice Chairman and Executive Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2021 and 2022 are as follows:

	<sup>(1)</sup> Remuneration band	
	FYE 2021	Proposed for FYE 2022
	RM'000	
Sim Yung Chi	850 – 900	850 – 900
Sim Aik Chor	1,100 – 1,150	1,400 – 1,450
Koh Sui Ming	500 – 550	750 – 800

**Note:**

- <sup>(1)</sup> The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.

## 5.4 BOARD PRACTICE

### 5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- 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 monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group;

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (g) To ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- (h) To ensure the integrity of our Group's financial and non-financial reporting; and
- (i) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Constitution, an election of Directors shall take place each year at the AGM of our Company, where one-third of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office. This is provided always that all Directors shall retire from office once at least in each 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.

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

<b>Name</b>	<b>Date of appointment</b>	<b>Date of expiration of the current term in office</b>	<b>Approximate no. of months in office as at LPD</b>
Dato' Abdul Majit Bin Ahmad Khan	15 September 2021	At the 2022 AGM of our Company	6 months
Sim Keng Chor	1 September 2021	At the 2022 AGM of our Company	6 months
Nomis Sim Siang Leng	1 September 2021	At the 2022 AGM of our Company	6 months
Simson Sim Xian Zhi	1 September 2021	At the 2022 AGM of our Company	6 months
Dato' Lok Bah Bah @ Loh Yeow Boo	15 September 2021	At the 2022 AGM of our Company	6 months
Cynthia Toh Mei Lee	15 September 2021	At the 2022 AGM of our Company	6 months
Ong Soo Chan	15 September 2021	At the 2022 AGM of our Company	6 months

In accordance with our Constitution, an election of Directors shall take place each year at the AGM of the Company, where one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office once at least in each 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 members of our Board are set out in Section 5.2.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

### 5.4.2 Audit Committee

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility on the oversight of the integrity of our Group's accounting and financial reporting matters. The Audit Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) 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;
- (b) 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;
- (c) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (d) To consider the major findings of internal investigations and management's response; and
- (e) To perform such other functions as may be requested by our Board.

The recommendations of our Audit Committee are subject to the approval of our Board.

The members of our Audit Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Lok Bah Bah @ Loh Yeow Boo	Chairman	Independent Non-Executive Director
Cynthia Toh Mei Lee	Member	Independent Non-Executive Director
Ong Soo Chan	Member	Independent Non-Executive Director

Our Nominating Committee will review the composition, performance and effectiveness of our Audit Committee annually.

### 5.4.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To recommend a remuneration framework for our Executive Vice Chairman, Managing Director, 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. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefits-in-kind;



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

- (b) To recommend specific remuneration packages for our Executive Vice Chairman, Managing Director, Executive Directors and key senior management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board;
- (c) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Managing Director, Executive Directors and key senior management;
- (d) To implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management; and
- (e) To perform any other functions as defined by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ong Soo Chan	Chairwoman	Independent Non-Executive Director
Dato' Lok Bah Bah @ Loh Yeow Boo	Member	Independent Non-Executive Director
Cynthia Toh Mei Lee	Member	Independent Non-Executive Director

### 5.4.4 Nominating Committee

The Nominating Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) 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;
- (c) To evaluate the effectiveness of our Board and the relevant Board committees;
- (d) 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;
- (e) To ensure that all Directors receive appropriate continuous training in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

- (f) To assist our Board to assess and evaluate circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving declaration of the same from our Director and thereafter, to inform our Audit Committee of the same. After deliberation with our Audit Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest; and
- (g) To ensure an appropriate framework and succession planning for our Board, including our Executive Vice Chairman, Managing Director and Executive Directors.

The recommendations of our Nominating Committee are subject to the approval of our Board.

The members of our Nominating Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Lok Bah Bah @ Loh Yeow Boo	Chairman	Independent Non-Executive Director
Cynthia Toh Mei Lee	Member	Independent Non-Executive Director
Ong Soo Chan	Member	Independent Non-Executive Director

### 5.4.5 Risk Management Committee

Our Board has the overall responsibility for risk oversight and risk management within our Group. However, as a committee of our Board, our Risk Management Committee shall lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality product and services and monitor the risk culture and processes throughout our Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives.

The duties and responsibilities as stated in the terms of reference of our Risk Management Committee include the following:

- (a) To oversee and recommend the risk management policies and procedures of our Group;
- (b) 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;
- (c) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (d) To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
- (e) To review the risk profile of our Group including all our subsidiaries and to evaluate the measures taken to mitigate the business risks;
- (f) To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite; and

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(g) To oversee any investigation of activities which are within its terms of reference.

The recommendations of our Risk Management Committee are subject to the approval of our Board.

The members of our Risk Management Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Cynthia Toh Mei Lee	Chairwoman	Independent Non-Executive Director
Ong Soo Chan	Member	Independent Non-Executive Director
Nomis Sim Siang Leng	Member	Managing Director

Notwithstanding Nomis Sim Siang Leng being the management representative in the Risk Management Committee, the committee comprises a majority of independent directors, and his presence is significant to provide management reporting and operational insights as well as follow up on matters raised by the committee. Premised on the foregoing, the Risk Management Committee will be able to discharge its duties and responsibilities.

### 5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD:

- (a) Sim Keng Chor and Teh Beng Khim who are both our Promoters and substantial shareholders are spouses. Sim Keng Chor is also our Executive Vice Chairman;
- (b) Nomis Sim Siang Leng who is our Promoter, Managing Director and substantial shareholder is the son of Sim Keng Chor and Teh Beng Khim. He and Simson Sim Xian Zhi are siblings;
- (c) Simson Sim Xian Zhi, who is our Promoter, Executive Director and substantial shareholder is the son of Sim Keng Chor and Teh Beng Khim. He and Nomis Sim Siang Leng are siblings; and
- (d) Sim Yung Chi and Sim Aik Chor who is our Chief Operating Officer and Chief Marketing Officer respectively, are siblings of Sim Keng Chor. They are in-laws of Teh Beng Khim and uncles of Nomis Sim Siang Leng and Simson Sim Xian Zhi.

### 5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key senior management.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)**

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**5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) In the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or a member of key senior management;
- (b) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) In the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) In the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (h) Has any unsatisfied judgment against such person.

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## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON UIB

Our Company was incorporated in Malaysia under the Act on 13 April 2021 as a private limited company under the name of Unitrade Industries Sdn Bhd. On 15 September 2021, we converted into a public limited company and adopted our present name.

We were incorporated to facilitate the Listing and our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD.

Through our subsidiaries, we are principally involved in the business of wholesale and distribution of building materials, manufacturing and sale of pre-insulated pipes, and rental of temporary structural support equipment. Please refer to Section 6.4 for detailed information of the principal activities of our subsidiaries.

As at LPD, our share capital is RM194,500,002 comprising 1,250,000,000 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration/ Types of issue</b>	<b>Cumulative share capital RM</b>
13 April 2021	2	RM2/ Subscribers' shares	2
25 March 2022	1,085,459,998	RM168,897,576/ Consideration for Acquisition of Unitrade	168,897,578
25 March 2022	133,290,000	RM20,739,924/ Consideration for Acquisition of Ricwil	189,637,502
25 March 2022	31,250,000	RM4,862,500/ Consideration for Acquisition of UUSB	194,500,002

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM294,500,002 comprising 1,562,500,000 Shares.

### 6.2 DETAILS OF THE ACQUISITIONS

In preparation for our Listing, we have undertaken the Acquisitions by entering into the following agreements:

- (a) Conditional sale and purchase agreement dated 9 September 2021 (and supplemented on 21 February 2022) with the Unitrade Vendors to acquire the entire equity interest in Unitrade comprising 12,800,000 ordinary shares for a purchase consideration of RM168.9 million which was satisfied by the issuance of 1,085,459,998 new Shares to the Unitrade Vendors at an issue price of RM0.1556 each;

**6. INFORMATION ON OUR GROUP (Cont'd)**

- (b) Conditional sale and purchase agreement dated 9 September 2021 (and supplemented on 21 February 2022) with the Ricwil Vendors to acquire the entire equity interest in Ricwil comprising 2,000,000 ordinary shares for a purchase consideration of RM20.7 million which was satisfied by the issuance of 133,290,000 new Shares to the Ricwil Vendors at an issue price of RM0.1556 each;
- (c) Conditional sale and purchase agreement dated 9 September 2021 with the USB Vendors to acquire the entire equity interest in USB comprising 1,000,000 ordinary shares for a cash consideration of RM2.00; and
- (d) Conditional sale and purchase agreement dated 21 February 2022 with Ricwil and the UUSB Vendors for Ricwil to acquire their 40.0% equity interest in UUSB comprising 400,000 ordinary shares for a purchase consideration of RM4.9 million which was satisfied by the issuance of 31,250,000 new Shares to the UUSB Vendors at an issue price of RM0.1556 each.

The Acquisitions are conditional upon the approval from relevant authorities i.e. Bursa Securities and SC, as well as the consent from financiers for the change in shareholders of the companies, all of which have been obtained. The Acquisitions were completed on 25 March 2022 with respect to Unitrade, Ricwil and UUSB and 26 March 2022 with respect to USB. Thereafter, Unitrade, Ricwil and USB became our wholly-owned direct subsidiaries, and UUSB became our wholly-owned indirect subsidiary.

Details of the Vendors and the number of Shares issued to them under the Acquisitions are set out below.

**(a) Unitrade**

<b>Unitrade Vendors</b>	<b>Shareholdings in Unitrade</b>		<b>Purchase consideration</b>	<b>No. of Shares issued</b>
	<b>No. of shares acquired</b>	<b>% of share capital</b>		
			<b>RM</b>	
SAS	9,300,000	72.66	122,714,646	788,653,998
Sim Keng Chor	1,750,000	13.67	23,091,465	148,403,000
Teh Beng Khim	1,750,000	13.67	23,091,465	148,403,000
	<b>12,800,000</b>	<b>100.00</b>	<b>168,897,576</b>	<b>1,085,459,998</b>

The purchase consideration for the Acquisition of Unitrade of RM168.9 million was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Unitrade as at 31 March 2021 of RM193.5 million and adjusted for dividend of RM24.6 million declared in the first quarter of its FYE 2022.

**(b) Ricwil**

<b>Ricwil Vendors</b>	<b>Shareholdings in Ricwil</b>		<b>Purchase consideration</b>	<b>No. of Shares issued</b>
	<b>No. of shares acquired</b>	<b>% of share capital</b>		
			<b>RM</b>	
Sim Keng Chor	1,000,000	50.00	10,369,962	66,645,000
Nomis Sim Siang Leng	600,000	30.00	6,221,977	39,987,000

**6. INFORMATION ON OUR GROUP (Cont'd)**

	Shareholdings in Ricwil		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
<b>Ricwil Vendors</b>				
Simson Sim Xian Zhi	400,000	20.00	4,147,985	26,658,000
	<b>2,000,000</b>	<b>100.00</b>	<b>20,739,924</b>	<b>133,290,000</b>

The purchase consideration for the Acquisition of Ricwil of RM20.7 million was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited consolidated NA of Ricwil Group (excluding non-controlling interest) as at 31 March 2021 of RM30.8 million and adjusted for dividend of RM11.5 million declared in the first quarter of its FYE 2022 and a gain on property disposal of RM1.6 million and less deferred tax of RM0.1 million in relation thereto. Please refer to Section 10.2.3 for further details of this disposal.

**(c) USB**

	Shareholdings in USB		Purchase consideration
	No. of shares acquired	% of share capital	
<b>USB Vendors</b>			<b>RM</b>
Sim Keng Chor	500,000	50.00	1.00
Teh Beng Khim	500,000	50.00	1.00
	<b>1,000,000</b>	<b>100.00</b>	<b>2.00</b>

The purchase consideration for the Acquisition of USB of RM2.00 was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited net liabilities of USB as at 31 March 2021 of RM5.1 million.

**(d) UUSB**

	Shareholdings in UUSB		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
<b>UUSB Vendors</b>			<b>RM</b>	
United Jaya Sdn Bhd	200,000	20.00	2,431,250	15,625,000
W T Steel Sdn Bhd	150,000	15.00	1,823,476	11,719,000
Stella Industrial Sdn Bhd	50,000	5.00	607,774	3,906,000
	<b>400,000</b>	<b>40.00</b>	<b>4,862,500</b>	<b>31,250,000</b>

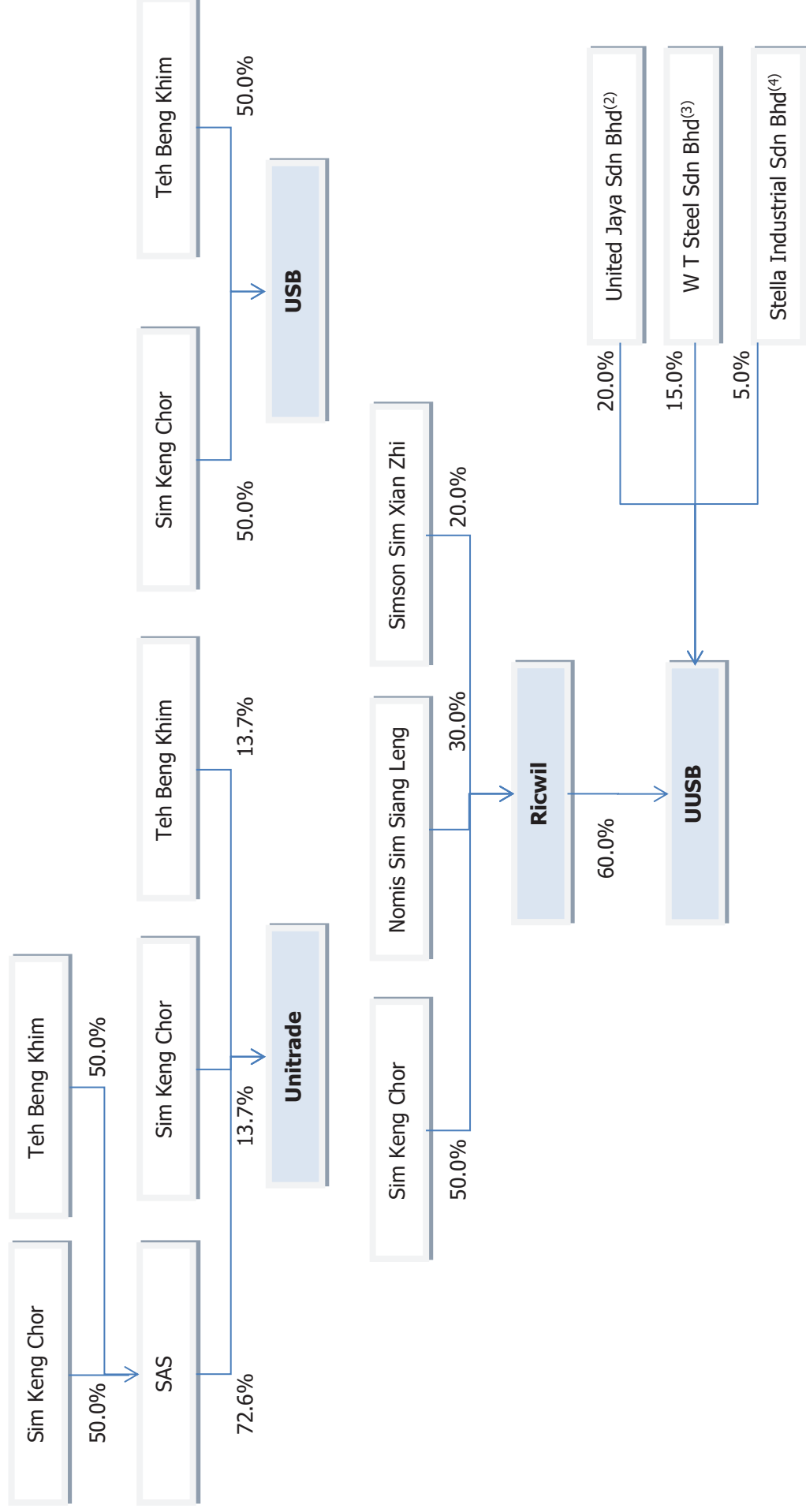
The purchase consideration for the Acquisition of UUSB of RM4.9 million was arrived based on a "willing-buyer willing-seller" basis after taking into the 40.0% of the consideration audited NA of UUSB as at 31 March 2021 of RM12.2 million.

The new Shares issued under the Acquisitions rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

6. INFORMATION ON OUR GROUP (Cont'd)

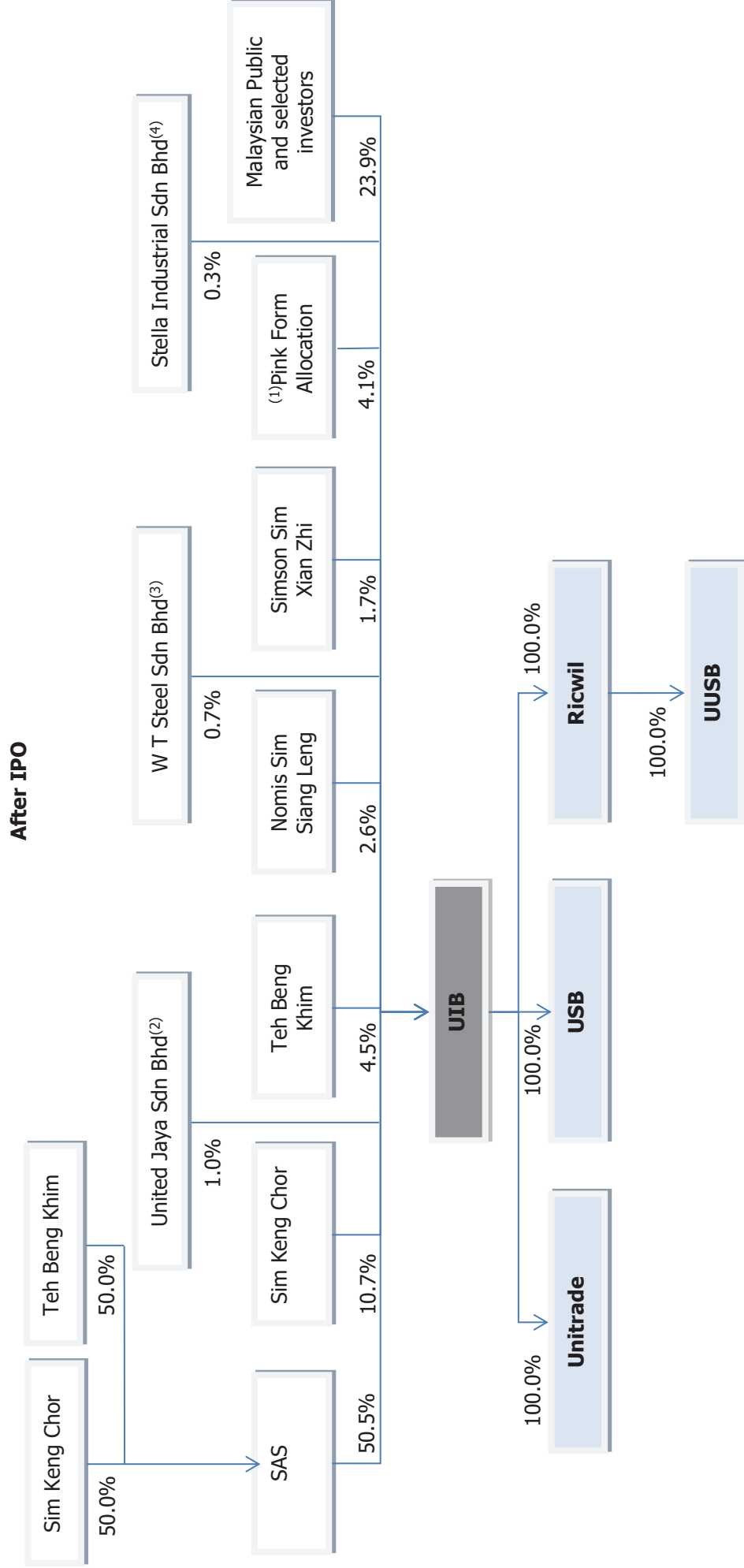
6.3 GROUP STRUCTURE

Before IPO





6. INFORMATION ON OUR GROUP (Cont'd)



## 6. INFORMATION ON OUR GROUP (Cont'd)

### Notes:

(1) Assuming that all our eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations.

(2) The details of shareholders and directors of United Jaya Sdn Bhd are as follows:

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Teoh Say Eng	-	625,000	25.0	-	-
Tan Lai Hee	Director	625,000	25.0	-	-
Lim Chee Chow	Director	625,000	25.0	-	-
Teoh Jun Aik	Director	625,000	25.0	-	-
<b>Total</b>		<b>2,500,000</b>	<b>100.0</b>		

(3) The details of shareholders and directors W T Steel Sdn Bhd are as follows:

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Yap Jing Jing	Director	510,000	25.5	-	-
Lim Hock Chai	Director	510,000	25.5	-	-
Lim Chuan Sui	Director	490,000	24.5	-	-
Kukanes Raj A/L Raju	Director	490,000	24.5	-	-
<b>Total</b>		<b>2,000,000</b>	<b>100.0</b>		

(4) The details of shareholders and directors Stella Industrial Sdn Bhd are as follows:

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Stella Supply Sdn Bhd <sup>(a)</sup>	-	200,000	20.0	-	-
Sintari Sdn Bhd <sup>(b)</sup>	-	350,000	35.0	-	-
Ady Marketing Sdn Bhd <sup>(c)</sup>	-	350,000	35.0	-	-
Fenz Industrial Sdn Bhd <sup>(d)</sup>	-	100,000	10.0	-	-
Lee Yoon Huat	Director	-	-	(e)650,000	65.0

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>Name</b>	<b>Designation</b>	<b>Direct</b>		<b>Indirect</b>	
		<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
Yap Kuan Lei	Director	-	-	<sup>(f)</sup> 350,000	35.0
Yoh Sheue Shyuan	-	-	-	<sup>(e)</sup> 650,000	65.0
Tan Yeong Sheng	Director	-	-	<sup>(g)</sup> 200,000	20.0
Tan Sit @ Tan Bee Hwa	-	-	-	<sup>(f)</sup> 350,000	35.0
Siow Chee Keong	-	-	-	<sup>(f)</sup> 350,000	35.0
Felicia Hor Seow Pei	-	-	-	<sup>(h)</sup> 100,000	10.0
<b>Total</b>		<b>1,000,000</b>	<b>100.0</b>		

**Notes:**

(a) The details of shareholders and directors of Stella Supply Sdn Bhd are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of shares</b>	<b>%</b>
Lee Yoon Huat	Director	270,000	45.0
Tan Yeong Sheng	Director	150,000	25.0
Yoh Sheue Shyuan	Director	180,000	30.0
<b>Total</b>		<b>600,000</b>	<b>100.0</b>

(b) The details of shareholders and directors of Sintari Sdn Bhd are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of shares</b>	<b>%</b>
Lee Yoon Huat	Director	1,680,000	70.0
Yoh Sheue Shyuan	Director	720,000	30.0
<b>Total</b>		<b>2,400,000</b>	<b>100.0</b>

(c) The details of shareholders and directors of Ady Marketing Sdn Bhd are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of shares</b>	<b>%</b>
Tan Sit @ Tan Bee Hwa	Director	680,000	40.0
Siow Chee Keong	Director	510,000	30.0
Yap Kuan Lei	Director	510,000	30.0
<b>Total</b>		<b>1,700,000</b>	<b>100.0</b>

**6. INFORMATION ON OUR GROUP (Cont'd)**

(d) The details of shareholders and directors of Fenz Industrial Sdn Bhd are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of shares</b>	<b>%</b>
Lee Yoon Huat	Director	90,000	30.0
Felicia Hor Seow Pei	Director	150,000	50.0
Yoh Sheue Shyuan	Director	60,000	20.0
<b>Total</b>		<b>300,000</b>	<b>100.0</b>

(e) Deemed interested by virtue of his interest in Stella Supply Sdn Bhd, Sintari Sdn Bhd and Fenz Industrial Sdn Bhd pursuant to Section 8 of the Act.

(f) Deemed interested by virtue of his interest in Ady Marketing Sdn Bhd pursuant to Section 8 of the Act.

(g) Deemed interested by virtue of his interest in Stella Supply Sdn Bhd pursuant to Section 8 of the Act.

(h) Deemed interested by virtue of her interest in Fenz Industrial Sdn Bhd pursuant to Section 8 of the Act.

United Jaya Sdn Bhd is the strategic partner which manufactures and supplies scaffoldings to UUSB. Prior to the completion of the Acquisition of UUSB, the other shareholders of UUSB were non-executive investors. They do not have any relationship with the Promoters, substantial shareholders and directors of our Group.

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of our subsidiaries as at LPD are summarised as follows:

Company	Date/ Place of incorporation	Principal place of business	Issued share capital	Effective equity interest		Principal activities
					%	
Unitrade	5 January 1984/ Malaysia	Malaysia	12,800,000	100.0	100.0	Wholesale and distribution of building materials
Ricwil	21 January 1984/ Malaysia	Malaysia	2,000,000	100.0	100.0	Manufacturing and distribution of pre-insulated pipes, as well as trading of building materials
USB	20 September 2010/ Malaysia	Malaysia	500,000	100.0	100.0	Property investment
<i>Held through Ricwil</i>						
UUSB	3 January 2017/ Malaysia	Malaysia	1,000,000	100.0	100.0	Rental of temporary structural support equipment

Our Group had no initial intention to use USB for any purpose. Upon the acquisition of the new industrial complex, our Group decided to use USB for the purposes of only holding our new industrial complex, and not to hold other properties not related to our Group's operations.

Details of the share capital of our subsidiaries are set out in Section 15.2.

As at LPD, we do not have any associated company.

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**6. INFORMATION ON OUR GROUP (Cont'd)**


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**6.5 MATERIAL CONTRACTS**

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2019 to 2021 and up to LPD:

- (a) Sale and purchase agreement dated 9 July 2019 between USB and BASF (Malaysia) Sdn Bhd for the acquisition of all that piece and parcel of industrial freehold land held under Geran 58806, Lot No. 64220, Mukim Damansara, Daerah Petaling, Negeri Selangor with office, buildings, training center and warehouses erected thereon bearing postal address No. 2, Jalan Astaka U8/87, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM101,000,000, which was completed on 1 November 2019;
- (b) Letter of award dated 30 September 2020 from USB to Blessplus Sdn Bhd for the proposed demolishing of the existing building and to construct for USB our new industrial complex at No. 2, Jalan Astaka U8/87, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for an aggregate contract value of RM27,397,138;
- (c) Letter of award dated 24 February 2022 from Unitrade to Pekat Solar Sdn Bhd for the design, supply, installation, testing and commissioning of a 656.18kWp net energy metering (NEM) scheme grid connected photovoltaic system (GCPV) at No. 2, Jalan Astaka U8/87, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a contract value of RM1,900,000;
- (d) Asset sale agreement dated 21 June 2021 between Ricwil and Sim Keng Chor for the disposal of a single-storey detached factory with an integral two-storey building and annexed two-storey office building, bearing address at Lot 3767, Jalan 2D, Kampung Baru Subang, Seksyen U6, 40150, Shah Alam, Selangor to Sim Keng Chor for a cash consideration of RM4,300,000, which was completed on 21 June 2021;
- (e) Conditional sale and purchase agreement dated 9 September 2021 (and supplemental agreement dated 21 February 2022) between our Company and Unitrade Vendors for the Acquisition of Unitrade, which was completed on 25 March 2022;
- (f) Conditional sale and purchase agreement dated 9 September 2021 (and supplemental agreement dated 21 February 2022) between our Company and Ricwil Vendors for the Acquisition of Ricwil, which was completed on 25 March 2022;
- (g) Conditional sale and purchase agreement dated 9 September 2021 between our Company and USB Vendors for the Acquisition of USB, which was completed on 26 March 2022;
- (h) Conditional sale and purchase agreement dated 21 February 2022 between our Company, Ricwil and the UUSB Vendors for the Acquisition of UUSB, which was completed on 25 March 2022; and
- (i) Underwriting agreement dated 7 April 2022 between our Company and M&A Securities for the underwriting of 141,625,000 Issue Shares for an underwriting commission of 2.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

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**6. INFORMATION ON OUR GROUP *(Cont'd)***

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**6.6 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year up to LPD, there were:

- (a) No public take-over offers by third parties in respect of our Shares; and
- (b) No public take-over offers by our Company in respect of other companies' shares.

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.7 MAJOR APPROVALS, LICENCES AND PERMITS

As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee	Issuing authority/ Registration no.	Date of issue/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(a)	Ricwil	MITI/ A 020540	18 July 2016 <sup>(1)</sup> / None	Manufacturing license for the manufacturing of pre-insulated pipes	If there is a sale of company shares, the company shall inform MITI and MIDA regarding the sale of shares.	Complied. MITI and MIDA were both informed on 13 September 2021
(b)	Ricwil	MIDA/ PL03/2021/00187	14 January 2022 <sup>(2)</sup> / None	Letter of approval for the change in premises in the manufacturing license for the manufacturing of pre-insulated pipes	(i) A letter of no objection from Invest Selangor Berhad being submitted to MIDA.  (ii) The original manufacturing licence (as set out in (i) above) being submitted to MIDA for cancellation purposes.	Complied      Complied

#### Notes:

- (1) Ricwil held a manufacturing licence which was issued by MITI on 17 August 2001 (effective from 17 July 2001) for the manufacturing of pre-insulated pipes. Subsequently, due to the relocation of Ricwil's factory, Ricwil was issued a new licence in respect of the new premises on 18 July 2016 (effective from 27 April 2016).
- (2) Due to the relocation of Ricwil's factory to the new industrial complex, Ricwil applied to MIDA to reflect such change in location and received the letter of conditional approval by MIDA on 14 January 2022 in respect of the same. As at LPD, Ricwil has submitted all the necessary documents to MIDA and is pending the issuance of the new manufacturing licence to reflect such change. The estimated timeline to obtain the new manufacturing licence is by May 2022.



## 6. INFORMATION ON OUR GROUP (Cont'd)

As detailed in Section 6.9.1, we provide accommodation to our employees.

Our Group has 5 units of workers' accommodation (3 units under Unitrade, 1 of which is currently unoccupied, and 2 units under Ricwil). The approvals for the CFA for the all occupied workers' accommodation have been obtained. Our Group will only apply for CFA for the remaining 1 unoccupied unit under Unitrade if and when they hire more foreign workers and occupy the said unit.

Save as disclosed, our Group also requires business licenses to operate from our premises, which are obtained as a matter of course. There are no other licences required for our Group's business activities relating to the wholesale and distribution of building materials; and rental of temporary structural support equipment.


Further details in relation to the CFA of our accommodations are set out in Section 6.10(b).

### 6.8 INTELLECTUAL PROPERTIES

Save as disclosed below, our Group does not own any other trademark:

Trademark	Trademark No.	Class/ Description	Status	Place of registration	Validity Period
<b>ALFRAN</b>	01014678	6/ Drain traps (valves) of metal, cast iron gate valve double flange, cast iron	Registered	Malaysia	9 November 2021 to 9 November 2031
<b>S2S</b>	2012012067	butterfly valve, cast iron y-strainers double flange, stainless steel fittings and manhole step, ductile iron manhole cover with hinge and lock	Registered	Malaysia	16 July 2012 to 16 July 2022
<b>COPPER-GARD</b>	07022465	6/ Pre-insulated pipes of common metals and their alloys, metal building materials, pipes and tubes of metal; all included in Class 6	Registered	Malaysia	15 November 2007 to 15 November 2027
<b>TERRA-GARD</b>	07022466		Registered	Malaysia	15 November 2007 to 15 November 2027
<b>HI-GARD</b>	07022467		Registered	Malaysia	15 November 2007 to 15 November 2027


**6. INFORMATION ON OUR GROUP (Cont'd)**

Trademark	Trademark No.	Class/ Description	Status	Place of registration	Validity Period
	07022468		Registered	Malaysia	15 November 2007 to 15 November 2027

Our Group is currently applying for the registration of the following trademark with the Intellectual Property Corporation of Malaysia:

Trademark	Trademark No.	Class/ Description	Status	Place of registration	Validity Period
	TM2021026247 <sup>(1)</sup>	6 / Drain traps (valves) of metal; pipes of cast iron; cast iron for use in hydraulics, sanitation, road systems and buildings; angle valves of metal, other than parts of machines; metal valves for water pipes; valves of metal, other than parts of machines, including those made from alloy steel and titanium; manually operated metal valves, other than parts of machines; metal valves for controlling the flow of gases in pipelines; cast iron; fittings of metal for building; hose fittings of metal; pipe fittings of metal; ring-shaped fittings of metal; stainless steel pipes; tubes of stainless steel; building materials of metal.	Pending registration	Malaysia	N/A

**6. INFORMATION ON OUR GROUP (Cont'd)**

Trademark	Trademark No.	Class/ Description	Status	Place of registration	Validity Period
	TM2021026248 <sup>(1)</sup>	35 / Computerised business information services; computerised database management; computerised inventory control; business management of wholesale and retail outlets; the bringing together, for the benefit of others, of a variety of goods, excluding the transport thereof, enabling customers to conveniently view and purchase those goods; online ordering services; providing business information via global computer networks; online advertising on a computer network; advertising; provision of an online marketplace for buyers and sellers of goods and services; providing customer loyalty programs for advertising purposes; provision of information and advisory services relating to e-commerce.	Pending registration	Malaysia	N/A

**Note:**

- <sup>(1)</sup> We have submitted this application on 22 September 2021. As at LPD, the application is under substantive examination, which entails a search to be carried out by MyIPO to such extent as considered necessary of earlier trademarks. The estimated timeframe for approval of the registration is approximately 8 to 10 months from the date of application. We will update our shareholders on the status of approval for the registration of trademarks which are currently pending in our quarterly financial results announcements.

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6. INFORMATION ON OUR GROUP (Cont'd)

The trademarks below are currently registered in the name of Unitrade with the relevant intellectual property office in China ("China Trademarks"):

Trademark	Trademark No.	Class/ Description	Status	Place of registration	Validity Period
S2S	11640187	6/ Metal joints for pipes, metal valves (non-machine parts), metal rings for fastening pipes, metal clamps for pipes, metal pipe elbows, metal pipes for central heating devices, metal water pipes, metal sheets and plates, steel templates, metal drain pipe.	Registered	China	28 March 2014 to 27 March 2024
	11640188	11/ Plumbing faucets, floor drains, heating equipment, pipe parts, pipe tees and pipe crosses for plumbing equipment, sanitary appliances and equipment, water inlets, water pipe equipment.	Registered	China	28 March 2014 to 27 March 2024

Our Group is not materially dependent on the abovementioned trademarks including the Unitrade logo, which is not used on our products. Based on their level of sales, Alfran, S2S and pre-insulated pipes contributed 2.0%, 0.1% and 2.0% for FYE 2021.

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9 MATERIAL PROPERTY, PLANT AND EQUIPMENT

#### 6.9.1 Material properties owned by our Group

The summary of the material properties owned by our Group as at LPD are set out below:

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	NBV as at 30 November 2021
						RM'000
(a)	No. 2, Jalan Pemaju U1/15, Section U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor/ Geran 215192, Lot 61798, Bandar Glenmarie, Daerah Petaling, Negeri Selangor	Industrial land with detached 3-storey building with detached warehouse/ Tenanted to NSK Bearings (Malaysia) Sdn Bhd for use as office/warehousing cum light industrial activities/ Freehold/ Industrial	51,602.19/ 27,055.3	9 August 1993/ 24 January 1996	Charged to RHB Bank Berhad and partial lease to Tenaga Nasional Berhad	2,398
(b)	No. 1, Jalan Tiang U8/92, Section U8, Bukit Jelutong Industrial Park, Shah Alam / GRN 204619, Lot 78653, Mukim Damansara, Daerah Petaling, Negeri Selangor	Industrial land with a detached 3-storey building with enclosed warehouse and open sided warehouse/ Tenanted to J&T Cargo (Malaysia) Sdn Bhd for office and warehouse/ Freehold/ Industrial	231,886.92/ 143,864	22 July 2004/ 12 October 2007	Charged to Hong Leong Bank Berhad	13,877

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	NBV as at 30 November 2021
						RM'000
(c)	No. 24-13-05, Tingkat 13, Blok 24, Jalan U2/1, Pangsapuri Ilham, Taman TTDI Jaya, Seksyen U2, 40150 Shah Alam / Geran 40189/M2/14/256, Lot No. 34698, Accessory parcel A73, Mukim Damansara, Daerah Petaling, Negeri Selangor	One unit of apartment/ Unitrade's workers' accommodation/ Freehold/ Residential	Not applicable/ 785.8	20 May 2005/ 6 September 2000	Not applicable	60
(d)	No. 26-15-3, Tingkat 15, Blok 26, Jalan U2/1, Pangsapuri Ilham, Taman TTDI Jaya, Seksyen U2, 40150 Shah Alam/ Geran 40189/M4/16/550, Lot No. 34698, Accessory parcel A460, Mukim Damansara, Daerah Petaling, Negeri Selangor	One unit of apartment/ Unitrade's workers' accommodation/ Freehold/ Residential	Not applicable/ 785.8	1 July 2008/ 6 September 2000	Not applicable	58
(e)	No. 24-12-2, Tingkat 12, Blok 24, Jalan U2/1, Pangsapuri Ilham, Taman TTDI Jaya, Seksyen U2, 40150 Shah Alam/ Geran 40189/M2/13/243, Lot No. 34698, Accessory parcel A84, Mukim Damansara, Daerah Petaling, Negeri Selangor	One unit of apartment/ Unitrade's workers' accommodation (currently not occupied)/ Freehold/ Residential	Not applicable/ 785.8	26 April 2005/ 6 September 2000	Not applicable	60

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	NBV as at 30 November 2021 RM'000
(f)	No. 26-7, Level 26, St Regis, The Residence, No.6, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 WP Kuala Lumpur / Geran No. 46181, Lot 71, Seksyen 70, Bandar Kuala Lumpur, Daerah Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	One unit of service apartment/ Not occupied/ Freehold/ Hotel and service apartment	Not applicable/ 1,541	30 March 2018/ 19 September 2016	Not applicable	2,888
(g)	No. 2, Jalan Astaka U8/87, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor/ Geran 58806, Lot No. 64220, Mukim Damansara, Daerah Petaling Negeri Selangor	Industrial land with a 4-storey office building single storey factory, 1 unit of single storey open shed warehouses, 1 unit of single storey open shed warehouse with mezzanine office and 1 unit of single storey warehouse with mezzanine office/ Headquarters of the Group, factory and warehouse / Freehold/ Industrial	529,702.8/ 327,171	9 July 2019/ 13 December 2021	Charged to CIMB Bank Berhad	132,285

The properties owned by our Group are not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9.2 Material properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Land area/ Built-up area		Period of tenancy / Rental per annum
					sq ft	
(a)	24-G-02, Pangsapuri Ilham, Jalan Sastera 10 U2/1K, Taman TTDI Jaya, 40150 Shah Alam, Selangor	Ade Sonita Binti Sayuti and Samsudin Bin Derahman/ Ricwil	One unit of apartment/ Ricwil's workers' accommodation	Not applicable / 805	1 July 2021 to 30 June 2023/ RM 12,600	
(b)	26-03-02, Pangsapuri Ilham, Jalan Sastera 10 U2/1K, Taman TTDI Jaya, 40150 Shah Alam, Selangor	Azlina Binti Hashim/ Ricwil	One unit of apartment/ Ricwil's workers' accommodation	Not applicable / 805	10 August 2021 to 9 August 2023/ RM 12,000	
(c)	Lot 1993, Block 8, Muara Tebas Land District Demak Laut Industrial Park, Jalan Bako, Kuching	Shyi Guang Electrical Works Sdn Bhd/ UUSB	Double-storey semi detached industrial building/ Office and storage of scaffolding	9,686/ 9,686	15 April 2021 to 14 April 2023/ RM 42,000	
(d)	No. 966, Jalan Perusahaan Perai, Industrial Estate, 13600 Perai Butterworth	K.C. Marine Industries Sdn Bhd/ UUSB	Single-storey warehouse with double- storey office/ Office and storage of scaffolding	22,579.3/ 14,012.7	15 November 2021 to 14 November 2024 / RM180,000	

The properties rented by our Group are not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

### 6.9.3 Acquisition of properties

Save as disclosed in Section 6.5(a), we have not entered into any agreements to acquire any properties during FYE 2019 to 2021, FPE 2022 and up to LPD.



## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9.4 Material machinery and equipment

A summary of the key machinery and equipment owned and used by our Group to facilitate our daily business operations are set out as below:

Machinery/ Equipment	Function	No. of units	No. of units fully depreciated	Average lifespan <sup>(1)</sup> (years)	Average age <sup>(2)</sup> (years)	NBV as at 30 November 2021 <sup>(3)</sup> (RM'000)
Groove machine	Groove metal pipe ends	30	9	20	6	227
Insulation machine	Polyurethane injection for pipe	2	2	20	10	-
Jacket forming and metal working	To form cladding or jacket for pipe	4	3	20	15	151
Crane and forklift	Lifting and moving goods in our warehouses/ factories	28	7	15	7	1,154
						<b>1,532</b>

#### Notes:

- (1) Notwithstanding the average lifespan of the machinery and equipment, our Group's depreciation policy is 10 years for groove machine, insulation machine, jacket forming and metal working, and 3 to 5 years for crane and forklift respectively.
- (2) Average age of the machinery is computed since the year of purchase and up to LPD.
- (3) Figures include key machinery and equipment that have been fully depreciated.

The following table sets out our temporary structural support equipment, which are not disclosed in the table above as they are not regarded as material machinery used in facilitating our Group's operations, and is generally not used by our Group, but rented out to customers.

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>Machinery/ Equipment</b>	<b>Function</b>	<b>No. of units</b>	<b>No. of units fully depreciated</b>	<b>Average lifespan<sup>(1)</sup> (years)</b>	<b>Average age<sup>(2)</sup> (years)</b>	<b>NBV as at 30 November 2021<sup>(3)</sup> (RM'000)</b>
Scaffolding	Used in construction as temporary structural support	1,380,144	-	10	2.5	21,925
Steel plate	Used in construction as temporary structural support	35	-	10	3.2	89
Sheet piles	Used in temporary retaining wall	607	-	5	0.4	1,218
Hollow sections	Used in construction as temporary structural support	73,748	-	10	2.4	1,664
						<b>24,896</b>

Please refer to Section 13 for further details on the impairment policy of our machinery and equipment. We conduct periodic inspection and maintenance of our machinery and equipment and undertake certain repair works when necessary. Our maintenance procedures including oiling, corrosion prevention and cleaning. Machinery which is fully depreciated may not have surpassed its useful life. Although certain machinery and equipment are fully depreciated, they may still operate effectively and efficiently. If the machinery is well maintained and can operate effectively and efficiently, it will not be disposed. Fully depreciated machinery are disposed when they cannot operate effectively, or are functionally obsolete.

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**6. INFORMATION ON OUR GROUP (Cont'd)****6.9.5 Material capital expenditures and divestitures****(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us for FYE 2019 to 2021, FPE 2022 and up to LPD:

<b>Capital expenditures</b>	<b>At cost</b>				<b>1 December 2021</b>
	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>	<b>up to LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold land <sup>(2)</sup>	-	86,905	-	-	-
Buildings	-	18,857	-	-	-
Plant, machinery and other equipment	885	462	416	1,156	567
Computer, office equipment, furniture and fittings	61	369	103	660	765
Motor vehicles	398	321	446	996	-
Temporary structural support equipment <sup>(1)</sup>	13,559	6,199	5,753	3,016	3,627
Renovation	-	-	518	-	-
Capital work-in-progress <sup>(2)</sup>	2	30	19,786	16,176	4,513
	<b>14,905</b>	<b>113,143</b>	<b>27,022</b>	<b>22,004</b>	<b>9,472</b>

**Notes:**

- (1) Comprises scaffolding, steel plates and hollow sections.
- (2) The details of revolving credit facilities and term loan drawn down for the purchase of the land and building as well as construction of the new industrial complex:

<b>Borrowings</b>	<b>Tenure (Years)</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>	<b>1 December 2021 up to LPD</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Freehold land</b>						
Revolving credit	20	-	90,900	-	-	-
<b>Capital work-in-progress</b>						
Term loan	7	-	-	11,447	12,496	557
Term loan	5	-	-	259	2,332	751
		<b>-</b>	<b>90,900</b>	<b>11,706</b>	<b>14,828</b>	<b>1,308</b>

**6. INFORMATION ON OUR GROUP (Cont'd)**

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes. The freehold land and buildings acquired in FYE 2020 and capital work-in-progress in FYE 2021 up to LPD are in relation to the construction of our new industrial complex. The purchase of land and building and construction of our new industrial complex are financed through revolving credit facilities and a term loan, further details of which are set out in Section 12.4.

**(b) Material capital divestitures**

Save for the divestitures disclosed below, there were no other capital divestitures (including interests in other corporations) made by us for FYE 2019 to 2021, FPE 2022 and up to LPD:

	At cost				1 December
	FYE 2019	FYE 2020	FYE 2021	FPE 2022	2021
Capital divestitures	RM'000	RM'000	RM'000	RM'000	up to LPD
Buildings	-	-	-	3,587	-
Plant, machinery and other equipment	-	-	296	-	737
Motor vehicles	487	182	38	534	-
Temporary structural support equipment <sup>(1)</sup>	1,045	2,109	3,007	1,652	2,861
	<b>1,532</b>	<b>2,291</b>	<b>3,341</b>	<b>5,773</b>	<b>3,598</b>

**Note:**

(1) Comprises scaffolding.

The above capital divestitures were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives. For FPE 2022, the disposal of buildings is in relation to a property disposed by Ricwil to Sim Keng Chor, details of which are set out in Section 10.2.3.

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

**6.9.6 Material plans to construct, expand or improve our facilities**

Save for our plans to consolidate our operations in our new industrial complex as set out in Section 7.14.1 and the proposed utilisation of proceeds from our IPO vis-à-vis our proposed capital expenditure as set out in Sections 4.9.1 and 7.14.2, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

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**6. INFORMATION ON OUR GROUP (Cont'd)**


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**6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS**

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

**(a) Industrial Co-Ordination Act 1975 ("ICA")**

Pursuant to Section 3(1) of the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Failure to comply is an offence and such person shall be liable on conviction to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues. "Manufacturing activity" is defined under the ICA as the "making, altering, blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade".

Manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time paid employees are required to apply to the MITI for a manufacturing licence.

Ricwil was acquired by our Promoters and Directors, Sim Keng Chor and Nomis Sim Siang Leng in 2007. Prior to the acquisition, both of them had no direct and indirect interest in Ricwil and were also not involved in the management of Ricwil. Nevertheless, based on our Group's knowledge, Ricwil commenced its manufacturing operations in 1986. Based on our Group's available records, Ricwil was issued a manufacturing licence on 17 August 2001 (effective from 17 July 2001).

On the assumption that Ricwil had undertaken manufacturing operations without a manufacturing licence prior to 17 July 2001, the potential penalty pursuant to the ICA, on conviction, is to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues until the effective date of the manufacturing license on 17 July 2001 (which was obtained on 17 August 2001).

Notwithstanding that, Ricwil already held a valid manufacturing licence at the point of acquisition by our Promoters and Directors. As such, the likelihood of any penalty by the authority against our Group is low.

As at LPD, our subsidiary, Ricwil, which carries out manufacturing activity, holds a valid manufacturing licence issued by MITI.

**(b) Employees' Minimum Standards of Housing and Amenities Act 1990 ("EMSH 1990")**

The EMSH 1990 prescribes the minimum standards of housing, nurseries and accommodation for employees (and their dependants, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

**6. INFORMATION ON OUR GROUP (Cont'd)**

The EMSh 1990 was amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("**Amended Act**") where effective from 1 June 2020, employers must abide by enhanced minimum standards on accommodation for employees which includes obtaining a CFA from DOL. Notwithstanding, a three months' grace period up to 31 August 2020, as announced in a press statement of the Minister of Human Resources dated 27 May 2020, was granted to allow employers to making necessary arrangements to ensure compliance with the EMSh 1990.

As at LPD, our workers' accommodations comply with the minimum standards required under EMSh 1990 and the application for CFA for all our occupied workers' accommodations have been obtained.

The applications for CFA for 2 of Ricwil's workers' accommodations were submitted to DOL on 20 September 2021 and 29 September 2021 respectively. 1 of the 2 units was inspected by DOL on 27 October 2021 and the CFA was issued on 13 December 2021, whereas the other was inspected by DOL on 9 November 2021 and the CFA was issued on 3 February 2022.

The cost of application for CFA for the workers' accommodations is RM300 per unit for 4 units of workers' accommodation, and minimal furnishing cost of these units.

Pursuant to Section 24D of the EMSh 1990, no accommodation shall be provided to an employee unless certified with a CFA. An employer who contravenes this provision commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 per unit of workers' accommodation.

Please refer to Section 6.9 for further details of these accommodations.

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 6.7. Save as disclosed therein, as at LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations.

**6.11 EMPLOYEES**

As at LPD, we have a total workforce of 189 employees, of which 165 are local employees, comprising 160 permanent and 5 contractual employees. The Group has currently 24 foreign employees.

The breakdown of our employees as at 30 November 2021 and LPD are as follows:

Department	Permanent		Contract/temporary		Total employees
	Local	Foreign	Local	Foreign	
As at 30 November 2021					
Directors	4	-	-	-	4
Accounting and finance	16	-	1	-	17
Human resource and administration	19	-	1	-	20
Sales and marketing	53	-	3	-	56
Procurement	7	-	-	-	7
Production	16	-	-	11	27

**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>Department</b>	<b>Permanent</b>		<b>Contract/temporary</b>		<b>Total employees</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Warehouse	35	-	1	13	49
Logistics	6	-	-	-	6
<b>TOTAL</b>	<b>156</b>	<b>-</b>	<b>6</b>	<b>24</b>	<b>186</b>
<b>As at LPD</b>					
Directors	4	-	-	-	4
Accounting and finance	20	-	1	-	21
Human resource and administration	18	-	2	-	20
Sales and marketing	59	-	1	-	60
Procurement	8	-	-	-	8
Production	31	-	1	11	45
Warehouse	13	-	-	13	24
Logistics	7	-	-	-	7
<b>TOTAL</b>	<b>160</b>	<b>-</b>	<b>5</b>	<b>24</b>	<b>189</b>

There were no significant changes in the number of employees of our Group for FPE 2021 and up to LPD. For FPE 2022, on average, we employed 30 contractual workers.

Our Group is in compliance with the Government's directive on COVID-19 screening for all foreign workers.

None of our employees belong to any labour union and as at LPD, there is no material dispute between our management and our employees. Over FYE 2019 to 2021 and FPE 2022, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

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## **7. INFORMATION ON OUR GROUP**

### **7.1 HISTORY OF OUR GROUP**

In 1979, our founder, Sim Keng Chor set up a sole proprietorship under the name of Syarikat Unitrade to trade pipes, valves, fittings and accessories for M&E works, primarily fire protection systems and plumbing works. Sim Keng Chor leveraged on his past working experience in the trading of hardware materials at a hardware shop and his involvement in the trading of agricultural chemicals and building materials to expand the business. As the business grew, Sim Keng Chor incorporated Unitrade on 5 January 1984, to assume the business of Syarikat Unitrade. Thereafter, Syarikat Unitrade gradually ceased to operate.

On 6 August 1990, we purchased a piece of land measuring approximately 1,800 sq ft together with a 4-storey shophouse erected thereon in Jalan Sitiawan, Off Jalan Pekeliling Lama, Kuala Lumpur for a purchase consideration of RM0.5 million, and we relocated our operations from our previous premises which is within the same vicinity.

As our business continued to expand, we purchased a piece of land measuring approximately 52,000 sq ft in Hicom Glenmarie Industrial Park, Shah Alam, Selangor for a purchase consideration of RM1.2 million on 9 August 1993, on which we constructed a warehouse with a built-up area of approximately 17,500 sq ft and a 3-storey office building with a built-up area of approximately 10,000 sq ft. The construction was completed and the CF was issued on 29 April 1995, and we relocated our operations in Jalan Sitiawan to this new warehouse. Thereafter, we disposed the 4-storey shophouse in Jalan Sitiawan to Kah Kim Tee @ Koh Kim Tee and Koh Chong Too. These parties are not related to our Group. With this new storage, we were able to purchase more inventory which allowed us to take in larger orders and to expand our customer base to sell to larger subcontractors and wholesalers. Prior to this, we focused on supplying to hardware shops and small subcontractors as we did not have the storage space to stock large amounts of inventory.

In 2001, we introduced our house brand of pipes, valves, fittings and accessories under the brand name "Alfran". In November 2001, we successfully registered our Alfran trademark with the MyIPO.

In 2004, we embarked on a further expansion when we purchased a piece of land measuring approximately 232,000 sq ft in Bukit Jelutong Industrial Park, Shah Alam, Selangor for a purchase consideration of RM9.3 million on 22 July 2004. We constructed a larger warehouse with a built-up area of approximately 117,700 sq ft and a 3-storey office building with a built-up area of approximately 26,200 sq ft. The construction was completed and the CF was issued on 30 April 2007, and we relocated our operations from Hicom Glenmarie Industrial Park to this location, which remains as our headquarters to-date. Thereafter, we rented out the land in Hicom Glenmarie Industrial Park. With expanded storage space, we were able to further expand our product offerings with wider specification range i.e. various additional parameters or measurements of a similar products, such as pipes of various length, or valves of various sizes, and procure larger quantities of stock to cater for increasing demand from our customers. This also allowed us to supply directly to larger scale construction projects.



## 7. INFORMATION ON OUR GROUP (Cont'd)

On 20 August 2007, our founder, Sim Keng Chor, and Managing Director, Nomis Sim Siang Leng acquired 100% equity interest in Ricwil. Sim Keng Chor acquired 99% of equity interest in Ricwil, comprising 501,766 shares from Low Chok Yin for RM1,695,969 and 488,234 from Ricwil Japan Ltd for RM1,650,231. Nomis Sim Siang Leng acquired 1% equity interest in Ricwil comprising 10,000 shares from Low Chok Yin for RM33,800. The total consideration for the acquisition of 100% equity interest in Ricwil was RM3,380,000. At the point of acquisition, Ricwil was principally involved in the manufacture and sale of pre-insulated pipes. Ricwil was a key customer of our Group, and we aimed to enhance our position in the HVAC market through its acquisition. Although Sim Keng Chor and Nomis Sim Siang Leng did not have experience in the manufacturing of pre-insulated pipes, with Nomis Sim Siang Leng's engineering background, he saw a synergistic opportunity in the acquisition of Ricwil to put a foothold in the HVAC market and to offer our full range of products to Ricwil's HVAC market base. Ricwil Japan Ltd is still in operations, carrying the same name. However, there is no implication to Ricwil for the use of its name after the sale of Ricwil Japan Ltd's equity interest in Ricwil to our Group.

With the acquisition of Ricwil, our Group expanded our offerings to include manufacturing of pre-insulated pipes and trading of related materials for HVAC systems. Ricwil initially operated from a factory in Mahsing Industrial Park, Subang Jaya, Selangor. Ricwil relocated to a larger factory in Kampung Baru Subang, Shah Alam, Selangor ("**Ricwil factory**") after the factory received a Certificate of Practical Completion on 10 February 2009. This factory comprises a manufacturing space of approximately 47,500 sq ft and a 2-storey office building with a built-up area of approximately 6,500 sq ft. The factory in Mahsing Industrial Park was disposed when Ricwil shifted to its current location in Kampung Baru Subang which is rented.

Over the years as our business grew, we expanded our range of product offerings to include reinforcement steel, structural steel and other building materials for civil construction works.

In May 2014, we rented an adjacent piece of land to Ricwil factory as additional storage space for Ricwil's operations.

Our business further expanded when UUSB was incorporated on 3 January 2017 to provide rental of temporary structural support equipment such as scaffolding, steel plates and hollow sections for the construction industry. This new business venture was a strategic collaboration with United Jaya Sdn Bhd, a company involved in the manufacturing of scaffolding equipment. The strategic collaboration involves United Jaya Sdn Bhd as the manufacturer and supplier of temporary structural support equipment, and our Group as an investor with an untapped customer base in the construction industry.

On 9 July 2019, we purchased a piece of land with buildings with land area measuring approximately 530,000 sq ft in Bukit Jelutong, Shah Alam, Selangor for a purchase consideration of RM101.0 million. We demolished part of the existing building and constructed our industrial complex which will house our new headquarters, factory and warehouse to consolidate our operations under Unitrade, Ricwil and UUSB within one location and to cater for future growth of our business. This land is held by our subsidiary, USB, a company incorporated on 20 September 2010 but remained dormant until 2019, the year it acquired the land and building for the construction of our new industrial complex.

We have completed the relocation to our new industrial complex on 31 December 2021, after receiving the CCC on 13 December 2021.

Further details on our new factory and warehouse are as set out in Section 7.14.

## 7. INFORMATION ON OUR GROUP (Cont'd)

### 7.2 REVENUE MILESTONES

FYE	Milestone
2007	Our business continued to expand and achieved a new milestone when our revenue surpassed the RM100 million mark.
2012	Subsequent to the relocation of our operations to a larger warehouse in Bukit Jelutong Industrial Park in April 2007, our business continued to expand and our revenue surpassed the RM200 million mark.
2017	Our business continued to grow over the years and achieved a new milestone when our revenue surpassed the RM500 million mark.
2019	Our business continued to expand and achieved a new milestone when our revenue surpassed the RM1 billion mark.

### 7.3 DESCRIPTION OF OUR BUSINESS

#### 7.3.1 Principal business activities and products

We are principally involved in the wholesale and distribution of building materials. We offer an extensive range of building materials for various building and construction activities, primarily in M&E works (i.e. fire protection systems, HVAC systems and plumbing) and civil works.

Our core business activities are as follows:

- (a) Wholesale and distribution of building materials;
- (b) Manufacturing and sale of pre-insulated pipes; and
- (c) Rental of temporary structural support equipment.

We support the building and infrastructure segment of the construction industry. Our products are used in the construction of new buildings and infrastructure; in building refurbishments and retrofitting; and in the repair and maintenance of buildings and M&E equipment.

The mode of operation for our Group's wholesale and distribution and manufacturing segment is by purchase order, while the rental of temporary structural support equipment is by rental agreement.

#### (a) Wholesale and distribution of building materials

We are involved in sourcing, wholesale and distribution of a wide variety of building materials for building and construction works such as pipes, valves, fittings and accessories for M&E works; and reinforcement steel, structural steel and other building materials for civil works. We source for these products, in bulk, from our network of suppliers which we store in our warehouse to maintain an inventory of ready stock for our customers. Having an inventory of ready stock enables our Group to deliver the products to our customers in a timely manner.

## 7. INFORMATION ON OUR GROUP (Cont'd)

Our suppliers are mainly building materials manufacturers and as at LPD, we have a network of 483 suppliers. We take into consideration our existing customers and market demand as well as speed and frequency of delivery when we stock up our inventory. We continuously source for new suppliers and products based on market demand. Suppliers are identified based on geographical locations for origin sourcing, product quality, production capacity, lead time and pricing. For existing products which we carry, we also continuously source for additional or alternative suppliers to expand our existing sourcing network.

Our customers are building contractors, M&E contractors, steel traders, downstream steel products manufacturers, hardware retailers and traders. For customers located within Kuala Lumpur and Selangor, we deliver the products using our in-house fleet of trucks and contracted trucks. For customers located outside of Kuala Lumpur and Selangor, we appoint third party logistics providers to deliver the products to our customers. The building materials sold to our customers are not subject to warranty claims.

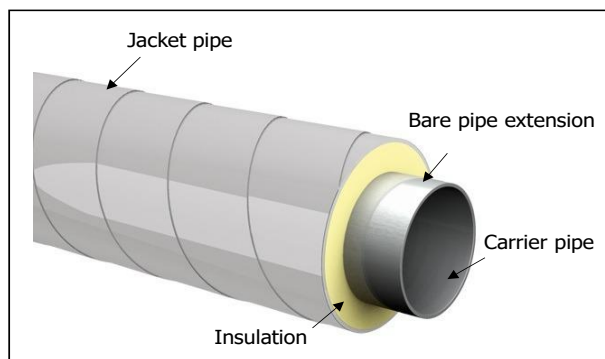
### (b) Manufacturing and sale of pre-insulated pipes

We are involved in the manufacturing and sale of pre-insulated pipes. Pre-insulated pipes are primarily used to transport and maintain the temperature of fluids in the pipes in underground or aboveground piping systems. Pre-insulated pipes prevent direct heat transfer between pipes to reduce energy loss and is used in a wide range of industrial, commercial and domestic applications such as air-conditioning systems, electric heating, industrial processing as well as oil storage and handling.

Our pre-insulated pipes are manufactured by layering the inner carrier pipe with insulation material which is then covered with an outer jacket pipe. Further details on our pre-insulated pipes manufacturing process are as set out in Section 7.4.1(b).

The manufacturing of pre-insulated pipes takes place in our factory and is transported as complete systems to project sites. Our Group is not involved in the installation of pre-insulated pipes.

#### Main components of a pre-insulated pipe



The installation of pre-insulated pipes is undertaken by our customers which are the contractors for the project owners. Our pre-insulated pipes are used in M&E works, primarily in HVAC applications.

Our pre-insulated pipes are manufactured in-house and can be customised according to our customer's requirements, in terms of insulation materials and piping materials used, to suit different applications by taking into consideration factors such as installation environment, type of medium carried, temperature and/or pressure. Further details on the materials used for the inner carrier pipe, insulation material and outer jacket pipe of our pre-insulated pipes are as set out in Section 7.3.3(b).

The quality of our pre-insulated pipes is certified to the standards of ISO 9001:2015 Quality Management Systems and FM Approval Class: 4924. Further, we utilise environmentally friendly insulation materials such as formulated HCFC-free polyol blend in the manufacturing of our pre-insulated pipes, and environmentally friendly gas (i.e. cyclopentane) as blowing agent to facilitate the insulation process. Further details on the quality standard certifications of our pre-insulated pipes are as set out in Section 7.9.

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**7. INFORMATION ON OUR GROUP (Cont'd)**


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On a case-to-case basis, we may provide product warranty ranging from 2 years to 5 years to our customers in which our Group will absorb the costs incurred for replacement of parts, labour expenses and/or other expenses due from manufacturing defects of our pre-insulated pipes. The warranty period is granted at our discretion and depends on negotiations with customers.

The customers for our pre-insulated pipes are mainly M&E contractors.

**(c) Rental of temporary structural support equipment**

We provide rental of temporary structural support equipment such as scaffolding, steel plates and hollow sections for use in various building and construction activities.

Scaffoldings, steel plates and hollow sections are reusable and can be repeatedly rented out to customers throughout their useful lifespan, which are typically 10 years. As such, our Group had, over the years, purchased scaffoldings, steel plates and hollow sections to build our stockpile of rental assets. As at 30 November 2021, our rental asset of scaffoldings was worth RM21.9 million, followed by hollow sections at RM1.7 million, sheet piles at RM1.2 million and steel plates at RM0.1 million. All of our scaffoldings are sourced from manufacturers who comply to MS 1462-1 series of Malaysian Standards by SIRIM which comes with product certification by CIDB. Such scaffoldings are of higher grade material, weigh heavier, and are measured to a specified thickness of 2.5mm which is thicker than commercial quality scaffoldings which are typically between 1.5mm to 1.7mm.

The duration of rental for our scaffoldings, hollow sections and steel plates typically ranges up to 6 months up to a year, depending on our customer's requirements. Upon confirmation of a rental contract, we will plan and arrange for the transportation of the selected rental product to our customer's designated location.





We typically collect rental deposits ranging between 1 month to 2 months from our customers, subject to our internal credit scoring of the respective customers. Upon request, we may waive the rental deposits if our customers have good credit scoring with us. For the acceptance of new customers, we will conduct a credit assessment test to determine the credit worthiness and assign an internal credit scoring on the customer prior to renting our scaffoldings, steel plates and hollow sections. Upon completion of the rental, any cost incurred for repair works of damaged equipment will be billed to our customers. Customers may make payment for the repair works separately or may request for direct deduction from the deposits paid.

For every rental contract that has completed its tenure, we will transport the equipment back to our warehouse to undergo quality inspection. Repair works will be undertaken for damaged equipment to ensure the safety and quality prior to the next rental to subsequent customers. Scaffoldings, steel plates and hollow sections that are not rented will be stored in our warehouse.

Our scaffoldings, steel plates and hollow sections are rented to building contractors.









**7. INFORMATION ON OUR GROUP (Cont'd)**

Products	Descriptions and our offerings	Applications
	<ul style="list-style-type: none"> <li>Our products are available in a variety of materials, diameters and specifications to cater for various purposes, needs and applications.</li> </ul>	<ul style="list-style-type: none"> <li>Water distribution pipelines</li> </ul>
<b>Valves</b> 	<ul style="list-style-type: none"> <li>A device that controls the flow of fluid such as gases, liquids or slurries, by opening or closing the passageway to obstruct the flow of fluid;</li> <li>Our offerings include butterfly valves, ball valves, check valves, globe valves, brass gate valves, cast iron gate valves, ductile iron gate valves, pressure reducing valves, faucet valves and taps; and</li> <li>Our products are available in a variety of materials, diameters and specifications to cater for various purposes, needs and applications.</li> </ul>	M&E engineering, comprising: <ul style="list-style-type: none"> <li>Fire protection systems</li> <li>HVAC systems</li> <li>Plumbing</li> <li>Water distribution pipelines</li> </ul>
<b>Fittings</b> 	<ul style="list-style-type: none"> <li>Used in pipe systems to connect pipe sections with other fluid controlling products such as valves and pumps to form pipelines;</li> <li>Our offerings include ductile iron fittings, galvanised iron fittings, stainless steel fittings, black malleable iron fittings, mild steel fittings, mechanical fittings, copper fittings, PVC fittings, PE fittings, vitrified clay fittings, mild steel cement lining fittings, carbon steel pipe fittings and sprinkler systems; and</li> <li>Our products are available in a variety of materials, diameters and specifications to cater for various purposes, needs and applications.</li> </ul>	M&E engineering, comprising: <ul style="list-style-type: none"> <li>Fire protection systems</li> <li>HVAC systems</li> <li>Plumbing</li> <li>Electrical and telecommunication wiring</li> <li>Compressed air systems</li> <li>Gas and LPG pipelines</li> <li>Water distribution pipelines</li> </ul>
<b>Accessories</b>  	<ul style="list-style-type: none"> <li>Supporting products that are used to complement the installation of pipes, valves and fittings; and</li> <li>Our offerings of accessories include sealants and adhesives, pipeline coatings, fasteners, rubber gaskets, joints and couplers, strainers, manhole cover, water meters, pressure switches, flow switch, sanitary wares, water tanks and pipeline accessories.</li> </ul>	M&E engineering and civil construction, comprising: <ul style="list-style-type: none"> <li>Fire protection systems</li> <li>HVAC systems</li> <li>Plumbing</li> <li>Electrical and telecommunication wiring</li> <li>Compressed air systems</li> <li>Gas and LPG pipelines</li> <li>Water distribution pipelines</li> </ul>



**7. INFORMATION ON OUR GROUP (Cont'd)**

Products	Descriptions and our offerings	Applications
<b>Building materials for civil works</b>		
<b>Reinforcement steel</b>  	<ul style="list-style-type: none"> <li>Used in combination with cement to form reinforced concrete by strengthening the tensile strength of the concrete;</li> <li>Our offerings include steel bars and steel wire mesh; and</li> <li>Our products are available in a variety of diameters and specifications to cater to the various purposes, needs and applications.</li> </ul>	Civil construction, comprising: <ul style="list-style-type: none"> <li>Concrete flooring</li> <li>Concrete walls</li> <li>Infrastructure</li> <li>Pre-cast concrete</li> </ul>
<b>Structural steel</b>  	<ul style="list-style-type: none"> <li>Used in forming the frames of buildings. The structural steel takes the form of an elongated beam with a specified cross-sectional profile;</li> <li>The shapes, sizes, chemical composition and mechanical properties of our structural steel are in accordance to industrial standards and requirements;</li> <li>Our offerings include flat bars, angle iron, channels, hollow sections, sheet piles, steel steel plates, steel beams, and door and trolley tracks;</li> <li>Our products are available in a variety of profiles and sizes to cater to various needs and purposes; and</li> <li>The type of materials available are mild steel and galvanised steel.</li> </ul>	Civil construction, comprising: <ul style="list-style-type: none"> <li>Steel structures</li> <li>Window frames</li> <li>Door grills</li> <li>Manhole and drain gratings</li> <li>Metal frame furniture</li> </ul>
<b>Other building materials</b>  	<ul style="list-style-type: none"> <li>Bricks, paints, netting, cement, ready-mixed concrete, doors, windows, pre-cast concrete, wall and floor finishes, fences, sand and aggregates and scaffolding.</li> </ul>	Civil construction, comprising: <ul style="list-style-type: none"> <li>Concrete flooring</li> <li>Concrete formwork</li> <li>Concrete walls</li> <li>Infrastructure</li> </ul>

**7. INFORMATION ON OUR GROUP (Cont'd)**

Further to the wholesale and distribution of third party branded products, we are also an exclusive distributor of Shanghai Vision Mechanical Joint Co. Ltd, Taizhou Realflex Pipetec Co., Ltd and Jinan Meide Casting Co., Ltd, for the distribution and sale of premium fittings as approved by UL and/or FM under the brand names VISION, Realflex and SCI in Malaysia respectively. We source mainly premium fittings such as mechanical grooved fittings, flexible hoses and malleable iron fittings from these suppliers, which we are not able to source locally. Therefore, our Group imports these products for sale in Malaysia. The details of the distributorships for products of Shanghai Vision Mechanical Joint Co. Ltd, Taizhou Realflex Pipetec co., Ltd and Jinan Meide Casting Co., Ltd are as follows:

	<b>Shanghai Vision Mechanical Joint Co. Ltd</b>	<b>Taizhou Realflex Pipetec Co.</b>	<b>Jinan Meide Casting Co., Ltd</b>
<b>Principal activities</b>	Manufacture mechanical fittings, coupling and groove fittings product	Manufacture flexible hose for sprinkler installation product	Manufacture valves, pipes, fittings and others metal material product
<b>Products distributed</b>	Mechanical coupling and fittings	Flexible hose for sprinkler installation	Malleable cast iron fittings
<b>Date of distribution agreement</b>	16 March 2021	1 January 2021	23 August 2021
<b>Date of expiry of distribution agreement</b>	15 March 2023	31 December 2023	12 August 2022
<b>Terms of renewal of the distributorships</b>	There are no terms of renewal of the distributorships		

We are not materially dependent on these distributorships as there are alternatives to these products and collectively the products distributed only contributed RM8.0 million or 1.1% of our revenue for FPE 2022.

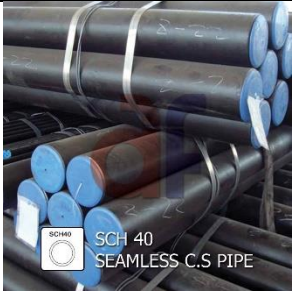



In addition, we also sell our house brand of pipes, valves, fittings and accessories under the brand name "Alfran", and stainless steel fittings under the brand name "S2S". Both Alfran and S2S are trademarks registered with MyIPO since November 2001 and July 2012 respectively. We source and import our Alfran and S2S products from OEMs in China.



<b>Products</b>	<b>Our offerings</b>	<b>Applications</b>
Pipes	<ul style="list-style-type: none"> <li>• Our offerings include carbon steel pipes; and</li> <li>• Our products are available in 2 variations of diameter to cater for various purposes, needs and applications</li> </ul>	M&E engineering, comprising: <ul style="list-style-type: none"> <li>• Fire protection systems</li> <li>• HVAC systems</li> <li>• Plumbing</li> </ul>






**7. INFORMATION ON OUR GROUP (Cont'd)**

Products	Our offerings	Applications
 <p>SCH 40 SEAMLESS C.S PIPE</p>		<ul style="list-style-type: none"> <li>• Electrical and telecommunication wiring</li> <li>• Compressed air systems</li> <li>• Gas and LPG pipelines</li> <li>• Water distribution pipelines</li> </ul>
<b>Valves</b> 	<ul style="list-style-type: none"> <li>• Our offerings include ductile iron butterfly valves, stainless steel ball valves, cast iron check valves, ductile iron check valves, cast iron gate valves and ductile iron gate valves; and</li> <li>• Our products are available in a variety of materials, diameters and specifications to cater for various purposes, needs and applications.</li> </ul>	M&E engineering, comprising: <ul style="list-style-type: none"> <li>• Fire protection systems</li> <li>• HVAC systems</li> <li>• Plumbing</li> <li>• Water distribution pipelines</li> </ul>
<b>Fittings</b> 	<ul style="list-style-type: none"> <li>• Our offerings include stainless steel fittings, carbon steel fittings, mild steel fittings, carbon steel flanges, mild steel flanges and stainless steel flanges; and</li> <li>• Our products are available in a variety of materials, diameters and specifications to cater for various purposes, needs and applications.</li> </ul>	M&E engineering, comprising: <ul style="list-style-type: none"> <li>• Fire protection systems</li> <li>• HVAC systems</li> <li>• Plumbing</li> <li>• Electrical and telecommunication wiring</li> <li>• Compressed air systems</li> <li>• Gas and LPG pipelines</li> <li>• Water distribution pipelines</li> </ul>
<b>Accessories</b> 	<ul style="list-style-type: none"> <li>• Our offerings of accessories include ductile iron joints, polarised rubber joints, ductile iron tapping saddle, cast iron strainers, ductile iron strainers, flanged strainer mesh, pressure gauges, manhole covers and steps, insulation materials (i.e. fibreglass rope and fibreglass tape), galvanised iron stud and galvanised iron U-bolt with nuts.</li> </ul>	M&E engineering and civil construction, comprising: <ul style="list-style-type: none"> <li>• Fire protection systems</li> <li>• HVAC systems</li> <li>• Plumbing</li> <li>• Electrical and telecommunication wiring</li> <li>• Compressed air systems</li> <li>• Gas and LPG pipelines</li> <li>• Water distribution pipelines</li> </ul>

**7. INFORMATION ON OUR GROUP (Cont'd)****(b) Manufacturing and sale of pre-insulated pipes**

Under our Group's manufacturing business, we manufacture and sell our house brand of pre-insulated pipes under the brand name "HI-GARD™", "TERRA-GARD™" and "COPPER-GARD™". The types of pre-insulated pipes manufactured and sold are as follows:


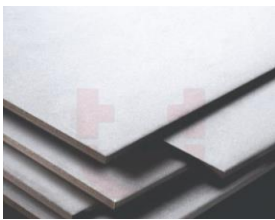

Products	Descriptions	Applications
<p>Low temperature HI-GARD™</p> 	<ul style="list-style-type: none"> <li>• Our in-house manufactured piping system that provides above ground distribution of fluids at temperatures from -20°C to 130°C;</li> <li>• Meets requirements for above-ground indoor and outdoor applications;</li> <li>• The materials available for jacket pipe include galvanised steel, stainless steel and aluminium;</li> <li>• The materials available for carrier pipe are such as mild steel, carbon steel, stainless steel, PVC and ABS, PPR; and</li> <li>• The materials available for insulation include PU foam and formulated HCFC-free polyol blend.</li> </ul>	<p>M&amp;E engineering comprising:</p> <ul style="list-style-type: none"> <li>• HVAC systems</li> <li>• Refrigeration systems</li> <li>• Process cooling systems</li> </ul>
<p>Mid temperature HI-GARD™</p> 	<ul style="list-style-type: none"> <li>• Our in-house manufactured piping system that provides above-ground distribution of fluids at temperatures of 130°C and above;</li> <li>• Comprising 2 layers of insulation for higher temperature applications;</li> <li>• The materials available for jacket pipe include galvanised steel, stainless steel and aluminium;</li> <li>• The materials available for carrier pipe include mild steel, carbon steel and stainless steel; and</li> <li>• The materials available for insulation include calcium silicate for the first layer of insulation and PU for the second layer of insulation.</li> </ul>	<p>M&amp;E engineering comprising:</p> <ul style="list-style-type: none"> <li>• Steam piping for food manufacturing</li> </ul>
<p>TERRA-GARD™</p> 	<ul style="list-style-type: none"> <li>• Our in-house manufactured piping system that provides underground distribution of fluids at temperatures from -20°C to 130°C;</li> <li>• The materials available for jacket pipe include high density PE and FRP;</li> <li>• The materials available for carrier pipe include mild steel, carbon steel, stainless steel, copper, PVC and FRP; and</li> <li>• The materials available for insulation include PU foam and formulated HCFC-free polyol blend.</li> </ul>	<p>M&amp;E engineering comprising:</p> <ul style="list-style-type: none"> <li>• District heating and cooling distribution</li> </ul>

**7. INFORMATION ON OUR GROUP (Cont'd)**

Products	Descriptions	Applications
<b>COPPER-GARD™</b> 	<ul style="list-style-type: none"> <li>• Our in-house manufactured piping system for use in the distribution of domestic hot water and refrigerant lines;</li> <li>• The materials available for jacket pipe include galvanised steel, stainless steel and aluminium;</li> <li>• The materials available for carrier pipe include copper; and</li> <li>• The materials available for insulation include PU foam and formulated HCFC-free polyol blend.</li> </ul>	M&E engineering comprising: <ul style="list-style-type: none"> <li>• Refrigeration systems</li> <li>• Domestic hot water systems</li> </ul>

**(c) Rental of temporary structural support equipment**

Under our Group's rental business, the types of temporary structural support equipment rented by our Group for use in various building and construction activities are as follows:

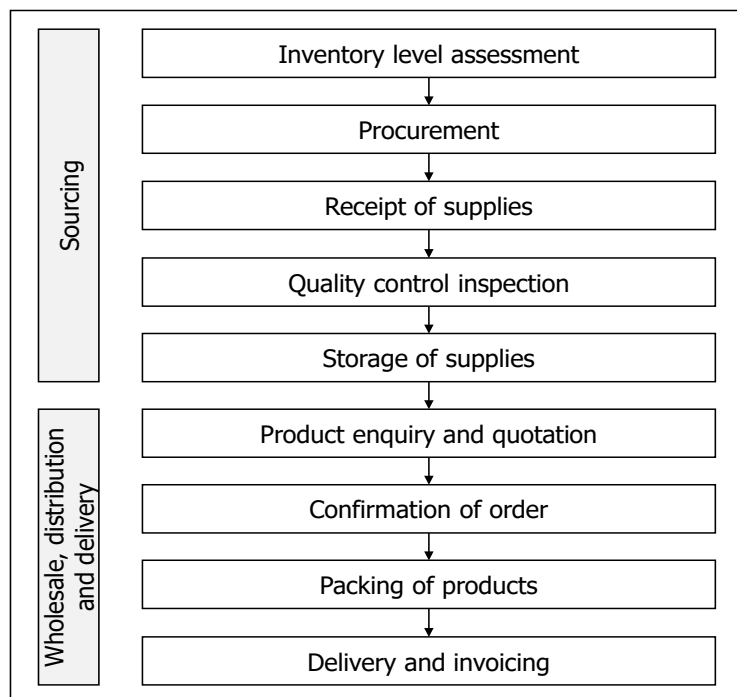
Products	Descriptions
<b>Scaffolding</b> 	<ul style="list-style-type: none"> <li>• Temporary structures made of steel planks and steel poles that are used to support construction, maintenance and/or repair works of buildings, bridges and other man-made structures; and</li> <li>• The parts and components of our scaffolding are main frame, joint pin, cross brace, U-head, catwalk, galvanised iron pipes, swivel clamp and jack base.</li> </ul>
<b>Steel plates</b> 	<ul style="list-style-type: none"> <li>• Our steel plates are rented for use to support loading due from various heavy machinery, earth movers and bulldozers in construction sites.</li> </ul>
<b>Hollow sections</b> 	<ul style="list-style-type: none"> <li>• A type of metal profile with a hollow cross section. Our hollow sections are rented for use to support formwork during concreting that are placed on top of scaffolding in construction sites.</li> </ul>

## 7. INFORMATION ON OUR GROUP (Cont'd)

### 7.4 BUSINESS PROCESSES

#### 7.4.1 Our business processes

##### (a) Wholesale and distribution of building materials



##### Inventory level assessment and procurement

We will conduct inventory level assessment on a daily basis and identify the type and quantity of products to be replenished. The inventory level at which each range of products is to be replenished depends upon the turnover rate of the product and the lead time required for the product to arrive, minimum quantity required for the order, and pricing of the product. In this respect, pricing of products which are generally affected by steel prices vis-à-vis historical and expected price trends inversely affect the replenishment of inventory. Lower prices tend to encourage accumulation, and vice versa. However, there are other key factors taken into consideration, namely outstanding orders, demand of the products, supply chain factors, and scarcity of the product at the time.

Purchase orders will be submitted to our suppliers for the replenishment of our inventory.

##### Receipt, quality control inspection and storage of supplies

Upon receiving delivery of the products from our suppliers, we will conduct inspection on the product type, quantity and quality to ensure that the products received are in accordance to the purchase order and are in good condition. Thereafter, the products will be stored in our warehouse, according to their allocated shelves and/or bays. We will immediately update the inventory level in our ERP system. Concurrently, we will update the product pricing when there is a revision of price from suppliers.

If the product type and quantity received are not in accordance with the purchase order and/or products are found to have defects, we will lodge a report to our suppliers immediately. We will communicate with suppliers for the replacement of products or refunds.

## 7. INFORMATION ON OUR GROUP (Cont'd)

### Product enquiry and quotation

Upon receiving enquiries from customers, we will check our inventory on the availability and price of the enquired products. A quotation based on the types and quantity of products requested will be provided to our customers.

### Confirmation of order and packing of products for delivery

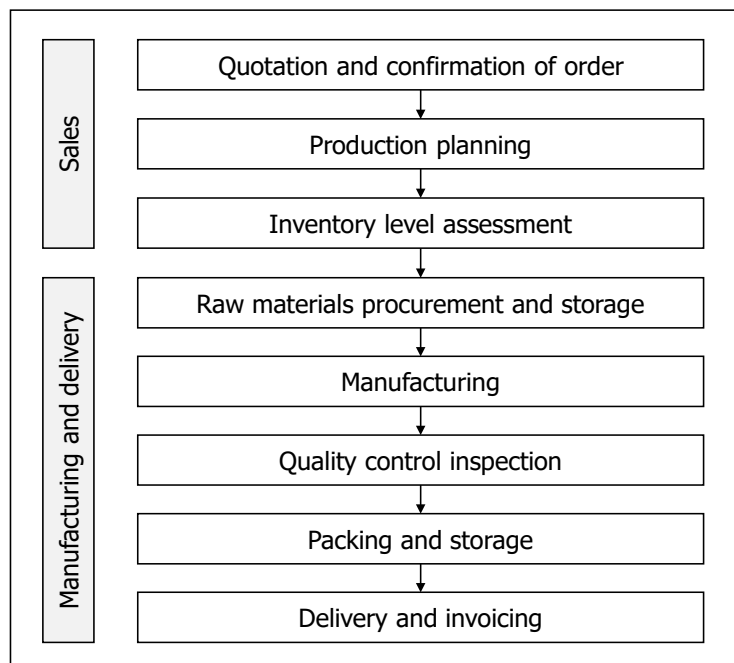
Upon the acceptance of quotation, our customers will place a purchase order with us on the types, quantity required and timing of delivery. Confirmed orders will be forwarded to our warehouse team to pack and prepare the products for delivery to our customers. If our inventory level is insufficient, we will place additional orders with our suppliers and arrange for direct delivery to our customers.

### Delivery and invoicing

For deliveries within Kuala Lumpur and Selangor, we have our in-house logistics team to deliver the products to our customers. For deliveries outside Kuala Lumpur and Selangor and overseas, we outsource the delivery to third party logistics service providers to ensure timely delivery of products to our customers. We also allow for own collection by our customers at our warehouse.

Upon delivery of the products, our customers are required to acknowledge receipt by signing off on the delivery order. We will then issue the invoice to our customers for payment collection. Depending on the availability of inventory, the lead time between confirmation of purchase order and delivery of goods to customer is between 48 to 72 hours.

### (b) Manufacturing and sales of pre-insulated pipes



### Quotation and confirmation of order

Upon receiving enquiries from our customers, we will provide quotation to our customers in accordance to the type and quantity enquired. We will also provide our customers with an estimated date of delivery of our pre-insulated pipes. Upon the acceptance of quotation, we will update the sales order into our ERP system for production planning purposes.



## 7. INFORMATION ON OUR GROUP (Cont'd)

### Production planning and inventory level assessment

We will develop a production planning schedule based on our sales order and our inventory level. We carry out inventory level assessment on a daily basis to monitor our inventory level in order to prevent disruptions to our manufacturing activities as well as to ensure timely delivery of products to our customers according to the agreed upon schedule.

### Raw materials procurement and storage

Upon accessing our inventory level, we will prepare a list of raw materials for replenishment. We procure our raw materials on a quarterly basis. Upon receiving delivery of the raw materials from our suppliers, we will conduct inspection on the type, quantity and quality to ensure that the raw materials received are in accordance with the purchase order and are in good condition. Thereafter, the raw materials will be stored in our warehouse and the inventory level will be updated in our ERP system.

If the type and quantity of raw materials received are not in accordance with the purchase order and/or are found to have defects, we will lodge a report to our suppliers immediately. We will then communicate with suppliers for the replacement of raw materials or refunds.

We practise a first-in first out inventory management policy for our raw materials due to the volatility in raw material prices such as steel pipes, aluminium pipes and copper pipes, which may impact our Group's cost of sales and profitability. We will closely monitor the price movement of raw materials and may stock up our inventory when there is a reduction in raw material prices.

### Manufacturing and quality control inspection

We carry out in-house manufacturing of pre-insulated pipes according to our production planning schedule.

The manufacturing process is as follows:

(i) **Shaping of jacket pipe from material sheet**

The material sheet forms the exterior surface of the carrier pipe. A moulding apparatus is used to shape the material sheet into a cylindrical form. A jacket pipe increases the durability of the carrier pipe.



## 7. INFORMATION ON OUR GROUP (Cont'd)

- (ii) **Installation of plastic support**  
Plastic supports are installed on the carrier pipes to ensure that the carrier pipes are positioned in the center when inserted into the jacket pipes, for even distribution of insulation material.



- (iii) **Inserting carrier pipe into jacket pipe**  
The carrier pipe is then inserted into the jacket pipe before the injection of insulation material.



- (iv) **Jig setting**  
Jig is used to hold the carrier pipe ends in alignment throughout the injection process.



- (v) **Injection of insulation material**  
The insulation material is injected in between the carrier pipe and jacket pipe to form the insulation layer. After injection, the insulation material will take up to 5 minutes to set, depending to pipes size.

Thereafter, the jig will be removed and the pipes will be sent for packing and temporary storage.



Manufactured pre-insulated pipes will undergo quality control inspection to ensure that it conforms to our in-house manufacturing standards as well as the ISO standards and FM standards. Further details on the quality standards are as set out in Section 7.9. Depending on the availability of raw materials and the volume of order, the lead time between confirmation of purchase order and manufacturing of goods is generally about 2 weeks. Upon manufacturing, the goods will be delivered to the customer's site according to the date of delivery requested by the customer.

## 7. INFORMATION ON OUR GROUP (Cont'd)

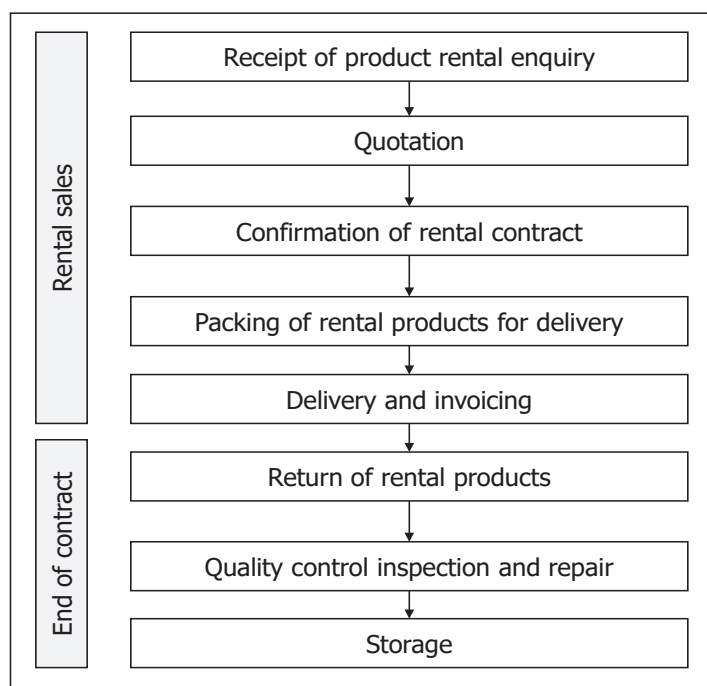
### Packing, storage, delivery and invoicing

The pre-insulated pipes will be packed and transferred to our warehouse for temporary storage prior to delivery. Thereafter, we will make the logistics arrangement for the delivery of products to our customers' project sites. For deliveries within Kuala Lumpur and Selangor, we have our in-house logistics team to deliver the products to our customers. For deliveries outside Kuala Lumpur and Selangor and overseas, we outsource the delivery to third party logistics service providers to ensure timely delivery of products to our customers.



Upon the delivery of products, our customers are required to acknowledge receipt by signing off on the delivery order. We will then issue the invoice to our customers for payment collection. For overseas customers, we will collect full payment or via letter of credit before proceeding with the manufacturing of pre-insulated pipes.

### (c) Rental of temporary structural support equipment



### Receipt of product rental enquiry and quotation

Upon receiving enquiries from our customers, we will check our ERP system for the availability of our temporary structural support equipment based on the type, quantity and duration of rental required as well as the timing of delivery. A quotation based on the enquiry will be provided to the customer.



## 7. INFORMATION ON OUR GROUP (Cont'd)

### Confirmation of rental contract and packing of rental products for delivery

Upon the acceptance of quotation, we will sign a rental contract with our customers for a tenure of typically 6 months up to a year. Subject to our internal credit scoring of the respective customers, we will collect rental deposits which amount to 1 to 2 months of rental. This deposit is collected upfront, immediately prior to the delivery of our temporary structural support equipment. Thereafter, rental payments are collected periodically, typically by month. Confirmed orders will be forwarded to our warehouse team to pack and prepare the products for delivery to our customers. Depending on the availability of structural support equipment and the commencement of rental period as stipulated in the contract, there is generally no lead time between confirmation of rental contract and delivery of the temporary structural support equipment as they are normally delivered immediately.

### Delivery and invoicing

For deliveries within Kuala Lumpur and Selangor, we have our in-house logistics team to deliver the products to our customers. For deliveries outside Kuala Lumpur and Selangor, we outsource the delivery to third party logistics service providers to ensure timely delivery of products to our customers. Upon delivery of the products, our customers are required to acknowledge receipt by signing off on the delivery order. We will then issue the invoice to our customers for payment collection.

### Return of rental products

Upon the completion of rental tenure, we will make the logistics arrangement to deliver the temporary structural support equipment back to our warehouse. Our warehouse team will be notified to receive the delivery.

### Quality control inspection, repair and storage

All returned temporary structural support equipment will undergo quality control inspection test to check for damages. Customers will be notified of the damages and the repair cost to be incurred, if any. Upon acknowledgement, payment for the repair works will be collected from our customers separately, or customers may request for direct deduction from the deposits paid. Damaged temporary structural support equipment will be set aside to undergo repair works. Once completed, the repaired temporary structural support equipment will be stored in our warehouse.

#### 7.4.2 Operating capacities and output

Our annual manufacturing capacity for our manufacturing business is calculated based on the factors affecting our insulation injection capacity as the injection of insulation material is a critical process in the manufacturing of our pre-insulated pipes, as detailed below:

- (a) The number of insulation injection machines in FYE 2019 to 2021 and FPE 2022;
- (b) The number of pipes injected with insulation materials in each injection cycle. Based on average pipe size, each injection cycle is able to inject 25 pipes;
- (c) The number of injection cycles per day of 18 cycles, taking into consideration the time required to cure the injection materials, number of workers available and operating at 1 shift of 8 hours per day; and
- (d) 269 working days a year (i.e. calculated based on 5.5 working days per week and 18 days of public holiday per year).

**7. INFORMATION ON OUR GROUP (Cont'd)**

	<b>Annual manufacturing capacity (number of pipes)</b>	<b>Actual output<sup>(1)</sup> (number of pipes)</b>	<b>Utilisation rate (%)</b>
FYE 2019	121,050	47,157	38.96
FYE 2020	121,050	51,794	42.79
FYE 2021	121,050	45,862	37.89
FPE 2022	80,700	21,372	26.48

**Note:**

(1) Comprising "HI-GARD™", "TERRA-GARD™" and "COPPER-GARD™".

There is no particular reason for the low utilisation rate above, as Ricwil manufactures upon order, and has not reached a level of sales which maximises its capacity utilisation. For FPE 2022, utilisation was lower mainly due to closure of operations during MCO and NRP as set out in Section 7.7.

Our Group occupies 5 storage facilities measuring approximately 280,000 sq ft in total. It should be noted that the inventories are stored in a largely variable manner due to the variety of inventories, depending on, among others, weight, whether they are stackable, ease of shifting and space occupied.

Accordingly, the manner in which the inventories are stored makes it difficult to accurately measure the utilisation of storage space. Nonetheless, we consider our storage areas to be highly utilised throughout FYE 2019, FYE 2020, FYE 2021 and FPE 2022, as we have utilised our space to the extent that we needed to rent several warehouses for storage. We have also constructed our new industrial complex to increase storage space to reduce reliance on rented warehouses and also to improve logistics efficiency in terms of stock movement. We have completed our relocation to the new industrial complex on 31 December 2021, after receiving the CCC on 13 December 2021.

**7.5 PRINCIPAL MARKETS****7.5.1 Principal business segments and markets**

The breakdown of our Group's revenue segmentation by principal business activities is as follows:

<b>Revenue by principal business activities</b>	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FPE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Wholesale and distribution	1,013,000	96.6	1,041,232	96.6	991,839	96.8	737,404	97.5
Manufacturing and sale of pre-insulated pipes	23,570	2.2	21,905	2.0	21,009	2.0	12,301	1.6
Rental of temporary structural support equipment	12,153	1.2	14,492	1.4	12,196	1.2	6,679	0.9
<b>Total revenue</b>	<b>1,048,723</b>	<b>100.0</b>	<b>1,077,629</b>	<b>100.0</b>	<b>1,025,044</b>	<b>100.0</b>	<b>756,384</b>	<b>100.0</b>

**7. INFORMATION ON OUR GROUP (Cont'd)**

The breakdown of our Group's revenue segmentation by geographical markets is as follows:

Revenue by principal geographical markets	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	1,041,355	99.3	1,073,938	99.7	1,021,121	99.6	754,219	99.7
Overseas <sup>(1)</sup>	<sup>(2)</sup> 7,368	0.7	<sup>(3)</sup> 3,691	0.3	<sup>(4)</sup> 3,923	0.4	<sup>(5)</sup> 2,165	0.3
<b>Total revenue</b>	<b>1,048,723</b>	<b>100.0</b>	<b>1,077,629</b>	<b>100.0</b>	<b>1,025,044</b>	<b>100.0</b>	<b>756,384</b>	<b>100.0</b>

**Notes:**

- (1) The products sold overseas are mainly pre-insulated pipes.
- (2) Comprises sales to Bangladesh, Australia, Cambodia, Brunei, Singapore and Indonesia.
- (3) Comprises sales to Bangladesh, Brunei, Australia, Cambodia, Indonesia, China and Thailand.
- (4) Comprises sales to Cambodia, Brunei, Singapore, Bangladesh and China.
- (5) Comprises sales to Brunei, Cambodia, Singapore and Hong Kong.

**7.6 MARKETING AND DISTRIBUTION CHANNELS**

Our Group's sales and marketing team, is responsible for planning and executing sales and marketing activities, serving existing customers, attending enquiries from potential customers, and preparing new product proposals to existing customers and potential customers. Our Group's sales and marketing activities are as follows:

**(a) Direct approach**

We secure new customers through direct approach with potential customers such as contractors and hardware retailers. Our sales and marketing team keeps abreast with industry updates and collects market information in order to identify any potential customers. Thereafter, our sales and marketing team will approach these potential customers to promote our range of product offerings and our ability to meet customer demand within a short time frame as we have an inventory of ready stock.

Further, we also subscribe to BCI Asia, a global, multi-platform data service provider. Through such subscription, we have access to industry reports in relation to the construction industry as well as project leads across a multitude of construction projects. This provides us with an additional platform to identify and engage with potential customers. The industry reports also include up-to-date construction data products and software solutions that allows our Group to keep abreast with new technologies in the industry.

Our sales and marketing team also follows up with our existing customers when there are new product offerings, as well as continuously maintain business relationships with our customers to support the continued growth of our business.

**7. INFORMATION ON OUR GROUP (Cont'd)****(b) Referrals from business associates**

We also secure new customers through referrals from our business associates, namely property developers, contractors, architects, consultants and quantity surveyors. Our sales and marketing team will approach these referral customers to present our range of product offerings to entice these customers to source from our Group. In any event, our sales and marketing team will continue to provide product updates to these referral customers periodically. This is because our Group believes that it is important to continuously build business relationships with all potential customers as these customers may, in the future, contribute to the growth of our Group.

**(c) Trade fairs, exhibitions and industry networking events**

Prior to the COVID-19 pandemic, we participated in trade fairs and exhibitions. Through trade fairs and exhibitions, we are able to introduce our products and services to new markets, build new customer relationships and establish contact with potential customers, while promoting our market presence. Due to the nature of our products that is bulky and heavy, we generally only showcase our building materials for M&E works in trade fairs and exhibitions. Information on other products offered by our Group will be promoted through catalogues and/or a video presentation. We also participated in industry networking events held among construction industry stakeholders that allows our sales and marketing team to identify potential customers and new sales opportunities.

Trade fairs, exhibitions and industry networking events that we have participated in the calendar year 2018 and 2019 are as follows:

<b>Calendar year</b>	<b>Events</b>	<b>Organiser</b>	<b>Location</b>
2018	IFCEM Malaysia 2018	International Fire Conference and Exhibition Malaysia	Sunway Pyramid Convention Centre
2018	ASEAN M&E Show 2018	United Business Media (M) Sdn Bhd	Kuala Lumpur Convention Centre
2018	MACRA 18 <sup>th</sup> Anniversary Dinner	Malaysian Air-Conditioning & Refrigeration Association	ICC Pudu
2019	Seminar on Occupational Safety and Health towards Sustainability Agenda	Jabatan Kerja Raya Malaysia ("JKR")	Dewan Tan Sri Mahfuz Khalid
2019	Profesion Teknikal Negara 2019	JKR	TM Convention Centre

**7. INFORMATION ON OUR GROUP (Cont'd)**

Due to the COVID-19 pandemic, we did not participate in any physical trade fairs, exhibitions and industry networking events in the calendar year 2020 and 2021. Our Group will resume participation in trade fairs, exhibitions and industry networking events when the COVID-19 situation improves and/or travel restrictions are lifted. During this period and up to LPD, we have organised several webinars as follows:

<b>Calendar year</b>	<b>Webinar topic</b>	<b>Presenting party</b>
2021	Introduction to Realflex Flexible Sprinkler Hoses	Taizhou Realflex Pipetec Co., Ltd (China) <sup>(1)</sup>
2021	Introduction to Firestone Building Products	Firestone Building Products EMEA, BV <sup>(1)</sup>
2021	Introduction to Vision Mechanical Grooved Joints & Fittings	Unitrade
2021	Introduction to Reliable Sprinkler Heads	Reliable Fire Sprinkler (Singapore) Pte Ltd <sup>(1)</sup>
2021	Introduction to Molecor Hypro PVC-O Pipes	Molecor (SEA) Sdn Bhd <sup>(1)</sup>
2021	Introduction to Reliable Fire Protection Valves	Reliable Fire Sprinkler (Singapore) Pte Ltd <sup>(1)</sup>

**Note:**

<sup>(1)</sup> These parties are our suppliers.

**(d) Media advertisement and digital advertising**

We also leverage on media advertising such as business directory publications and association magazine publications to advertise and market our products and services as well as to enhance our presence among industry players. Among the avenues that we have utilised to market our presence were the publication in Super Pages Directory in April 2018, ASHRAE 33<sup>rd</sup> Annual Dinner Souvenir Book in October 2018, ASHRAE 34<sup>th</sup> Annual Dinner Souvenir Book in October 2019 and MACRA 19<sup>th</sup> Annual Dinner Souvenir Book in November 2019.

We have also recently leveraged on digital advertising to increase our market visibility on the internet through initiatives such as search engine optimisation services and social media marketing. We utilise search engine optimisation services to increase the visibility of our corporate website by providing immediate searchable information on our Group as well as the details on our products and services to attract potential customers. Through social media marketing, we are able to promote and increase our brand awareness through various social media platforms such as Facebook, Instagram, LinkedIn, Twitter and YouTube.

**(e) Corporate website**

We have established our corporate website at <https://www.unitrade.com.my> that provides immediate searchable information on our Group as well as reference link to our subsidiary's website, Ricwil at <https://ricwil.com/> and UUSB at <https://uunited.com.my>, that provides immediate searchable information on our subsidiaries. Each of the websites comprises detailed information on the range of products offered by the respective entity, which is expected to promote cross-selling of all products offered by our Group.

## **7. INFORMATION ON OUR GROUP (Cont'd)**

In addition, our corporate website is integrated with an e-commerce platform to enhance the convenience for our customers to purchase our products online.

### **7.7 INTERRUPTIONS TO BUSINESS AND OPERATIONS**

#### **(a) Impact on our business operations**

Our business and operations faced temporary interruption pursuant to the COVID-19 outbreak. The imposition of the first MCO effective on 18 March 2020 to 3 May 2020 by the Government to contain the spread of the virus resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission was obtained from the relevant governmental bodies.

Subsequent to that, the Government implemented different forms of MCO from 4 May 2020 until 31 May 2021. While our Group was allowed to operate, we are required to comply with the changes in SOP outlined by MITI throughout the period.

Following the resurgence of COVID-19 cases in the first half of 2021, the Government had implemented a four-phase recovery plan, known as the NRP, which is a re-imposition of nationwide lockdown since 1 June 2021 until LPD.

The impact to our operations and sales, by individual subsidiaries, are as follows:

#### **(i) Impact on Unitrade's operations and sales**

During the first MCO, Unitrade's operations were closed from 18 March 2020 until 26 April 2020. Unitrade had, on 22 April 2020, obtained an approval letter from MITI to operate during the first MCO and resumed operations on 27 April 2020. Nevertheless, Unitrade's operations were confined to 30% of total workforce capacity throughout the period of the first MCO as set by MITI. Unitrade's operations were closed from 1 June 2021 until 14 June 2021 and from 3 July 2021 until 18 July 2021 during the first phase of the NRP. Unitrade resumed operations on 15 June 2021 and 19 July 2021 respectively after receiving MITI's approval. Nevertheless, Unitrade's operations were confined to 60% of total workforce capacity throughout the period of the first phase of NRP (from 1 June 2021 to 9 September 2021) and 80% of total workforce capacity throughout the second phase of NRP (from 10 September 2021 to 30 September 2021) and third phase of NRP (from 1 October 2021 to 17 October 2021) as set by MITI. In the fourth phase of NRP (from 18 October 2021 onwards until LPD), Unitrade was allowed to operate at full workforce capacity.

We were unable to carry out any sales or delivery of orders nor replenish our inventory between 18 March 2020 and 26 April 2020 as a result of the first MCO. We were also unable to carry out delivery of orders nor replenish our inventory between 1 June 2021 and 14 June 2021 and between 3 July 2021 and 18 July 2021 as a result of the first phase of the NRP.

Nevertheless, we maintained an inventory of fast-moving items comprising mainly pipes and pipes related items, which enabled us to fulfil our backlog orders when we resumed our operations on 27 April 2020 during the first MCO, on 15 June 2021 and 19 July 2021 during the first phase of NRP. These backlog orders were orders which were scheduled to be delivered during the first MCO and first phase of NRP respectively.

**7. INFORMATION ON OUR GROUP (Cont'd)**

During the period of the first MCO and first phase of NRP when we were allowed to resume our operations, we recorded lower sales due to reduced workforce capacity and the operations of most of our customers were also closed. There was no export order which was scheduled to be delivered during the first MCO and first phase of the NRP.

**(ii) Impact on Ricwil's operations and sales**

During the first MCO, Ricwil's operations were closed from 18 March 2020 until 26 April 2020. Ricwil had, on 22 April 2020, obtained an approval letter from MITI to operate during the first MCO and resumed operations on 27 April 2020. Nevertheless, Ricwil's operations was confined to 50% of total workforce capacity throughout the period of the first MCO as set by MITI. During the first phase of the NRP, Ricwil's operations were closed from 1 June 2021 until 14 June 2021 and from 3 July 2021 until 18 July 2021. Ricwil resumed operations on 15 June 2021 and 19 July 2021 respectively after receiving MITI's approval. Nevertheless, Ricwil's operations were confined to 10% of total workforce capacity and Ricwil was only allowed to carry out maintenance for our own factory during the first phase of the NRP, from 1 June 2021 to 22 August 2021 as set by MITI. From 23 August 2021 to 31 August 2021, Ricwil was allowed to operate at 80% workforce capacity, as 60% of their employees were fully vaccinated and since 1 September 2021, Ricwil is allowed to operate at full workforce capacity as 80% of their employees are fully vaccinated.

We were unable to carry out any sales or manufacturing and delivery of orders between 18 March 2020 and 26 April 2020 as a result of the first MCO. We were also unable to carry out manufacturing and delivery of orders between 1 June 2021 and 22 August 2021 as a result of first phase of the NRP.

We experienced delay in fulfilling our orders to customers as a result of the first MCO as we were unable to carry out manufacturing activities. The delayed orders were gradually completed when we resumed our operations and manufacturing activities on 27 April 2020. We also experienced delay in fulfilling our orders to customers as a result of the first phase of the NRP as we were unable to carry out manufacturing activities. The delayed orders were gradually completed when our manufacturing activities resumed on 23 August 2021.

During the period of the first MCO and first phase of the NRP when we were allowed to resume our operations, we recorded lower sales as most of our customers were not allowed to operate. There was no export order which was scheduled to be delivered during the first MCO and first phase of the NRP.

**(iii) Impact on UUSB's operations and sales**

During the first MCO, UUSB's operations were closed from 18 March 2020 until 3 May 2020. UUSB had, on 22 April 2020, obtained an approval letter from MITI to operate during the first MCO. Nevertheless, UUSB resumed operations on 4 May 2020 as our customers were not operating during the first MCO.

During the first phase of the NRP, UUSB's operations were closed from 1 June 2021 until 18 July 2021. UUSB resumed operations on 19 July 2021 after receiving MITI's approval. However, UUSB's operations are confined to 60% of workforce capacity throughout the period of the first phase of the NRP and 80% of total workforce capacity throughout the second phase of NRP as set by MITI. In the third and fourth phases of NRP, UUSB has been allowed to operate at full workforce capacity.



**7. INFORMATION ON OUR GROUP (Cont'd)**

We were unable to carry out any sales or delivery of orders between 18 March 2020 and 3 May 2020 as a result of the first MCO. We were also unable to carry out delivery of orders between 1 June 2021 and 18 July 2021 as a result of the first phase of the NRP.

We did not face any cancellation of rental contracts as a result of the first MCO and first phase of the NRP. Nevertheless, due to the effects of the MCO, and upon request from our customers, our Group had granted rebates to some customers on their rental contracts to encourage settlement of the rental contracts. We had granted rebates to 29 customers during the first MCO and to 29 customers during the NRP and up to LPD.

Save for the abovementioned, and notwithstanding the outbreak of the Omicron variant of COVID-19, we did not experience any major disruptions to our business operations and the fulfilment of orders as a result of the various movement control/lockdown measures implemented since 18 March 2020 and up to LPD. The delay in the delivery of orders did not cause any major disruptions to our customers as most of our customers were also not allowed to operate. Further, during this period, apart from the periods of lockdown, there were no major disruptions in the procurement and receipt of supplies as our suppliers were allowed to operate; and there were no major disruptions or delays in our suppliers' logistics which resulted in shortages of supplies to our operations.

Although we were unable to replenish our inventory between the periods of lockdown, we had available stock of fast-moving items comprising mainly pipes and pipes related items, and was able to replenish our inventory immediately after the periods of lockdown. As such, the supply disruptions caused by the lockdown were not significant.

Further, save for the lower sales performance recorded during the first MCO and first phase of the NRP, there were no material impact to our financial performance as revenue from delayed orders for our distribution and wholesale business and manufacturing business were eventually recognised and we were not subject to any penalty claims arising from the delay; and there was no cancellation of orders. We continue to recognise rental revenue for ongoing rental contracts for our rental business and there was no cancellation of rental contracts.

**(b) Impact on our business cash flows, liquidity, financial position and financial performance**

We recorded lower revenue in FYE 2021 resulting from the periods of closure, where lower sales performance was recorded during the first MCO and first phase of the NRP. Our Group's cash flow was restricted due to slowdown in collection during these periods of lockdown, but recovered thereafter within the financial period upon resumption of operations. Profitability was also reduced during these periods as a result of delayed revenue recognition during the periods of lockdown, whilst fixed costs continued to be incurred.

However, our financial performance for FYE 2021, FPE 2022 was not materially adversely impacted by the delay in delivering our products to customers, as the delayed orders were eventually fulfilled. While we have granted rebates to customers for our Group's rental business, amounting to RM0.5 million to 29 customers during the first MCO and RM0.8 million to 29 customers during the NRP and up to LPD, our financial performance for FYE 2021, FPE 2022 and up to LPD was not adversely impacted as the amount granted is not material to our Group.

Further, there were no material impact on the collectability of our trade receivables arising from business interruptions as a result of the COVID-19 pandemic.



**7. INFORMATION ON OUR GROUP (Cont'd)**

As at LPD, we do not expect any major impact to our revenue recognition for FYE 2022 as a result of the NRP as all delayed orders have been completed.

As at LPD, our Group has:

- (i) Cash and bank balances of approximately RM86.4 million; and
- (ii) Banking facilities (excluding lease liabilities) up to a limit of RM617.8 million, of which RM525.5 million has been utilised. Details of banking facilities are as follows:

<b>Type of facilities</b>	<b>Amount authorised RM'000</b>	<b>Amount utilised RM'000</b>	<b>Balance available RM'000</b>
Trade facilities	450,500	391,543	58,957
Revolving credit	117,900	103,160	14,740
Bank overdraft	16,500	-	16,500
Term loan	32,884	30,808	2,076
	<b>617,784</b>	<b>525,511</b>	<b>92,273</b>

Our Board is confident that, after taking into account our cash and bank balances as well as the banking facilities currently available to our Group, our working capital will be sufficient for our capital/operating expenditure and to sustain our business.

We did not receive any claw back or reduction in the banking facilities limit granted to us by our lenders. In addition, we do not anticipate any financial difficulties in meeting our debt obligations in the foreseeable future. We do not expect any material impairment to our assets, inventories or receivables.

Based on the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance.

**(c) Impact to our business and earning prospects**

Building materials are used throughout the lifecycle of any structure such as buildings and infrastructure, and building materials are essential for the construction of buildings and infrastructure. In the Economic Outlook 2022 published by the Ministry of Finance in October 2021, the construction GDP growth is projected to turn around by 11.50% in 2022, premise on better performance of the construction industry subsectors (e.g. civil engineering, residential buildings and non-residential buildings). The civil engineering subsector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects such as LRT 3, MRT 3, RTS and the Pan Borneo Highway. The residential buildings subsector is expected to expand further in line with the Government's measures to address the shortage of affordable houses, including continuation of the Rent-to-Own scheme, Rumah Mesra Rakyat, People's Housing programmes and full stamp duty exemptions for the first residential property purchased by each Malaysian home-buyer. In addition, the non-residential buildings subsector is anticipated to improve, backed by ongoing commercial projects, namely Kwasa Damansara, Tun Razak Exchange and KLIA Aeropolis.

**7. INFORMATION ON OUR GROUP (Cont'd)**

Bank Negara Malaysia projects the Malaysian economy to expand within the range of 5.50% to 6.50% in 2022 supported by significant improvement in global trade, stabilised commodity prices, containment of the COVID-19 pandemic, and gradual improvement in consumer and business sentiments. Moving forward, the demand for building materials is expected to be supported by the usage of building materials throughout the lifecycle of buildings and infrastructure, and building materials are essential for the construction of buildings and infrastructure which are important to support economic growth. *(Source: IMR Report)*

Premised on the above, we do not expect any material impact to our business and earning prospects. As the restrictions during the MCO eased by mid-2020, our sales performance rebounded quickly and we recorded higher total revenue between July 2020 and December 2020 as compared to the same period in 2019 and 2018. Further, we continued to record strong sales from January 2021 to May 2021 before the NRP was imposed in June 2021. Based on this track record, we expect to rebound once the current movement and business operating restrictions are further eased or uplifted.

The following sets out our total revenue between:

	<b>RM'000</b>
July 2018 to December 2018	563,819
July 2019 to December 2019	575,841
July 2020 to December 2020	588,060
January 2021 to May 2021	599,659

During the NRP, after resuming operations, sales picked up quickly and normalised (for reference, sales in July 2021 amounted to RM45.1 million, and increased to RM80.0 million in August 2021 and RM95.5 million in September 2021).

**(d) Strategy and steps taken to address the impact of the COVID-19 pandemic**

In response to the COVID-19 pandemic, our Group has established a safety protocol committee to oversee the adherence of infection control measures based on the guidelines and SOP issued by MITI. The infection control measures include, amongst others:

- (i) Wearing of face masks in work places;
- (ii) Daily taking and recording of body temperature before entering the work places;
- (iii) Sanitising hands before entering work places and all employees are required to sanitise and wash their hands with soap and water frequently throughout the day;
- (iv) Sanitising all common areas of work places in the office and warehouse/factory twice daily;
- (v) Sanitising of our lorries after delivery;
- (vi) Practising physical distancing at work places; and
- (vii) Avoidance of unnecessary travels and face-to-face meetings, where possible.

In view of the spike in COVID-19 cases among foreign workers in Malaysia, our Group has also undertaken measures to prevent our foreign workers from coming into contact with foreign workers that are not under the supervision of our Group, whereby they are not allowed to socialise with other foreign workers; and our foreign workers are only allowed to commute between work and their accommodation, except when the foreign workers have to leave their accommodation for daily necessities such as for the purchase of groceries.

## 7. INFORMATION ON OUR GROUP (Cont'd)

Further, in the event of any reported COVID-19 cases within our employee's residential community, that particular employee will be required to undergo self-quarantine for a period of 14 days as per the standard guideline prior to being allowed to resume work in our factory. For employees that have been tested positive, that particular employee will be required to undergo self-quarantine for a period of 21 days as per our Group's policy.

Following the spike in COVID-19 cases in Malaysia and as mandated by the Government, our Group had conducted COVID-19 tests for all our foreign workers. Up to LPD, our foreign workers have undergone multiple COVID-19 test, as and when required, to ensure early detection of COVID-19 cases in the effort of curbing the spread of the virus, if any. The testing will be in place until all our employees are vaccinated or until the COVID-19 situation in Malaysia improves.

Besides that, our local employees have also undergone multiple COVID-19 tests, as and when required. Upon request by our customers, our lorry drivers will also be required to undergo COVID-19 test, prior to being allowed to deliver the products to customers' sites. As at LPD, there has been 50 confirmed cases of COVID-19 among our local employees and 10 confirmed cases of COVID-19 among our foreign workers. All of our infected workers have since recovered.

Notwithstanding the above, our Group has put in place a business contingency plan in the event of any infection cases at our business premise, which is summarised as follows:

(i) Employee relief plan

Each employee has been assigned with a relief person for their tasks. Both personnel in-charge are not allowed to make any external appointments or business trips together to mitigate the risk of infection as well as to ensure that there is a person to back up the tasks in the case of a confirmed infection or suspected infection.

(ii) Warehouse and manufacturing back-up plan

Our foreign workers are assigned to work within their designated station and are not allowed to mingle with other workers from different stations. In the event of a positive infected case, we will sanitise that particular station and reshuffle the arrangement of our foreign workers to ensure that our warehousing and manufacturing activities are not affected.

Physical distancing measures are also in place for common areas such as canteens and restrooms. We also ensure that our foreign workers' accommodation is spaced out to minimise the spread of possible infection.

Save for the above, our Group had not experienced any other interruptions in our operations which had a significant effect on our operations during the past 12 months preceding LPD. To comply with the SOPs imposed since 18 March 2020 and up until LPD, our Group has incurred testing costs and disinfection costs amounting to RM0.5 million, which is not material to our Group. Our Group has also not been in breach of any laws relating to COVID-19 restrictions and/or SOPs as issued by the relevant authorities. Additionally, we participated in wage subsidy programmes initiated by the Government to cushion the economic impact of COVID-19. As at LPD, the amount of wage subsidy received from the Government under the wage subsidy programme was RM0.6 million.

**7. INFORMATION ON OUR GROUP (Cont'd)**

Our Group's workforce capacity returned to 100% since 18 October 2021, as we transitioned into phase 4 of the NRP. Moving forward, as the nation transitions into endemic phase, we expect to maintain our workforce capacity at 100%.

**7.8 SEASONAL OR CYCLICAL EFFECTS**

We do not experience any material seasonality or cyclicity in our business as the demand for our products are neither subject to seasonal fluctuations nor cyclical variations, albeit marginal slowdown during festive periods.

**7.9 QUALITY ASSURANCE/CONTROL MANAGEMENT AND TECHNOLOGY USED****7.9.1 Quality assurance and quality control procedures**

As we are involved in the manufacturing of pre-insulated pipes, our Group places strong emphasis on the safety and quality of pre-insulated pipes manufactured in our factory. We are 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. We have adopted internal quality management assurance policies to ensure that our 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:

<b>Standard</b>	<b>Certification body</b>	<b>Date first awarded</b>	<b>Current validity period</b>	<b>Scope of certification</b>
ISO 9001:2015 Quality Management Systems	SIRIM QAS International Sdn Bhd	18 December 1997	21 March 2021 to 17 December 2024 <sup>(1)</sup>	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-resistant test

**Note:**

<sup>(1)</sup> 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 customer.

As part of our commitment to environmental protection, we have entered into an agreement with the Department of Environment, Malaysia to participate in the 'HCFC Phase-out Management Plan Stage-1' project. Consequently, we have eliminated the use of HCFC and also to ensure that the raw materials used in the manufacturing of our pre-insulated pipes do not comprise HCFC compound.

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**7. INFORMATION ON OUR GROUP (Cont'd)**


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In addition, we are also committed to ensure and uphold the quality of our Alfran and S2S branded products that are sourced from third party OEMs. We undertake regular quality checks and inspections to ensure the quality of each batch of products received. Upon receiving the products, our warehouse team will check and verify on the quantity of pipes, fittings and valves received. We will then conduct a random sampling visual inspection on the quality of the pipes, fittings and valves. The quality of the products inspected are based on the weight, diameter or thickness, surface finishing, dimension and length of the products to ensure it matches the packing list.

We have also applied and have obtained for 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. We also applied for and have obtained quality certifications from the CIDB and Suruhanjaya Perkhidmatan Air Negara for some of our Alfran products.

**7.9.2 Technology used**

We use, and will continue to invest in, relevant technologies to enable our various operational platforms and departments to communicate and share information to enhance operational efficiency.

We utilise ERP software to support our daily business operations. The ERP system comprises financial management module and inventory management module. The integration of the ERP system with our warehouse management system will be done after moving into the new warehouse to facilitate real-time inventory update for enhanced operational efficiency. Further, as our ERP system can be accessed using mobile devices, this supports efficient sales and marketing activities as it allows our sales and marketing personnel to access our inventory information on a real-time basis.

In addition, we also utilise WhatsApp to provide customers support services to manage products and services enquiries.

We had in July 2021 launched our e-commerce platform that was integrated into our corporate website to provide the convenience to customers to perform online purchases as well as to extend our market reach.

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**7. INFORMATION ON OUR GROUP (Cont'd)****7.10 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

Our purchases comprise building materials for M&E works and building materials for civil works; and raw materials and pre-insulated materials for the manufacturing of pre-insulated pipes. The building materials, raw materials and pre-insulated materials that we procure are readily available and are sourced from local and foreign suppliers. The prices of our steel products such as pipes, valves, fittings, accessories, reinforcement steel, structural steel and other building materials of which are steel based products were subjected to price fluctuations during the financial years under review as a result of demand and supply conditions. However, our Group generally passes on to customers any increases in steel prices. Further details on the impact of price fluctuations on our purchases are as set out in Section 12.9.

The breakdown of our purchases during FYE 2019 to 2021 and FPE 2022 are as follows:

Category	Source	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Reinforcement steel	Local and overseas <sup>(1)</sup>	574,489	55.5	636,089	63.6	607,929	66.0	454,131	62.6
Pipes	Local and overseas <sup>(2)</sup>	198,410	19.2	173,980	17.4	129,712	14.1	111,575	15.4
Structural steel	Local and overseas <sup>(3)</sup>	144,284	13.9	101,289	10.1	101,119	11.0	88,965	12.3
Other building materials	Local	31,390	3.0	33,623	3.4	35,667	3.9	28,489	3.9
Fittings	Local and overseas <sup>(4)</sup>	37,022	3.6	16,438	1.6	21,219	2.3	17,355	2.4
Accessories	Local and overseas <sup>(5)</sup>	19,696	1.9	24,876	2.5	9,798	1.1	9,251	1.3
Valves	Local and overseas <sup>(6)</sup>	12,266	1.2	5,734	0.6	6,918	0.7	9,412	1.3

**7. INFORMATION ON OUR GROUP (Cont'd)**

Category	Source	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pre-insulated materials <sup>(8)</sup>	Local	5,526	0.5	5,126	0.5	4,596	0.5	4,010	0.5
Others <sup>(9)</sup>	Local and overseas <sup>(7)</sup>	12,123	1.2	3,467	0.3	4,158	0.4	2,024	0.3
		<b>1,035,206</b>	<b>100.0</b>	<b>1,000,622</b>	<b>100.0</b>	<b>921,116</b>	<b>100.0</b>	<b>725,212</b>	<b>100.0</b>

**Notes:**

- (1) Singapore.
- (2) China and Australia.
- (3) South Korea, Thailand, Japan and Indonesia.
- (4) China, England, USA and Singapore.
- (5) China.
- (6) China, USA and Singapore.
- (7) Korea and Marshall Island.
- (8) Comprises chemical, galvanised iron coil, aluminium coil, plastic support, end cap, semi-finished galvanised iron spiral and calcium silicate.
- (9) Comprises other intermediate products such as resins, scrap metals and value added service.

## 7. INFORMATION ON OUR GROUP (Cont'd)

The breakdown of the percentage of raw materials purchased from local suppliers and foreign suppliers during FYE 2019 to 2021 and FYE 2022 are as follows:

Category	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	Local (%)	Foreign (%)	Local (%)	Foreign (%)	Local (%)	Foreign (%)	Local (%)	Foreign (%)
Reinforcement steel	100.0	-	99.0	1.0	100.0	-	100.0	-
Pipes	92.0	8.0	95.0	5.0	95.0	5.0	98.0	2.0
Structural steel	41.0	59.0	48.0	52.0	71.0	29.0	67.0	33.0
Other building materials	100.0	-	100.0	-	100.0	-	100.0	-
Fittings	13.0	87.0	27.0	73.0	25.0	75.0	16.0	84.0
Accessories	79.0	21.0	87.0	13.0	90.0	10.0	83.0	17.0
Valves	81.0	19.0	90.0	10.0	84.0	16.0	91.0	9.0
Pre-insulated materials	100.0	-	100.0	-	100.0	-	100.0	-
Others	35.0	65.0	84.0	16.0	54.0	46.0	11.0	89.0

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## 7. INFORMATION ON OUR GROUP (Cont'd)

### 7.11 MAJOR CUSTOMERS

Our top 5 major customers for each of FYE 2019 to 2021 and FPE 2022 are as follows:

#### FYE 2019

No.	Customer	Business activities	Products sold	Projects supplied	Revenue contribution in FYE 2019		Length of relationship as at FYE 2019
					RM'000	%	Years
1.	W T Steel Sdn Bhd <sup>(1)</sup>	Wholesale and distribution of iron and steel products	Pipes, reinforcement and structural steel	None	36,702	3.5	4
2.	CHEC Construction (M) Sdn Bhd	Infrastructure construction	Various types of building materials	Damansara–Shah Alam Elevated Expressway ("DASH"), Sungai Besi-Ulu Kelang Elevated Expressway ("SUIKE")	25,889	2.5	2
3.	China Communications Construction Company (M) Sdn Bhd	Infrastructure construction	Various types of building materials	Sungai Pulai Bridge, Klang Valley Light Rail Transit (LRT), SUKE, DASH	22,899	2.2	2
4.	First Status Sdn Bhd	Trading of steel bars and building materials	Reinforcement and structural steel	None	21,705	2.1	Less than 1
5.	Chuan Yi Hardware Trading Sdn Bhd	Hardware wholesaler	Reinforcement steel	None	21,485	2.0	1
<b>Sub-total</b>					<b>128,680</b>	<b>12.3</b>	
<b>Total</b>					<b>1,048,723</b>	<b>100.0</b>	

**7. INFORMATION ON OUR GROUP (Cont'd)**

**FYE 2020**

<b>No.</b>	<b>Customer</b>	<b>Business activities</b>	<b>Products sold</b>	<b>Projects supplied</b>	<b>Revenue contribution in FYE 2020</b>		<b>Length of relationship as at FYE 2020</b>
					<b>RM'000</b>	<b>%</b>	<b>Years</b>
1.	W T Steel Sdn Bhd <sup>(1)</sup>	Wholesale and distribution of iron and steel products	Various types of building materials	None	51,342	4.8	5
2.	CHEC Construction (M) Sdn Bhd	Infrastructure construction	Various types of building materials	DASH, SUKE	50,483	4.7	3
3.	China Communications Construction Company (M) Sdn Bhd	Infrastructure construction	Various types of building materials	Sungai Pulai Bridge, GEM Residences, DASH, SUKE	48,487	4.5	3
4.	First Status Sdn Bhd	Trading of steel bars and building materials	Reinforcement steel	None	34,617	3.2	2
5.	Easteel Services (M) Sdn Bhd	Trading and manufacturing of construction related products	Reinforcement steel	None	24,793	2.3	3
<b>Sub-total</b>					<b>209,722</b>	<b>19.5</b>	
<b>Total</b>					<b>1,077,629</b>	<b>100.0</b>	

**7. INFORMATION ON OUR GROUP (Cont'd)**

**FYE 2021**

No.	Customer	Business activities	Products sold	Projects supplied	Revenue contribution in FYE 2021		Length of relationship as at FYE 2021
					RM'000	%	Years
1.	W T Steel Sdn Bhd <sup>(1)</sup>	Wholesale and distribution of iron and steel products	Various types of building materials	None	42,173	4.1	6
2.	YL Eminent Sdn Bhd	Manufacturing and trading of green timber products, steel products and building materials	Various types of building materials	None	35,132	3.4	10
3.	TWT Hardware Sdn Bhd	Distribution of building materials and structural steel	Various types of building materials	None	27,327	2.7	23
4.	Metex Steel Sdn Bhd	Manufacturing of downstream steel products	Reinforcement steel	None	24,577	2.4	2
5.	China Communications Construction Company (M) Sdn Bhd	Infrastructure construction	Various types of building materials	Sungai Pulai Bridge, SUKE, GEM Residences, Core Residences, DASH	23,251	2.3	4
<b>Sub-total</b>					<b>152,460</b>	<b>14.9</b>	
<b>Total</b>					<b>1,025,044</b>	<b>100.0</b>	

**7. INFORMATION ON OUR GROUP (Cont'd)**

**FPE 2022**

No.	Customer	Business activities	Products sold	Projects supplied	Revenue contribution in FPE 2022		Length of relationship as at FYE 2021
					RM'000	%	Years
1.	W T Steel Sdn Bhd <sup>(1)</sup>	Wholesale and distribution of iron and steel products	Various types of building materials	None	32,925	4.4	6
2.	YL Eminent Sdn Bhd	Manufacturing and trading of green timber products, steel products and building materials	All type of products	None	26,087	3.4	10
3.	Metex Steel Sdn Bhd	Manufacturing of downstream steel products	Reinforcement steel	None	25,630	3.4	2
4.	Kimtairi Industries Sdn Bhd	Manufacturing of downstream steel products	Reinforcement steel	None	22,165	2.9	3
5.	China Communications Construction Company (M) Sdn Bhd	Infrastructure construction	Various types of building materials	Sungai Pulai Bridge, SUKE, GEM Residences, Core Residences	19,226	2.5	5
					<b>Sub-total</b>	<b>126,033</b>	<b>16.6</b>
					<b>Total</b>	<b>756,384</b>	<b>100.0</b>

**Note:**

<sup>(1)</sup> Upon the Listing of UIB, W T Steel Sdn Bhd will hold 0.7% equity interest in UIB. However, it is not a related party pursuant to Rule 1.01 of the Listing Requirements as there is no interested director, major shareholder or person connected.

**7. INFORMATION ON OUR GROUP (Cont'd)**

We do not face any significant risk on revenue sustainability as it is a general industry practice for trading businesses not to have long term contracts, and our products are used throughout the lifecycle of buildings and infrastructure, from new building and infrastructure construction to building refurbishments, retrofitting, repair and maintenance.

During FYE 2019 to 2021 and FPE 2022, the revenue contribution from each of our top 5 major customers was below 5.0% of our total revenue. Further, we serve a wide network of 1,232 active customers as at LPD which include developers, contractors, steel traders, hardware retailers and traders. As such, our Group does not depend on any of our major customers. We do not enter into any agreement or contract with our customers.

**7.12 MAJOR SUPPLIERS**

Our top 5 major suppliers for FYE 2019 to 2021 and FPE 2022 are as follows:

**FYE 2019**

No.	Supplier	Business Activities	Products sourced	Value of purchases in FYE 2019		Length of relationship as at FYE 2019	
				RM'000	%	Years	
1.	Amsteel Mills Marketing Sdn Bhd	Distribution of steel products	Reinforcement steel	160,619	15.5	10	
2.	Malaysia Steel Works (KL) Bhd	Manufacturing of steel products	Reinforcement steel	159,521	15.4	10	
3.	ASSC Metal Sdn Bhd	Wholesaler of construction materials	Reinforcement steel	109,360	10.6	1	
4.	Melewar Steel Tube Sdn Bhd	Manufacturing of steel tubes and pipes	Pipes	106,662	10.3	11	
5.	Southern Steel Berhad	Manufacturing of steel products	Reinforcement steel	50,128	4.8	5	
<b>Sub-total</b>				<b>586,290</b>	<b>56.6</b>		
<b>Total</b>				<b>1,035,206</b>	<b>100.0</b>		

**7. INFORMATION ON OUR GROUP (Cont'd)**

**FYE 2020**

<b>No.</b>	<b>Supplier</b>	<b>Business activities</b>	<b>Products sourced</b>	<b>Value of purchases in FYE 2020</b>		<b>Length of relationship as at FYE 2020</b>
				<b>RM'000</b>	<b>%</b>	<b>Years</b>
1.	ASSC Metal Sdn Bhd	Wholesaler of construction materials	Reinforcement steel	363,835	36.4	2
2.	Amsteel Mills Marketing Sdn Bhd	Distribution of steel products	Reinforcement steel and structural steel	124,442	12.4	11
3.	Melewar Steel Tube Sdn Bhd	Manufacturing of steel tubes and pipes	Pipes	84,963	8.5	12
4.	Malaysia Steel Works (KL) Bhd	Manufacturing of steel products	Reinforcement steel	66,760	6.7	11
5.	Molecor (SEA) Sdn Bhd	Manufacturing and distribution of PVC-O pipes	Pipes	24,311	2.4	5
<b>Sub-total</b>				<b>664,311</b>	<b>66.4</b>	
<b>Total</b>				<b>1,000,622</b>	<b>100.0</b>	

**7. INFORMATION ON OUR GROUP (Cont'd)**

**FYE 2021**

No.	Supplier	Business activities	Products sourced	Value of purchases in FYE 2021		Length of relationship as at FYE 2021
				RM'000	%	Years
1.	ASSC Metal Sdn Bhd	Wholesaler of construction materials	Reinforcement steel	297,272	32.3	3
2.	Amsteel Mills Marketing Sdn Bhd	Distribution of steel products	Reinforcement steel and structural steel	123,382	13.4	12
3.	Hanwa (M) Sdn Bhd	Trading of steel and non-ferrous metal products	Reinforcement steel	81,081	8.8	1
4.	Melewar Steel Tube Sdn Bhd	Manufacturing of steel tubes and pipes	Pipes	71,216	7.7	13
5.	Southern Steel Mesh Sdn Bhd	Manufacturing of iron and steel products	Reinforcement steel and structural steel	22,651	2.5	12
<b>Sub-total</b>				<b>595,602</b>	<b>64.7</b>	
<b>Total</b>				<b>921,116</b>	<b>100.0</b>	

**7. INFORMATION ON OUR GROUP (Cont'd)**

**FPE 2022**

No.	Supplier	Business activities	Products sourced	Value of purchases in FPE 2022		Length of relationship as at FPE 2022
				RM'000	%	Years
1.	ASSC Metal Sdn Bhd	Wholesaler of construction materials	Reinforcement steel	212,287	29.3	3
2.	Amsteel Mills Marketing Sdn Bhd	Distribution of steel products	Reinforcement steel and structural steel	75,948	10.5	13
3.	Melewar Steel Tube Sdn Bhd	Manufacturing of steel tubes and pipes	Pipes	66,607	9.2	13
4.	TWT Hardware Sdn Bhd	Trading of hardware and building materials	Reinforcement steel	41,016	5.7	13
5.	Hanwa (M) Sdn Bhd	Trading of steel and non-ferrous metal products	Reinforcement steel	33,042	4.6	1
				<b>Sub-total</b>	<b>428,900</b>	<b>59.3</b>
				<b>Total</b>	<b>725,212</b>	<b>100.0</b>

We are not dependent on any of our top 5 major suppliers as we are able to source the same products from alternative suppliers locally. As at LPD, we have a sourcing network comprising over 426 suppliers locally and 57 suppliers overseas.

Notwithstanding the above, our Group relies on third party OEMs to manufacture our Alfran and S2S branded products, as disclosed in Section 9.1.9. However, as there are several OEMs available in the market, which can be substituted amongst one another, we are not reliant on any single OEM to manufacture our Alfran and S2S branded products.

ASSC Metal Sdn Bhd was the largest supplier as it provides our Group with the most competitive prices with large volume of purchases.



## 7. INFORMATION ON OUR GROUP (Cont'd)

### 7.13 COMPETITIVE STRENGTHS

#### 7.13.1 We are a distributor and wholesaler and we offer an extensive range of building materials for use in various building and construction activities

We are a distributor and wholesaler, supplying an extensive range of building materials for M&E and civil construction works as well as providing rental of temporary structural support equipment for various building and construction activities. Since our inception in 1984, we have gained extensive experience and in-depth knowledge that has led to the successful growth of our business over the years. Our industry experience has played an important role in our business development activities and in identifying market demand to continuously expand our product offerings.

As a distributor and wholesaler, we hold a large inventory of building materials in our warehouse. Holding an inventory of building materials provides us with a competitive advantage to secure and meet customer demand for immediate supply of products. Further, this also aids in effective planning and management of delivery schedules according to our customer's timeline.

We offer products such as pipes, valves, fittings and accessories, reinforcement steel, structural steel, other building materials and pre-insulated pipes as well as the rental of scaffoldings, steel plates and hollow sections. Our products are available in a variety of material types, shapes, sizes and lengths. Our Group's extensive product range is attested by the number of SKUs that we carry. As at LPD, our Group has an active SKU of about 6,319 units stored as inventory in our warehouse. This provides our Group with the competitive advantage to cater to a broad range of customer requirements and to ensure we have ready stock of products available to our customers.

In addition, we are also appointed as an exclusive distributor of Shanghai Vision Mechanical Joint Co. Ltd, Taizhou Realflex Pipetec Co., Ltd and Jinan Meide Casting Co., Ltd, for the distribution and sale of premium fittings such as mechanical grooved fittings, flexible hoses and malleable iron fittings under the brand names VISION, Realflex and SCI in Malaysia respectively.

#### 7.13.2 We carry our house brand of pipes, valves, fittings and accessories branded under Alfran, stainless steel fittings branded under S2S and our house brand of pre-insulated pipes branded under HI-GARD™, TERRA-GARD™ and COPPER-GARD™

Leveraging on our extensive experience in the supply of building materials, we have introduced our house brand of pipes, valves, fittings and accessories that is branded under Alfran in 2001 and stainless steel fittings that is branded under S2S in 2012. Alfran is a trademark registered with MyIPO since November 2001 and S2S trademark is registered with MyIPO since July 2012. As at LPD, we have a total of 1,823 SKUs branded under Alfran and 177 SKUs under S2S. There are no agreements in place with the OEMs for the manufacture of our branded products. We engage several OEMs to manufacture on a purchase order basis. Additionally, there is no value added by our Group on these house brand products.

In addition, the pre-insulated pipes that we manufacture are also our house brand of products and is branded under HI-GARD™, TERRA-GARD™ and COPPER-GARD™. HI-GARD™, TERRA-GARD™ and COPPER-GARD™ are trademarks registered with MyIPO since November 2007.

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**7. INFORMATION ON OUR GROUP (Cont'd)**


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Having our house brand of pipes, valves, fittings and accessories, and pre-insulated pipes enables our Group to further establish our presence in the building materials industry through product branding that is synonymous with our Group. Our house brands differentiate from non-branded products in terms of compliance to international standards of manufacture, product specifications and product chemical compositions. These house brand products have received the Product Certification Approval from SIRIM QAS International Sdn Bhd, Malaysia's leading certification, inspection and testing body as opposed to non-branded products. These house branded products are also marketed as premium products and sold with a premium. The quality of our house brand of pipes, valves, fittings and accessories, and pre-insulated pipes are attested by the quality control measures taken by our Group as set out in Section 7.9. This is expected to further strengthen the reputation of our Group in providing quality products to customers.

**7.13.3 Our products are used throughout the lifecycle of buildings and infrastructure, from new building and infrastructure construction to building refurbishments, retrofitting, repair and maintenance**

We supply an extensive range of building materials as well as provide rental of temporary structural support equipment for various building and construction activities, primarily in M&E and civil construction works. Our products are used throughout the lifecycle of buildings and infrastructure works such as the construction of new buildings and infrastructure, refurbishment and retrofitting of buildings, repair and maintenance of buildings, and provision of M&E services.

As our products can be catered to a broad and diversified use throughout the lifecycle of building and infrastructure works, we are able to capture growth opportunities arising from these demands in the building and construction industry. At the same time, we are able to reduce our business concentration risk arising from any unanticipated downturns in a particular segment or lifecycle of the construction industry.

**7.13.4 We have an established history and proven track record, with over 43 years of experience in the industry and a broad customer base**

Having established our business for over 43 years, we have a proven track record in the supply of building materials for various building and construction activities, primarily in M&E and civil construction works. Our extensive experience and industry insight gained throughout the years has led to the successful growth of our business, thus allowing us to establish our reputation as a reputable distributor and wholesaler of building materials as well as a provider of temporary structural support equipment rental.

Our experience in the supply of building materials has enabled us to continuously meet our customers' demands in terms of types and sizes of products. This has enabled us to cater to the needs of a broad customer base within the construction industry such as buildings contractors, M&E contractors, as well as hardware retailers and traders. As at LPD, we have 1,232 active customers, with active customers being defined as customers with at least 1 transaction in the 12 months preceding LPD.

**7. INFORMATION ON OUR GROUP (Cont'd)**

Our proven track record of customer base is further evidenced by our long-term relationships with customers that have supported our growth and expansion in the industry. Our relationship with our major customers ranges from 1 to 24 years. In FPE 2022, the duration of business relationships with our customers is as follows:

Duration of business relationship (years)	Number of customers	Percentage of customers (%)	Revenue contribution for FPE 2022	
			(RM'000)	(%)
0 - 5	557	51.2	423,534	56.0
6 - 10	201	18.5	152,922	20.2
> 10	330	30.3	179,928	23.8
	<b>1,088</b>	<b>100.0</b>	<b>756,384</b>	<b>100.0</b>

**7.13.5 We have a well-established network of suppliers and we maintain long-term relationships with our suppliers**

Having established our business for over 43 years, we have developed our network of suppliers that have played a pivotal role in supporting the growth of our Group. As at LPD, we have a sourcing network comprising over 426 suppliers locally and 57 suppliers overseas. In FPE 2022, the duration of business relationships with our local and overseas suppliers are as follows:

Duration of business relationship (years)	Local suppliers	Overseas suppliers	Total
0 - 5	286	42	328
6 - 10	38	3	41
> 10	98	10	108
	<b>422</b>	<b>55</b>	<b>477</b>

Further, our Group also continuously source for new products based on market demand in order to remain competitive in the market. For existing products which we carry, we also continuously source for additional or alternative suppliers to expand our existing sourcing network.

We continue to maintain good relationships with our suppliers as we recognise the importance of such relationships in driving our business expansion. Our ability to build and maintain long-term relationships with suppliers have allowed us to have access to our supplies in a timely manner and subsequently, providing us with an extensive range of ready stock products available in our warehouse.

**7.13.6 Our in-house manufactured pre-insulated pipes are certified to internationally recognised quality and safety standards**

We place emphasis on the quality of our in-house manufactured pre-insulated pipes. As such, we have developed and implemented quality control procedures to ensure that our in-house manufactured pre-insulated pipes adhere to internationally recognised quality standards to ensure safe application.

**7. INFORMATION ON OUR GROUP (Cont'd)**

Our pre-insulated pipes are certified to the standards of ISO 9001:2015 Quality Management System and FM Approval Class:4924. Further, as part of our commitment to environmental protection, we have participated in the Department of Environment of Malaysia's initiatives in which we have eliminated the usage of HCFC through the 'HCFC Phase-out Management Plan Stage-1' project. HCFC is a chemical substance that contributes to the depletion of the protective ozone layer which leads to global warming. As such, we are committed to ensure that the raw materials used in the manufacturing of our pre-insulated pipes does not comprise HCFC compound. Further details on the certifications of our pre-insulated pipes are as set out in Section 7.9.

As attested by our quality control practices and low product rectification rates, the quality of our pre-insulated pipes has contributed to customer's satisfaction which leads to recurring orders from our customers. These rectification rates refer to the number of rectifications requested by customers. Over FYE 2019 to 2021 and FPE 2022, there have been 2 minor requests for rectifications with no further issues. This enables our Group to maintain long term business relationships with our existing customers as well as to establish our reputation in the market to attract new customers.

**7.13.7 We have an experienced key management team**

Our key management team have accumulated years of experience in their respective field and key expertise, industry experience and in-depth knowledge of our business operations. Through their leadership, we have established our industry reputation as evidenced by our capability to source, distribute and manufacture products that are of quality and safe for our customers. The industry reputation that we have established over the years has also been instrumental to our Group in securing new customers and maintaining business relationships with existing customers.

Our founder and Executive Vice Chairman, Sim Keng Chor, and our Managing Director, Nomis Sim Siang Leng, with their vast working experience and in-depth industry knowledge, are instrumental in determining the overall strategic direction and business development of our Group. The following table sets out our key senior management and their years of relevant working experience:

<b>Name</b>	<b>Designation</b>	<b>Years of relevant working experience</b>
Sim Keng Chor	Executive Vice Chairman	50
Nomis Sim Siang Leng	Managing Director	20
Simson Sim Xian Zhi	Executive Director	8
Sim Aik Chor	Chief Marketing Officer	34
Sim Yung Chi	Chief Operating Officer	26
Koh Sui Ming	Chief Financial Officer	30

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transfer of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

**7. INFORMATION ON OUR GROUP (Cont'd)****7.14 BUSINESS STRATEGIES AND PROSPECTS****7.14.1 We plan to consolidate our operations under our new industrial complex to enhance our operational efficiency**

Prior to the consolidation, the operations of our distribution and wholesale business, manufacturing business and rental business segment are located in different locations. This results in certain management and operational inefficiencies with regards to procurement, logistics, administration and human resources.

Hence, we plan to consolidate our operations under Unitrade, Ricwil and UUSB within one location to enhance the operational efficiency of our businesses. Through this consolidation, we will be able to streamline the management of our resources and at the same time, resources can be shared among the individual business segments to reduce operational expenses. Further, we will also be able to optimise the usage of our in-house transportation when our operations are consolidated within the same premises.

On 9 July 2019, we entered into an agreement to purchase a piece of land with buildings, with land area measuring approximately 530,000 sq ft in Bukit Jelutong, Shah Alam to construct our new industrial complex comprising our headquarter, warehouse and factory facility. We demolished some of the existing buildings to construct our industrial complex.

We have completed the relocation to the new industrial complex on 31 December 2021, after receiving the CCC on 13 December 2021.

Upon relocation of Ricwil's manufacturing operations to the new industrial complex, our Group has applied for the business premise license and reissuance of the manufacturing licence to reflect the change in factory location. Our Group obtained the conditional approval for the reissuance of the manufacturing licence on 14 January 2022 and has submitted the requisite documents to MIDA for the issuance of the manufacturing licence. As at LPD, the estimated timeline for the receipt of the business license and the reissuance of the manufacturing licence is by May 2022.

Notwithstanding the need to reissue the license, based on discussions with officers in MIDA, after the application for reissuance is made, Ricwil can operate in the new industrial complex with its existing license, pending the reissuance of the new license.

Our industrial complex comprises a 4-storey office building with a built-up area of approximately 56,952 sq ft to house the headquarter. This building also comprises canteen, gym and nursing room.

Our new warehouse has a built-up area of approximately 281,000 sq ft which is relatively larger as compared to our existing warehouses with a total built-up area of approximately 117,000 sq ft. With this, we are able to increase our operational efficiency and hold more inventories. A detailed comparison is as shown below:

Details	New warehouse	Existing warehouses	Enhancements
Number of pallets, unit	5,152	1,718	Increased storage space to store more inventory
Racking storage area, m <sup>2</sup>	8,301	2,326	
Mezzanine storage area, m <sup>2</sup>	1,364	886	
Open storage area, m <sup>2</sup>	17,113	7,020	
Overhead cranes, unit	11	1	Facilitates enhanced warehousing activities

**7. INFORMATION ON OUR GROUP (Cont'd)**

Details	New warehouse	Existing warehouses	Enhancements
Loading bays, unit	15	5	Reduces waiting time for products loading
Runway beam, system	2	None	Facilitates enhanced warehousing activities
Weighing bridge, unit	1	None	Facilitates weighing of products entering and exiting the warehouse that enhances security checks on products

Our new factory within this industrial complex has a built-up area of approximately 47,500 sq ft to carry out pre-insulated pipes manufacturing activities. We will relocate our machinery to this new factory to carry out pre-insulated pipes manufacturing activities. Further, we plan to enhance our offerings to customers through the provision of value-added services for pipes. With that, we intend to venture into steel pipe processing activities through the setup of a steel pipe fabrication centre. Our steel pipe fabrication centre will share the same manufacturing space with our pre-insulated pipes manufacturing activities. Further details on our steel pipe fabrication centre are as set out in Section 7.14.2.

The cost of the land purchase was RM101.0 million, and it was financed via bank borrowings of RM90.9 million and internally generated funds of RM10.1 million. The construction cost of our new industrial complex is estimated to be RM31.4 million, and it was financed via bank borrowings of RM24.5 million and internally generated funds of RM6.9 million. Upon Listing, we plan to utilise RM50.5 million from the proceeds of our Public Issue as additional working capital as well as RM39.8 million from our IPO proceeds to repay bank borrowings. As a wholesaler and distributor, we require large amount of working capital to support the purchase of more inventory to secure larger projects and to expand our business when we move into the new industrial complex.

The new industrial complex has a larger space as compared to our existing warehouses which will enable us to accommodate and hold more products as inventories. We intend to intensify our sales and marketing activities to secure more large projects and continue expanding our network of property developers, contractors, architects, consultants and quantity surveyors to market our products.

**7.14.2 We intend to enhance our offerings through the setup of a pipe fabrication centre**

In anticipation of future business growth and expansion through acquiring new customers, demands from existing customers, referrals, and prospects of the industry segment, we intend to enhance our offerings through the provision of value-added services for pipes. Our strategy in setting up a pipe fabrication centre is expected to enable our Group to take on opportunities arising from future demand which will in turn contribute to the growth of our financial performance. As a manufacturer of pipes, our Group expects to derive better margin from sales of pipes from the value-added service, as compared with its distribution of building materials. However, the key purpose of this future plan remains to be an enhancement of our Group's other offerings, which it expects to sell better together the pipes from its value-added service.

**7. INFORMATION ON OUR GROUP (Cont'd)**

As our Group is presently involved in the wholesale and distribution of pipes, we plan to include a pipe fabrication centre that provides end-to-end pipe services to our customers. With that, we plan to provide pipe cutting, grooving, threading, welding and painting services. Our pipe fabrication centre will be carried out at our new factory as set out in Section 7.14.1.

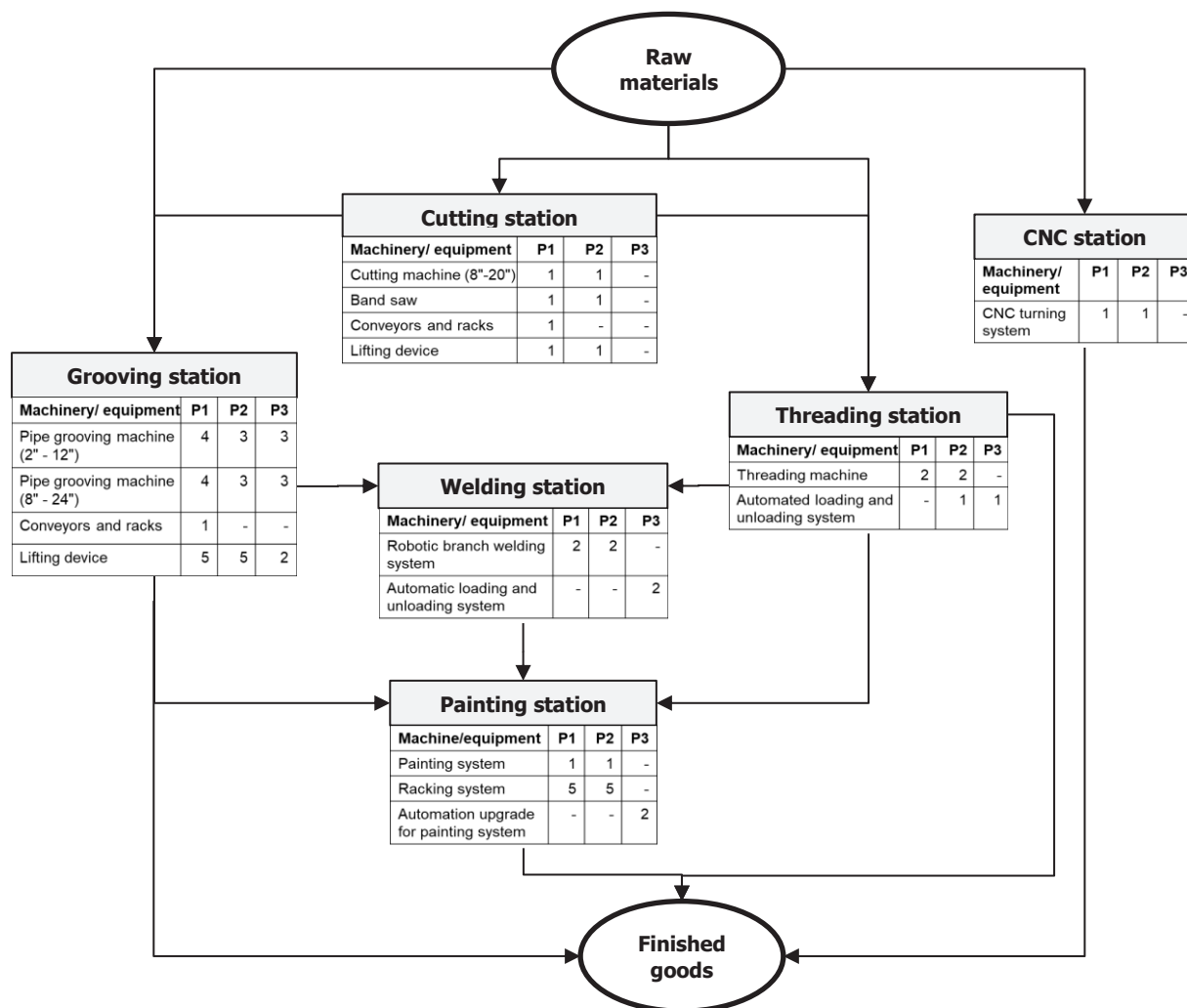
By leveraging on our pipe fabrication centre, our customers can reduce their manpower required to cut, groove, thread, weld and paint the pipes at construction site. The pipes are fabricated off-site and delivered to our customers' construction sites ready for installation according to their construction progress at site. This will also allow more effective use of space at the construction sites, reduce on-site disruption and speed up overall construction progress. Further, safety at construction sites can be improved with less workers, equipment and materials reducing site congestion.

To set up our pipe fabrication centre, we plan to purchase new machinery and equipment to set out a production line with multiple stations of machinery comprising pipe cutting machine, pipe grooving machine, pipe threading line, hole punching and robotic branch welding line, pipe painting line and CNC turning centre, as well as ancillary equipment such as band saw, V-roller conveyors and racks, and manual swing lifting device with motorised hoist. As our machinery are semi-automated, we are able to reduce our dependency on foreign workers.

The purchase, installation and commissioning of machinery and equipment will take place progressively in three phases:

- (a) For the first phase, our Group intends to purchase the machine and equipment to set up all the required stations to offer cutting, grooving, threading, welding and painting of pipes, which is expected to be completed within 12 months from the date of our listing.
- (b) In the second phase, our Group intends to purchase more machine and equipment to expand the capacity of each station and improve the automation in threading station, which is expected to be completed within 24 months from the date of our listing.
- (c) In the last phase, our Group intends purchase additional machine and equipment to expand the capacity of grooving station, further improve the automation in threading, welding and painting stations, which is expected to be completed within 36 months from the date of our listing.

The following diagram illustrates the processes flow of the multiple stations in the new pipe fabrication centre, as well as the machinery to be acquired at each phase.

**7. INFORMATION ON OUR GROUP (Cont'd)**

The cost of setting up this new pipe fabrication centre is expected to be RM6.0 million, to which we have allocated RM5.0 million from the proceeds of our Public Issue and RM1.0 million will be funded using internally generated funds and/or bank borrowings, the proportion of which will be determined at the point of the deployment of funds. Further details on the machinery and equipment to be purchased in each phase is set out in Section 4.9.1.

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## 8. IMR REPORT

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T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

Date: 8 April 2022

The Board of Directors

**Unitrade Industries Berhad**

2, Jalan Astaka U8/87  
Seksyen U8, Bukit Jelutong  
40150 Shah Alam  
Selangor

Dear Sir/ Madam,

**Independent Market Research Report on the Building Materials Industry in Malaysia ("IMR Report")**

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Unitrade Industries Berhad ("UIB") on the ACE Market of Bursa Malaysia Securities Berhad.


The objective of this IMR Report is to provide an independent view of the industry in which UIB and its subsidiaries ("UIB Group") operate and to offer a clear understanding of the industry dynamics. As UIB Group is a distributor and wholesaler, principally involved in the supply of building materials, and offers an extensive range of building materials for various building and construction activities, primarily in mechanical and electrical ("M&E") (i.e. fire-fighting, plumbing, heating, ventilation and air-conditioning ("HVAC")) and civil construction works (i.e. buildings, roads, railways and bridges), the scope of work for this IMR Report will thus address the following areas:

- (i) The building materials industry in Malaysia, which is the industry in which UIB Group operates;
- (ii) The drivers, risks and challenges; and
- (iii) The competitive landscape.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balance view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report.

For and on behalf of SMITH ZANDER:

  
DENNIS TAN  
MANAGING PARTNER

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**8. IMR REPORT (Cont'd)**

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SMITH ZANDER

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The research for this IMR Report was completed on 8 April 2022.

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**About SMITH ZANDER INTERNATIONAL SDN BHD**

*SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.*

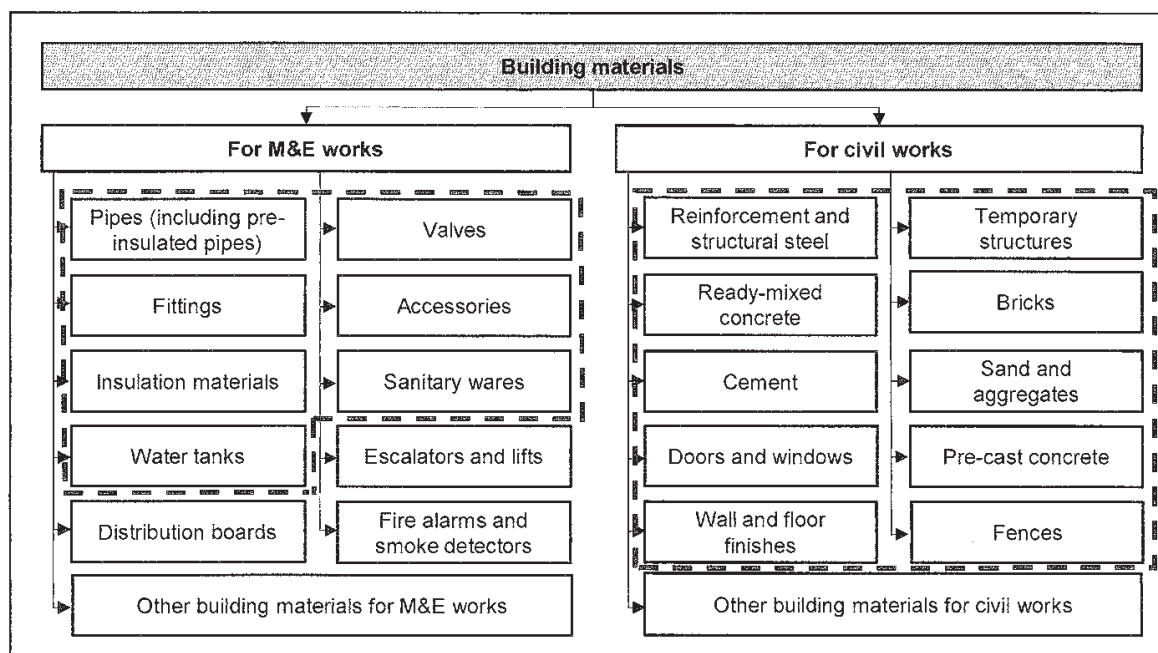
**Profile of the signing partner, Dennis Tan Tze Wen**

*Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 24 years of experience in market research and strategy consulting, including over 19 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.*

**8. IMR REPORT (Cont'd)****SMITH ZANDER****1 THE BUILDING MATERIALS INDUSTRY IN MALAYSIA****Overview of Building Materials**

Building materials, also known as construction materials refer to materials used in construction activities which encompass construction, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of buildings and structures; materials used for the preparatory of construction activities which encompass site clearance, soil investigation and improvement, earth-moving, excavation, laying of foundation, site restoration and landscaping; as well as materials used for finishing and architectural purposes.

Building materials include manufactured building materials made from metal, wood, cement/concrete, ceramic/clay, plastics and synthetics. The building materials industry can be segmented in various ways, one of which is as follows:

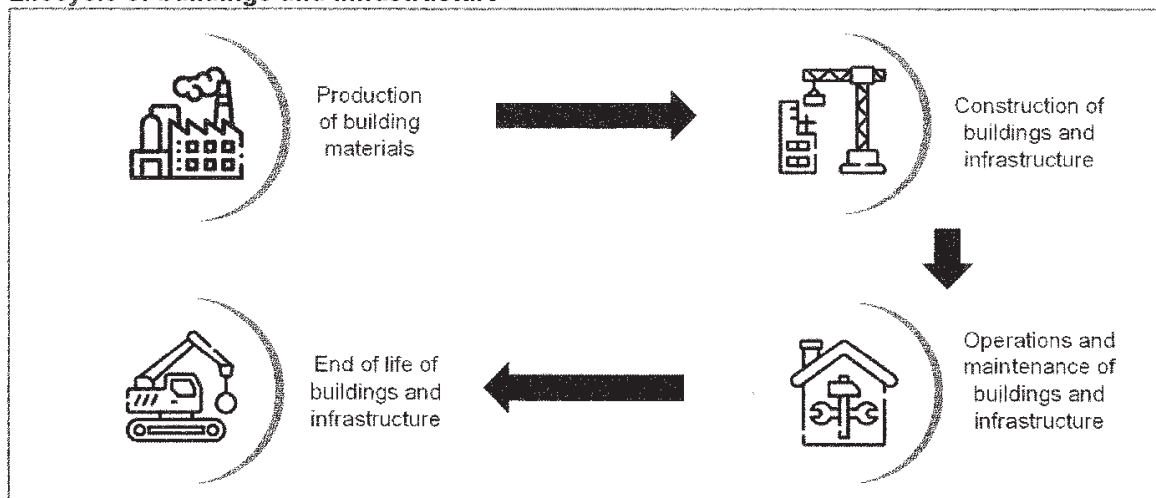
**Notes:**

- Industry segmentation is based on UIB Group's business segmentation.
- [Dashed box] denotes the examples of the products offered by UIB Group.
- Temporary structures include scaffoldings and formwork systems.

Sources: Construction Industry Development Board, SMITH ZANDER

Building materials are used throughout the lifecycle of any structure such as buildings and infrastructure. In the lifecycle of buildings and infrastructure, building materials are first used in the construction stage of the buildings and infrastructure. After the completion of the construction stage and during the operation and maintenance stage of the buildings and infrastructure, maintenance is conducted from time to time to ensure that the buildings and infrastructure comply with health, safety and environment standards for the safety of the users. Building materials are also used at the operation and maintenance stage for repair, maintenance, refurbishment and retrofitting of parts of, or the entire, building and infrastructure. The lifecycle of buildings and infrastructure is illustrated as follows:

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**8. IMR REPORT (Cont'd)****SMITH ZANDER****Lifecycle of buildings and infrastructure**

Source: SMITH ZANDER

**Overview of the Building Materials Industry in Malaysia**

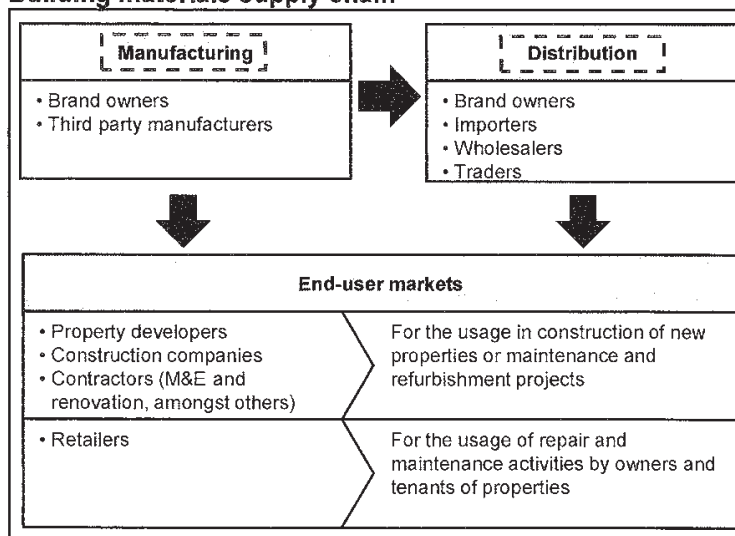
The building materials industry encompasses the manufacturing and distribution segments for the supply of building materials to the end-user markets. Brand owners are typically manufacturers, or they may outsource the manufacturing to third party manufacturers.


The manufactured building materials are then distributed by the brand owners' own distribution arm or through third party wholesalers or traders. Building materials manufactured overseas are imported and distributed by importers as well as wholesalers or traders.

Nevertheless, roles of industry stakeholders in the value chain might overlap, for instance, wholesalers or traders may also be involved as importers, and they can also act as brand owners if they carry their own brands in addition to other third party brands.

In the building materials industry, wholesalers source a variety of stock-keeping unit ("SKU") of building materials in bulk, from their network of suppliers (i.e. brand owners and importers) and maintain an inventory of ready stock of variety of SKUs. Typically, wholesalers have their network of customers in the end-user markets (i.e. property developers, construction companies, contractors and retailers).

As such, brand owners can be dependent on wholesalers to distribute to a large network of customers. On the other hand, customers in the end-user markets source from wholesalers as they are able to choose from a catalogue of building materials at competitive pricing. As wholesalers maintain an inventory of ready stock, building materials can be delivered to customers in the end-user markets timely. Nevertheless, the customers in the end-user market may also source from brand owners directly.

**Building materials supply chain**

Note:  denotes the segment of the building materials industry in which UIB Group is involved.

Source: SMITH ZANDER



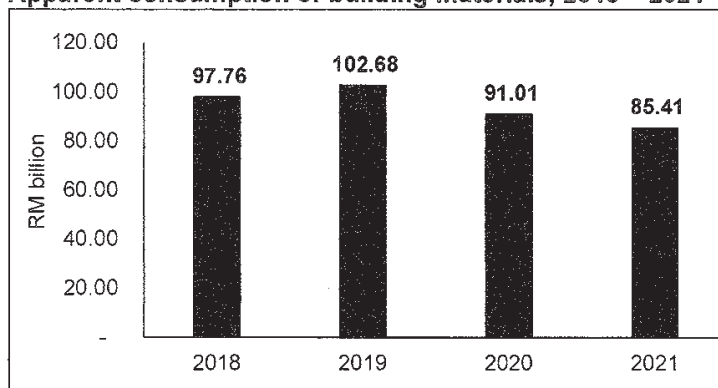
**8. IMR REPORT (Cont'd)**

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**Industry Performance and Size**

The size of the building materials industry in Malaysia is represented by the apparent consumption of building materials<sup>1</sup> in Malaysia.

The apparent consumption of building materials in Malaysia increased from RM97.76 billion in 2018 to RM102.68 billion in 2019 but decreased to RM91.01 billion in 2020 and 85.41 billion in 2021. The decline in 2020 and 2021 was due to the slowdown in construction and renovation / refurbishment activities as a result of the movement control orders imposed by the Government due to the COVID-19 pandemic.

**Apparent consumption of building materials, 2018 – 2021**

Sources: Department of Statistics Malaysia ("DOSM"), SMITH ZANDER analysis

**Manufacturing sales value, import, export and apparent consumption of building materials, 2018 – 2021**

Category	RM billion				Compound annual growth rate ("CAGR") (%)
	2018	2019	2020	2021	
Manufacturing sales value	82.19	86.11	79.19	87.59	2.14
Import	80.88	82.75	74.76	91.03	4.02
Export	65.31	66.17	62.94	93.20	12.58
Apparent consumption	97.76	102.68	91.01	85.41	-4.40

Note:

- Figures may not add up due to rounding difference.

Sources: DOSM, SMITH ZANDER analysis

The apparent consumption of building materials is derived from subtracting export value from the summation of manufacturing sales value and import value. The manufacturing sales value for building materials had increased in 2018 to 2021 from RM82.19 billion to RM87.59 billion at a CAGR of 2.14%. Further, the value of import of building materials had also increased from RM80.88 billion in 2018 to RM91.03 billion in 2021 at a CAGR of 4.02%. Over the same period, the value of export of building materials had increased from RM65.31 billion to RM93.20 billion at a CAGR of 12.58%.

**2 KEY DRIVERS, RISKS AND CHALLENGES****Key Industry Drivers****► Building materials are used throughout the lifecycle of buildings and infrastructure**

The use of building materials in the lifecycle of buildings and infrastructure begins at the construction stage. Throughout the life cycle of buildings and infrastructure, building materials are also used during the operation and maintenance stage such as for M&E and HVAC. Works such as repair, maintenance, refurbishment and retrofitting may be required on a regular and on as-needed basis to repair, maintain and/or preserve the original structures or parts of the buildings and infrastructure due to natural and inevitable damage caused by weather conditions and wear and tear, amongst others. These works are

<sup>1</sup> Building materials are captured under the categories of casting of iron, steel and non-ferrous metals; bars and rods of stainless steel or other alloy steel; seamless tubes; steel tube fittings; other basic iron and steel products; production of aluminium from alumina; other basic precious and other non-ferrous metals; other pumps, compressors, taps and valves; semi-manufactures of plastic products; finished plastic products; fluid power equipment; pig iron and spiegeleisen in pigs, blocks or other primary forms; tin smelting; refractory and non-refractory ceramic goods; other clay building materials; lime and plaster; cutting, shaping and finishing of stone; refractory mortars and concretes; precast concrete, cement or artificial stone articles for use in construction; other articles of concrete, cement and plaster; and pre-fabricated structural components for building or civil engineering of cement, concrete or artificial stone.

**8. IMR REPORT (Cont'd)****SMITH ZANDER**

also important to comply with health, safety and environment standards of the buildings and infrastructure for the safety of users. For example, any defects in the buildings or structures such as structural cracks to load bearing structures of the buildings, water leakage or defective electrical wirings embedded in the walls or ceilings would require replacement building materials for repair.

Further, building materials are used for refurbishment and retrofitting of buildings and infrastructure. Owners of residential, commercial and industrial properties typically engage contractors for refurbishment and retrofitting works to upkeep both internal and external parts of the properties. Homeowners may choose to refurbish residential properties to increase the asset value of the properties, improve the internal and external aesthetic quality of the properties, increase the number of rooms and/or increase living comfort. On the other hand, owners of commercial properties such as shopping complexes may choose to refurbish the properties to improve amenities and features of the shopping complexes to attract more tenants and customers. As such, building materials play an important role to accommodate the needs of building property owners to enhance the value and improve the quality of the existing properties.

► **Building materials are essential for buildings and infrastructure which are important to support economic growth**

Building materials are essential for the construction of buildings and infrastructure. Buildings such as commercial and industrial buildings are important to run business operations. Infrastructure such as roads and bridges ease transportation and promote connectivity of individuals and businesses from one location to another. In the absence of such buildings and infrastructure, these activities may be disrupted and affect the productivity of economic and social activities. As such, buildings and infrastructure are necessary components to facilitate the growth and development of economic and social activities to drive the growth of the country as a whole. To encourage the development of economic and social growth, more buildings and infrastructure are required to accommodate the expected increase in business operations and house the rise in population. Subsequently, the increase in the number of buildings and infrastructure would drive the demand for building materials.

As buildings and infrastructure are necessary components for economic and social growth, it is essential that these buildings and infrastructure are maintained in good condition. Therefore, works such as repair, maintenance, refurbishment and retrofitting are required on a regular and on as-needed basis to comply with health, safety and environment standards of the buildings and infrastructure for the safety of users. Such works may require new building materials to meet these standards.

► **The construction and infrastructure sectors drive the demand for building materials**

The construction and infrastructure sectors are essential to support business operations, manufacturing, housing and transportation. As such, these sectors contribute significantly to the growth of the economy and have direct impact on the growth of the building materials industry. The Government's initiatives, plans and policies to spur the growth of the construction and infrastructure sectors will also drive the demand for building materials.

● **Construction sector**

The demand for building materials is driven by construction activities undertaken to construct residential, commercial and industrial properties.

Construction activities are largely economic-driven, whereby economic growth contributes to increased disposable income among the population arising from higher employment, and increased earnings of businesses and companies due to greater operating scale and wider market reach. Consequently, this leads to increased demand for residential, commercial and industrial properties as well as supporting infrastructure, which in turn leads to higher demand for building materials.

The performance of the construction sector in Malaysia, as measured by the value of construction work done, recorded a CAGR of 2.82% from RM138.45 billion in 2017 to RM146.37 billion in 2019, demonstrating growing demand for construction works for residential homes and to support business and manufacturing activities.

However, Malaysia's value of construction work done decreased by 19.44% to RM117.92 billion in 2020 and by 5.04% to RM111.98 billion in 2021. This was due to the temporary halt of construction activities except those listed under critical services (maintenance and repair works) as a result of the imposition of movement restrictions between March 2020 and May 2020 and between June 2021 and July 2021 as well as several outbreaks of COVID-19 cases at construction sites throughout the country.

**8. IMR REPORT (Cont'd)****SMITH ZANDER**

To stimulate the property market and provide financial relief to home-buyers, the Government introduced several initiatives through the Pelan Jana Semula Ekonomi Negara ("PENJANA") Short-Term Economic Recovery Plan (June 2020 – December 2020), as follows:

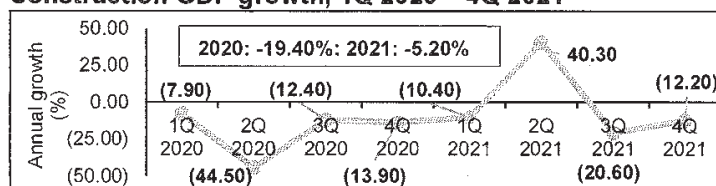
- Reintroduction of the Home Ownership Campaign ("HOC") whereby stamp duties are exempted on the instruments of transfer and loan agreement for residential properties purchased at a price between RM300,000 and RM2.50 million; of which the properties are also subject to at least 10.00% discounts given by the developer.<sup>2</sup>
- The 70.00% margin of financing limit applicable for a home-buyer's third housing loan onwards for properties priced RM600,000 and above has also been uplifted during the period of the HOC, subject to the respective internal risk management practices of financial institutions.

Under Budget 2021, the Government proposed to further extend the full stamp duty exemptions on the instruments of transfer and loan agreement for the first residential property purchased by each Malaysian home-buyer to 31 December 2025, with the price limit on properties increased from RM300,000 to RM500,000. Under Budget 2022, the Government proposed that the real property gains tax is not levied on disposals made from the 6<sup>th</sup> year onwards. With these initiatives in place, consumers may be encouraged to purchase residential properties which may thus drive the demand for residential properties. This may in turn support the demand for construction activities and may spur the demand for building materials in the longer term.

Pursuant to the imposition of nationwide movement restrictions by the Government from June 2021 to July 2021 as a result of the resurgence of COVID-19 cases, the construction sector experienced disruptions in the supply chain of building materials, reduction in size of construction workforce or temporary halts of construction works, amongst others, which led to disruptions and delays of construction projects.

While such disruptions had temporarily dampened construction activities in certain periods within 2021, the rate of decline of the construction gross domestic product ("GDP") was -5.20% in 2021, as compared to -19.40% in 2020.

**Construction GDP growth, 1Q 2020 – 4Q 2021**



Source: DOSM

In the Economic Outlook 2022 published by the Ministry of Finance in October 2021, the construction GDP growth is projected to turn around by 11.50% in 2022, premised on better performance of the construction industry subsectors (e.g. civil engineering, residential buildings and non-residential buildings). The civil engineering subsector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects such as Light Rail Transit 3 ("LRT 3"), Mass Rapid Transit 3 Circle Line ("MRT 3"), Johor-Singapore Rapid Transit System ("RTS") and the Pan Borneo Highway. The residential buildings subsector is expected to expand further in line with the Government's measures to address the shortage of affordable houses, including continuation of the Rent-to-Own scheme, Rumah Mesra Rakyat, People's Housing programmes and full stamp duty exemptions for the first residential property purchased by each Malaysian home-buyer. In addition, the non-residential buildings subsector is anticipated to improve, backed by ongoing commercial projects, namely Kwasa Damansara, Tun Razak Exchange and Kuala Lumpur International Airport ("KLIA") Aeropolis.

Bank Negara Malaysia ("BNM") projects the Malaysian economy to expand within the range of 5.50% to 6.50% in 2022, supported by significant improvement in global trade, stabilised commodity prices, containment of the COVID-19 pandemic, and gradual improvement in consumer and business sentiments. As the Malaysian economy strengthens after the impact of the COVID-19 pandemic subsides over time, the construction sector is expected to drive the recovery and future growth of the building materials industry in Malaysia.

<sup>2</sup> The exemption on the stamp duty of instruments of transfer is limited to the first RM1.00 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1 June 2020 and 31 December 2021. The HOC had been discontinued on 1 January 2022.



**8. IMR REPORT (Cont'd)****SMITH ZANDER****• Infrastructure sector**

Infrastructure development is the construction of structures that enhances standard of living and job creation, as well as stimulates economic growth of a country. As building materials are essential for the construction of infrastructure, the building materials industry is expected to benefit from the Government's continuous initiatives to develop and upgrade the nation's infrastructure.

In 2019, the Government announced the revival of several major infrastructure projects including the LRT 3 and East Coast Rail Link ("ECRL"), which were previously suspended.

In 2020, the Government introduced the National Digital Infrastructure Plan ("JENDELA") which are to be executed in two phases namely, Phase 1 (2020 to 2022) and Phase 2 (2022 to 2025). Valued at RM21.00 billion, JENDELA is introduced to address the rise in demand for better quality broadband coverage due to the increase in online activities as a result of the COVID-19 pandemic.

As part of the economic stimulus package known as PRIHATIN Rakyat Economic Stimulus Package announced by the Government in March 2020, several mega infrastructure projects such as Mass Rapid Transit 2 ("MRT 2") and ECRL will be expedited, which ensured sustainable economic growth of the country as well as to cushion the negative economic impact caused by the COVID-19 pandemic.

The Government expects infrastructure works to continue to be the main driver of the construction industry.<sup>3</sup> In its Budget 2022, the Government allocated RM250.00 billion for development expenditure for 2022 to 2024 to boost economic recovery.

RM75.60 billion was allocated for the development expenditure of economic, social, security and general administration sectors in 2022. The economic sector was allocated with RM40.21 billion, out of which, the transport subsector was allocated with the largest share, at RM15.51 billion or 20.52% of the development expenditure, to support development projects such as upgrading, expansion and maintenance of highways, roads, railways, bridges, ports and airports.

**Government development expenditure for transport subsector, 2019 – 2022**

Year	RM billion	Change (%)	Share (%)
2019	13.75	-19.14	25.38
2020	12.78	-7.06	24.88
2021	13.01	1.84	20.99
2022	15.51	19.17	20.52

Source: Ministry of Finance

As part of Budget 2021 and Budget 2022, the Government proposed to allocate funds for the following infrastructure projects:

Project	Funds allocated in Budget 2021 (RM billion)	Funds allocated in Budget 2022 (RM billion)
Gemas-Johor Bahru Electrified Double Tracking Project	15.00	-
Klang Valley Double Tracking Project Phase One		-
Pan Borneo Highway		3.53
Jeniang Transfer Project, Kedah	-	
Central Spine Road project in Kelantan and Pahang	-	
Highway packages from Kok Lanas to Bukit Tiu, Kota Bharu Highway to Kuala Krai, Kelantan	-	
Slope and road improvements from Kampung Tuit to Kampung Mat Daling, Jerantut, Pahang	-	
Rantau Panjang Floodwall	-	3.97
Rural infrastructure development projects	2.70	
Small and medium construction projects for contractors in Class G1 to G4	2.50	2.90
Maintenance projects for Federal Roads and/or inter-village roads	0.20	0.32

Source: Ministry of Finance

In addition, the Government has also announced the revival of RTS for an allocated budget of RM3.70 billion, subject to further discussion with the government of Singapore, as well as MRT 3. The Government also agreed to implement the Sarawak-Sabah Link Road and Trans Borneo Highway projects which will complement the Pan Borneo Highway in Sarawak and Sabah.

<sup>3</sup> Source: Ministry of Finance.



**8. IMR REPORT (Cont'd)****SMITH ZANDER**

As the construction works for these infrastructure projects progress, the demand for building materials will improve to support the construction works required.

**Key Industry Risks and Challenges****► Dependence on the construction industry and building refurbishment and maintenance**

The business operations and financial performance of building materials industry players are dependent on the performance of the construction industry and building refurbishment and maintenance in Malaysia. The outlook of the Malaysian construction industry may be affected by the supply and demand of properties, Government budgets and investments in infrastructure, rate of economic growth, interest rates and inflation. Meanwhile, building refurbishment and maintenance works may be carried out on a regular basis or on as-needed basis. Other factors beyond the control of industry players such as changes in political environment or sudden outbreak of diseases (e.g. COVID-19 pandemic) may also impact economic activities in Malaysia.

Any adverse changes in the above factors will have a direct impact on the development of the construction industry and building refurbishment and maintenance in Malaysia. For instance, the temporary halt of construction activities except those listed under critical services (maintenance and repair works) as a result of the imposition of movement restrictions between March 2020 and May 2020 and between June 2021 and July 2021, as well as several outbreaks of COVID-19 cases at construction sites throughout the country temporarily impacted the demand for building materials. Further, building refurbishment works which were not categorised as critical services were not allowed to be conducted, which also temporarily impacted the demand for building materials.

The COVID-19 pandemic has also dampened economic conditions of the country. Any prolonged dampening of economic conditions in Malaysia may lead to loss of businesses and jobs and subsequently reduce consumer purchasing power, including the purchase of properties, and in turn reduce the demand for construction services. Consequently, the demand for building materials will decrease, which could have a negative impact on the overall financial performance of building materials industry players.

**► Exposure to the fluctuation of building material prices which is subject to raw material prices**

Manufacturers of building materials are subject to fluctuations in raw material prices. Any changes in raw material prices may materially increase the price of building materials. Building materials industry players in the distribution segment are therefore, in turn, also subject to the fluctuations in building materials prices as determined by the manufacturers, which are subject to the demand and supply conditions of raw materials used to manufacture the building materials in the global market.

If these industry players are unable to pass on this increase in supply cost to their customers, they will bear the increasing costs which may have a material impact on their financial results.

**► Exposure to changes in government policies which may impact building material prices**

The price of building materials such as steel products are affected by government policies. According to the Malaysian Iron and Steel Industry Federation, the Ministry of International Trade and Industry revised the local iron and steel policy in late 2020 with the objective to enhance the competitiveness of the industry. Based on the revised iron and steel industry policy, the import duty for long and flat products which ranges from 5.00% to 15.00% has been extended until 31 December 2021. Any revision or extension will be subject to the policy direction under a new Industrial Master Plan, to be launched by the Ministry of International Trade and Industry.

Further, in April 2021, the Government imposed anti-dumping duties on imports of selected cold-rolled stainless steel products imported from Indonesia and Vietnam for a period of five years, effective from 24 April 2021 to 23 April 2026. The anti-dumping duty for Indonesia is 8.80% to 34.82% and the anti-dumping duty for Vietnam is 7.81% to 23.84%.

Building materials industry players in the distribution segment who are unable to source for these steel products from local manufacturers will be required to import these steel products and be subjected to higher prices due to the import and anti-dumping duties and longer lead time to receive the goods. Further, industry players who are unable to pass on the increase in cost to their customers may experience adverse impact on their profit margins.

**8. IMR REPORT (Cont'd)**

SMITH ZANDER

**3 COMPETITIVE LANDSCAPE****Competitive Overview**

The building materials industry comprises the manufacturing and distribution segments for the supply of building materials to the end-user markets. The manufacturing segment of the building materials industry comprises brand owners and third party manufacturers. Brand owners are typically manufacturers, or they may outsource the manufacturing to third party manufacturers. The distribution segment of the building materials industry comprises brand owners, wholesalers, importers, and/or traders. Brand owners market their own brands, while wholesalers, importers and traders carry and market a wide range of building materials of different brands and materials (e.g. steel, concrete, wood, ceramic and plastic) as well as from a multitude of suppliers.

For the purpose of this IMR Report, the competitive landscape of the distribution segment will be included as UIB Group is principally involved in the distribution and wholesale of a wide range of building materials of different brands and materials (e.g. steel, concrete, wood, ceramic and plastic) as well as from a multitude of suppliers. Nevertheless, UIB Group also competes with upstream industry players such as steel manufacturers and processors, cement and concrete manufacturers, plastic or timber-related product manufacturers and sanitary ware manufacturers who are also involved in the distribution business. However, these upstream industry players are not included in this section as they focus on a specific type of product range (e.g. steel, concrete, wood, ceramic or plastic) which is generally related to the products they manufacture. These upstream industry players may also be suppliers to wholesalers, importers and/or traders of building materials. UIB Group may also compete with companies who are not manufacturers but are involved in the trading and distribution of a specific type of product range (e.g. steel, concrete, wood, ceramic or plastic). These companies are also excluded in this section.

The distribution segment of the building materials industry is fragmented and competitive comprising public listed companies, large private companies, and small to medium enterprises. Industry players compete in terms of product pricing, range and service offerings, ability to deliver on a timely manner and availability of ready stock, amongst others. The barriers to entry is generally low as most of the products can be easily sourced in the market and the upfront cost of entry can be low if a new industry player chooses to start with a small range of offerings. However, to remain competitive in the market and to have a sustainable business over the long term, industry players have to scale up their business, secure consistent supply of products and establish a strong network and relationships with their suppliers in order to have a wide range of offerings, and to provide short product delivery times to meet their customers' requirements.

For industry players such as UIB Group that supply building materials to be used in construction activities as well as building refurbishment and maintenance works, it is essential for these industry players to build and maintain a strong track record and business relationships with a network of property developers, contractors, architects, consultants and quantity surveyors to market their products. It is also essential for industry players to maintain a wide network of hardware retailers and traders to expand their market reach.

**Key Industry Players**

The basis for selection of the key industry players in the distribution segment of the building materials industry in Malaysia is as follows:

- Companies comprising wholesalers, traders and/or importers that carry and market a wide range of building materials of different brands and materials (e.g. steel, concrete, wood, ceramic and plastic) as well as from a multitude of suppliers. These companies may also be involved in the manufacturing of building materials and rental of temporary structural support equipment; and
- Companies which recorded more than RM300.00 million in revenue based on their respective latest available financial years.

The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.

The following sets out the key industry players in the building materials industry in Malaysia based on the above criteria.

8. IMR REPORT (Cont'd)

SMITH ZANDER

Company name	Principal business activities	Examples of building materials supply	Latest available financial year	Total revenue (RM million)	Segmental revenue (RM million) <sup>(i)</sup>	Gross profit (RM million)	Gross profit margin (%)	Profit after tax ("PAT")/(Loss after tax) ("LAT") (RM million)	PAT/(LAT) margin (%)	Gearing ratio (times)
UIB Group	Wholesale and distribution of building materials, manufacturing of pre-insulated pipes and rental of temporary structural support equipment.	Pipes, valves, fittings and accessories for M&E works; and reinforcement steel, structural steel and other building materials for civil works.	31 March 2021	1,025.04	991.84	88.74	8.70	29.17	2.80	2.20
Engtex Group Berhad	Wholesale and distribution of building materials, food processing equipment and engineering tools, manufacturing of building materials, property development and hospitality.	Pipes, valves, fittings and joints, steel products (e.g. mild steel plates, mild steel channels and hot rolled square bars) and other general hardware products.	31 December 2020	989.61	593.00 <sup>(ii)</sup>	127.60	12.89	16.00	1.62	0.73
Chin Hin Group Berhad	Distribution and manufacturing of building materials.	Steel products (e.g. steel bars, structural steel and metal door frames), concrete products and cement products.	31 December 2020	968.76	543.53 <sup>(iii)</sup>	74.09	7.65	16.90	1.74	1.00
AYS Ventures Berhad	Trading of steel related products and building materials; manufacturing and trading of panels and components for sectional tanks, purlins and steel products; and other activities.	Steel products (e.g. steel pipes, steel sheet piles and steel bars) and construction materials (e.g. bricks, cement and tiles).	31 March 2021	753.66	720.88 <sup>(iv)</sup>	96.75	12.84	24.51	3.25	1.05

## 8. IMR REPORT (Cont'd)

## SMITH ZANDER

Company name	Principal business activities	Examples of building materials supply	Latest available financial year	Total revenue (RM million)	Segmental revenue (RM million) <sup>(i)</sup>	Gross profit (RM million)	Gross profit margin (%)	Profit after tax ("PAT")/(Loss after tax) ("LAT") (RM million)	PAT/(LAT) margin (%)	Gearing ratio (times)
Chuan Huat Resources Berhad	Wholesale, import and export of building materials, processing of reinforced steel products, sale and distribution of information technology products and operation of food and beverages outlets.	Steel products (e.g. steel pipes, cut and bend steel bars and structural steels), concrete products and cement and bricks.	30 June 2021	633.61	479.93	75.45	11.91	14.78	2.33	0.55
Hap Seng Trading (BM) Sdn Bhd (a subsidiary of Hap Seng Consolidated Berhad)	Trading of building materials.	Pipes, steel bars, concrete products, cement and roofing products.	31 December 2020	243.65 <sup>(v)</sup>	243.65	10.97	4.50	(0.91)	(0.37)	4.11
Syn Tai Hung Trading Sdn Bhd (a subsidiary of Wah Seong Corporation Berhad)	Trading and distribution of building materials.	Steel products (e.g. pipes, reinforcement bars and structural sections), cement and concrete products and ironmongery.	31 December 2020	220.70 <sup>(v)</sup>	220.70	12.19	5.52	15.32	6.94	0.50

## Notes:

- Latest available as at 8 April 2022.
- Segmental revenue of all key industry players may derive from countries outside Malaysia as segmental revenue by geographical market is not publicly available.
- (i) Segmental revenue which comprises wholesale, trading and/or distribution of building materials are disclosed where such information is publicly available. The key industry players may also be involved in other businesses, amongst others, manufacturing of building materials and/or renting of temporary structural support equipment. However, when the breakdown of revenue derived from wholesale, trading and/or distribution of building materials is not publicly available, a separate note will be indicated as the segmental revenue may include revenue derived from other businesses not related to wholesale, trading and/or distribution of building materials.
- (ii) Comprises wholesale and distribution of building materials, food processing equipment and engineering tools. Breakdown of revenue specifically for wholesale and distribution of building materials is not available.
- (iii) Comprises distribution of building materials and provision of logistics services. Breakdown of revenue specifically for distribution of building materials is not available.
- (iv) Comprises trading and services segment. The trading and services segment comprises trading and marketing of steel products and all types of construction materials, warehousing and storage services. Breakdown of revenue specifically for trading of steel products and all types of construction materials is not available.
- (v) Prior to the submission of the Prospectus, as at the latest practicable date (LPD) of 31 August 2021, the industry player recorded more than RM300.00 million in revenue during the financial year 31 December 2019 and thus, is included in this IMR Report.

Sources: Various company websites, UIB Group, Companies Commission of Malaysia, SMITH ZANDER analysis



**8. IMR REPORT (Cont'd)**

SMITH ZANDER

**Market Share**

In 2021, the size of the building materials industry, as represented by the apparent consumption of building materials in Malaysia, was recorded at RM85.41 billion.

For the year ended 31 March 2021, the revenue for UIB Group was recorded at RM1.03 billion and thereby UIB Group captured a market share of 1.21% in Malaysia.

**4 OUTLOOK AND PROSPECT**

Building materials are used throughout the lifecycle of any structure such as buildings and infrastructure, and building materials are essential for the construction of buildings and infrastructure.

In the Economic Outlook 2022 published by the Ministry of Finance in October 2021, the construction GDP growth is projected to turn around by 11.50% in 2022, premise on better performance of the construction industry subsectors (e.g. civil engineering, residential buildings and non-residential buildings). The civil engineering subsector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects such as LRT 3, MRT 3, RTS and the Pan Borneo Highway. The residential buildings subsector is expected to expand further in line with the Government's measures to address the shortage of affordable houses, including continuation of the Rent-to-Own scheme, Rumah Mesra Rakyat, People's Housing programmes and full stamp duty exemptions for the first residential property purchased by each Malaysian home-buyer. In addition, the non-residential buildings subsector is anticipated to improve, backed by ongoing commercial projects, namely Kwasa Damansara, Tun Razak Exchange and KLIA Aeropolis.

To stimulate the property market and provide financial relief to home-buyers, the Government has introduced several initiatives. In Budget 2021, the Government proposed to further extend the full stamp duty exemptions for the first residential property purchased by each Malaysian home-buyer to 31 December 2025. Further in Budget 2022, the Government proposed that the real property gains tax is not levied on disposals made from the 6<sup>th</sup> year onwards, and allocated RM250.00 billion for development expenditure for 2022 to 2024 to boost economic recovery.

BNM projects the Malaysian economy to expand within the range of 5.50% to 6.50% in 2022, supported by significant improvement in global trade, stabilised commodity prices, containment of the COVID-19 pandemic, and gradual improvement in consumer and business sentiments.

As the Malaysian economy strengthens after the impact of the COVID-19 pandemic subsides over time, the construction sector is expected to drive the recovery and future growth of the building materials industry in Malaysia.

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## 9. RISK FACTORS

**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.**

### 9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

#### 9.1.1 Our wholesale and distribution business is subject to availability of financing for working capital and debt servicing obligations

As a distributor and wholesaler, we offer an extensive range of pipes, valves, fittings and accessories, reinforcement steel, structural steel and other building materials. The nature of our business requires us to keep a sufficient level of inventory to provide timely delivery to our customers. We also provide 30 to 120 days credit to our customers, who require credit terms to trade with us. Therefore, we use a significant amount of financing to bridge the gap between our purchase of stocks (which are typically on cash terms), the holding of inventory until we sell the inventory and collect the sales proceeds from our customers. To do this, we rely on internally generated funds as well as external borrowings such as revolving credit and trade financing to support our working capital. As such, our working capital is subject to the availability of financing. By using external financing, our Group enjoys savings of between 1.5% to 3%, for several transactions per year. Compared to trade financing interest costs of approximately 2.5% per annum, the improvement in margins are generally more favourable than the interest costs.

Our ability to obtain external financing are subject to various uncertainties, including our future results of operations, financial condition, cash flows, our gearing level, the performance of the Malaysian economy and the markets for our products, the cost of financing, the condition of financial markets, and the continued willingness of banks to provide new loans. We cannot assure that any required financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

If we are unable to secure adequate credit facilities at competitive rates, interest costs will be higher and borrowings will be less feasible to undertake, which will negatively impact our cash flows, operations, growth and expansion plans. Notwithstanding our existing gearing position and negative cash flow positions in the past, our bankers have been supportive and views the Proposed Listing positively, which provides the bankers with better confidence to lend more to our Group as we will be more tightly regulated and is likely to improve its corporate governance.

There is also a risk of simultaneous demand for immediate repayment on our outstanding short term credit facilities, and tightening of loan facilities due to deteriorating market conditions arising from economic, financial, political and other reasons. A large and simultaneous repayment of short term facilities would have a material adverse effect on our cash flows, working capital and in turn, will have a material effect on our financial performance.

Due to our level of financing, we are subject to debt servicing obligations. In addition, the agreements for our credit facilities may contain covenants which may restrict our future operating and financing flexibility, and a breach of such covenants may result in the termination and/or enforcement of securities granted for the relevant credit facilities.

**9. RISK FACTORS (Cont'd)**

Nonetheless, for FYE 2019 to FYE 2021, FPE 2022 and up to LPD, we have not breached any loan covenants nor defaulted on any loans. Further, any significant increase in interest rates on our borrowings will increase our finance cost and affect our financial performance.

Our trade financing has its interest costs paid upfront and together with future settlement dates, rendering it not viable for our Group to perform any early settlement. As a result, our Group generally records a significant cash and cash equivalent balance. In this regard, the net gearing ratio is disclosed in addition to the gearing ratios as follows, to offer a more accurate reflection of our Group's gearing position.

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
EBIT	40,547	44,229	51,983	47,082
Finance costs	13,917	16,792	13,914	8,875
Total borrowings, of which	318,245	456,564	489,713	511,334
- Borrowings due within a year	305,591	353,268	386,097	395,644
Interest coverage ratio (times) <sup>(1)</sup>	2.9	2.6	3.7	5.3
Gearing ratio <sup>(2)</sup>	1.7	2.3	2.2	2.4
Net gearing ratio <sup>(3)</sup>	1.4	2.1	1.8	2.0

**Notes:**

- (1) Computed based on EBIT divided by finance costs.
- (2) Computed based on total borrowings over total equity as at each financial year/period end.
- (3) Computed based on net borrowings (total borrowings less cash and cash equivalents) over total equity as at each financial year/period end.

Please refer to Section 12.12(b) for further details on the impact of interest rates.

Our Group's total banking facilities limit as at LPD is RM617.8 million (excluding finance leases), of which RM525.5 million have been utilised.

**9.1.2 Our inventories are subject to the risk of impairment losses**

We keep inventories for up to 36 months, and conduct annual assessments of our inventory value. We will impair slow moving inventories above 36 months and inventories where their net realisable value is below cost. Moreover, in the event there is a drop in steel prices, we may experience impairment in the carrying amount of our inventories to the net realisable values which may affect our financial performance. Such impairments will result in a lower profitability and may affect our financial performance.

The impairment losses on inventories for FYE 2019 to 2021 and FPE 2022 are as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impairment loss on slow-moving inventories	1,786	530	1,919	369
Reversal of impairment loss on inventories	(48)	(86)	(73)	-
	<b>1,738</b>	<b>444</b>	<b>1,846</b>	<b>369</b>



**9. RISK FACTORS (Cont'd)**

The type of inventories which were recognised as impairment loss are as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fittings	4,590	5,088	6,829	6,397
Pipes	1,648	1,596	1,779	1,898
Valves	1,036	914	997	900
Other building materials	834	955	793	1,573
	<b>8,108</b>	<b>8,553</b>	<b>10,398</b>	<b>10,768</b>

The impairment amounts incurred during FYE 2019 to 2021 and FPE 2022 were mainly due to stocks being above 36 months old.

**9.1.3 We are subject to fluctuations in the price of steel products resulting from the fluctuations in global steel prices**

Our Group's purchases mainly consist of reinforcement steel, pipes and structural steel. Reinforcement steel and structural steel collectively made up 69.4%, 73.7%, 77.0% and 74.9% of our total purchases for FYE 2019, 2020, 2021 and FPE 2022 respectively. Therefore, price of almost all of our purchases and inventories are materially affected by global steel prices. For reference, the quarterly average steel prices of hot rolled coil and reinforcing bar as follows:

<b>Quarter of calendar year</b>	<b>Hot rolled coil (USD / metric ton)</b>	<b>Reinforcing bar (USD / metric ton)</b>
Q1 2018	607	578
Q2 2018	614	575
Q3 2018	602	578
Q4 2018	586	582
Q1 2019	573	561
Q2 2019	587	563
Q3 2019	569	540
Q4 2019	544	509
Q1 2020	545	502
Q2 2020	509	490
Q3 2020	534	511
Q4 2020	588	557
Q1 2021	734	660
Q2 2021	907	770
Q3 2021	987	813
Q4 2021	941	792
Q1 2022	885	783

Source: MEPS

The average selling price of our reinforcement steel, structural steel and black welded steel pipes for FYE 2019 to 2021 and FPE 2022 are as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
<b>Product</b>	<b>RM / metric ton</b>	<b>RM / metric ton</b>	<b>RM / metric ton</b>	<b>RM / metric ton</b>
Reinforcement steel	2,339	2,108	2,389	3,112
Structural steel	2,502	2,260	2,336	3,448
Black welded steel pipes	3,329	3,043	3,237	4,951

**9. RISK FACTORS (Cont'd)**

The average cost of purchase for our reinforcement steel, structural steel and black welded steel pipes for FYE 2019 to 2021 and FPE 2022 are as follows:

<b>Product</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM / metric ton</b>	<b>RM / metric ton</b>	<b>RM / metric ton</b>	<b>RM / metric ton</b>
Reinforcement steel	2,311	2,042	2,277	2,994
Structural steel	2,415	2,163	2,202	3,217
Black welded steel pipes	2,848	2,599	2,596	3,843

Global steel prices are, amongst others, subject to the demand and supply conditions of steel in the global market, prices of raw materials for the production of steel such as coal and iron ore and prevailing energy costs. Any changes in the conditions of any of the above factors may cause material increases in the price of steel, and this may lead to a rise in our cost of sales as well as our carrying cost for maintaining our inventories. We generally do not keep stock of our lower margin items, such as reinforcement steel, most of which are purchased on a back-to-back basis with our sales. Our Group mainly keeps inventory of its other products which are of higher margins such as pipes, valves and fittings. Therefore, we do not expect to be significantly exposed to the risk of fluctuation in steel prices for lower margin products. We are also generally able to pass on the increase in steel prices to our customers. However, if we are unable to pass on this increase in supply cost to our customers, we will bear the increasing costs and this may have a material impact on our financial performance.

Conversely, decreasing steel prices will result in a similar drop in our selling prices and affect the net realisable value of our steel inventories. This may have an adverse impact on our financial performance if we have purchased the steel inventories at higher cost.

**9.1.4 Our business is exposed to interruptions or delays caused by outbreak of pandemic, sudden and unexpected equipment failures, fires as well as environmental factors (including natural disasters)**

We rely on machinery and equipment to carry out the manufacturing of our pre-insulated pipes. We also rely on machinery and equipment (e.g. cranes and forklifts) to store, retrieve and move bulky goods within our warehouse. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. Further, our business is also subject to loss due to fires or natural disasters such as floods or storms.

The occurrence of these unexpected events that are beyond our control may cause damage or destruction of all or part of our factories and warehouses, equipment and machinery, resulting in interruptions to or prolonged suspension of all or any part of our business operations. For FYE 2019 to 2021, FPE 2022 and up to LPD, there has not been any past occurrence where the Group's machinery experienced unexpected failures that lead to unanticipated downtime. However, there can be no assurance that such incidences will not happen in the future.

Our operations were briefly interrupted in 2020 and 2021 due to the mandatory closure of our operations as imposed by the Government via the first MCO in March 2020 and first phase of NRP in June 2021 to contain the spread of COVID-19. The outbreak of COVID-19 in the countries where we source for supplies also temporarily disrupted the supply chain of imported and local supplies. Please refer to Section 7.7 for further details on the impact of COVID-19 to our business.

## 9. RISK FACTORS *(Cont'd)*

Any prolonged interruptions in our and/or our suppliers' business operations will affect our manufacturing schedules and/or timely delivery of our products to our customers which may cause cancellation of purchase orders and may eventually impact our relationships with our customers. This could have an adverse impact on our financial performance.

Unitrade and Ricwil services their machinery and equipment regularly. UUSB's temporary structural support equipment will undergo quality inspection after every completion of rental contract. Repair works will be undertaken for damaged equipment prior to the next rental to subsequent customers.

### 9.1.5 **We are dependent on our Executive Directors and key senior management for continued success and the loss of their continued services may affect our business**

The success of our Group is dependent on the experience, industry knowledge and network, and skills of our Executive Directors and key senior management. Our Executive Vice Chairman, Sim Keng Chor and Managing Director, Nomis Sim Siang Leng, have approximately 50 and 20 years of experience in the distribution and wholesale of pipes, valves, fittings and accessories, reinforcement steel, structural steel and other building materials respectively and in-depth knowledge of our operations. Our key senior management comprise individuals who each also have significant relevant experience in the industry.

Our Group's success is also dependent on the continued service of our Executive Directors and key senior management, and our ability to hire, develop, motivate and retain qualified personnel needed to support our business operations. Due to their in-depth knowledge of our operations and experience in the industry, they are critical to the overall management and operations of our business, corporate culture and strategic direction.

We have not experienced any departure of any key senior management which has had a material effect on our business operations in the past. However, the loss of any Executive Directors and any of our key senior management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business, which may ultimately affect our financial performance, if we are not able to replace or attract suitable talents in a timely manner. Therefore, our ability to attract and retain a highly-skilled and experienced workforce is crucial for our continued success, future business growth and prospects.

### 9.1.6 **We may not be able to effectively manage our growth or successfully implement our business strategies**

We plan to consolidate our operations under one industrial complex to enhance our operational efficiency as well as to expand our range of offerings to include a steel pipe fabrication centre. Please refer to Section 7.14 for further details of our business strategies and prospects.

The increase in operating expenditure, machinery and equipment maintenance, depreciation charges and staff costs following the implementation of the above business strategies, will consequentially increase our Group's overall operational cost, including overhead costs and cost of sales. Such increase in cost will adversely affect our financial performance if we are unable to secure sufficient purchase orders from our customers following the implementation of the above business strategies.

**9. RISK FACTORS (Cont'd)**

Our Group expects the increase in operational cost to mainly comprise depreciation and maintenance of the new assets to be acquired as well as additional staff costs. Concurrently, our Group also expects to save operational costs post-relocation to the new industrial complex, particularly in terms of time usage and logistical efficiencies, but is however unable to reasonably quantify the value of such cost-saving efficiencies intended to be realised.

We are not able to guarantee that we will be successful in executing our business strategies, nor can we assure that we will be able to anticipate all the business and operational risks arising from our business strategies, including delays in machinery delivery and delays in commencement of operations, among others. Any failure to manage our business growth may lead to a material adverse effect on our business operations and financial performance.

**9.1.7 We may be subject to impairment loss on receivables or bad debts**

We generally grant our customers credit periods between 30 to 120 days. In the event payment is not received within the credit period or default in payment by our customers, we may provide impairment loss on trade receivables or write off trade receivables as bad debts, which may adversely affect our financial performance. As at LPD, trade receivables past due but not impaired amounts to RM12.5 million or 3.5% of total receivables as at 30 November 2021. Please refer to Section 12.8.1 for further details. The following table sets out the impairment losses on trade receivables for FYE 2019 to FYE 2021 and FPE 2022.

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impairment loss on trade receivables	11,171	7,853	5,062	9,536

**9.1.8 We are subject to foreign exchange fluctuation risks which may impact our profitability**

As at 30 November 2021, we have outstanding RM1.2 million in net financial liabilities denominated in USD which mainly comprises USD trade financing. Our profit margin is therefore directly affected by foreign exchange fluctuations. Additionally, the percentage of our purchases made in foreign currencies for FYE 2019 to FYE 2021 and FPE 2022 are as follows:

	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FPE 2022</b>	
<b>Currency</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Local	889,074	85.9	918,458	91.8	863,275	93.7	674,803	93.0
Foreign	146,132	14.1	82,164	8.2	57,841	6.3	50,409	7.0
	<b>1,035,206</b>	<b>100.0</b>	<b>1,000,622</b>	<b>100.0</b>	<b>921,116</b>	<b>100.0</b>	<b>725,212</b>	<b>100.0</b>

A depreciation of the RM against the USD will lead to higher costs of supplies and raw material in RM. In such circumstances, we will attempt to pass the additional costs arising from the depreciation of RM against the USD to our customers. As our sales are transacted predominantly in RM where over 99% of our Group's revenue is derived locally for FYE 2019 to 2021 and FPE 2022, depreciation of the RM against the USD may ultimately affect the cost of our purchases and may affect our financial performance as it would reduce our GP margin if we are unable to pass the costs to our customers in a timely manner.

**9. RISK FACTORS (Cont'd)**

A sensitivity analysis performed on our Group's foreign currency financial assets and liabilities as at 30 November 2021 indicates that our PAT for FPE 2022 would increase or decrease by approximately RM0.1 million, as a result of a 10% strengthening or weakening of RM against USD. Further details are set out in Section 12.12 (a).

**9.1.9 Any disruption in the supply of products and raw materials from our suppliers may have an adverse impact on our business, results of operations and financial condition**

As at LPD, we carry approximately 6,319 SKUs under our wholesaling and distribution of building materials segment. We also source the raw materials required for the manufacturing of our pre-insulated pipes from our suppliers. We do not enter into long term agreements or contracts with our suppliers. Any disruption or cessation of supply from our suppliers may result in a shortage of supply in our inventory which may affect our financial performance. For FYE 2019 to FYE 2021, FPE 2022 and up to LPD, apart from the periods of shutdown during the MCO and NRP, we have not experienced such material disruptions or cessation of supplies.

In addition, we rely on third party OEMs in China to manufacture our Alfran and S2S branded products. Any disruption or cessation of service from these third party OEMs may result in a shortage of supply of our Alfran and S2S branded products and we may be unable to offer our customers competitive delivery times for Alfran and S2S branded products. While we may be able to offer alternative brands, there is no assurance that the pricing and quality of the alternative brands are the same and the brands are acceptable by our customers. If we are unable to convince our customers to accept alternative brands at the same terms, it may affect our sales as the customers may opt to cancel the order and purchase the same products from our competitors.

**9.1.10 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations**

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities, such as fire, burglary, key management, public liability and product liability arising from our business operations. This includes insurance for our inventories, which is a norm in the industry. However, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. For example, while we are insured against losses resulting from fires and burglary, we do not maintain insurance against losses at our factories and warehouses as a result of natural disasters.

Our management is of the view that our present insurance coverage is sufficient as most of our inventory are steel and steel-related products, which are not easily perishable in fire, flood, or stolen, and our Group has good fire prevention systems in place for our new industrial complex. However, we are nonetheless still subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant loss or liability for which we were not fully insured, it could have a material adverse effect on our financial performance.

Our insurance coverage for Unitrade and Ricwil are as follows:

	<b>Insurance type</b>	<b>Coverage</b>	<b>Sum insured RM'000</b>
Unitrade	Burglary	Stock, office equipment, furniture and fittings	900
	Fire	Renovation, furniture, fittings, machinery, stock and office equipment	26,236

**9. RISK FACTORS (Cont'd)**

	<b>Insurance type</b>	<b>Coverage</b>	<b>Sum insured RM'000</b>
Ricwil	Burglary	Stock in trade	100
	Fire	Stock in trade	700
USB	Fire	Building, office equipment, fixtures and fittings	54,430

Our Board is in view that insurance coverage for UUSB is not required due to low risk exposure.

**9.2 RISKS RELATING TO OUR INDUSTRY****9.2.1 We face competition from other suppliers of building materials, manufacturers of pre-insulated pipes and providers of rental of temporary structural support equipment**

The building materials industry is fragmented, and we compete with other suppliers ranging from small independent firms to larger public listed companies. In particular, the supply of pipes, valves, fittings and accessories, reinforcement steel, structural steel and other building materials is competitive due to a large number of industry players. We compete with other industry players in terms of product pricing, range and quality of products, service offerings, ability to deliver on timely manner and availability of stock, amongst others.

Apart from the existing industry players, we may also face competition from new industry players. However, the barrier of entry to the building materials industry, specifically for wholesaling of pipes, valves, fittings and accessories, reinforcement steel, structural steel and other building materials, manufacturing of pre-insulated pipes and rental of temporary structural support equipment segments, is high. This is because industry players in these segments require high initial capital for purchasing of raw material or supplies, sufficient working capital with support of financial institutions and for the set up of manufacturing facilities, machinery and equipment and/or warehousing facilities. Hence, if the new industry players have the ability to secure sufficient sales to sustain its business operations in the long term and compete with the existing players in the market, they are likely to be able to sustain their business and remain competitive in the market.

The competition that we face from other industry players may impact our revenue and profitability as we may be forced to be more price competitive in order to secure sales orders.

Further, our products need to be of the required quality and amount, and as such, we must strive to ensure that we are able to supply our products in accordance with the specifications required by our customers. It is also important that we are able to consistently deliver our products to our customers based on their timing requirements.

Our Group must continuously ensure that we meet the above requirements as failure to do so may negatively impact our Group's track record and industry reputation, leading to a loss of business to our competitors and damage to our overall business performance.

## **9. RISK FACTORS (Cont'd)**

### **9.2.2 We are exposed to the adverse market condition of the building and infrastructure construction industry in Malaysia**

Although our products are used throughout the lifecycle of buildings and infrastructure, from new building and infrastructure construction to building refurbishments, retrofitting, repair and maintenance, as we are a wholesaler, principally involved in the supply of pipes, valves, fittings and accessories, reinforcement steel, structural steel and other building materials, there is no assurance that the demand for our products and services will not be affected by any adverse market conditions of the building and infrastructure construction industry in Malaysia.

The performance of the building and infrastructure construction industry in Malaysia are affected by amongst others, the supply and demand of properties, government's budget and investments in infrastructure, rate of economic growth, interest rates and inflation. Other factors beyond our control such as changes in political environment or sudden outbreak of diseases (e.g. COVID-19) may also impact economic activities in Malaysia.

All these factors may adversely impact the Government's investments, employment market and consumers' purchasing power causing consumers to be more cautious of their spending and investments which may subsequently affect the demand for properties, refurbishments, retrofitting, repair and maintenance, and construction activities. Any slowdown in the building and infrastructure construction activities may adversely affect the demand for building materials.

## **9.3 RISK RELATING TO THE INVESTMENT IN OUR SHARES**

### **9.3.1 There has been no prior market for our Shares**

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, our competitive strengths, our business strategies and prospects as well as our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the ACE Market may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

### **9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed**

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (a) The identified investors fail to subscribe for the portion of our IPO Shares;
- (b) Our Underwriter in exercising its rights pursuant to the Underwriting Agreement discharges itself from its obligations therein; and



## **9. RISK FACTORS (Cont'd)**

- (c) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavours to comply with the various regulatory requirements, including, amongst others the public shareholding spread requirement in paragraph (c) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (if required) and the confirmation of the High Court of Malaya (if required). There can be no assurance that such monies can be recovered within a short period of time.

### **9.3.3 The trading price of our Shares following our Listing may be volatile**

The trading price of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading price of our listed shares.

## **9.4 OTHER RISKS**

### **9.4.1 Our Promoters will be able to exert significant influence over our Company**

Our Promoters will collectively hold 70.0% of our enlarged share capital upon Listing. Because of the size of their shareholdings, in the event the interests of our Promoters differ from our interest or the interests of our other shareholders, our Promoters will be able to:

- (a) exercise significant influence on the outcome of certain matters requiring the vote of shareholders with regards to special resolutions; and
- (b) passed or block with certainty on matters requiring the vote of shareholders with regards to ordinary resolutions.

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**9. RISK FACTORS (Cont'd)**

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However, if the Promoters or the person connected to the Promoters are interested in any corporate transaction or other matters submitted to our shareholders for approval, they are required to abstain from voting on the resolution at the relevant general meeting.

For clarity, an ordinary resolution will be passed or blocked by a simple majority of more than half of such shareholders who are entitled to attend and vote at the general meeting. On the other hand, special resolution will be passed or blocked by a majority of not less than seventy-five per centum (75.0%) of such shareholders who are entitled to attend and vote at the general meeting. As such, only ordinary resolutions in which our Promoters are allowed to vote can be passed or blocked with certainty by our Promoters.

**9.4.2 Our future fund raising exercise may result in dilution of your shareholdings**

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our product and service offerings. Thus, we may need additional capital expenditure for future expansions and/or investments. An issue of new Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investment by shareholders.

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## 10. RELATED PARTY TRANSACTIONS

### 10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2019 to 2021, FPE 2022 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value						1 December 2021 up to LPD	
					FYE 2019		FYE 2020		FYE 2021		FPE 2022	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
Blessplus Sdn Bhd ("Blessplus")	Unitrade	<ul style="list-style-type: none"> <li>Sim Keng Chor</li> <li>Sim Hsio Chor</li> </ul>	Sim Keng Chor's brother, Sim Hsio Chor is a director and substantial shareholder of Blessplus.	(13)Sales by Unitrade of clip lock and ready-mixed concrete	359	(2)<0.1	1.9	(2)<0.1	4,519	(2)0.4	1,773	(2)0.2
					11	(2)<0.1	-	-	15	(2)<0.1	31	(2)<0.1
											1,406	(2)0.3
UUSB	UUSB		Sim Keng Chor is our Promoter, substantial shareholder and Director.	(13)Sales by UUSB of building materials (scaffolding) and transport charges								
USB	USB			(9)Construction of our new industrial complex	-	-	-	-	16,484	(9)N/A	11,758	(9)N/A
											537	(9)N/A
Molecor (SEA) Sdn Bhd ("Molecor")	Unitrade	<ul style="list-style-type: none"> <li>Sim Keng Chor</li> <li>Nomis Sim Siang Leng</li> <li>Simson Sim Xian Zhi and Ecila Sim Ju-Inn</li> <li>Sim Xian Zhi</li> <li>Ecila Sim Sdn Bhd</li> <li>Ju-Inn</li> </ul>	Sim Keng Chor and his children Nomis Sim Siang Leng, Simson Sim Xian Zhi and Ecila Sim Ju-Inn are shareholders through Sanlens Sdn Bhd ("Sanlens"), a	(13)Purchase by Unitrade of PVC-O pipes	8,677	(1)0.9	24,311	(1)2.4	1,998	(1)0.2	600	(1)<0.1

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value								1 December 2021 up to LPD			
					FYE 2019		FYE 2020		FYE 2021		FPE 2022		RM'000		%	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%		
(10)Neos Engineering Sdn Bhd ("Neos Engineering")	Unitrade	<ul style="list-style-type: none"><li>• Sim Keng Chor</li><li>• Sim Yung Chi</li></ul>	substantial shareholder of Molecor.	Sim Keng Chor is also our Promoter, substantial shareholder and Director. Simson Sim Xiang Zhi and Nomis Sim Siang Leng are our Promoters and Directors.	1,722	(2)0.2	732	(2)0.1	738	(2)0.1	187	(2)<0.1	-	-		
			Nomis Sim Siang Leng is also a non-executive director in Molecor.													

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value								1 December 2021 up to LPD			
					FYE 2019		FYE 2020		FYE 2021		FPE 2022		RM'000		%	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%		
Well-Built Alloy Industries Sdn Bhd ("Well-Built Alloy")	Unitrade	• Sim Keng Chor	Sim Keng Chor's brother, Sim Hsio Chor is a director and substantial shareholder of Well-Built Alloy.	(13)Sales by Unitrade of pipes and structural products	20	(2)<0.1	31	(2)<0.1	4,956	(2)0.5	76	(2)<0.1	-	-		
		• Sim Hsio Chor			4,886	(1)0.5	3,903	(1)0.4	4,809	(1)0.5	6,688	(1)1.0	3,523	(1)0.6		
Sanifix (M) Sdn Bhd ("Sanifix")	Unitrade	• Sim Keng Chor	Sim Keng Chor's sister, Sim Shu Hui and brother-in-law, Chin Wee Tian are directors and substantial shareholders of Sanifix.	(13)Sales by Unitrade of steel bar, fittings, pipes and valves	4,798	(2)0.5	8,648	(2)0.8	4,296	(2)0.4	3,823	(2)0.5	1,778	(2)0.3		
		• Sim Shu Hui			79	(1)<0.1	127	(1)<0.1	95	(1)<0.1	123	(1)<0.1	42	(1)<0.1		
		• Chin Wee Tian														
Ricwil				(13)Purchase by Ricwil of cotton gloves	5	(1)<0.1	3	(1)<0.1	-	-	28	(1)<0.1	-	-		

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
					FYE 2019		FYE 2020		FYE 2021		FPE 2022	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
			Sim Keng Chor is our Promoter, substantial shareholder and Director.		(5)14,265	N/A	(5)10,635	N/A	(5)125	N/A	-	-
SLU Sdn Bhd	Unitrade	<ul style="list-style-type: none"> <li>Sim Keng Chor</li> <li>Teh Beng Khim</li> <li>Nomis Sim Siang Leng</li> </ul>	Sim Keng Chor and Teh Beng Khim are both substantial shareholders of SLU Sdn Bhd.	Advances by Unitrade for business investment purpose								
			Sim Keng Chor, Teh Beng Khim and Nomis Sim Siang Leng are directors of SLU Sdn Bhd.	Interest charges by Unitrade at 2.78% to 3.84% per annum for business investment purpose	163	(3)4.1	744	(3)10.5	737	(3)12.6	-	-
			Sim Keng Chor, Nomis Sim Siang Leng and Teh Beng Khim are our Promoters and substantial shareholders.									
			Nomis Sim Siang Leng and Sim Keng Chor are also our Directors.									

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party ( <sup>(10)</sup> United Jaya Sdn Bhd ("United Jaya")	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value								1 December 2021 up to LPD	
					FYE 2019		FYE 2020		FYE 2021		FPE 2022		RM'000	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
					9,654	( <sup>2</sup> )0.9	3,457	( <sup>2</sup> )0.3	3,974	( <sup>2</sup> )0.4	3	( <sup>2</sup> )<0.1	-	-
		<ul style="list-style-type: none"> <li>• Lim Chee Chow</li> <li>• United Jaya</li> </ul>	United Jaya is a strategic partner of UUSB and became our shareholder on 25 March 2022 upon the completion of Acquisition of UUSB.	( <sup>(13)</sup> Sales by Unitrade of scaffolding, pipes and steel bar	81	( <sup>(3)</sup> )2.0	427	( <sup>(3)</sup> )6.0	113	( <sup>(3)</sup> )1.9	192	( <sup>(3)</sup> )4.3	94	( <sup>(3)</sup> )1.7
				( <sup>(13)</sup> Late payment charges by Unitrade	13,008	( <sup>(1)</sup> )1.3	5,844	( <sup>(1)</sup> )0.6	247	( <sup>(1)</sup> )<0.1	-	-	-	-
			Lim Chee Chow, the director of UUSB, is also a substantial shareholder in United Jaya.	( <sup>(13)</sup> Purchases by Unitrade of scaffolding	-	-	-	-	60	( <sup>(2)</sup> )<0.1	-	-	-	-
			Ricwil	( <sup>(13)</sup> Sales by Ricwil of hot rolled mild steel plates	-	-	-	-	-	-	-	-	-	-
				( <sup>(13)</sup> Sales by UUSB of scaffolding	160	( <sup>(2)</sup> )<0.1	360	( <sup>(2)</sup> )<0.1	1,922	( <sup>(2)</sup> )0.2	287	( <sup>(2)</sup> )<0.1	121	( <sup>(2)</sup> )<0.1
				( <sup>(13)</sup> Purchase by Unitrade of scaffolding and labour charges	836	( <sup>(1)</sup> )0.1	479	( <sup>(1)</sup> )<0.1	2,299	( <sup>(1)</sup> )0.2	1,764	( <sup>(1)</sup> )0.3	216	( <sup>(1)</sup> )<0.1
				( <sup>(11)</sup> Rental payment by UUSB	121	( <sup>(4)</sup> )1.9	218	( <sup>(4)</sup> )3.1	326	( <sup>(4)</sup> )3.3	86	( <sup>(4)</sup> )1.7	-	-



**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
					FYE 2019		FYE 2020		FYE 2021		FPE 2022	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sanlens	Ricwil	<ul style="list-style-type: none"> <li>Sim Keng Chor</li> <li>Nomis Sim Siang Leng</li> <li>Simson Zhi and Ecila Sim Xian</li> <li>Ecila Sim Ju-Inn</li> </ul>	<p>Sim Keng Chor and his children</p> <p>Nomis Sim Siang Leng, Simson Sim Xian Zhi and Ecila Sim Ju-Inn are shareholders of Sanlens. They are also directors of Sanlens.</p>	<p>Advances by Ricwil at 2.57% to 4.43% per annum for business investment purpose</p> <p><sup>(10)</sup>Interest charges by Ricwil</p>	-	-	(5)7,000	N/A	(5)7,000	N/A	-	-
									237	(3)4.1	-	-
BCO Ventures Sdn Bhd ("BCO Ventures")	Unitrade	<ul style="list-style-type: none"> <li>Sim Keng Chor</li> <li>Nomis Sim Siang Leng</li> <li>Simson Zhi</li> </ul>	<p>Sim Keng Chor and his children</p> <p>Nomis Sim Siang Leng, Simson Sim Xian Zhi and Ecila Sim Ju-Inn are shareholders of Sanlens, which</p>	<p><sup>(13)</sup>Sales by Unitrade of universal column and mild steel plates</p>	38	(2)<0.1	4	(2)<0.1	-	-	-	-

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value									
					FYE 2019		FYE 2020		FYE 2021		FPE 2022		1 December 2021 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	Ricwil	<ul style="list-style-type: none"><li>Ecila Sim Ju-Inn</li></ul>	holds 100% indirect interest in BCO Ventures through Sanlens. Nomis Sim Siang Leng is also a director of BCO Ventures.	(12)Rental received from BCO Ventures	42	(3)1.1	42	(3)0.6	11	(3)0.2	-	-	-	-
			Sim Keng Chor is also our Promoter, substantial shareholder and Director. Simson Sim Xiang Zhi and Nomis Sim Siang Leng are our Promoters and Directors.	Advances by Unitrade at 3.28% to 3.30% per annum for working capital	-	-	(5)100	N/A	(5)100	N/A	-	-	-	-
			Sim Keng Chor is also our Promoter, substantial shareholder and Director. Simson Sim Xiang Zhi and Nomis Sim Siang Leng are our Promoters and Directors.	Interest income for advances by Ricwil	-	-	-	-	1	(3)<0.1	-	-	-	-
Sim Keng Chor	Ricwil	<ul style="list-style-type: none"><li>Sim Keng Chor</li></ul>	Sim Keng Chor is our Promoter, substantial shareholder and Director.	Disposal of property to Sim Keng Chor	-	-	-	-	-	-	4,300	N/A	-	-
				(7)Rental of property to Ricwil	380	(4)6.0	480	(4)6.9	480	(4)4.8	453	(4)9.0	130	(4)15.1
				(7)Refund of rental deposit	-	-	-	-	-	-	-	-	60	N/A

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value						1 December 2021 up to LPD	
					FYE 2019		FYE 2020		FYE 2021		FPE 2022	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
Nomis Sim Siang Leng	Ricwil	<ul style="list-style-type: none"> <li>Nomis Sim Siang Leng</li> </ul>	Nomis Sim Siang Leng is our Promoter and Director.	(8) Rental of property to Ricwil	380	(4)6.0	480	(4)6.9	480	(4)4.8	320	(4)6.4
				(8) Refund of rental deposit	-	-	-	-	-	-	60	N/A

**Notes:**

- (1) Calculated based on our Group's cost of sales for each of the respective financial years/period.
- (2) Calculated based on our Group's revenue for each of the respective financial years/period.
- (3) Calculated based on our Group's other income for each of the respective financial years/period.
- (4) Calculated based on our Group's administrative expenses for each of the respective financial years/period.
- (5) The advances were repaid as at the respective financial years/period. There are no outstanding advances as at the LPD.
- (6) Sim Yung Chi disposed all of his shares in Neos Engineering on 18 August 2021. Thereafter, Neos Engineering ceased to be a related party of the Group.
- (7) The rental expenses are paid to Sim Keng Chor for renting a piece of industrial land in Lot 3767, Jalan 2D, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor together with a single storey detached factory with an integral 2-storey building and an annexed 2-storey office building at the monthly rental of RM65,000. The tenancy period is 2 years from 1 August 2021 to 31 July 2023 with the option of renewal for 2 years. These properties are rented as Ricwil's factory, office and storage space, which tenancy was terminated by 31 January 2022, after our relocation to the new industrial complex. The rental deposit was refunded upon termination of the tenancy.
- (8) The rental expenses is paid to Nomis Sim Siang Leng for renting a partially cleared industrial land in PT 5 (Lot 3766), Jalan 2D, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor at the monthly rental of RM40,000. The tenancy period is 1 year from 1 May 2021 to 30 April 2022 with the option of renewal for 3 years. This property is rented for storage of pre-insulated pipes, which tenancy was terminated by 28 February 2022, after our relocation to the new industrial complex. The rental deposit was refunded upon termination of the tenancy.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

- (9) Blessplus is the contractor of our new industrial complex and the percentage is not applicable as the construction cost is a non-recurring capital expenditure.
- (10) Being late payment charges for overdue trade-related payments from Neos Engineering, United Jaya and interest on advances to Sanlens.
- (11) UUSB rented a parcel of land from United Jaya for the purpose of storage and repair of scaffolding. The tenancy has been terminated on 30 June 2021.
- (12) BCO Ventures rents part of Ricwil's office space measuring 400sq ft for daily administrative purposes. The tenancy has been terminated on 31 December 2020.
- (13) Recurrent and will continue after listing.

Our Directors are of the view that all our related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties.

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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

**(a) Recurrent related party transactions**

- (i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

**(b) Other related party transactions**

- (i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) The rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of non-interested shareholders. In such instances, the independent adviser shall also advise non-interested shareholders on whether they should vote in favour of the transaction.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

**10.2 OTHER TRANSACTIONS****10.2.1 Transactions entered into that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2019 to 2021, FPE 2022 and up to LPD.

**10.2.2 Outstanding loans (including guarantees of any kind)****(a) Outstanding loans and/or balances**

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group. The Group will no longer provide any loans or advances to related parties moving forward.

**(b) Guarantees**

Our Promoters, substantial shareholders and/or Directors, namely Sim Keng Chor, Teh Beng Khim and Nomis Sim Siang Leng have jointly and severally provided personal guarantees for the banking facilities extended by Al Rajhi Bank & Investment Corporation (Malaysia) Berhad ("**Al Rajhi**"), Alliance Bank Malaysia Berhad ("**Alliance**"), AmBank Islamic Berhad ("**Ambank**"), CIMB Bank Berhad ("**CIMB**"), Hong Leong Bank Berhad ("**Hong Leong**"), Malayan Banking Berhad ("**Maybank**"), OCBC Bank (Malaysia) Berhad ("**OCBC**"), RHB Bank Berhad ("**RHB**") and United Overseas Bank (Malaysia) Bhd ("**UOB**") (collectively, "**Financiers**") to our Group, as follows:

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

<b>Financier</b>	<b>Type of Facilities</b>	<b>Outstanding balance as at LPD RM'000</b>	<b>Facility limit RM'000</b>	<b>Guarantors</b>
RHB	Overdraft and trade facilities	62,008	74,000	Sim Keng Chor Nomis Sim Siang Leng
AmIslamic	Trade facilities 1	44,745	45,000	Sim Keng Chor Teh Beng Khim Nomis Sim Siang Leng
AmIslamic	Trade facilities 2	9,759	13,000	Sim Keng Chor Nomis Sim Siang Leng
Ambank	Overdraft 1	-	2,000	Sim Keng Chor Teh Beng Khim Nomis Sim Siang Leng
Ambank	Overdraft 2	-	2,000	Sim Keng Chor Nomis Sim Siang Leng
Alliance	Trade facilities	6,000	6,000	Sim Keng Chor Teh Beng Khim Nomis Sim Siang Leng
Hong Leong	Overdraft 1 and trade facilities 1	60,448	85,500	Sim Keng Chor Teh Beng Khim Nomis Sim Siang Leng
Hong Leong	Term loan 1 and revolving credit	7,274	18,234	Sim Keng Chor Nomis Sim Siang Leng
Hong Leong	Overdraft 2, term loan 2 and trade facilities 2	4,738	10,500	Lim Chee Chow Sim Keng Chor Nomis Sim Siang Leng
Maybank	Overdraft and trade facilities	31,631	40,000	Sim Keng Chor Teh Beng Khim Nomis Sim Siang Leng
CIMB	Overdraft, revolving credit 1 and trade facilities	40,268	43,000	Sim Keng Chor Teh Beng Khim Nomis Sim Siang Leng
CIMB	Term loan and revolving credit 2	114,743	118,900	Sim Keng Chor Nomis Sim Siang Leng
Al Rajhi	Trade facilities	66,749	75,000	Sim Keng Chor Nomis Sim Siang Leng
OCBC	Term loan and trade facilities	49,112	51,000	Sim Keng Chor Nomis Sim Siang Leng
UOB	Overdraft, term loan and trade facilities	28,036	33,650	Sim Keng Chor Nomis Sim Siang Leng
		<b>525,511</b>	<b>617,784</b>	



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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, the aforesaid persons will continue to guarantee the banking facilities extended to our Group.

As at the date of this Prospectus, we have received conditional approvals from all Financiers to discharge the above guarantees by substituting the same with a corporate guarantee from our Company upon successful listing of UIB on the ACE Market of Bursa Securities.

**10.2.3 Promotion of any material assets**

Save as disclosed below, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 2019 to 2021 and FPE 2022, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by us:

- (a) Disposal by Ricwil of a single-storey factory with an integral two-storey building and an annexed two-storey office building bearing address at Lot 3767, Jalan 2D, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor which is located on a land held under Title No. PM 4651, Lot 72317, Pekan Subang, District of Petaling, Selangor to Sim Keng Chor for a cash consideration of RM4.3 million, which was completed on 21 June 2021.

**10.2.4 Transactions entered into with M&A Securities**

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 23 February 2021 between Unitrade and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor, Underwriter and Placement Agent for our Listing; and
- (b) Underwriting Agreement dated 7 April 2022 entered into between our Company and M&A Securities for the underwriting of 141,625,000 Issue Shares.

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**11. CONFLICT OF INTEREST****11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS**

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

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

<b>Name of customer</b>	<b>Principal activities</b>	<b>Nature of interest</b>
BCO Ventures	Provision of engineering and project management services, assembly and fabricating of display panels and road safety barriers systems	<p>Sim Keng Chor, Nomis Sim Siang Leng and Simson Sim Xian Zhi respectively holds 50.0%, 20.0% and 20.0% of Sanlens, which wholly-owns BCO Ventures, and as such, are deemed indirect shareholders of BCO Ventures holding 100% pursuant to Section 8 of the Act.</p> <p>Sim Keng Chor is our Promoter, substantial shareholder and Director. Nomis Sim Siang Leng and Simson Sim Xian Zhi and are our Promoters and Directors.</p>

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

<b>Name of supplier</b>	<b>Principal activities</b>	<b>Nature of interest</b>
Molecor	Distribution of PVC-O pipes	<p>Sim Keng Chor and his children Nomis Sim Siang Leng, Simson Sim Xian Zhi and Ecila Sim Ju-Inn are shareholders through Sanlens, a substantial shareholder of Molecor.</p> <p>Nomis Sim Siang Leng is also a non-executive director in Molecor.</p> <p>Sim Keng Chor is our Promoter, substantial shareholder and Director. Nomis Sim Siang Leng and Simson Sim Xian Zhi are our Promoters and Directors.</p>

Our Board is of the view that the interests of our Directors and substantial shareholders in the above customers/suppliers do not give rise to a conflict of interest situation based on the following:

- (a) Our Directors are not involved in the day-to-day operations of the customers/suppliers, and our Directors only attend meeting of the board of directors on which they serve and accordingly discharge their principal areas of responsibilities as directors of those companies;

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

- (b) All the transactions carried out with the customers/suppliers were on arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and are not to the detriment of our non-interested shareholders;
- (c) Our Directors' interest in Molecor is 25.0% collectively, and its business operations is managed by its holding company, i.e. Fitters Diversified Berhad, which holds 72.3%;
- (d) Molecor is majority-owned by Fitters Diversified Berhad which also manages its operations, and is therefore not under the influence of our Promoters, substantial shareholders and Directors. Notwithstanding Molecor being among our top 5 suppliers for FYE 2020, it has minimal transactions with us representing only 0.1% to 2.4% of our cost of sales from FYE 2019 to 2021 and FPE 2022 being the purchase of PVC-O pipes by Unitrade of RM0.6 million to RM24.3 million and we are not dependent on Molecor for our business operations. Besides Molecor, we have also engage other companies to purchase/provide similar products/services;
- (e) Our Promoters, substantial shareholders and Directors are able to exert control over BCO Ventures, as it is wholly-owned through Sanlens. However, BCO Ventures has minimal transactions of less than 0.1% of our revenue, annual rental of RM42,000 which has ceased, and advances of RM100,000 which have been repaid, and we no longer have any transactions with BCO Ventures; and
- (f) BCO Ventures is not our major customer, and we are not dependent on them for our business operations. Besides BCO Ventures, we have a large and diverse base of 1,232 active customers as at LPD.

Additionally, the related party transactions with Blessplus, Well-Built Alloy, Sanifix and United Jaya as disclosed in Section 10.1 do not constitute a conflict of interest situation as our Promoters and substantial shareholders are not shareholders or directors of the said companies, notwithstanding that transactions with these companies are deemed related party transactions through persons connected to our Promoters, substantial shareholders and Directors.

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

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

- (a) Immediately inform our Board of the conflict of interest situation;

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

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- (b) Make recommendations to our Board to direct the conflicted Director to:
  - (i) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
  - (ii) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

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

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

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

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

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (b) Rosli Dahlan Saravana Partnership has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;
- (c) KPMG PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) Smith Zander International Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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**12. FINANCIAL INFORMATION****12.1 HISTORICAL FINANCIAL INFORMATION**

Our Company was incorporated on 13 April 2021 to facilitate our Listing, and we completed the acquisitions of Unitrade, Ricwil and UUSB on 25 March 2022 and acquisition of USB on 26 March 2022. Unitrade, Ricwil Group and USB have been under the common control of our Promoters throughout FYE 2019 to 2021 and FPE 2022 and are regarded as continuing entities. As such, the historical financial information of our Group for FYE 2019 to 2021 and FPE 2022 is presented based on the combined audited financial statements of Unitrade, Ricwil Group and USB.

Our historical financial statements for FYE 2019 to 2021 and FPE 2022 were prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

**12.1.1 Combined statements of comprehensive income**

The following table sets out a summary of our combined statements of comprehensive income for FYE 2019 to 2021 and FPE 2021 and 2022 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	1,048,723	1,077,629	1,025,044	567,766	756,384
Cost of sales	(968,944)	(996,723)	(936,308)	(521,102)	(681,176)
<b>GP</b>	<b>79,779</b>	<b>80,906</b>	<b>88,736</b>	<b>46,664</b>	<b>75,208</b>
Other income	3,965	7,068	5,841	4,159	4,500
Administrative expenses	(32,853)	(35,915)	(39,716)	(21,918)	(23,722)
Net loss on impairment of financial instruments	(10,344)	(7,830)	(2,878)	-	(8,904)
<b>Results from operating activities</b>	<b>40,547</b>	<b>44,229</b>	<b>51,983</b>	<b>28,905</b>	<b>47,082</b>
Finance income	1,249	1,610	2,002	705	350
Finance costs	(13,917)	(16,792)	(13,914)	(9,712)	(8,875)
<b>PBT</b>	<b>27,879</b>	<b>29,047</b>	<b>40,071</b>	<b>19,898</b>	<b>38,557</b>
Tax expenses	(6,919)	(8,704)	(10,905)	(5,248)	(10,104)
<b>Profit and total comprehensive income for the year/period</b>	<b>20,960</b>	<b>20,343</b>	<b>29,166</b>	<b>14,650</b>	<b>28,453</b>
<b>Total comprehensive income attributed to:</b>					
- Owner of the Group	18,925	19,087	28,782	13,812	28,107
- Non-controlling interest	2,035	1,256	384	838	346
	<b>20,960</b>	<b>20,343</b>	<b>29,166</b>	<b>14,650</b>	<b>28,453</b>
EBIT (RM'000) <sup>(1)</sup>	40,547	44,229	51,983	28,905	47,082
EBITDA (RM'000) <sup>(1)</sup>	44,356	50,229	57,573	32,769	51,649
GP margin (%) <sup>(2)</sup>	7.6	7.5	8.7	8.2	9.9
PBT margin (%) <sup>(3)</sup>	2.7	2.7	3.9	3.5	5.1
PAT margin (%) <sup>(4)</sup>	2.0	1.9	2.8	2.6	3.8
Basic EPS (sen) <sup>(5)</sup>	1.5	1.5	2.3	1.1	2.2
Diluted EPS (sen) <sup>(6)</sup>	1.2	1.2	1.8	0.9	1.8

## 12. FINANCIAL INFORMATION (Cont'd)

### Notes:

- (1) EBIT and EBITDA are calculated as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PAT	20,960	20,343	29,166	14,650	28,453
Less:					
Finance income	(1,249)	(1,610)	(2,002)	(705)	(350)
Add:					
Finance cost	13,917	16,792	13,914	9,712	8,875
Taxation	6,919	8,704	10,905	5,248	10,104
<b>EBIT</b>	<b>40,547</b>	<b>44,229</b>	<b>51,983</b>	<b>28,905</b>	<b>47,082</b>
Add:					
Depreciation & amortisation	3,809	6,000	5,590	3,864	4,567
<b>EBITDA</b>	<b>44,356</b>	<b>50,229</b>	<b>57,573</b>	<b>32,769</b>	<b>51,649</b>

- (2) Calculated based on GP divided by revenue.
- (3) Calculated based on PBT divided by revenue.
- (4) Calculated based on total comprehensive income for the year/period divided by revenue.
- (5) Calculated based on total comprehensive income attributed to owners of our Group divided by our share capital of 1,250,000,000 Shares in issue before Public Issue.
- (6) Calculated based on total comprehensive income attributed to owners of our Group divided by our enlarged share capital of 1,562,500,000 Shares after Public Issue.

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**12. FINANCIAL INFORMATION (Cont'd)****12.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 March 2019, 2020 and 2021 as well as 30 November 2021 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	As at 31 March			As at 30 November
	2019	2020	2021	2021
	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets</b>				
Property, plant and equipment	46,456	152,756	166,948	184,118
Right-of-use assets	-	253	7	4,739
Investment properties	5,753	5,625	5,600	5,516
Intangible assets	-	584	556	515
Other investments	71	71	71	71
Deferred tax assets	3,024	2,514	2,915	2,993
Trade and other receivables	7,186	-	-	-
<b>Total non-current assets</b>	<b>62,490</b>	<b>161,803</b>	<b>176,097</b>	<b>197,952</b>
<b>Current assets</b>				
Inventories	131,669	129,123	117,349	161,715
Trade and other receivables	308,526	384,348	427,069	394,217
Current tax assets	2,663	2,269	618	1,503
Cash and cash equivalents	66,567	37,656	88,372	72,903
	509,425	553,396	633,408	630,338
Assets classified as held for sale	-	-	2,755	-
<b>Total current assets</b>	<b>509,425</b>	<b>553,396</b>	<b>636,163</b>	<b>630,338</b>
<b>Total assets</b>	<b>571,915</b>	<b>715,199</b>	<b>812,260</b>	<b>828,290</b>
<b>Equity</b>				
Invested equity	4,500	5,000	5,000	15,300
Retained earnings	175,343	192,536	213,364	195,030
<b>Total equity attributed to owners of the Group</b>	<b>179,843</b>	<b>197,536</b>	<b>218,364</b>	<b>210,330</b>
Non-controlling interest	3,223	4,479	4,863	5,209
<b>Total equity</b>	<b>183,066</b>	<b>202,015</b>	<b>223,227</b>	<b>215,539</b>
<b>Non-current liabilities</b>				
Loan and borrowings	12,654	103,296	103,616	115,690
Lease liabilities	-	7	-	3,506
Deferred tax liabilities	1,417	1,820	1,467	2,303
<b>Total non-current liabilities</b>	<b>14,071</b>	<b>105,123</b>	<b>105,083</b>	<b>121,499</b>
<b>Current liabilities</b>				
Loan and borrowings	305,591	353,268	386,097	395,644
Lease liabilities	-	253	7	1,349
Trade and other payables	69,187	54,540	96,271	85,952
Current tax liabilities	-	-	1,575	8,307
<b>Total current liabilities</b>	<b>374,778</b>	<b>408,061</b>	<b>483,950</b>	<b>491,252</b>
<b>Total liabilities</b>	<b>388,849</b>	<b>513,184</b>	<b>589,033</b>	<b>612,751</b>
<b>Total equity and liabilities</b>	<b>571,915</b>	<b>715,199</b>	<b>812,260</b>	<b>828,290</b>



**12. FINANCIAL INFORMATION (Cont'd)****12.1.3 Combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for FYE 2019 to 2021 and FPE 2022 which has been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
PBT	27,879	29,047	40,071	38,557
Adjustments for:				
Impairment loss on:				
- trade receivables	11,171	7,853	5,062	9,536
- inventories	1,786	530	1,919	369
- property, plant and equipment	-	229	-	-
Depreciation of:				
- property, plant and equipment	3,708	4,906	5,150	3,612
- right-of-use assets	-	926	246	821
- investment properties	101	128	124	84
Write off of property, plant and equipment	-	5	2,438	1
Bad debt written off	5	-	-	-
Bad debts recovered	(120)	(10)	(10)	-
Amortisation of intangible assets	-	40	70	50
Gain on disposal of:				
- property, plant and equipment	(192)	(337)	(82)	(452)
- assets classified as held for sale	-	-	-	(1,545)
Finance income	(1,249)	(1,610)	(2,002)	(350)
Rental income	(594)	(1,334)	(1,237)	(336)
Reversal of impairment loss on:				
- trade receivables	(827)	(23)	(2,184)	(632)
- inventories	(48)	(86)	(73)	-
Unrealised foreign exchange (gain)/loss	(169)	(57)	16	9
Finance costs	13,917	16,792	13,914	8,875
<b>Operating profit before changes in working capital</b>	<b>55,368</b>	<b>56,999</b>	<b>63,422</b>	<b>58,599</b>
Change in inventories	(47,802)	2,102	9,928	(44,735)
Change in trade and other receivables	(50,068)	(75,693)	(44,652)	23,972
Change in trade and other payables	(12,808)	(13,974)	42,186	(10,474)
<b>Cash (used in)/generated from operations</b>	<b>(55,310)</b>	<b>(30,566)</b>	<b>70,884</b>	<b>27,362</b>
Interest paid	(240)	(395)	(247)	(322)
Income tax paid	(12,550)	(8,654)	(8,460)	(4,086)
Income tax refund	-	1,257	27	587
<b>Net cash (used in)/from operating activities</b>	<b>(68,100)</b>	<b>(38,358)</b>	<b>62,204</b>	<b>23,541</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(14,562)	(112,837)	(26,622)	(21,189)
Acquisition of intangible assets	-	(624)	(42)	(9)

**12. FINANCIAL INFORMATION (Cont'd)**

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Acquisition of investment property	(3,101)	-	-	-
Proceeds from disposal of property, plant and equipment	1,087	2,040	2,470	1,673
Change in pledged deposits	(258)	(280)	(261)	(73)
Rental received	594	1,334	1,237	336
Interest received	1,238	870	959	326
<b>Net cash used in investing activities</b>	<b>(15,002)</b>	<b>(109,497)</b>	<b>(22,259)</b>	<b>(18,936)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the Group	(10,379)	(2,570)	(7,954)	(31,841)
Drawdown of loans and borrowings	108,729	139,718	32,587	19,910
Repayment of lease liabilities	-	(919)	(253)	(705)
Repayment of hire purchase liabilities	(1,789)	(1,484)	(508)	(172)
Interest paid	(13,849)	(16,360)	(13,986)	(8,407)
Issuance of ordinary shares	-	500	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>82,712</b>	<b>118,885</b>	<b>9,886</b>	<b>(21,215)</b>
Net (decrease)/increase in cash and cash equivalents	(390)	(28,970)	49,831	(16,610)
Effect of exchange rate fluctuation on cash held	<0.1	-	-	-
Cash and cash equivalents at beginning of the year/period	58,252	57,862	28,892	78,723
Cash and cash equivalents at end of the year/period <sup>(1)</sup>	<b>57,862</b>	<b>28,892</b>	<b>78,723</b>	<b>62,113</b>

**Note:**

- <sup>(1)</sup> Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	58,083	28,892	79,347	63,805
Deposits placed with licensed banks	8,484	8,764	9,025	9,098
Bank overdraft	(221)	-	(624)	(1,692)
	66,346	37,656	87,748	71,211
Less: Deposit pledged	(8,484)	(8,764)	(9,025)	(9,098)
	<b>57,862</b>	<b>28,892</b>	<b>78,723</b>	<b>62,113</b>

## **12. FINANCIAL INFORMATION (Cont'd)**

### **12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and segmental analysis of our combined financial statements for FYE 2019 to 2021 and FPE 2022 should be read with the Accountants' Report included in Section 13.

#### **12.2.1 Overview of our operations**

##### **(a) Principal activities**

Our Group is principally involved in the business of wholesale and distribution of building materials, manufacturing and sale of pre-insulated pipes, and rental of temporary structural support equipment.

Please refer to Section 7 for our Group's detailed business overview.

##### **(b) Revenue**

Our Group's revenue for the financial years/periods under review was derived from our wholesale and distribution of building materials, manufacturing and sale of pre-insulated pipes and rental of temporary structural support equipment.

Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises and when the services are rendered.

##### **(c) Cost of sales**

Our cost of sales comprises raw materials cost, direct labour cost and factory overheads:

##### **(i) Purchase of building materials**

We procure a variety of civil and M&E building materials as set out in Section 7.10 through a network of local and foreign suppliers.

##### **(ii) Raw materials**

Our Group's direct raw materials mainly consist of carrier pipes, insulation material and jacketing, which are sourced from local and foreign suppliers.

##### **(iii) Direct labour**

Our direct labour comprises salaries, wages and allowances for production workers which are employed directly by us.

##### **(iv) Factory overhead**

Factory overhead mainly includes depreciation of property, plant and equipment, subcontractors' costs, upkeep expenses, utilities charges, direct labour and indirect staff cost relating to the production activities such as quality assurance, product development and store-keeping.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**(d) Other income**

Other income mainly comprises rental income from properties, gain on disposal of property, plant and equipment and assets classified as held for sale, late payment charges, transport charges, bad debts recovered, and realised and unrealised gains on foreign exchange.

**(e) Administrative expenses**

Administrative expenses mainly consist of overheads incurred to maintain our operations such as staff costs, directors' remuneration, depreciation of property, plant and equipment that are not used in manufacturing process, professional fees, rental expenses for warehouse, upkeep expenses, sales commission, transport outward, fixed assets written off, stamp duty, insurance and road tax.

**(f) Net loss on impairment of financial instrument**

Our net loss on impairment of financial instrument relates entirely to impairment of trade receivables in accordance with MFRS 9, where we recognise loss allowances for expected credit losses on trade receivables with reference to our historical credit loss experience.

**(g) Finance income**

Finance income comprises deposits placed with licensed banks, deposits with other financial institution and advances to related companies.

**(h) Finance cost**

Finance cost comprises banker acceptances interest, hire purchase liabilities interest, lease liabilities interest, term loan interest, revolving credit interest and bank overdraft interest.

**(i) Recent developments**

Save for the Acquisitions, dividends declared and paid, and the disruption to our operation arising from COVID-19 (details as set out in Section 7.7), there were no other significant events subsequent to our audited combined financial statements for FPE 2022.

**(j) Exceptional and extraordinary items and audit qualifications**

There were no exceptional or extraordinary items during FYE 2019 to 2021 and FPE 2022. In addition, our audited combined financial statements for the financial years/period under review were not subject to any audit qualifications.

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.2.2 Review of our results of operations

#### (a) Revenue

##### Analysis of revenue by segment

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Wholesale and distribution of building materials	1,013,000	96.6	1,041,232	96.6	991,839	96.8	546,321	96.2	737,404	97.5
Manufacturing and sale of pre-insulated pipes	23,570	2.2	21,905	2.0	21,009	2.0	13,754	2.4	12,301	1.6
Rental of temporary structural support equipment	12,153	1.2	14,492	1.4	12,196	1.2	7,691	1.4	6,679	0.9
	<b>1,048,723</b>	<b>100.0</b>	<b>1,077,629</b>	<b>100.0</b>	<b>1,025,044</b>	<b>100.0</b>	<b>567,766</b>	<b>100.0</b>	<b>756,384</b>	<b>100.0</b>

Our revenue for the financial years/periods under review are mainly derived from wholesale and distribution of building materials segment, which accounted for more than 96.6% of our revenue from FYE 2019 to 2021 and FPE 2022.

##### Analysis of revenue by geographical markets

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	1,041,355	99.3	1,073,938	99.7	1,021,121	99.6	564,549	99.4	754,219	99.7
Overseas	(1)7,368	0.7	(2)3,691	0.3	(3)3,923	0.4	(4)3,217	0.6	(5)2,165	0.3
	<b>1,048,723</b>	<b>100.0</b>	<b>1,077,629</b>	<b>100.0</b>	<b>1,025,044</b>	<b>100.0</b>	<b>567,766</b>	<b>100.0</b>	<b>756,384</b>	<b>100.0</b>

## 12. FINANCIAL INFORMATION (Cont'd)

### Notes:

- (1) comprises sales to Bangladesh, Australia, Cambodia, Brunei, Singapore and Indonesia.
- (2) comprises sales to Bangladesh, Brunei, Australia, Cambodia, Indonesia, China and Thailand.
- (3) comprises sales to Cambodia, Brunei, Singapore, Bangladesh and China.
- (4) comprises sales to Bangladesh, Brunei, China and Cambodia.
- (5) comprises sales to Brunei, Cambodia, Singapore and Hong Kong.

Our revenue for the financial years/periods under review is mainly derived from Malaysia market, which accounted for more than 99.3% of our revenue from FYE 2019 to 2021 and FPE 2022.

### Comparison between FYE 2019 and FYE 2020

Our Group's total revenue increased by RM28.9 million or 2.8% from RM1,048.7 million in FYE 2019 to RM1,077.6 million in FYE 2020.

On a segmental basis:

- (i) revenue from wholesale and distribution of building materials, increased by RM28.2 million (2.8%), which was largely driven by sales of building materials for civil works used in infrastructure projects during the year, such as the Sungai Besi - Ulu Kelang Elevated Expressway, Damansara - Shah Alam Elevated Expressway and Sungai Pulai Bridge; and
- (ii) revenue from the rental of temporary structural support equipment, increased by RM2.3 million (19.2%), as we invested in more of temporary structural support equipment and rented them out to a new customer for use in several residential and commercial construction projects mainly in Klang Valley.

The increase in revenue was partially offset by RM1.7 million (7.1%) decrease in revenue from manufacturing and sale of pre-insulated pipes, which was mainly due to closure of operations during the onset of the COVID-19 and MCO situation and sales for this segment are on made-to-order basis.

**12. FINANCIAL INFORMATION (Cont'd)**

On a geographical basis:

- (i) revenue from Malaysia increased by RM32.6 million (3.1%), which was mainly driven by the incremental sales from our wholesale and distribution of building materials segment and incremental rental of temporary structural support equipment segment, as explained above; and
- (ii) revenue from overseas decreased by RM3.7 million (49.9%), which was mainly due to completion of projects in Australia and Bangladesh in June 2019 for pre-insulated pipes manufacturing segment. Our Group secured these projects mainly through internet exposure, and as far as our management is aware, the customer had approached our Group because there is no local manufacturer in Cambodia.

**Comparison between FYE 2020 and FYE 2021**

Our Group's total revenue decreased by RM52.6 million or 4.9% from RM1,077.6 million in FYE 2020 to RM1,025.0 million in FYE 2021 as the MCO situation worsened, and we had experienced approximately 1.5 months of lockdown. Please refer to Section 7.7 for further details of the interruptions in our operations.

On a segmental basis:

- (i) revenue from wholesale and distribution materials, decreased by RM49.4 million (4.7%), which was largely caused by overall lower volume of sales in light of the MCO, but cushioned by rising steel prices, which increased the selling prices of our goods;
- (ii) revenue from manufacturing and sale of pre-insulated pipes, decreased by RM0.9 million (4.1%), which was largely caused by delays in the progress of projects using our pre-insulated pipes as a result of the MCO situation; and
- (iii) revenue from rental of temporary structural support equipment, decreased by RM2.3 million (15.8%), which was largely caused by reduced rental rates and rebates given to customers to encourage early settlement for rental periods affected by the MCO situation. The rebates are given based on the settlement amount, with higher rebates given for larger settlements of amounts due and amounts overdue. UUSB had provided for RM1.9 million of impairment for these amounts and expects to be able to collect the remaining amounts of RM17,685.



## 12. FINANCIAL INFORMATION (Cont'd)

On a geographical basis:

- (i) revenue from the Malaysian market decreased by RM52.8 million (4.9%), which was largely caused by the implementation of MCO, where we had experienced periods of lockdown; and
- (ii) revenue from overseas market, increased by RM0.2 million (6.3%), mainly from sales to a new customer in Cambodia for pre-insulated pipes manufacturing segment. Our Group secured this customer mainly through internet exposure, and as far as our management is aware, the customer had approached our Group because there is no local manufacturer in Cambodia.

### Comparison between FPE 2021 and FPE 2022

Our Group's total revenue increased by RM188.6 million or 33.2% from RM567.8 million in FPE 2021 to RM756.4 million in FPE 2022.

On a segmental basis:

- (i) revenue from wholesale and distribution materials, increased by RM191.1 million (35.0%), which was mainly contributed by increases in steel prices over FPE 2022 which resulted in increased selling prices of our goods and overall higher sales volume of reinforcement steel to downstream steel products manufacturers;
- (ii) revenue from manufacturing and sale of pre-insulated pipes, decreased by RM1.5 million (10.6%), due to completion of a project in Bangladesh in April 2022; and
- (iii) revenue from rental of temporary structural support equipment, decreased by RM1.0 million (13.2%), which was mainly caused by reduced rental rates and rebates given to customers to encourage early settlements who were badly affected by the MCO.

On a geographical basis:

- (i) revenue from the Malaysian market, increased by RM189.7 million (33.6%), which was mainly contributed by higher steel prices and sales volume to downstream steel products manufacturers as explained above; and
- (ii) revenue from overseas market, decreased by RM1.1 million (32.7%), due to completion of a project in Bangladesh in April 2022 as explained above.

**12. FINANCIAL INFORMATION (Cont'd)****(b) Cost of sales, GP and GP margin****Analysis of cost of sales by segment**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Wholesale and distribution of building materials	948,359	97.9	976,143	98.0	915,598	97.8	508,099	97.5	668,010	98.1
Manufacturing and sale of pre-insulated pipes	17,456	1.8	16,341	1.6	15,779	1.7	10,108	1.9	9,817	1.4
- Raw materials	17,003	97.4	15,876	97.2	15,422	97.7	9,816	97.1	9,393	95.7
- Direct labour	149	0.9	176	1.1	116	0.7	82	0.8	125	1.3
- Factory overhead	304	1.7	289	1.8	241	1.5	210	2.1	299	3.0
Rental of temporary structural support equipment	3,129	0.3	4,239	0.4	4,931	0.5	2,895	0.6	3,349	0.5
	<b>968,944</b>	<b>100.0</b>	<b>996,723</b>	<b>100.0</b>	<b>936,308</b>	<b>100.0</b>	<b>521,102</b>	<b>100.0</b>	<b>681,176</b>	<b>100.0</b>

**Analysis of GP and GP margin by segment**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %
Wholesale and distribution of building materials	64,641	6.4	65,089	6.3	76,241	7.7	38,222	7.0	69,394	9.4
Manufacturing and sale of pre-insulated pipes	6,114	25.9	5,564	25.4	5,230	24.9	3,646	26.5	2,484	20.2
Rental of temporary structural support equipment	9,024	74.2	10,253	70.7	7,265	59.6	4,796	62.4	3,330	49.9
	<b>79,779</b>	<b>7.6</b>	<b>80,906</b>	<b>7.5</b>	<b>88,736</b>	<b>8.7</b>	<b>46,664</b>	<b>8.2</b>	<b>75,208</b>	<b>9.9</b>

## 12. FINANCIAL INFORMATION (Cont'd)

### Comparison between FYE 2019 and FYE 2020

Our Group's total cost of sales increased by RM27.8 million or 2.9% from RM968.9 million in FYE 2019 to RM996.7 million in FYE 2020, which was in tandem with the increase in revenue as more purchases are required to meet the increase in sales. As a result, our Group's GP increased by RM1.1 million (1.4%) and GP margin slightly decreased from 7.6% in FYE 2019 to 7.5% in FYE 2020 in line with the rate of increase of our revenue and cost of sales. Our selling prices were not adjusted despite decreasing steel prices in FYE 2020.

On a segmental basis:

- (i) cost of sales for the wholesale and distribution of building materials segment, increased by 2.9%, a marginally higher rate than revenue (2.8% increase), maintaining the segment's GP margin at a marginally lower rate of 6.3% in FYE 2020 (FYE 2019: 6.4%);
- (ii) cost of sales for manufacturing and sale of pre-insulated pipes segment, decreased by 6.4%, a lower rate compared to the decrease in revenue (7.1% decrease), as we had to maintain our labour and fixed overhead costs during the period when we were closed, resulting in a marginal drop in GP margin from 25.9% to 25.4%; and
- (iii) despite the 19.2% increase in revenue for our rental of temporary structural support equipment segment, cost of sales increased by 35.5%, due mainly from higher depreciation as a result of our investment in more temporary structural support equipment, resulting in the reduced GP margin from 74.2% to 70.7%.

### Comparison between FYE 2020 and FYE 2021

Our Group's total cost of sales decreased by RM60.4 million or 6.1% from RM996.7 million in FYE 2020 to RM936.3 million in FYE 2021, which was higher than the RM52.6 million (4.9%) decrease in our revenue. As a result, our Group's GP increased by RM7.8 million and GP margin increased from 7.5% in FYE 2020 to 8.7% in FYE 2021.

On a segmental basis:

- (i) cost of sales for wholesale and distribution of building materials segment decreased by 6.2%, at a higher rate than our revenue (4.7% decrease). Overall, rising steel prices cushioned the impact of lower sales volume. In addition, we also enjoyed lower cost of inventories which were bought prior to the increase in steel prices. All these factors combined resulted in a higher GP margin of 7.7% in FYE 2021 compared to 6.3% in FYE 2020;

## 12. FINANCIAL INFORMATION (Cont'd)

- (ii) cost of sales for manufacturing and sale of pre-insulated pipes segment, decreased by 3.4%, a marginally lower rate compared to decrease in revenue (4.1% decrease), due to generally higher costs of raw materials in tandem with the increase in steel prices, resulting in a marginal drop in GP margin from 25.4% to 24.9% in FYE 2021; and
- (iii) cost of sales for rental of temporary structural support equipment increased by 16.3%, at a higher rate than our revenue (15.8% decrease), which was mainly due to higher depreciation, as we continued to invest in more temporary structural support equipment during the year. Coupled with the rental rebates and discounts given, this resulted in the reduced GP margin from 70.7% to 59.6%.

### Comparison between FPE 2021 and FPE 2022

Our Group's total cost of sales increased by RM160.1 million or 30.7% from RM521.1 million in FPE 2021 to RM681.2 million in FPE 2022, which was lower than the RM188.6 million (33.2%) increase of our revenue. As a result, our Group's GP increased by RM28.5 million and GP margin increased from 8.2% in FPE 2021 to 9.9% in FPE 2022.

On a segmental basis:

- (i) cost of sales for wholesale and distribution of building materials segment increased by 31.5%, at a lower rate than our revenue (35.0% increase). Overall, our Group enjoyed lower cost of inventories which were bought prior to the increase in steel prices, which resulted in a higher GP margin of 9.4% in FPE 2022 compared to 7.0% in FPE 2021;
- (ii) cost of sales for manufacturing and sale of pre-insulated pipes segment, decreased by 2.9%, a lower rate compared to decrease in revenue (10.6% decrease), mainly due to the increase in steel prices which we were not able to pass on to customers as the selling price of the pre-insulated pipes have been agreed upfront. Additionally, there are direct labour and factory overheads which have increased slightly due to increased number of production staff as well temporary rental of 5 months for Ricwil's operations pending relocation to the new industrial complex. These factors resulted in the reduced GP margin from 26.5% to 20.2%; and
- (iii) cost of sales for rental of temporary structural support equipment increased by 15.7%, a marginally higher rate than our revenue (13.2% decrease), mainly due to the higher depreciation as we continued to invest in more temporary structural support equipment during the period. Coupled with the rental rebates and discounts given, this resulted in the reduced GP margin from 62.4% to 49.9%.

**12. FINANCIAL INFORMATION (Cont'd)**

**(c) Other income**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bad debt recovered	120	3.0	10	0.1	10	0.2	10	0.2	-	-
Gain on disposal of property, plant and equipment	197	4.9	397	5.6	196	3.4	49	1.2	452	10.0
Gain on disposal of assets classified as held for sale	-	-	-	-	-	-	-	-	1,545	34.3
Rental income from our properties <sup>(3)</sup>	594	15.0	1,334	18.9	1,237	21.2	1,036	24.9	336	7.5
Gain in foreign exchange										
- realised	1,445	36.4	442	6.3	-	-	-	-	-	-
- unrealised	169	4.3	57	0.8	-	-	-	-	-	-
Transport charges to customers for delivery of materials	768	19.4	795	11.2	1,104	18.9	1,003	24.1	652	14.5
Others <sup>(1)</sup>	194	4.9	29	0.4	920	15.7	369	8.9	133	3.0
Late payment charges <sup>(2)</sup>	478	12.1	4,004	56.7	2,374	40.6	1,692	40.7	1,382	30.7
	<b>3,965</b>	<b>100.0</b>	<b>7,068</b>	<b>100.0</b>	<b>5,841</b>	<b>100.0</b>	<b>4,159</b>	<b>100.0</b>	<b>4,500</b>	<b>100.0</b>

**Notes:**

- <sup>(1)</sup> Comprising handling charges, payment term extension charges to certain customers at a rate of between 5.9% p.a. to 12.0% p.a depending on negotiations for extending them a longer credit period, insurance claim and compensation received.
- <sup>(2)</sup> We generally charge late payment charges of up to 1.5% per month on our outstanding trade receivables which are more than 30 days overdue. We recognise these amounts upon receipt.
- <sup>(3)</sup> The properties refer to our industrial land and buildings in Bukit Jelutong and Hicom-Glenmarie Industrial Park as well as an apartment unit, all of which are rented to third parties, as well as a 400 sq ft office space rented by BCO Ventures Sdn Bhd, which is further detailed in Section 10.1.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2019 and FYE 2020**

Other income increased by RM3.1 million or 78.3% from RM4.0 million in FYE 2019 to RM7.1 million in FYE 2020, which was mainly due to higher late payment charges received on overdue trade receivables of RM3.5 million in relation to 2 customers for charges on amounts overdue due to slower collection since FYE 2019 as these customers anticipated cash flow constraints on their end, and agreed with the Group for them to delay their payment, subject to late payment charges. These amounts were settled in FYE 2020. Additionally, we recorded RM0.7 million increase in rental income arising from the property which we acquired in FYE 2020 and rented back to the previous owner after our acquisition. The property is earmarked for the construction of our new industrial complex. This was offset by RM1.0 million decrease in realised gain in foreign exchange on our net financial liabilities position due to the overall weakening of RM against USD in FYE 2020.

**Comparison between FYE 2020 and FYE 2021**

Other income decreased by RM1.2 million or 17.4% from RM7.1 million in FYE 2020 to RM5.8 million in FYE 2021, which was mainly due to the RM1.6 million lower late payment charges, as we continued to improve on our collections with tighter credit control, and RM0.4 million decrease in realised gain in foreign exchange as we incurred losses due to the overall strengthening of RM against USD throughout the financial year. This was offset by RM0.9 million increase in others, being mainly compensation received from our suppliers for certain amounts of orders not fulfilled, despite deposits already paid by our Group.

**Comparison between FPE 2021 and FPE 2022**

Other income increased by RM0.3 million or 8.2% from RM4.2 million in FPE 2021 to RM4.5 million in FPE 2022. During FPE 2022, we recorded a gain of RM1.5 million on the disposal of assets classified as held for sale, arising from the disposal of factory and office building owned by Ricwil to Sim Keng Chor, our Executive Vice Chairman. This was offset by a RM0.7 million decrease in rental income as our tenancy with BASF (Malaysia) Sdn Bhd expired as well as RM0.4 million decrease in transport charges due to own collection by customers. The tenancy with BASF (Malaysia) Sdn Bhd commenced on 14 November 2019 at a monthly rental of RM155,940, after the property was sold to our Group, and was terminated on 2 August 2020 to make way for the construction of our new industrial complex.

**12. FINANCIAL INFORMATION (Cont'd)****(d) Administrative expenses**

Our administrative and general expenses can be separated into 4 categories, namely, administrative expenses, selling and distribution expenses, other operating expenses, and employee benefits expenses, the breakdown of which are as follows:

**Administrative expenses**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bad debts written off	5	0.1	-	-	-	-	-	-	-	-
Bank charges & commission	110	1.7	117	1.7	85	0.8	47	0.9	41	0.8
Write off of property, plant and equipment	-	-	5	0.1	2,438	24.5	-	-	1	<0.1
Loss on disposal of property, plant and equipment	5	0.1	60	0.9	114	1.2	-	-	-	-
Impairment loss on property, plant and equipment	-	-	229	3.3	-	-	-	-	-	-
Compensation (paid)	31	0.5	5	0.1	-	-	-	-	5	0.1
Amortisation of intangible assets	-	-	40	0.6	70	0.7	45	0.9	50	1.0
Depreciation - property, plant and equipment	1,335	21.1	1,632	23.6	1,656	16.7	1,146	22.7	1,043	20.8
Depreciation - investment properties	101	1.6	128	1.8	124	1.3	84	1.7	84	1.7
Depreciation - right-of-use assets	-	-	926	13.4	246	2.4	240	4.7	689	13.7
Foreign exchange loss - realised	190	3.0	15	0.2	188	1.9	27	0.5	126	2.5
Foreign exchange loss - unrealised	-	-	<0.1	0.0	16	0.2	22	0.5	9	0.2
Electricity and water expenses	235	3.7	262	3.8	231	2.3	166	3.3	273	5.4
Insurance - relate to goods, office & warehouse	224	3.5	203	2.9	197	2.0	160	3.2	127	2.5
License and processing fee	141	2.2	138	2.0	104	1.0	32	0.6	173	3.4
Quit rent / assessment	188	3.0	280	4.0	294	3.0	147	2.9	178	3.5
Printing and postage	249	3.9	249	3.6	162	1.6	125	2.5	117	2.3
			212							



**12. FINANCIAL INFORMATION (Cont'd)**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Rental expense - warehouse	1,518	24.0	1,024	14.8	1,565	15.7	1,106	21.9	376	7.5
Security guards	321	5.1	353	5.1	393	4.0	264	5.2	233	4.6
Telecommunication charges	183	2.9	173	2.5	141	1.4	93	1.8	100	2.0
Supply chain financing charges <sup>(1)</sup>	-	-	247	3.6	774	7.8	470	9.3	386	7.7
Upkeep of office and premises	320	5.1	311	4.5	432	4.3	443	8.8	461	9.2
Upkeep of warehouse and machinery	1,172	18.5	523	7.5	712	7.2	432	8.6	554	11.0
	<b>6,328</b>	<b>100.0</b>	<b>6,920</b>	<b>100.0</b>	<b>9,942</b>	<b>100.0</b>	<b>5,049</b>	<b>100.0</b>	<b>5,026</b>	<b>100.0</b>

**Note:**

- <sup>(1)</sup> These charges are for facilities used by our Group to pay for invoices from suppliers who then via such facilities extend credit terms to our Group. This supply chain financing is a supplier factoring arrangement where the licensed bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Company and receives settlement from the Group when the amount is due, effectively extending a credit term to the Group. The principal purpose of this arrangement is to facilitate efficient payment processing and enables the willing suppliers to sell their receivables due from the Company to the licensed bank before their due date. Such facilities are normal, and the Company does not incur any additional interest towards the bank on the amounts due to the suppliers. It is an arrangement made with only ASSC Metal Sdn Bhd, our major supplier. We use this facility in addition to our other available credit facilities to increase availability of working capital for larger volume of trading, and to avail our other credit facilities for other working capital requirements.

**Selling and distribution expenses**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertising and promotion	76	1.0	54	0.6	66	0.8	26	0.6	150	4.3
Entertainment	1,810	23.1	1,650	18.8	575	7.2	273	6.1	187	5.3
Insurance and road tax for motor vehicle	314	4.0	137	1.6	141	1.8	93	2.1	94	2.7
Sales commission to third parties	1,016	12.9	1,159	13.2	562	7.1	375	8.4	1,469	42.0
Travelling expenses	939	12.0	1,001	11.4	575	7.2	390	8.8	315	9.0

**12. FINANCIAL INFORMATION (Cont'd)**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Transport outward	3,682	47.0	4,797	54.4	6,038	75.9	3,291	74.0	1,284	36.7
	<b>7,837</b>	<b>100.0</b>	<b>8,798</b>	<b>100.0</b>	<b>7,957</b>	<b>100.0</b>	<b>4,448</b>	<b>100.0</b>	<b>3,499</b>	<b>100.0</b>

**Other operating expenses**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Auditors' remuneration	97	3.7	97	5.6	97	5.5	10	1.8	62	3.5
Director fees	1,000	37.9	800	46.4	900	51.0	-	-	-	-
Donation	76	2.9	46	2.7	1	0.1	80	14.3	36	2.1
Legal and professional fees	639	24.2	524	30.4	650	36.8	383	68.3	1,339	76.3
Penalty	2	0.1	4	0.2	1	0.1	1	0.2	1	0.1
Stamp duty	641	24.3	113	6.5	17	1.0	12	2.1	15	0.9
Subscription and membership fees	112	4.2	124	7.2	82	4.6	44	7.9	60	3.4
Sundry expenses	71	2.7	18	1.0	16	0.9	31	5.4	39	2.2
Moving expenses	-	-	-	-	-	-	-	-	202	11.5
	<b>2,638</b>	<b>100.0</b>	<b>1,726</b>	<b>100.0</b>	<b>1,764</b>	<b>100.0</b>	<b>561</b>	<b>100.0</b>	<b>1,754</b>	<b>100.0</b>

**Employee benefits expenses**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Salaries and benefits	14,248	88.8	16,451	89.1	17,720	88.4	10,560	89.0	11,952	88.9
Statutory contributions	1,802	11.2	2,020	10.9	2,333	11.6	1,300	11.0	1,491	11.1
	<b>16,050</b>	<b>100.0</b>	<b>18,471</b>	<b>100.0</b>	<b>20,053</b>	<b>100.0</b>	<b>11,860</b>	<b>100.0</b>	<b>13,443</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)**

**Net loss on impairment of financial instrument**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Net loss on impairment of financial instrument <sup>(1)</sup>	10,344	100.0	7,830	100.0	2,878	100.0	-	-	8,904	100.0

**Note:**

- <sup>(1)</sup> Relates entirely to impairment of trade receivables in accordance with MFRS 9, where our Group recognises loss allowances for expected credit losses on trade receivables with reference to historical credit loss experience.

**Comparison between FYE 2019 and FYE 2020**

Administrative and general expenses increased by RM3.1 million or 9.3% from RM32.9 million in FYE 2019 to RM35.9 million in FYE 2020, which was mainly due to:

- (a) increase in administrative expenses of RM0.6 million, largely in relation to:
  - (i) higher depreciation of right-of-use assets of RM0.9 million arising from the recognition of Unitrade's warehouse tenancy which exceeds 1 year;
  - (ii) RM0.3 million increase in depreciation of property, plant and equipment in relation to new property acquired and computer equipment;
  - (iii) supply chain financing charges of RM0.2 million paid to a major supplier for extending us credit period instead of cash terms; and
  - (iv) impairment on fixed assets of RM0.2 million relating to land clearing;
 which were offset by;
- (i) decrease of RM0.5 million in Unitrade's warehouse rental which was recognised as right-of-use assets as explained in (i) above; and
- (ii) RM0.6 million decrease in upkeep of warehouse and machinery due to a large repair item of RM0.4 million incurred in FYE 2019;
- (b) increase in selling and distribution expenses of RM1.0 million, mainly for transport charges; and

## 12. FINANCIAL INFORMATION (Cont'd)

- (c) increase in staff costs of RM2.4 million due to increments as well as for additional 23 new employees recruited for the sales, operations and warehouse departments for our Group,

which were offset by a RM0.9 million decrease in other operating expenses, mainly due to lower stamp duty of RM0.1 million compared to RM0.6 million incurred in FYE 2019 to obtain bank facilities, and lower directors' fees of RM0.8 million compared to RM1.0 million in FYE 2019 due to under provision for FYE 2018.

Net loss on impairment of financial instrument decreased by RM2.5 million or 24.3% from RM10.3 million in FYE 2019 to RM7.8 million in FYE 2020 as we had newly applied the provision in accordance with MFRS 9 in FYE 2019, which resulted in significantly higher general impairments in FYE 2019. Additionally, we improved our collections due to tighter credit control.

### Comparison between FYE 2020 and FYE 2021

Administrative and general expenses increased by RM3.8 million or 10.6% from RM35.9 million in FYE 2020 to RM39.7 million in FYE 2021, which was mainly due to:

- (a) increase in administrative expenses of RM3.0 million, largely in relation to:
  - (i) RM2.4 million of fixed asset written off, largely relating to old buildings demolished for the purpose of constructing our new industrial complex; and
  - (ii) supply chain financing charges increase of RM0.5 million paid to a major supplier for extending us credit period instead of cash terms;
- (b) increase in staff costs of RM1.6 million which was due to performance based rewards to certain key management and Directors for improved profitability and additional 7 administrative staff recruited for our Group,

which were offset by a decrease in selling and distribution expenses of RM0.8 million, largely in relation to lower entertainment, travelling expenses and sales commission, due to reduced activity and restrictions from the MCO.

Net loss on impairment of financial instrument decreased by RM4.9 million or 63.2% from RM7.8 million in FYE 2020 to RM2.9 million in FYE 2021, as we continued to improve on our collections with tighter credit control.

**12. FINANCIAL INFORMATION (Cont'd)**

**Comparison between FPE 2021 and FPE 2022**

Administrative and general expenses increased by RM1.8 million or 8.2% from RM21.9 million in FPE 2021 to RM23.7 million in FPE 2022, which was mainly due to:

- (a) increase in other operating expenses of RM1.2 million, largely in relation to:
  - (i) increase in legal and professional fees of RM1.0 million in relation to our Listing; and
  - (ii) RM0.2 million of moving expenses incurred relating to our relocation to the new industrial complex;
- (b) increase in employee benefit expenses of RM1.6 million, largely in relation to the increase in staff cost by RM1.4 million due to performance based rewards to certain key management and Directors for improved profitability, restructuring of director fees to monthly salaries, and additional administrative staff recruited for our Group,

which were offset by a decrease in selling and distribution expenses of RM0.9 million, largely in relation to lower transport charges due to own collections.

Net loss on impairment of financial instrument of RM8.9 million was incurred mainly due to default payment from a customer, who is not our major customer. We do not have subsisting transactions with this customer. No provision was made in FPE 2021 due to the impairment analysis being performed at the end of the reporting date.

**(e) Finance income and costs**

**Finance income**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Deposits placed with licensed banks	455	36.4	448	27.8	356	17.8	236	33.5	204	58.3
Deposits with other financial institution	794	63.6	410	25.5	564	28.2	469	66.5	146	41.7
Advances to related companies	<0.1	<0.1	752	46.7	1,082	54.0	-	-	-	-
	<b>1,249</b>	<b>100.0</b>	<b>1,610</b>	<b>100.0</b>	<b>2,002</b>	<b>100.0</b>	<b>705</b>	<b>100.0</b>	<b>350</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)****Finance costs**

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Banker's acceptances	12,603	90.5	13,690	81.5	9,957	71.6	7,127	73.4	5,820	65.6
Hire purchase liabilities	288	2.1	72	0.5	28	0.2	19	0.2	20	0.2
Lease liabilities	-	-	39	0.2	3	<0.1	2	<0.1	118	1.3
Term loan	73	0.5	117	0.7	117	0.8	46	0.5	535	6.0
Revolving credit	458	3.3	2,392	14.3	3,289	23.7	2,297	23.6	2,066	23.3
Bank overdraft	165	1.2	188	1.1	69	0.5	44	0.5	59	0.7
Others	330	2.4	294	1.8	451	3.2	177	1.8	257	2.9
	<b>13,917</b>	<b>100.0</b>	<b>16,792</b>	<b>100.0</b>	<b>13,914</b>	<b>100.0</b>	<b>9,712</b>	<b>100.0</b>	<b>8,875</b>	<b>100.0</b>

**Comparison between FYE 2019 and FYE 2020**

Finance income increased by RM0.4 million or 28.9% from RM1.2 million in FYE 2019 to RM1.6 million in FYE 2020, which was mainly due to the increase in advances to related company. The increase in interest of RM0.8 million relates to the said advances. As at LPD, all advances to related companies have been repaid.

The above increases in finance income were partially offset by RM0.4 million (48.3%) decrease in interest income on deposits with a financial institution due to lower deposits throughout the year as well as overall reduction in interest rates.

Finance cost increased by RM2.9 million or 20.7% from RM13.9 million in FYE 2019 to RM16.8 million in FYE 2020, which was mainly due to the increase in interest on bankers' acceptance and revolving credit. The bankers' acceptance interest increased by RM1.1 million (8.6%) as we utilised more trade facilities during the year in line with our business growth in the wholesale and distribution of building materials and rental of temporary structural support equipment segment. Additionally, the increase in revolving credit of RM1.9 million (422.3%) was largely driven by higher usage during the year for the purchase of property for our new industrial complex.

**Comparison between FYE 2020 and FYE 2021**

Finance income increased by RM0.4 million or 24.3% from RM1.6 million in FYE 2019 to RM2.0 million in FYE 2020, which was mainly due to the increase in both advances to related companies and deposits with a financial institution coupled with better rates.

The increase in finance income was partially offset by RM0.1 million (20.5%) decrease in interest from deposits placed with licensed banks as well as reducing interest rates.

**12. FINANCIAL INFORMATION (Cont'd)**

Finance cost decreased by RM2.9 million or 17.1% from RM16.8 million in FYE 2020 to RM13.9 million in FYE 2021, which was mainly due to the lower interest in banker's acceptance. The bankers' acceptance decreased by RM3.7 million (27.3%), mainly due to reducing interest rates throughout the year.

The decrease of finance cost was partially offset by RM0.9 million (37.5%) increase in interest on revolving credit interest, being the full year's interest on the amount drawn for purchase of land in FYE 2020.

**Comparison between FPE 2021 and FPE 2022**

Finance income decreased by RM0.4 million or 50.4% from RM0.7 million in FPE 2021 to RM0.4 million in FPE 2022, which was mainly due to the decrease in both interest from deposits placed with licensed banks and deposits with other financial institution as well reducing interest rates.

Finance cost decreased by RM0.8 million or 8.6% from RM9.7 million in FPE 2021 to RM8.9 million in FPE 2022 which was mainly due to the lower interest in bankers' acceptances by RM1.3 million (18.3%), mainly due to reducing interest rates throughout FYE 2021, which effects were seen in FPE 2022.

The decrease of finance cost was partially offset by RM0.5 million increase in interest on term loan interest, mainly due to financing on the construction of new industrial complex.

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**12. FINANCIAL INFORMATION (Cont'd)****(f) PBT and PBT margin**

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2021</b>	<b>FPE 2022</b>
PBT (RM'000)	27,879	29,047	40,071	19,898	38,557
PBT margin (%)	2.7	2.7	3.9	3.5	5.1

**Comparison between FYE 2019 and FYE 2020**

PBT increased by RM1.2 million or 4.2% from RM27.9 million in FYE 2019 to RM29.1 million in FYE 2020, which was mainly due to the higher GP generated from our businesses (increase of RM1.1 million). Other contributing factors were the increase in other income of RM3.1 million, decrease of RM2.5 million in net loss on impairment of financial instruments, and increase of RM0.4 million in finance income, and these were offset by the increase in RM3.1 million in administrative and general expenses, as well as RM2.9 million increase in finance costs, all of which are explained above.

Our PBT margin remains stable at 2.7% from FYE 2019 to FYE 2020, in line with our consistent GP margin.

**Comparison between FYE 2020 and FYE 2021**

PBT increased by RM11.0 million or 38.0% from RM29.0 million in FYE 2020 to RM40.0 million in FYE 2021, which was mainly due to the higher GP generated from our businesses (increase of RM7.8 million). Other contributing factors were decrease of RM5.0 million in net loss on impairment of financial instruments, increase of RM0.4 million in finance income as well as RM2.9 million decrease in finance costs, and these were offset by the decrease in other income of RM1.2 million, increase in RM3.8 million in administrative and employee benefits expenses, all of which are explained above.

Our PBT margin increased from 2.7% in FYE 2020 to 3.9% in FYE 2021, which is in line with the increased in GP margin from 7.5% in FYE 2020 to 8.7% in FYE 2021.

**Comparison between FPE 2021 and FPE 2022**

PBT increased by RM18.7 million or 93.8% from RM19.9 million in FPE 2021 to RM38.6 million in FPE 2022, mainly due to the higher GP generated from our business (increase of RM28.5 million). This was offset by the net loss on impairment of financial instruments of RM8.9 million, but cushioned by a decrease of RM0.8 million in finance cost, all of which are explained above.

Our PBT margin increased from 3.5% in FPE 2021 to 5.1% in FPE 2022, which is in line with the increased in GP margin from 8.2% in FPE 2021 to 9.9% in FPE 2022.

**(g) Taxation**

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2021</b>	<b>FPE 2022</b>
Taxation (RM'000)	6,919	8,704	10,905	5,248	10,104
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0
Effective tax rate <sup>(1)</sup> (%)	24.8	30.0	27.2	26.4	26.2

**Note:**

<sup>(1)</sup> Calculated based on tax expense over PBT for each financial year/period.

**12. FINANCIAL INFORMATION (Cont'd)**

Our effective tax rate for FYE 2019 was higher than the statutory tax rate of 24.0% due to certain non-deductible expenses, being mainly entertainment expenses and stamp duty.

Our effective tax rate for FYE 2020 was higher than the statutory tax rate of 24.0% mainly due to RM0.7 million of underprovided tax expenses in the year of assessment of FYE 2019 as well as non-deductible expenses mainly relating to entertainment and stamp duty.

Our effective tax rate for FYE 2021 was higher than the statutory tax rate of 24.0% due to certain non-deductible expenses, being mainly entertainment expenses and stamp duty.

Our effective tax rate for FPE 2022 was higher than the statutory tax rate of 24.0% due to non-deductible expenses, being mainly our Listing expenses.

**12.2.3 Review of financial position****(a) Assets**

	<b>As at 31 March</b>			<b>As at 31 November</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	46,456	152,756	166,948	184,118
Right-of-use assets	-	253	7	4,739
Investment properties	5,753	5,625	5,600	5,516
Intangible assets	-	584	556	515
Other investments	71	71	71	71
Deferred tax assets	3,024	2,514	2,915	2,993
Trade receivables	7,186	-	-	-
<b>Total non-current assets</b>	<b>62,490</b>	<b>161,803</b>	<b>176,097</b>	<b>197,952</b>
<b>Current assets</b>				
Inventories	131,669	129,123	117,349	161,715
Trade receivables	281,512	337,106	342,156	361,575
Other receivables	27,014	47,242	84,913	32,642
Current tax assets	2,663	2,269	618	1,503
Cash and cash equivalents	66,567	37,656	88,372	72,903
Assets classified as held for sale	-	-	*2,755	-
<b>Total current assets</b>	<b>509,425</b>	<b>553,396</b>	<b>636,163</b>	<b>630,338</b>
<b>Total assets</b>	<b>571,915</b>	<b>715,199</b>	<b>812,260</b>	<b>828,290</b>

**Note:**

\* As at 31 March 2021, an office building and a factory building of our Group with carrying amounts of RM451,000 and RM2,304,000 respectively were classified as "assets held for sale" following the commitment of our Group to sell the office building and factory building to Sim Keng Chor for a total consideration of RM4,300,000. The proceeds from the disposal were offset the same amount in dividends declared. Please refer to Section 12.16 for further details of such dividend.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2019 and FYE 2020****Non-current assets**

Our non-current assets increased by RM99.3 million from RM62.5 million in FYE 2019 to RM161.8 million in FYE 2020, which was mainly due to the increase in property, plant and equipment. Property, plant and equipment increased by RM106.3 million, which was largely related to the acquisition of the land and building on which our new industrial complex is to be constructed, comprising RM101.0 million of purchase consideration and incurred RM4.5 million associated expenses.

The increase in non-current assets was partially offset by RM7.2 million decrease in non-current portion of trade receivables, which was mainly in relation to overdue receivables from one customer, which has since been settled.

**Current assets**

Our current assets increased by RM44.0 million from RM509.4 million in FYE 2019 to RM553.4 million in FYE 2020, which was mainly due to the increase in trade and other receivables. The trade receivables increased by RM55.6 million due to slow collection at the beginning of the MCO since 18 March 2020 where our customers generally process the payment of our invoices at the end of month, and other receivables increased by RM20.2 million in relation to advances to a related company with no fixed term of repayment, all of which have been settled as at LPD.

The increase in current assets was partially offset by RM28.9 million decrease in cash and cash equivalents, which were mainly due to the slower collection of trade and other receivables, as explained above.

**Comparison between FYE 2020 and FYE 2021****Non-current assets**

Our non-current assets increased by RM14.3 million from RM161.8 million in FYE 2020 to RM176.1 million in FYE 2021, which was mainly due to the increase in property, plant and equipment. The property, plant and equipment increased by RM14.2 million which was mainly for the construction costs of our new industrial complex.

**Current assets**

Our current assets increased by RM82.8 million from RM553.4 million in FYE 2020 to RM636.2 million in FYE 2021, which was mainly due to the increase in cash and cash equivalents and trade and other receivables. The cash and cash equivalent increased by RM50.7 million, which was mainly due to more collection of our receivables at that point in time for sales generated in the last quarter of FYE 2021. Additionally, there was a RM11.8 million decrease in inventories, which was due to more delivery of goods during this period as compared to FYE 2020 when the MCO was just implemented. Other receivables increased by RM37.7 million, mainly in relation to advances to suppliers to secure supply of goods and obtain early payment rebate.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2021 and FPE 2022****Non-current assets**

Our non-current assets increased by RM21.9 million from RM176.1 million in FYE 2021 to RM198.0 million in FPE 2022, which was mainly due to increase in property, plant and equipment, and right-of-use assets. The property, plant and equipment increased by RM17.2 million which was mainly contributed by construction costs of our new industrial complex.

**Current assets**

Our current assets decreased by RM5.8 million from RM636.2 million in FYE 2021 to RM630.3 million in FPE 2022, which was mainly due to the decrease in the other receivables and cash and cash equivalents. Other receivables decreased by RM52.3 million, mainly due to the settlement of amount owing by SLU Sdn Bhd and Sanlens Sdn Bhd by dividend as set out in Section 12.16 of RM36.1 million, and less advances to suppliers. Additionally, cash and cash equivalents decreased by RM15.5 million used for working capital in line with higher business activities. These decreases were offset by an increase in inventories of RM44.4 million mainly due to increases in steel prices as we replenished our trading stocks, as well as increased our stock level. Trade receivables also increased by RM19.4 million due to overall higher sales during FPE 2022.

**(b) Liabilities**

	<b>As at 31 March</b>			<b>As at 30 November</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>				
Loan and borrowings	12,654	103,296	103,616	115,690
Lease liabilities	-	7	-	3,506
Deferred tax liabilities	1,417	1,820	1,467	2,303
<b>Total non-current liabilities</b>	<b>14,071</b>	<b>105,123</b>	<b>105,083</b>	<b>121,499</b>
<b>Current liabilities</b>				
Loan and borrowings	305,591	353,268	386,097	395,644
Lease liabilities	-	253	7	1,349
Trade payables	62,080	47,712	83,489	76,294
Other payables	7,107	6,828	12,782	9,658
Current tax liabilities	-	-	1,575	8,307
<b>Total current liabilities</b>	<b>374,778</b>	<b>408,061</b>	<b>483,950</b>	<b>491,252</b>
<b>Total liabilities</b>	<b>388,849</b>	<b>513,184</b>	<b>589,033</b>	<b>612,751</b>

**Comparison between FYE 2019 and FYE 2020****Non-current liabilities**

Our non-current liabilities increased by RM91.1 million from RM14.1 million in FYE 2019 to RM105.1 million in FYE 2021, which was mainly due to the increase in loan and borrowings. The loan and borrowings increased by RM90.6 million, which was the revolving credit used to acquire the property for our new industrial complex. The deferred tax liabilities increased by RM0.4 million, which relates to timing differences for capital allowance claims.

**12. FINANCIAL INFORMATION (Cont'd)****Current liabilities**

Our current liabilities increased by RM33.3 million from RM374.8 million in FYE 2019 to RM408.1 million in FYE 2020, mainly due to the increase in loan and borrowings by RM47.7 million which was largely driven by utilisation of trade financing facilities for working capital.

The increase in current liabilities was partially offset by RM14.6 million decrease in trade and other payables. Trade payables decreased by RM14.4 million and other payables mainly relating to transport charges of RM0.2 million, as we continued to pay these payables during the MCO period towards the end of FYE 2020, whilst less trade payables were accrued, as less purchases was made during the MCO period.

**Comparison between FYE 2020 and FYE 2021****Non-current liabilities**

Our non-current liabilities decreased by RM0.04 million from RM105.1 million in FYE 2020 to RM105.1 million in FYE 2021, mainly due to the decrease in deferred tax liabilities of RM0.4 million, which was largely related to timing differences for capital allowance claims.

The decrease in non-current liabilities was partially offset by RM0.3 million increase in loan and borrowings, in relation to hire purchase for motor vehicles.

**Current liabilities**

Our current liabilities increased by RM75.9 million from RM408.1 million in FYE 2020 to RM484.0 million in FYE 2021, which was mainly due to the increase in loan and borrowings. The loan and borrowings increased by RM32.8 million, which was largely driven by higher usage of trade facilities to meet higher sales during the last quarter of FYE 2021 compared to the corresponding period in FYE 2020 where demand was more uncertain due to the pandemic and MCO. Additionally, trade payables increased by RM35.8 million also to meet the increased sales during the period, and other payables increased by RM6.0 million mainly in relation to the construction costs for our new industrial complex. During the year, we also had outstanding current tax liabilities of RM1.6 million which relates to higher income tax payable, as compared to the years prior, where we were able to utilise tax credits to offset such taxes payable.

**Comparison between FPE 2021 and FPE 2022****Non-current liabilities**

Our non-current liabilities increased by RM16.4 million from RM105.1 million in FYE 2021 to RM121.5 million in FPE 2022, which was mainly due to the increase in borrowings as well as lease liabilities. The increase in borrowings of RM12.1 million, which was largely related to the construction costs for our new industrial complex. The increase in lease liabilities of RM3.5 million was largely related to renewal of tenancy agreements for properties rented by Ricwil during FPE 2022. The lease liabilities were subsequently derecognised as a result of mutual termination of rental agreements prior to LPD.

**12. FINANCIAL INFORMATION (Cont'd)****Current liabilities**

Our current liabilities increased by RM7.3 million from RM484.0 million in FYE 2021 to RM491.3 million in FPE 2022, which was mainly due to the increase in loan and borrowings and current tax liabilities. The increase in loan and borrowings of RM9.5 million was largely driven by utilisation of trade financing facilities for working capital. The increase in current tax liabilities of RM6.7 million relates to higher income tax payable in FPE 2022 due to increased profitability.

**12.2.4 Review of cash flows**

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash (used in)/ from operating activities	(68,100)	(38,358)	62,204	23,541
Net cash used in investing activities	(15,002)	(109,497)	(22,259)	(18,936)
Net cash from/ (used in) financing activities	82,712	118,885	9,886	(21,215)
Net (decrease)/ increase in cash and cash equivalents	(390)	(28,970)	49,831	(16,610)
Cash and cash equivalents at the beginning of financial year/period	58,252	57,862	28,892	78,723
<b>Cash and cash equivalents at end of financial year/period</b>	<b>57,862</b>	<b>28,892</b>	<b>78,723</b>	<b>62,113</b>
<b>Represented by:</b>				
Cash and cash equivalents	58,083	28,892	79,347	63,805
Deposits placed with licensed banks	8,484	8,764	9,025	9,098
Bank overdraft	(221)	-	(624)	(1,692)
	66,346	37,656	87,748	71,211
Less: Deposits pledge	(8,484)	(8,764)	(9,025)	(9,098)
	<b>57,862</b>	<b>28,892</b>	<b>78,723</b>	<b>62,113</b>

**FYE 2019****Net cash for operating activities**

In FYE 2019, our Group's net cash used in operating activities amounted to RM68.1 million. Our operating profit before working capital changes of RM55.4 million was adjusted for changes in working capital of RM110.7 million which comprised the following:

- (a) increase in inventories of RM47.8 million mainly relating to accumulated inventories of building materials during FYE 2019 which had shortage during FYE 2018; and
- (b) increase in trade and other receivables of RM50.1 million in relation to our overall business growth in FYE 2019, where revenue increased by RM204.0 million compared to FYE 2018.

The increase was offset by decrease in trade and other payables of RM12.8 million as we paid our suppliers in advance to enjoy better rebates from our suppliers.

**12. FINANCIAL INFORMATION (Cont'd)****Net cash for investing activities**

In FYE 2019, our Group's net cash used in investing activities amounted to RM15.0 million. It was mainly attributable to cash outflow for the acquisition of property, plant and equipment of RM14.6 million comprising mainly:

- (a) plant, machinery and other equipment of RM0.9 million mainly for a warehousing racking system, forklifts and monitoring equipment for Unitrade and Ricwil amounting to the same;
- (b) computer, office equipment, furniture and fitting of RM0.1 million mainly for computer upgrades and additional furniture and fittings to expand document storage space;
- (c) motor vehicles of RM0.4 million mainly for vehicles acquired for our marketing use; and
- (d) temporary structural support equipment of RM13.6 million.

**Net cash for financing activities**

In FYE 2019, our Group's net cash generated from financing activities amounted to RM82.7 million. This was mainly attributable to the net drawdown of loan and borrowings of RM108.7 million for working capital in line with our business growth, as well as for investment in new temporary structural support equipment, which was offset by interest paid and dividend paid of RM13.8 million and RM10.4 million respectively.

**FYE 2020****Net cash for operating activities**

In FYE 2020, our Group's net cash used in operating activities amounted to RM38.3 million. Our operating profit before working capital changes of RM57.0 million was adjusted for changes in working capital of RM87.6 million which mainly comprised the following:

- (a) increase of trade and other receivables of RM75.7 million which is due to slower collection during the onset of the first MCO. As our customers usually process our invoices towards the end of month, the MCO which started on 18 March 2020 and lasted up to 31 March 2020 had disrupted customers' processing of invoices, leading to slower collection; and
- (b) decrease of trade and other payables of RM14.0 million as we continued to pay our suppliers despite the MCO period, where less trade payables were incurred due to the inactivity.

**Net cash for investing activities**

In FYE 2020, our Group's net cash used in investing activities amounted to RM109.5 million. It was mainly attributable to the acquisition of property for our new industrial complex which amounted to RM105.8 million, comprising RM101.0 million of purchase consideration and RM4.5 million of associated expenses, being mainly stamp duty and legal fees.



**12. FINANCIAL INFORMATION (Cont'd)****Net cash for financing activities**

In FYE 2020, our Group's net cash generated from financing activities amounted to RM118.9 million. This was mainly attributable to the net drawdown of loans and borrowings of RM139.7 million for the purchase of the property for our new industrial complex, which was offset by interest paid and dividends paid of RM16.4 million and RM2.6 million respectively. In addition, we also repaid lease liabilities of RM0.9 million during the financial year relating to warehouse rental.

**FYE 2021****Net cash for operating activities**

In FYE 2021, our Group's net cash generated from operating activities amounted to RM62.2 million. Our operating profit before working capital changes of RM63.4 million was adjusted for changes in working capital of RM7.4 million which comprised of the following:

- (a) decrease in inventories of RM9.9 million for more sales delivered towards the end of FYE 2021 compared to the corresponding period in FYE 2020 due to the MCO;
- (b) increase in trade and other receivables of RM44.7 million in line with our increased business activity as well as for advances to suppliers to secure supply of goods and obtain early payment rebates; and
- (c) increase in trade and other payables of RM42.2 million to meet the increased sales during the period compared to the MCO period at the end of FYE 2020, and other payables increased by RM6.0 million mainly in relation to the construction costs for our new industrial complex.

**Net cash for investing activities**

In FYE 2021, our Group's net cash used in investing activities amounted to RM22.3 million. It was mainly attributable by the acquisition of property, plant and equipment of RM27.0 million comprising mainly:

- (a) plant, machinery and other equipment of RM0.4 million mainly for forklifts;
- (b) computer, office equipment, furniture and fittings of RM0.1 million mainly for additional computers and server upgrades;
- (c) motor vehicle of RM0.5 million being mainly a car for Director's use and a truck for delivery of goods;
- (d) temporary structural support equipment of RM5.8 million;
- (e) renovation of RM0.5 million mainly for a flexible roof; and
- (f) capital work in progress of RM19.8 million mainly towards construction of our new industrial complex.

Net cash used in investing activities was partially offset by proceeds from disposal of property, plant and equipment of RM2.5 million relating to disposal of old/unusable temporary structural support equipment. Additionally, rental received of RM1.2 million mainly from properties rented out to third parties.

**12. FINANCIAL INFORMATION (Cont'd)****Net cash for financing activities**

In FYE 2021, our Group's net cash generated from financing activities amounted to RM9.9 million. This was mainly attributable to the net drawdown of loans and borrowings of RM32.6 million in relation to trade facilities and term loan drawn down for working capital and the construction of our new industrial complex, which was offset by interest paid and dividend paid of RM14.0 million and RM8.0 million respectively.

**FPE 2022****Net cash for operating activities**

In FPE 2022, our Group's net cash generated from operating activities amounted to RM23.5 million. Our operating profit before working capital changes of RM58.6 million was adjusted for changes in working capital of RM31.2 million which comprised of the following:

- (a) increase in inventories of RM44.7 million mainly due to increase in steel price which led to the rise in cost for maintaining our level of inventories as well as increase in stock level;
- (b) decrease in trade and other receivables of RM24.0 million mainly due to decreased advances to suppliers by RM18.6 million, and settlement of advances by SLU Sdn Bhd and Sanlens Sdn Bhd amounting to RM24.6 million and RM7.2 million respectively, offset by increase in trade receivables by RM28.3 million; and
- (c) decrease in trade and other payables of RM10.5 million as we paid our suppliers in advance to enjoy better rebates from our suppliers.

**Net cash for investing activities**

In FPE 2022, our Group's net cash used in investing activities amounted to RM19.0 million. It mainly attributed to cash outflow for the acquisition of property, plant and equipment of RM21.2 million comprising mainly the construction cost, plant, machinery and other equipment for our new industrial complex amounting to RM14.9 million, which were offset by disposal of property, plant and equipment of RM1.5 million. The disposal is a back charge to our customers who have lost or damaged the temporary structural support equipment upon return to us.

**Net cash for financing activities**

In FPE 2022, our Group's net cash used in financing activities amounted to RM21.2 million. This was mainly attributed to the dividends paid to owner of the Group of RM36.1 million, as well as interest paid of RM8.4 million mainly in relation to bankers' acceptances, revolving credit and term loan drawn down for working capital, purchase of property for, and the construction of our new industrial complex.

This was offset by the net drawdown of loans and borrowings of RM19.9 million in relation to trade facilities and term loan drawn down for working capital and the construction of our new industrial complex.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**12.3 LIQUIDITY AND CAPITAL RESOURCES****12.3.1 Working capital**

We finance our operations with cash generated from operations, supplier's credit, various credit facilities extended by financial institutions as well as existing cash and bank balances. Our credit facilities from financial institutions comprise term loans, bank overdrafts as well as finance lease liabilities.

Our Board confirms that our working capital is sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) our cash and cash equivalent of approximately RM86.4 million as at LPD;
- (b) our expected future cash flows from operations;
- (c) our total banking facilities limit as at LPD of RM617.8 million (excluding finance leases), of which RM525.5 million have been utilised; and
- (d) the dividend payment of RM36.1 million, which did not involve cash outflows.

We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

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**12. FINANCIAL INFORMATION (Cont'd)****12.4 BORROWINGS AND INDEBTEDNESS**

All of our borrowings are interest-bearing and denominated in RM. Our total outstanding borrowings and indebtedness as at 30 November 2021 stood at RM511.3 million (excluding lease liabilities of approximately RM4.9 million), details of which are set out below:

	<b>Purpose</b>	<b>Tenure of the facility</b>	<b>Effective interest rate</b>	<b>As at 30 November 2021</b>
			<b>%</b>	<b>RM'000</b>
<b>Current</b>				
Term loans	Working capital and construction of new industrial complex	5 years – 10 years	2.69 – 4.07	1,887
Bank overdraft	Working capital	-	6.45 – 6.64	1,692
Bankers' acceptance	Working capital	120 days – 180 days	2.29 – 4.08	366,827
Hire purchase	Purchase of motor vehicles and equipment	3 years – 5 years	2.08 – 3.60	370
Revolving credit	Part finance the purchase of property and construction of new industrial complex, and working capital	20 years, payable every 1 to 3 months	2.30 – 3.95	20,951
Foreign currency trade financing	Purchase of building materials and raw materials from suppliers	5 months	1.10	3,917 (USD912)
				<b>395,644</b>
<b>Non-current</b>				
Term loans	Working capital and construction of new industrial complex	5 years – 10 years	2.69 – 4.07	27,899
Hire purchase	Purchase of motor vehicles and equipment	3 – 5 years	2.08 – 3.60	830
Revolving credit	Part finance the purchase of property and construction of new industrial complex, and working capital	20 years, payable every 3 months	2.30 – 3.95	86,961
				<b>115,690</b>
<b>Total borrowings</b>				<b>511,334</b>
<b>Gearing (times)</b>				<b>2.4</b>

## 12. FINANCIAL INFORMATION (Cont'd)

As at LPD, we do not have any borrowings which are non-interest bearing.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 2019 to 2021, FPE 2022 and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results of business operations or the investments by holders of our securities.

During FYE 2019 to 2021 and FPE 2022, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

### 12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4 and 12.12, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used for the purchase of property, plant and equipment and our working capital requirements. As at 30 November 2021, save for our hire purchase liabilities, bankers' acceptances and 2 term loans from Hong Leong Bank which are based on fixed rates, all our other facilities with licensed financial institutions are based on base rate plus or minus a rate which varies depending on the type of facility.

### 12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	<b>To be funded internally or with borrowings RM'000</b>	<b>To be funded from proceeds of our IPO RM'000</b>
Approved and contracted for:		
Purchase of property, plant and equipment	3,313	-
Approved and not contracted for:		
Pipe fabrication centre	-	5,000

## 12. FINANCIAL INFORMATION (*Cont'd*)

### 12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

Save as disclosed below, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

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

Unitrade – (the “**Plaintiff**”)

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

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

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

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

The amount has been fully impaired in FYE 2020.

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

Unitrade – (the “**Plaintiff**”)

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

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

## 12. FINANCIAL INFORMATION (Cont'd)

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

The remaining amount outstanding to our Group is RM782,000 has been fully impaired in FYE 2020.

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

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

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

(c) Butterworth Sessions Court (Suit No.: PB-B52NCvC-14-05/2021)

Ricwil – (the "**Plaintiff**")

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

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

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

The amount has been fully impaired in FYE 2021.

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

UUSB – (the "**Plaintiff**")

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

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



**12. FINANCIAL INFORMATION (Cont'd)**

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

The amount has been fully impaired in FYE 2021.

Save for the claim amount in relation to the material litigations, and any legal costs to be borne by us which are determined on the conclusion of the respective cases, there are no other costs or potential impact to our business operation and financial performance.

**12.8 KEY FINANCIAL RATIOS**

The key financial ratios of our Group are as follows:

	As at 31 March			As at 30 November
	2019	2020	2021	2021
Trade receivables turnover (days) <sup>(1)</sup>	97	105	121	114
Trade payables turnover (days) <sup>(2)</sup>	26	20	26	29
Inventory turnover (days) <sup>(3)</sup>	41	48	48	50
Current ratio (times) <sup>(4)</sup>	1.4	1.4	1.3	1.3
Gearing ratio (times) <sup>(5)</sup>	1.7	2.3	2.2	2.4
Net gearing ratio (times) <sup>(6)</sup>	1.4	2.1	1.8	2.0

**Notes:**

- (1) Computed based on average opening and closing trade receivables over revenue for the year multiplied by 365 days for each financial year and 244 days for FPE 2022.
- (2) Computed based on average opening and closing trade payables over cost of sales for the year multiplied by 365 days for each financial year and 244 days for FPE 2022.
- (3) Computed based on average opening and closing inventory over cost of sales for the year multiplied by 365 days for each financial year and 244 days for FPE 2022.
- (4) Computed based on current assets over current liabilities as at each financial year/period end.
- (5) Computed based on total borrowings over total equity as at each financial year/period end.
- (6) Computed based on net borrowings (total borrowings less cash and cash equivalents) over total equity as at each financial year/period end.

**12.8.1 Trade receivables turnover**

The normal credit period granted by our Group to our customers is 30 to 120 days from the date of invoice.

**12. FINANCIAL INFORMATION (Cont'd)**

Our trade receivables turnover increased from 97 days in FYE 2019 to 105 days in FYE 2020 due to a higher trade receivable balance as at FYE 2020 as a result of slower collection due to the onset of the MCO.

Our trade receivables turnover increased from 105 days in FYE 2020 to 121 days in FYE 2021 mainly due to lower revenue generated as we had experienced 1.5 months of lockdown. Please refer to Section 7.7 for further details of the interruptions in our operations. Although the collection for our sales normalised, sales picked up towards the end of FYE 2021, resulting in a higher trade receivables balance for FYE 2021, which also contributed to the increase in receivables turnover. The Group did not experience slower collection in FYE 2021.

The following sets our Group's monthly sales towards the end of FYE 2021:

	<b>RM'000</b>	<b>%</b>
March 2021	139,248	13.5
February 2021	86,407	8.4
January 2021	116,433	11.3
	<b>342,088</b>	<b>33.4</b>
<b>Total revenue</b>	<b>1,025,044</b>	<b>100.0</b>

As the wholesale and distribution of building materials segment typically involves giving credit terms to the customers, based on the trade receivables turnover days of 121 days for FYE 2021, most of the sales stated in the months above remained outstanding as at FYE 2021.

In FPE 2022, the trade receivables turnover days were lower from 121 days for FYE 2021 to 114 days for FPE 2022 mainly due to improved collections during FPE 2022 as compared to FYE 2021.

The ageing analysis of our trade receivables as at 30 November 2021 is as follows:

	<b>Trade receivables as at 30 November 2021</b>		<b>Collection from 1 December 2021 up to LPD</b>	<b>Balance as at LPD</b>
	<b>RM'000</b>	<b>Percentage of trade receivables (a)/total of (a)</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>(a)</b>	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a)-(b)</b>
Neither past due nor impaired	277,627	76.8	243,991	33,636
Past due but not impaired:				
- less than 30 days	37,158	10.2	33,764	3,394
- 31 to 60 days	2,357	0.7	2,323	34
- 61 to 90 days	7,584	2.1	7,281	303
- over 90 days	36,849	10.2	28,036	8,813
	83,948	23.2	71,404	12,544
<b>Total</b>	<b>361,575</b>	<b>100.0</b>	<b>315,395</b>	<b>46,180</b>

**12. FINANCIAL INFORMATION (Cont'd)**

Our total trade receivables past due as at 30 November 2021 is RM83.9 million, representing 23.2% of our total trade receivables. Subsequent to 30 November 2021 and up to LPD, we collected RM315.4 million, representing 87.2% of the total trade receivables as at 30 November 2021, of which RM71.4 million were relating to trade receivable past due as at 30 November 2021.

The trade receivables that are overdue as at LPD of RM12.5 million is attributable to 63 customers, of which RM11.5 million or 92.0% is owed by 5 customers, of which some we have suspended or restricted transactions. The said customers are not major customer of our Group. The slow payment from these customers were initially due to the effects of the MCO and NRP. Thereafter these customers having resumed operations in full swing are making efforts in repayments to us albeit gradually. There was general impairment provided for these overdue amounts of RM6.4 million, but not individual impairment as our Board is of the view that the outstanding amount is collectable.

As we involved in the trading industry, bad debts are part of our business risk. However, bad debts written off were not common for FYE 2019 to 2021 and FPE 2022, which amounted to RM5,000 in FYE 2019.

Save for the material litigations, our Group has not encountered any major disputes with our trade debtors. With respect to overdue debts, we have generally been able to collect payment eventually as evident by our subsequent collections after 30 November 2021.

Our Board is of the view that the outstanding trade receivables net of subsequent collection are collectable.

Our Group has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amounts. We use an internally developed scorecard as well as subscriptions to external credit and information services to evaluate our customers' credit standing and financial health. Based on these evaluations, approvals are sought from designated authorised management personnel and/or a credit control committee, depending on the credit limit. For existing customers, we also review their payment record and current credit standing with us before accepting any new orders, where we will evaluate the projects that are being undertaken as well as any peculiar circumstances that affects these customers, such as restrictions by pandemic, if any.

All our outstanding debts are closely monitored by our management personnel and reported to authorised management personnel and/or credit control committee on a periodic basis. We also conduct periodic credit control meetings with our sales team to monitor collections and recoverability of our debts. Additionally, since late FYE 2020, we gradually implemented our ERP system, which helps to streamline and automate our business processes, including workflow approvals, and enhancing our credit assessments and monitoring, resulting in improved credit control.

Financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with us. Where receivables have been written off, we will continue to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

**12. FINANCIAL INFORMATION (Cont'd)**

In accordance with MFRS 9, an impairment analysis is performed at each reporting date for expected credit losses on trade receivables with reference to historical credit loss experience on a general basis as well as for individually impaired trade receivables. We first applied MFRS 9 in FYE 2019, which resulted in significantly higher general impairments of trade receivables in the first year of adoption of MFRS 9. Additionally, over FYE 2019 to 2021 and FPE 2022, along with the improvements in our credit control, our expected credit losses on trade receivables have also gradually reduced, as set out below:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Net loss on impairment of financial instrument								
- general impairment <sup>(1)</sup>	2,657	25.7	986	12.6	771	26.8	1,942	21.8
- individually impaired <sup>(2)</sup>	8,514	82.3	6,867	87.7	4,291	149.1	7,594	85.3
- reversal of individual impairment in prior years	(827)	(8.0)	(23)	(0.3)	(2,184)	(75.9)	(632)	(7.1)
	<b>10,344</b>	<b>100.0</b>	<b>7,830</b>	<b>100.0</b>	<b>2,878</b>	<b>100.0</b>	<b>8,904</b>	<b>100.0</b>

**Notes:**

- (1) General impairments are based on a provision matrix for expected credit losses on trade receivables with reference to historical credit loss experience.
- (2) Individual impairments are based on specific customers' payment record and probability of collection.

**12.8.2 Trade payables turnover**

The ageing analysis of our trade payables as at 30 November 2021 is as follows:

	Trade payables as at 30 November 2021		Payment from 1 December 2021 up to LPD	Balance as at LPD
	RM'000	Percentage of trade payables (a)/total of (a)	RM'000	RM'000
	(a)	(a)	(b)	(c) = (a)-(b)
Within credit period	44,610	89.6	44,561	49
Exceeding credit period:				
- 1 to 30 days	4,101	8.2	4,100	1
- 31 to 60 days	456	0.9	456	-
- More than 60 days	643	1.3	643	-
	5,200	10.4	5,199	1
<b>Total</b>	<b>49,810</b>	<b>100</b>	<b>49,760</b>	<b>50</b>

**12. FINANCIAL INFORMATION (Cont'd)**

The normal credit term granted to us by our suppliers ranges from 30 to 90 days. It should be noted that 78.0%, 84.0%, 80.0% and 84.0% of our Group supplies are procured under cash terms, and the remaining 22.0%, 16.0%, 20.0% and 16.0% are on credit terms for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

Our trade payables turnover decreased from 26 days in FYE 2019 to 20 days in FYE 2020 due to a lower trade payables balance as at FYE 2020 as we paid our suppliers in advance to enjoy rebates. Our trade payables turnover normalised from 20 days in FYE 2020 to 26 days in FYE 2021 and 29 days in FPE 2022 in line with the increase in trade receivables turnover, due to working capital management to match the timing of payments to suppliers in view of the slower collection trend from customers.

As at LPD, we have paid RM49.8 million or 99.9% of our trade payables as at 30 November 2021, which are almost all of the outstanding trade payables. Nevertheless, as at LPD, there are no disputes in respect of our trade payables and we are not aware of any legal action initiated by our suppliers or subcontractors to demand for payment.

**12.8.3 Inventory turnover**

Our Group's inventories comprise trading stocks for our wholesale and distribution activities and raw materials used for our manufacturing activities, work-in-progress and finished goods. We maintain a minimum inventory for raw materials, which depends on pricing of products and level of sales.

The breakdown of our inventories by raw materials, work-in-progress and finished goods for FYE 2019 to FYE 2020 and FPE 2022 are as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Raw materials	10,779	13,988	14,972	18,279
Finished goods	265	357	641	1,045
Trading goods	120,625	114,778	101,736	142,391
	<b>131,669</b>	<b>129,123</b>	<b>117,349</b>	<b>161,715</b>

Our inventory turnover days increased from 41 days for FYE 2019 to 48 days for FYE 2020 mainly due to slower deliveries during the onset of the MCO. For FYE 2021 and FPE 2022, we maintained our inventory turnover days at 50 days to meet increased sales towards the year end, despite increased steel prices.

The ageing analysis of our inventories as at 30 November 2021 is as follows:

	<b>RM'000</b>
• Less than 36 months	151,769
• 36 to 48 months	4,909
• above 49 months	5,037
	<b>161,715</b>

We assess whether inventories should be impaired by identifying damaged, obsolete and slow-moving inventories during periodic stock count. Slow-moving inventories are those more than 36 months from the date of purchase. Damaged inventories will be written off while obsolete and slow-moving inventories will be impaired to their net realisable value. Additionally, we also conduct annual assessments of our inventory value and will impair if the net realisable value of the inventories are below their cost. However, despite such provision, our inventories are generally not perishable and may still be sold.

**12. FINANCIAL INFORMATION (Cont'd)**

Details of impairment loss on inventories for FYE 2019 to 2021 and FPE 2022 are as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impairment loss on inventories	1,786	530	1,919	369
Reversal of impairment loss on inventories	(48)	(86)	(73)	-
	<b>1,738</b>	<b>444</b>	<b>1,846</b>	<b>369</b>

The key items that make up most of our inventories are trading goods. For reference, details of the largest 3 items of inventories are as follows:

	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FPE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Fittings	38,387	29.1	30,495	23.6	28,902	24.6	31,312	19.4
Pipes	46,716	35.5	53,214	41.2	42,664	36.4	60,293	37.3
Structural steel	25,413	19.3	26,688	20.7	30,251	25.8	46,842	29.0
	<b>110,516</b>	<b>83.9</b>	<b>110,397</b>	<b>85.5</b>	<b>101,817</b>	<b>86.8</b>	<b>138,447</b>	<b>85.7</b>

Based on the table above, fittings, pipes and structural steel make up more than 83.9% of the inventories for FYE 2019 to FYE 2021 and FPE 2022.

**12.8.4 Current ratio**

Our current ratio throughout the financial years/period under review is as follows:

	<b>As at 31 March</b>			<b>As at 30 November</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current assets	509,425	553,396	636,163	630,338
Current liabilities	374,778	408,061	483,950	491,252
<b>Net current assets</b>	<b>134,647</b>	<b>145,335</b>	<b>152,213</b>	<b>139,086</b>
Current ratio (times)	1.4	1.4	1.3	1.3

Our current ratio was relatively stable between 1.3 times to 1.4 times for the financial years/period under review. Our Group is capable of meeting short term obligations as our current assets such as trade receivables and inventories, which can be readily converted to cash, together with our cash in bank are enough to meet our current liabilities.

**12.8.5 Gearing ratio**

Our gearing ratio throughout the financial years/period under review is as follows:

	<b>As at 31 March</b>			<b>As at 30 November</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total borrowings	318,245	456,564	489,713	511,334
Net borrowings	251,678	418,908	401,341	438,431
Total equity	183,066	202,015	223,227	215,539
Cash and cash equivalents	66,567	37,656	88,372	72,903
Gearing ratio (times)	1.7	2.3	2.2	2.4
Net gearing ratio (times)	1.4	2.1	1.8	2.0

**12. FINANCIAL INFORMATION (Cont'd)**

As a distributor and wholesaler, we offer an extensive range of pipes, valves, fittings and accessories, reinforcement steel, structural steel and other building materials. The nature of our business requires us to keep a sufficient level of inventory to provide timely delivery to our customers. We also provide 30 to 120 days credit to our customers who require credit terms to trade with us.

Therefore, we use a significant amount of financing to bridge the gap between our purchase of stocks (which are typically on cash terms), the holding of inventory until we sell the inventory and collect the sales proceeds from our customers. To do this, we rely on internally generated funds as well as external borrowings such as revolving credit and trade financing to support our working capital. As a result, our gearing ratios range between 1.7 times to 2.4 times in FYE 2019 to 2021 and FPE 2022.

Our short term borrowings make up 77.4% of our total borrowings as at 30 November 2021, and comprise mainly bankers' acceptances used as trade financing. This is our largest source of external financing, which allows us to purchase in large volumes and pay upfront. Doing so gives us the benefit of enjoying bulk prices as well as rebates from our suppliers, which offsets our finance costs.

For reference, the cash rebates we enjoyed vis-à-vis the interest expense on our bankers' acceptances for FYE 2019 to 2021 and FPE 2022 are as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash rebates received from our suppliers	7,204	9,462	7,125	4,968
Interest expense on bankers' acceptances	12,603	13,690	9,957	5,820

Our gearing ratio increased from 1.7 times in FYE 2019 to 2.3 times in FYE 2020, mainly due to the RM90.9 million borrowings we undertook for the purchase of property for our new industrial complex. Our Group drew down RM90,900,000 on 1 November 2019 to purchase the land for our new industrial complex. We recorded a lower gearing ratio of 2.2 times in FYE 2021 compared to 2.3 times in FYE 2020 due to our profits generated for the year which strengthened our total equity. In FPE 2022, our gearing ratio increased to 2.4 times mainly due to term loan drawn down for purchase of new machinery and construction for our new industrial complex, and the reduction of total equity due to the declaration of dividend amounting to RM36.1 million to offset with the outstanding balances owing by SLU Sdn Bhd and Sanlens Sdn Bhd, as well as proceeds in relation to the disposal of property to Sim Keng Chor, as detailed in Section 10.2.3.

The net gearing ratios are computed based on the net borrowings (total borrowings net of cash and bank balances) over total equity as at FYE 2019 to 2021 and FPE 2022, which illustrate our availability of cash and bank balances to repay our borrowings.

Our Board is of the view that our gearing level is manageable as our EBIT is sufficient to cover our debt servicing obligations. For reference, our total finance costs and our interest coverage ratios for FYE 2019 to 2021 and FPE 2022 is as follows:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
EBIT	40,547	44,229	51,983	47,082
Finance costs	13,917	16,792	13,914	8,875
Interest coverage ratio (times) <sup>(1)</sup>	2.9	2.6	3.7	5.3



**12. FINANCIAL INFORMATION (Cont'd)****Note:**

(1) Computed based on EBIT divided by finance costs.

Further, our Group's current assets can meet our current liabilities, which includes our bank borrowings due within a year, as disclosed in Section 12.8.4.

**12.9 SIGNIFICANT FACTORS AFFECTING OUR REVENUE**

Section 9 details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenue and profit include but not limited to the following:

**(a) Our wholesale and distribution business is subject to availability of financing for working capital**

As a distributor and wholesaler, we offer an extensive range of pipes, valves, fittings and accessories, reinforcement steel, structural steel and other building materials. We keep a sufficient level of inventory to provide timely delivery to our customers. As such, our working capital is subject to the availability of financing. If we are unable to secure adequate credit facilities at competitive rates, interest costs will be higher and borrowings will be less feasible to undertake, which will negatively impact our cash flows, operations, growth and expansion plans.

**(b) Our inventories are subject to the risk of impairment losses**

We keep inventories for up to 36 months, and conduct annual assessments of our inventory value and will impair slow moving inventories above 36 months and also impair inventories where the net realisable value of the inventories are below their cost. An increase in such costs will result in a lower profitability and may affect our financial performance. Moreover, in the event there is a drop in steel prices, we may experience impairment in the carrying amount of our inventories to the net realisable values which may affect our financial performance.

**(c) We are subject to fluctuations in the price of steel products resulting from the fluctuations in global steel prices**

Our Group's purchases mainly consist of reinforcement steel, pipes and structural steel. Reinforcement steel and structural steel collectively made up 69.4%, 73.7%, 77.0% and 74.9% of our total purchases for FYE 2019, 2020, 2021 and FPE 2022 respectively. Therefore, price of majority of our purchases fluctuates according to global steel prices. Increases in the price of steel may lead to a rise in our cost of sale as well as our carrying cost for maintaining our inventories. If we are unable to pass on this increase in supply cost to our customers, we will bear the increasing costs and this may have a material impact on our financial results. For reference, the quarterly average steel prices of hot rolled coil and reinforcing bar as follows:

<b>Quarter of calendar year</b>	<b>Hot rolled coil (USD / metric ton)</b>	<b>Reinforcing bar (USD / metric ton)</b>
Q1 2018	607	578
Q2 2018	614	575
Q3 2018	602	578
Q4 2018	586	582
Q1 2019	573	561

**12. FINANCIAL INFORMATION (Cont'd)**

<b>Quarter of calendar year</b>	<b>Hot rolled coil (USD / metric ton)</b>	<b>Reinforcing bar (USD / metric ton)</b>
Q2 2019	587	563
Q3 2019	569	540
Q4 2019	544	509
Q1 2020	545	502
Q2 2020	509	490
Q3 2020	534	511
Q4 2020	588	557
Q1 2021	734	660
Q2 2021	907	770
Q3 2021	987	813
Q4 2021	941	792
Q1 2022	885	783

Source: MEPS

The average cost of purchase for our reinforcement steel, structural steel and black welded steel pipes for FYE 2019 to 2021 and FPE 2022 are as follows:

<b>Product</b>	<b>FYE 2019 RM / metric ton</b>	<b>FYE 2020 RM / metric ton</b>	<b>FYE 2021 RM / metric ton</b>	<b>FPE 2022 RM / metric ton</b>
Reinforcement steel	2,311	2,042	2,277	3,112
Structural steel	2,415	2,163	2,202	3,448
Black welded steel pipes	2,848	2,599	2,596	4,951

The reversal in the global steel prices encourages our Group to secure more orders in bulk, taking advantage of the low prices. Our Group generally saves costs in doing so, as inventories become cheaper. As our Group generally passes on to customers any increase in steel prices, we generally also lower prices in a reversed situation. Should any inventory be purchased earlier at a higher price, our Group may suffer from narrowing margins.

**(d) Our business is exposed to interruptions or delays caused by outbreak of pandemic, sudden and unexpected equipment failures, fires as well as environmental factors (including natural disasters)**

Any prolonged interruptions in our and/or our suppliers' business operations will affect our manufacturing schedules and/or timely delivery of our products to our customers which may cause cancellation of purchase orders and may eventually impact our relationships with our customers. This could have an adverse impact on our business operations and financial performance.

Our operations were briefly interrupted in 2020 and 2021 due to the mandatory closure of our operations as imposed by the Government via the first MCO in March 2020 and first phase of NRP in June 2021 to contain the spread of COVID-19. The outbreak of COVID-19 in the countries where we source for supplies also temporarily disrupted the supply chain of imported and local supplies. Please refer to Section 7.7 for further details on the impact of COVID-19 to our business.

**12. FINANCIAL INFORMATION (Cont'd)****12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

Save for policies in relation to COVID-19, there were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during FYE 2019 to 2021 and FPE 2022.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9.

**12.11 IMPACT OF INFLATION**

During FYE 2019 to 2021 and FPE 2022, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

**12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS****(a) Impact of foreign exchange rates**

Impact of foreign exchange rate to our Group as at 30 November 2021 is as follows:

	<b>RM'000 equivalent of balances denominated in USD</b>
<b>Financial assets</b>	
Cash and bank balances	2,622
Trade and other receivables	<u>305</u>
<b>Financial liabilities</b>	
Trade and other payables	259
Foreign currency trade financing	<u>3,917</u>

Based on the table above:

- (i) Our foreign currency cash and bank balances represent only 3.6% of our total cash and short-term deposits of RM72.9 million as at 30 November 2021; and
- (ii) Our foreign currency trade and other payables represent 0.3% of our total trade and other payables of RM86.0 million as at 30 November 2021.

We may enter into forward exchange contracts of less than a year to hedge foreign currency risks where necessary. We also monitor foreign exchange fluctuations on an on-going basis to ensure that our net foreign currency exposure is at an acceptable level. Our Group has outstanding balance of USD1.3 million, USD1.2 million, USD2.6 million and USD1.9 million of forward exchange contract as at FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

A sensitivity analysis performed on our Group's foreign currency financial assets and liabilities as at 30 November 2021 indicates that our PAT for FPE 2022 would increase or decrease by approximately RM0.1 million, as a result of a 10% strengthening or weakening of RM against USD.

## **12. FINANCIAL INFORMATION (Cont'd)**

### **(b) Impact of interest rates**

Our exposure to changes in interest rate risk relates primarily to our bank borrowings. We have entered into interest rate swap agreements in respect of our revolving credit facility.

A sensitivity analysis performed on our Group based on the outstanding floating rate of our bank borrowings as at 30 November 2021 indicates that our PBT for FPE 2022 would increase or decrease by approximately RM1.1 million, as a result of increase or decrease in interest rates by 100 basis points on these borrowings.

Our financial results for FYE 2019 to 2021 and FPE 2022 were not materially affected by fluctuations in interest rates.

### **(c) Impact of commodity prices**

We were not directly affected by fluctuations in commodity prices for FYE 2019 to 2021 and FPE 2022 as our Group generally passes on to our customers the increases in commodity prices, namely steel.

## **12.13 ORDER BOOK**

### **(a) Wholesale and distribution of building materials**

There is no order book for our distribution of building materials segment. Our sales are mainly based on purchase orders received from customers with specifications and quantity required on an ongoing basis.

### **(b) Manufacturing and sale of pre-insulated pipes**

There is no order book for our manufacturing and sale of pre-insulated pipes segment. Our sales are mainly based on purchase orders received from customers with specifications and quantity required on an ongoing basis.

### **(c) Rental of temporary structural support equipment**

There is no order book for our rental of temporary structural support equipment, as the duration of such equipment typically ranges up to 6 months.

## **12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE**

Our Board is of the opinion that:

- (a) Our revenue will remain sustainable with an upward growth trend, in line with the long term growth in the building materials industry as set out in the IMR Report;
- (b) Our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for us to carry out our business strategies as stated in Section 7.14; and
- (c) Our capital resources will strengthen, considering the proceeds to be raised from the Public Issue as well as internally generated funds. We may consider debt funding for our business expansion should the need arises.

## **12. FINANCIAL INFORMATION (Cont'd)**

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

### **12.15 TREND INFORMATION**

Based on our track record for FYE 2019 to 2021 and FPE 2022, the following trends may continue to affect our business:

- (a) More than 96.6% of our revenue was derived from our wholesale and distribution of building materials segment. We expect this segment to continue contributing significantly to our revenue of the Group in the future;
- (b) The main components of our cost of sales are trading stocks, raw materials and direct labour cost. Moving forward, our cost of sales is expected to fluctuate in tandem with our revenue segmentation. Our cost of sales is dependent on amongst others, the availability and price fluctuation of the trading stocks, raw material and labour costs; and
- (c) We achieved a GP margin of 7.6%, 7.5%, 8.7% and 9.9% for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. We hope to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently and our revenue segmentation in the future.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and will not be affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 7.7, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (b) Material commitments for capital expenditure save as disclosed in Section 12.6;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.7, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 7.7, 12.2, 12.9, 12.10, 12.11 and 12.12; and
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.7, 12.2, 12.9, 12.10, 12.11 and 12.12.

Although the COVID-19 and MCO have resulted in our Group temporarily suspending operations from 18 March 2020 to 26 April 2020 as well as for the first half of June and July 2021 as set out in Section 7.7, our financial performance in FYE 2021 and FPE 2022 were only affected in terms of delayed revenue during the said period for which our operations were suspended. We did not experience any termination or cancellation of any of our orders as at LPD.

**12. FINANCIAL INFORMATION (Cont'd)**

Based on the above, our Board is optimistic about the future prospects of our Group given the long term positive outlook of the building materials industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.13 and our Group's intention to implement the business strategies as set out in Section 7.14.

**12.16 DIVIDEND POLICY**

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

During FYE 2019 to 2021 and FPE 2022, we declared and paid the following dividends:

	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FPE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Dividend declared	7,279	1,894	7,954	36,141
Dividend paid	<sup>(1)</sup> 10,379	<sup>(2)</sup> 2,570	7,954	<sup>(3)</sup> 36,141

**Notes:**

- (1) The dividends paid in FYE 2019 include RM3.8 million for dividends declared in respect of FYE 2018.
- (2) The dividends paid in FYE 2020 include RM0.7 million for dividends declared in respect of FYE 2019.
- (3) The dividend declared and paid during FPE 2022 of RM36.1 million comprised a RM24.6 million dividend by Unitrade which was set-off against the same amount owing by SLU Sdn Bhd, a company wholly-owned by Sim Keng Chor and Teh Beng Khim, and a RM11.5 million dividend by Ricwil which was set-off against an amount of RM7.2 million owing by Sanlens Sdn Bhd, a company which is substantially owned by Sim Keng Chor and Nomis Sim Siang Leng, and against proceeds of RM4.3 million in relation to the disposal of property to Sim Keng Chor, further details of which are disclosed in Section 10.2.3. The RM24.6 million owing by SLU Sdn Bhd was accounted for in FYE 2019 to 2021 and RM7.2 million owing by Sanlens Sdn Bhd to our Group was accounted for in FYE 2020 and 2021. The amount owed by SLU Sdn Bhd and Sanlens Sdn Bhd were for business investments which are not related to our Group's operations.

There were no further dividends declared and paid subsequent to FPE 2022 up to LPD. Further to the above, we do not intend to declare and pay any dividends from LPD up to our Listing.

Our Board intends to recommend and distribute a dividend of up to 30% of our annual audited consolidated PAT attributable to our shareholders. Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to approval of our shareholders at our AGM.

**12. FINANCIAL INFORMATION (Cont'd)**

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

When recommending the actual dividends for approval by shareholders or when declaring any interim dividends, our Board will consider, amongst others:

- (1) our anticipated future operating conditions as well as future expansion, capital expenditures and investment plans;
- (2) our operating cash flow requirements and financing commitments;
- (3) our expected financial performance including return on equity and retained earnings;
- (4) any restrictive covenants contained in our current and future financing arrangements;
- (5) the availability of adequate reserves and cash flows; and
- (6) any material impact of tax laws and regulatory requirements.

**12.17 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness:

- (a) Based on latest unaudited combined financial information of our Group as at 28 February 2022; and
- (b) After adjusting for the effects of the Public Issue and utilisation of proceeds.

	<b><u>Unaudited</u></b> <b>As at</b> <b>28 February 2022</b> <b>RM'000</b>	<b><u>Pro forma</u></b> <b>After Public Issue</b> <b>and use of proceeds</b> <b>RM'000</b>
<b>Indebtedness</b>		
<b><u>Current</u></b>		
<i>Unsecured</i>		
Term loans	841	841
Bankers' acceptances	217,390	217,390
Bank overdraft	2,154	2,154
Lease liabilities	228	228
<i>Secured</i>		
Term loans	1,011	1,011
Bankers' acceptances	207,339	207,339
Foreign currency trade financing	943	943
Revolving credits	19,526	19,526
Hire purchase liabilities	546	546
	<b>449,978</b>	<b>449,978</b>
<b><u>Non-current</u></b>		
<i>Unsecured</i>		
Term loans	2,010	2,010
Lease liabilities	361	361



**12. FINANCIAL INFORMATION (Cont'd)**

	<b>Unaudited As at 28 February 2022 RM'000</b>	<b>Pro forma After Public Issue and use of proceeds RM'000</b>
<i>Secured</i>		
Term loans	26,893	26,893
Revolving credits	85,322	85,322
Hire purchase liabilities	976	976
	<b>115,562</b>	<b>115,562</b>
<b>Total indebtedness:</b>	<b>565,540</b>	<b>565,540</b>
Shareholders' equity	225,727	(1)322,277
Total capitalisation and indebtedness	791,267	887,817
Gearing ratio (times) <sup>(2)</sup>	2.51	1.75

**Notes:**

(1) For the purposes of presenting our Group's total shareholders' equity, the pro forma capitalisation and indebtedness are illustrated after the effects of the transactions below:

(a) The Acquisitions and Public Issue; and

(b) Estimated listing expenses of RM4.7 million. As at 28 February 2022, RM1.3 million has been paid out and charged to the profit or loss account of the Group. Upon completion of our IPO, out of the remaining estimated listing expenses of RM3.4 million, an estimated total of RM2.4 million will be set-off against equity and an estimated total of RM1.0 million will be charged out to the profit or loss account.

(2) Computed based on total indebtedness divided by shareholders' equity.

All our indebtedness are guaranteed. In conjunction with our Listing, we will apply to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective financiers, our Directors will continue to guarantee the banking facilities extended to our Group.

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**13. ACCOUNTANTS' REPORT**

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**Unitrade Industries Berhad**

Registration No: 202101013724 (1414023-X)  
(Incorporated in Malaysia)

**Accountants' Report on the  
Combined Financial Statements**

**13. ACCOUNTANTS' REPORT (Cont'd)**

1

**Unitrade Industries Berhad**

(Registration No: 202101013724 (1414023-X))

(Incorporated in Malaysia)

**Combined statements of financial position**

	Note	30.11.2021 Audited RM'000	31.3.2021 Audited RM'000	31.3.2020 Audited RM'000	31.3.2019 Audited RM'000
<b>Assets</b>					
Property, plant and equipment	3	184,118	166,948	152,756	46,456
Right-of-use assets	4	4,739	7	253	-
Investment properties	5	5,516	5,600	5,625	5,753
Intangible assets	6	515	556	584	-
Other investments	7	71	71	71	71
Deferred tax assets	8	2,993	2,915	2,514	3,024
Trade and other receivables	9	-	-	-	7,186
<b>Total non-current assets</b>		<b>197,952</b>	<b>176,097</b>	<b>161,803</b>	<b>62,490</b>
Inventories	10	161,715	117,349	129,123	131,669
Trade and other receivables	9	394,217	427,069	384,348	308,526
Current tax assets		1,503	618	2,269	2,663
Cash and cash equivalents	11	72,903	88,372	37,656	66,567
		630,338	633,408	553,396	509,425
Assets classified as held for sale	12	-	2,755	-	-
<b>Total current assets</b>		<b>630,338</b>	<b>636,163</b>	<b>553,396</b>	<b>509,425</b>
<b>Total assets</b>		<b>828,290</b>	<b>812,260</b>	<b>715,199</b>	<b>571,915</b>
<b>Equity</b>					
Invested equity	13	15,300	5,000	5,000	4,500
Retained earnings		195,030	213,364	192,536	175,343
<b>Total equity attributable to owners of the Group</b>		<b>210,330</b>	<b>218,364</b>	<b>197,536</b>	<b>179,843</b>
<b>Non-controlling interest</b>		<b>5,209</b>	<b>4,863</b>	<b>4,479</b>	<b>3,223</b>
<b>Total equity</b>		<b>215,539</b>	<b>223,227</b>	<b>202,015</b>	<b>183,066</b>
<b>Liabilities</b>					
Loans and borrowings	14	115,690	103,616	103,296	12,654
Lease liabilities		3,506	-	7	-
Deferred tax liabilities	8	2,303	1,467	1,820	1,417
<b>Total non-current liabilities</b>		<b>121,499</b>	<b>105,083</b>	<b>105,123</b>	<b>14,071</b>
Loans and borrowings	14	395,644	386,097	353,268	305,591
Lease liabilities		1,349	7	253	-
Trade and other payables	15	85,952	96,271	54,540	69,187
Current tax liabilities		8,307	1,575	-	-
<b>Total current liabilities</b>		<b>491,252</b>	<b>483,950</b>	<b>408,061</b>	<b>374,778</b>
<b>Total liabilities</b>		<b>612,751</b>	<b>589,033</b>	<b>513,184</b>	<b>388,849</b>
<b>Total equity and liabilities</b>		<b>828,290</b>	<b>812,260</b>	<b>715,199</b>	<b>571,915</b>

The notes on pages 10 to 86 are an integral part of these combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**Unitrade Industries Berhad**

(Registration No: 202101013724 (1414023-X))

(Incorporated in Malaysia)

**Combined statements of profit or loss and other comprehensive income**

		1.4.2021 to 30.11.2021	1.4.2020 to 30.11.2020	1.4.2020 to 31.3.2021	1.4.2019 to 31.3.2020	1.4.2018 to 31.3.2019
	Note	Audited RM'000	Unaudited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
Revenue	16	756,384	567,766	1,025,044	1,077,629	1,048,723
Cost of sales		(681,176)	(521,102)	(936,308)	(996,723)	(968,944)
<b>Gross profit</b>		75,208	46,664	88,736	80,906	79,779
Other income		4,500	4,159	5,841	7,068	3,965
Administrative expenses		(23,722)	(21,918)	(39,716)	(35,915)	(32,853)
Net loss on impairment of financial instruments		(8,904)	-	(2,878)	(7,830)	(10,344)
<b>Results from operating activities</b>		47,082	28,905	51,983	44,229	40,547
Finance income	17	350	705	2,002	1,610	1,249
Finance costs	18	(8,875)	(9,712)	(13,914)	(16,792)	(13,917)
<b>Profit before tax</b>		38,557	19,898	40,071	29,047	27,879
Tax expense	19	(10,104)	(5,248)	(10,905)	(8,704)	(6,919)
<b>Profit and total comprehensive income for the year</b>		28,453	14,650	29,166	20,343	20,960
<b>Profit and total comprehensive income attributable to:</b>						
Owners of the Group		28,107	13,812	28,782	19,087	18,925
Non-controlling interest		346	838	384	1,256	2,035
<b>Total comprehensive income for the year</b>		28,453	14,650	29,166	20,343	20,960
<b>Earnings per ordinary share (RM)</b>						
Basic	20	1.89	2.51	5.23	3.81	4.21

The notes on pages 10 to 86 are an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

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**Unitrade Industries Berhad**  
(Registration No: 202101013724 (1414023-X))  
(Incorporated in Malaysia)

**Combined statements of changes in equity**

Audited	Note	Non-distributable				Distributable		Total RM'000
		Invested equity RM'000	Retained earnings RM'000	Non- controlling interest RM'000				
<b>At 1 April 2018</b>								
Profit and total comprehensive income for the year		4,500	163,697	168,197	1,188	169,385		
Dividends to owners of the Group	21	-	18,925	18,925	2,035	20,960		
		-	(7,279)	(7,279)	-	(7,279)		
<b>At 31 March 2019/1 April 2019</b>		4,500	175,343	179,843	3,223	183,066		
Issuance of ordinary shares		500	-	500	-	500		
Profit and total comprehensive income for the year		-	19,087	19,087	1,256	20,343		
Dividends to owners of the Group	21	-	(1,894)	(1,894)	-	(1,894)		
<b>At 31 March 2020/1 April 2020</b>		5,000	192,536	197,536	4,479	202,015		
Profit and total comprehensive income for the year		-	28,782	28,782	384	29,166		
Dividends to owners of the Group	21	-	(7,954)	(7,954)	-	(7,954)		
<b>At 31 March 2021/1 April 2021</b>		5,000	213,364	218,364	4,863	223,227		
Issuance of ordinary shares		10,300	(10,300)	-	-	-		
Profit and total comprehensive income for the period		-	28,107	28,107	346	28,453		
Dividends to owners of the Group	21	-	(36,141)	(36,141)	-	(36,141)		
<b>At 30 November 2021</b>		15,300	195,030	210,330	5,209	215,539		

Note 13

13. ACCOUNTANTS' REPORT (Cont'd)

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Registration No. 202101013724 (1414023-X)

**Combined statements of changes in equity (continued)**

Unaudited	Note	Non-distributable		Distributable		Non-controlling interest RM'000	Total RM'000
		Invested equity RM'000	Retained earnings RM'000	Total RM'000			
At 1 April 2020		5,000	192,536	197,536	4,479	202,015	
Profit and total comprehensive income for the period		-	13,812	13,812	838	14,650	
Dividends to owners of the Group	21	-	(7,354)	(7,354)	-	(7,354)	
At 30 November 2020		5,000	198,994	203,994	5,317	209,311	

The notes on pages 10 to 86 are an integral part of these combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**Unitrade Industries Berhad**

(Registration No: 202101013724 (1414023-X))

(Incorporated in Malaysia)

**Combined statements of cash flows**

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
<b>Cash flows from operating activities</b>					
Profit before tax	38,557	19,898	40,071	29,047	27,879
<i>Adjustments for:</i>					
Impairment loss on:					
- trade receivables	9,536	-	5,062	7,853	11,171
- inventories	369	-	1,919	530	1,786
- property, plant and equipment	-	-	-	229	-
Depreciation of:					
- property, plant and equipment	3,612	3,495	5,150	4,906	3,708
- right-of-use assets	821	240	246	926	-
- investment properties	84	84	124	128	101
Write off of property, plant and equipment	1	-	2,438	5	-
Bad debts written off	-	-	-	-	5
Bad debts recovered	-	(10)	(10)	(10)	(120)
Amortisation of intangible assets	50	45	70	40	-
Gain on disposal of:					
- property, plant and equipment	(452)	(49)	(82)	(337)	(192)
- assets classified as held for sale	(1,545)	-	-	-	-
Finance income	(350)	(705)	(2,002)	(1,610)	(1,249)
Rental income	(336)	(1,036)	(1,237)	(1,334)	(594)
Reversal of impairment loss on:					
- trade receivables	(632)	-	(2,184)	(23)	(827)
- inventories	-	-	(73)	(86)	(48)
Unrealised foreign exchange loss/(gain)	9	22	16	(57)	(169)
Finance cost	8,875	9,712	13,914	16,792	13,917
<b>Operating profit before changes in working capital</b>	<b>58,599</b>	<b>31,696</b>	<b>63,422</b>	<b>56,999</b>	<b>55,368</b>
Change in inventories	(44,735)	12,569	9,928	2,102	(47,802)
Change in trade and other receivables	23,972	(53,969)	(44,652)	(75,693)	(50,068)
Change in trade and other payables	(10,474)	31,400	42,186	(13,974)	(12,808)
<b>Cash generated from/(used in) operations</b>	<b>27,362</b>	<b>21,696</b>	<b>70,884</b>	<b>(30,566)</b>	<b>(55,310)</b>



**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**Combined statements of cash flows (continued)**

	Note	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
<b>Cash flows from operating activities (continued)</b>						
<b>Cash generated from/ (used in) operations</b>		27,362	21,696	70,884	(30,566)	(55,310)
Interest paid		(322)	(120)	(247)	(395)	(240)
Income tax paid		(4,086)	(2,991)	(8,460)	(8,654)	(12,550)
Income tax refund		587	-	27	1,257	-
<b>Net cash from/(used in) operating activities</b>		23,541	18,585	62,204	(38,358)	(68,100)
<b>Cash flows from investing activities</b>						
Acquisition of property, plant and equipment	(ii)	(21,189)	(5,393)	(26,622)	(112,837)	(14,562)
Acquisition of intangible assets		(9)	(16)	(42)	(624)	-
Acquisition of investment property		-	-	-	-	(3,101)
Proceeds from disposal of property, plant and equipment		1,673	1,641	2,470	2,040	1,087
Change in pledged deposits		(73)	(113)	(261)	(280)	(258)
Rental received		336	1,036	1,237	1,334	594
Interest received		326	659	959	870	1,238
<b>Net cash used in investing activities</b>		(18,936)	(2,186)	(22,259)	(109,497)	(15,002)
<b>Cash flows from financing activities</b>						
Dividends paid to owners of the Group	(iii)	(31,841)	(7,354)	(7,954)	(2,570)	(10,379)
Net drawdown of loans and borrowings		19,910	19,635	32,587	139,718	108,729
Repayment of lease liabilities	(iv)	(705)	(246)	(253)	(919)	-
Repayment of hire purchase liabilities		(172)	(343)	(508)	(1,484)	(1,789)
Interest paid		(8,407)	(9,438)	(13,986)	(16,360)	(13,849)
Issuance of ordinary shares		-	-	-	500	-
<b>Net cash (used in)/ generated from financing activities</b>		(21,215)	2,254	9,886	118,885	82,712

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**Combined statements of cash flows (continued)**

	Note	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
Net (decrease)/ increase in cash and cash equivalents		(16,610)	18,653	49,831	(28,970)	(390)
Cash and cash equivalents at beginning of the year		78,723	28,892	28,892	57,862	58,252
Cash and cash equivalents at end of the period/year	(i)	62,113	47,545	78,723	28,892	57,862

**Notes to combined statements of cash flows****(i) Cash and cash equivalents**

Cash and cash equivalents included in the combined statements of cash flows comprise the following combined statements of financial position amounts:

	30.11.2021 Audited RM'000	31.3.2021 Audited RM'000	31.3.2020 Audited RM'000	31.3.2019 Audited RM'000
Cash and bank balances	63,805	79,347	28,892	58,083
Deposits placed with licensed banks	9,098	9,025	8,764	8,484
Bank overdraft	(1,692)	(624)	-	(221)
	71,211	87,748	37,656	66,346
Less: Deposits pledged	(9,098)	(9,025)	(8,764)	(8,484)
	62,113	78,723	28,892	57,862

**(ii) Acquisition of property, plant and equipment**

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of RM22,004,000 (30.11.2020: RM5,493,000; 31.3.2021: RM27,022,000; 31.3.2020: RM113,143,000; 31.3.2019: RM14,905,000) of which RM815,000 (30.11.2020: RM100,000; 31.3.2021: RM400,000; 31.3.2020: RM306,000; 31.3.2019: RM343,000) were acquired by means of hire purchase.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**Combined statements of cash flows (continued)****Notes to combined statements of cash flows (continued)****(iii) Dividends paid to owners of the Group**

During the financial period, the Group paid dividends to owners of the Group amounting to RM36,141,000 (30.11.2020: RM7,354,000; 31.3.2021: RM7,954,000; 31.3.2020: RM2,570,000; 31.3.2019: RM10,379,000) of which RM4,300,000 (30.11.2020: Nil; 31.3.2021: Nil; 31.3.2020: Nil; 31.3.2019: Nil) was offset with the cash consideration from the disposal of assets held for sale to a Director of the Group (see Note 12).

**(iv) Cash flow for leases as a lessee**

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
<b>Included in net cash from operating activities:</b>					
Payment relating to:					
- short-term leases	424	1,063	2,151	1,176	-
- low-value assets	78	6	23	11	-
Interest paid in relation to lease liabilities	118	2	3	39	-
	620	1,071	2,177	1,226	-
<b>Included in net cash from financing activities</b>					
Payment of lease liabilities	705	246	253	919	-
<b>Total cash outflows for leases</b>	<b>1,325</b>	<b>1,317</b>	<b>2,430</b>	<b>2,145</b>	<b>-</b>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**Combined statements of cash flows (continued)****Notes to combined statements of cash flows (continued)****(iv) Cash flow for leases as a lessee (continued)****Reconciliation of liabilities**

<b>Audited</b>	<b>Lease liabilities RM'000</b>
<b>At 31 March 2019</b>	-
Adjustment on initial application of MFRS 16	1,179
<b>At 1 April 2019</b>	1,179
Repayment of lease liabilities	(919)
<b>At 31 March 2020/1 April 2020</b>	260
Repayment of lease liabilities	(253)
<b>At 31 March 2021</b>	7
Acquisition of new lease	5,553
Repayment of lease liabilities	(705)
<b>At 30 November 2021</b>	4,855
<b>Unaudited</b>	<b>Lease liabilities RM'000</b>
<b>At 1 April 2020</b>	260
Repayment of lease liabilities	(246)
<b>At 30 November 2020</b>	14

The notes on pages 10 to 86 are an integral part of these combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**Unitrade Industries Berhad**

(Registration No: 202101013724 (1414023-X))  
(Incorporated in Malaysia)

**Notes to the combined financial statements**

Unitrade Industries Berhad (the "Company") is a private limited liability company, incorporated and domiciled in Malaysia. 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**

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

Unitrade Industries Berhad has not commenced operations since the date of its incorporation and the intended principal activity of the Company is investment holding. The principal activities of Syarikat Logam Unitrade Sdn. Bhd. ("Unitrade"), Ricwil (Malaysia) Sdn. Bhd. and its subsidiary ("Ricwil Group") and Unitrade Sdn. Bhd. ("USB") ("Combining entities") are disclosed in Note 28 to the combined financial statements. The Company, Unitrade, Ricwil Group and USB are collectively referred to as the "Group".

**1. Basis of preparation****(a) Statement of compliance**

The Company was incorporated on 13 April 2021 for the purpose of a restructuring exercise that will result in the Company becoming the holding company of the Combining Entities.

The combined financial statements of the Group have been prepared solely in connection with the listing of and quotation for the entire issued share capital of the Company on the Ace Market of Bursa Malaysia Securities Berhad ("Listing") and for no other purpose.

The combined financial statements of the Group for the financial periods ended 30 November 2021 and 2020 and for the financial years ended 31 March 2021, 2020 and 2019 consist of the financial statements of the Combining Entities as these entities are under the common control of Sim Keng Chor, Teh Beng Khim and Nomis Sim Siang Leng (collectively referred to as the "Controlling Shareholders").

The combined financial statements of the Group for the financial periods ended 30 November 2021 and 2020 and for the financial years ended 31 March 2021, 2020 and 2019 were prepared in a manner as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative period presented or, if later, at the date that common control was established.



**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**1. Basis of preparation (continued)****(a) Statement of compliance (continued)**

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exist when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the financial periods ended 30 November 2021 and 2020 and for the financial years ended 31 March 2021, 2020 and 2019 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS").

**Changes in accounting policy**

The Group has adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* which are effective for annual periods beginning on or after 1 April 2018 and MFRS 16, *Leases* which is effective for annual periods beginning on or after 1 April 2019.

**(i) MFRS 15, Revenue from Contracts with Customers**

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods and services is transferred to the customers, moving from the transfer of risks and rewards.

The adoption of MFRS 15 does not have a material financial impact to the combined financial statements of the Group.

**(ii) MFRS 9, Financial Instruments**

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The adoption of MFRS 9 does not have a material financial impact to the combined financial statements of the Group.

**(iii) MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**1. Basis of preparation (continued)****(a) Statement of compliance (continued)****Changes in accounting policy (continued)****(iii) MFRS 16, Leases (continued)**

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group adopted MFRS 16 using the full retrospective approach, under which the effect of initial application is recognised as an adjustment to retained earnings at 1 April 2019.

At 1 April 2019, the Group recognised lease liabilities of RM1,179,000 with a corresponding additional right-of-use assets of RM1,179,000. No significant impact is expected on the Group's finance leases.

The effects of adoption of MFRS 16 have been reflected in the combined financial statements of the Group for the financial periods ended 30 November 2021 and 2020 and for the financial years ended 31 March 2021, 2020 and 2019.

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

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*



**13. ACCOUNTANTS' REPORT (Cont'd)**

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**1. Basis of preparation (continued)****(a) Statement of compliance (continued)*****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 – Classification of Liabilities as Current or Non-current and 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*

***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*

The Group plans to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 April 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141 which are not applicable to the Group.
- 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 which is not applicable to the Group.

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.

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**1. Basis of preparation (continued)****(d) Use of estimates and judgments**

The preparation of the combined 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 combined financial statements other than Note 23.4 – measurement of expected credit loss ("ECL").

**2. Significant accounting policies**

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

**(a) Basis of combination****(i) Combining entities**

The combined financial statements comprise the financial statements of the Company and the Combining Entities which are under common control as disclosed in Note 1. The financial statements used in the preparation of the combined financial statements are prepared as of the same reporting date as the Company.

The Combining Entities are entities, under common control of the Controlling Shareholders and are accounted for as if the Combining Entities under common control were operating as a single economic entity at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities of the Combining Entities are recognised at the carrying amounts recognised in the respective Combining Entities' financial statements. The components of equity of the Combining Entities are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity.

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have de facto power over an investee when, despite not having the majority of voting rights, they have the current ability to direct the activities of the investee that significantly affect the investee's return.

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**2. Significant accounting policies (continued)****(a) Basis of combination (continued)****(ii) Transactions eliminated on combination**

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

**(b) 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.

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 Group'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.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2. Significant accounting policies (continued)****(b) Basis of consolidation (continued)****(ii) Business combinations (continued)**

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.

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) 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.

**(v) 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 Group. 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 Group.

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.



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**2. Significant accounting policies (continued)****(b) Basis of consolidation (continued)****(vi) 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.

**(c) Foreign currency transaction**

Transactions in foreign currencies are translated to the respective functional currencies of the Group 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.

**(d) 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 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.

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**2. Significant accounting policies (continued)****(d) 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 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(I)(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 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).

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**2. Significant accounting policies (continued)****(d) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial assets (continued)*****(c) Fair value through profit or loss (continued)**

On initial recognition, the Group 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(l)(i)).

***Financial liabilities***

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

***Amortised cost***

Other 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) 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.



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**2. Significant accounting policies (continued)****(d) Financial instruments (continued)****(iii) Derecognition (continued)**

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.

**(e) Property, plant and equipment****(i) Recognition and measurement**

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

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.

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 "other 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, 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.

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**2. Significant accounting policies (continued)****(e) Property, plant and equipment (continued)****(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 will obtain ownership by the end of the lease term.

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

Buildings	50 years
Plant, machinery and other equipment	10 years
Computers, office equipment, furniture and fittings	5 – 20 years
Motor vehicles	5 – 7 years
New temporary structural support equipment	10 years
Used temporary structural support equipment	5 years
Renovation	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.

**(f) 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;

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**2. Significant accounting policies (continued)****(f) Leases (continued)****(i) Definition of a lease (continued)**

- 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's incremental borrowing rate. Generally, the Group uses their incremental borrowing rate as the discount rate.

**2. Significant accounting policies (continued)****(f) 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.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

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**2. Significant accounting policies (continued)****(f) Leases (continued)****(ii) Recognition and initial measurement (continued)****(b) As a lessor (continued)**

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as 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 operating income".



**2. Significant accounting policies (continued)****(g) Intangible assets****(i) Intangible assets**

Intangible assets, that are acquired by the Group, 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.

**(h) 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.

**2. Significant accounting policies (continued)****(h) Investment properties (continued)****(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.

**(i) 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.

**(j) 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.



**2. Significant accounting policies (continued)****(k) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have insignificant risk of changes in fair value, and are used by the Group 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 and pledged deposits, if any.

**(l) Impairment****(i) Financial assets**

The Group recognises 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 measures loss allowances at an amount equal to lifetime expected credit loss that are determined to have low credit risk at the reporting date, 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 considers 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 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 is exposed to credit risk.

The Group estimates 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 assesses 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.

**2. Significant accounting policies (continued)****(I) Impairment (continued)****(i) Financial assets (continued)**

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 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

**(ii) Other assets**

The carrying amounts of other assets (except for inventories and deferred tax assets) 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.

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**2. Significant accounting policies (continued)****(m) Equity instrument**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares are classified as equity.

**(n) 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 has 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 contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

**(o) Revenue and other income****(i) Goods sold**

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 recognises 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 transfers 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 performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**2. Significant accounting policies (continued)****(o) Revenue and other income (continued)****(ii) Rental income**

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease.

**(iii) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss.

**(p) Borrowing costs**

Borrowing costs are recognised in profit or loss using the effective interest method.

**(q) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

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 temporary differences arising from 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.



**2. Significant accounting policies (continued)****(q) Income tax (continued)**

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.

**(r) 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 Group 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.

**(s) 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 Chief Executive Officer 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.

**(t) Contingencies****Contingent liabilities**

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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**2. Significant accounting policies (continued)****(u) 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 uses 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 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 recognises transfers between levels of fair value hierarchy as of the date of the event or changes in circumstances that caused the transfers.

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3. Property, plant and equipment

	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	Total RM'000
<b>Cost</b>										
At 1 April 2018		9,350	11,028	3,584	1,632	6,409	14,776	113	227	47,119
Additions		-	-	885	61	398	13,559	-	2	14,905
Disposal		-	-	-	-	(487)	(1,045)	-	-	(1,532)
At 31 March 2019/1 April 2019		9,350	11,028	4,469	1,693	6,320	27,290	113	229	60,492
Additions		86,905	18,857	462	369	321	6,199	-	30	113,143
Disposal		-	-	-	-	(182)	(2,109)	-	-	(2,291)
Write off		-	-	(6)	(351)	-	-	(17)	-	(374)
At 31 March 2020/1 April 2020		96,255	29,885	4,925	1,711	6,459	31,380	96	259	170,970
Additions		-	-	416	103	446	5,753	518	19,786	27,022
Disposal		-	-	(296)	-	(38)	(3,007)	-	-	(3,341)
Write off		-	(1,752)	(120)	(67)	-	(859)	-	-	(2,798)
Transfer to assets held for sale	12	-	(3,587)	-	-	-	-	-	-	(3,587)
Transfer to investment properties	5	-	(110)	-	-	-	-	-	-	(110)
At 31 March 2021/1 April 2021		96,255	24,436	4,925	1,747	6,867	33,267	614	20,045	188,156
Additions		-	-	1,156	660	996	3,016	-	16,176	22,004
Disposal		-	-	-	-	(534)	(1,652)	-	-	(2,186)
Write off		-	-	(29)	-	-	-	-	-	(29)
At 30 November 2021		96,255	24,436	6,052	2,407	7,329	34,631	614	36,221	207,945



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3. Property, plant and equipment (continued)

	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	Total RM'000
<b>Depreciation and impairment loss</b>										
At 1 April 2018	-	-	2,535	2,560	1,063	4,036	697	74	-	10,965
Depreciation for the year	-	-	220	402	165	709	2,202	10	-	3,708
Disposal	-	-	-	-	-	(487)	(150)	-	-	(637)
At 31 March 2019/1 April 2019	-	-	2,755	2,962	1,228	4,258	2,749	84	-	14,036
Depreciation for the year	-	-	503	441	194	702	3,057	9	-	4,906
Impairment loss	-	-	-	-	-	-	-	-	229	229
Disposal	-	-	-	-	-	(138)	(450)	-	-	(588)
Write off	-	-	-	(6)	(346)	-	-	(17)	-	(369)
At 31 March 2020/1 April 2020	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	3,258	3,397	1,076	4,822	5,356	76	-	17,985
Accumulated impairment loss	-	-	-	-	-	-	-	-	229	229
	-	-	3,258	3,397	1,076	4,822	5,356	76	229	18,214

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3. Property, plant and equipment (continued)

	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	Total RM'000
<b>Depreciation and impairment loss (continued)</b>										
At 31 March 2020/1 April 2020		-	3,258	3,397	1,076	4,822	5,356	76	-	17,985
Accumulated depreciation Accumulated impairment loss		-	-	-	-	-	-	-	229	229
Depreciation for the year		-	3,258	3,397	1,076	4,822	5,356	76	229	18,214
Disposal		-	563	439	200	677	3,262	9	-	5,150
Write off		-	-	(280)	-	(38)	(635)	-	-	(953)
Transfer to assets held for sale	12	-	(27)	(24)	(65)	-	(244)	-	-	(360)
Transfer to investment properties		-	(832)	-	-	-	-	-	-	(832)
At 31 March 2021/1 April 2021	5	-	(11)	-	-	-	-	-	-	(11)
Accumulated depreciation Accumulated impairment loss		-	2,951	3,532	1,211	5,461	7,739	85	-	20,979
		-	-	-	-	-	-	-	229	229
		-	2,951	3,532	1,211	5,461	7,739	85	229	21,208

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3. Property, plant and equipment (continued)

	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	Total RM'000
Depreciation and impairment loss (continued)										
At 31 March 2021/1 April 2021		-	2,951	3,532	1,211	5,461	7,739	85	-	20,979
Accumulated depreciation		-	-	-	-	-	-	-	229	229
Accumulated impairment loss		-	-	-	-	-	-	-	-	-
Depreciation for the period		-	2,951	3,532	1,211	5,461	7,739	85	229	21,208
Disposal		-	326	277	121	420	2,427	41	-	3,612
Write off		-	-	-	-	(534)	(431)	-	-	(965)
At 30 November 2021		-	-	(28)	-	-	-	-	-	(28)
Accumulated depreciation		-	3,277	3,781	1,332	5,347	9,735	126	-	23,598
Accumulated impairment loss		-	-	-	-	-	-	-	229	229
Carrying amounts		-	3,277	3,781	1,332	5,347	9,735	126	229	23,827
At 31 March 2019		9,350	8,273	1,507	465	2,062	24,541	29	229	46,456
At 31 March 2020		96,255	26,627	1,528	635	1,637	26,024	20	30	152,756
At 31 March 2021		96,255	21,485	1,393	536	1,406	25,528	529	19,816	166,948
At 30 November 2021		96,255	21,159	2,271	1,075	1,982	24,896	488	35,992	184,118

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**3. Property, plant and equipment (continued)****3.1 Assets acquired under hire purchase**

Included in property, plant and equipment of the Group are temporary structural support equipment, machineries and motor vehicle acquired under hire purchase arrangements with carrying amounts of Nil, RM121,000 and RM1,463,000 (31.3.2021: Nil, RM231,000, and RM708,000; 31.3.2020: Nil, RM115,000 and RM1,566,000; 31.3.2019: RM2,088,000, RM129,000 and RM1,974,000) respectively.

**3.2 Security**

The property, plant and equipment of the Group with carrying amount of RM172,891,000 (31.3.2021: RM162,852,000; 31.3.2020: RM147,466,000; 31.3.2019: RM40,512,000) are pledged to licensed banks as security for financing facilities granted to the Group (see Note 14).

**3.3 Equipment subject to operating lease**

The Group leases its temporary structural support equipment to third parties. Each of the leases typically runs for a period of less than 1 year.

The following are recognised in profit or loss:

	<b>1.4.2021 to 30.11.2021 Audited RM'000</b>	<b>1.4.2020 to 30.11.2020 Unaudited RM'000</b>	<b>1.4.2020 to 31.3.2021 Audited RM'000</b>	<b>1.4.2019 to 31.3.2020 Audited RM'000</b>	<b>1.4.2018 to 31.3.2019 Audited RM'000</b>
Rental income	6,546	7,691	12,039	14,113	11,605

**4. Right-of-use-assets**

	<b>Buildings RM'000</b>
At 31 March 2019	-
Adjustment on initial application of MFRS 16	1,179
At 1 April 2019	1,179
Depreciation	(926)
At 31 March 2020/1 April 2020	253
Depreciation	(246)
At 31 March 2021/1 April 2021	7
Addition	5,553
Depreciation	(821)
At 30 November 2021	4,739

The Group leases buildings that run for a period of 1 to 2 years, with an option to renew the lease after that date. During the financial period, certain leases have expired and the Group has not exercised the renewal option.

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**4. Right-of-use-assets (continued)****4.1 Extension option**

Some leases of buildings contain an extension option exercisable by the Group up to two or three years before the end of the non-cancellable contract period. The extension option held is exercisable only by the Group and not by the lessor. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension option. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

Group	Lease liabilities	Potential future lease payments
	recognised (discounted) RM'000	not included in lease liabilities (discounted) RM'000
Buildings	5,553	-

**4.2 Judgements and assumptions in relation to lease**

The Group assesses at lease commencement by applying judgement whether it is reasonably certain to exercise the extension option. The Group considers all facts and circumstances including its past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help it determine the lease term.

The Group also 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.

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**5. Investment properties**

	Note	30.11.2021 RM'000	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
<b>Cost</b>					
At the beginning of the year		7,280	7,170	7,170	4,069
Additions		-	-	-	3,101
Transfer from property, plant and equipment	3	-	110	-	-
At the end of the period/year		<u>7,280</u>	<u>7,280</u>	<u>7,170</u>	<u>7,170</u>
<b>Depreciation</b>					
At the beginning of the year		1,680	1,545	1,417	1,316
Charge for the period/year		84	124	128	101
Transfer from property, plant and equipment	3	-	11	-	-
At the end of the period/year		<u>1,764</u>	<u>1,680</u>	<u>1,545</u>	<u>1,417</u>
<b>Carrying amounts</b>					
At the end of the period/year		<u>5,516</u>	<u>5,600</u>	<u>5,625</u>	<u>5,753</u>

Included in the investment properties are land and buildings amounting to RM2,496,000 (31.3.2021: RM2,536,000; 31.3.2020: RM2,494,000; 31.3.2019: RM2,550,000) 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 RM2,530,000 (31.3.2021: RM2,571,000; 31.3.2020: RM2,634,000; 31.3.2019: RM2,694,000) are pledged to licensed banks as security for financing facilities granted to the Group (see Note 14).

The following are recognised in profit or loss in respect of investment properties:

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
Rental income	336	402	593	579	552
Direct operating expenses on income generating investment properties	(20)	(17)	(26)	(60)	(41)
Direct operating expenses on non-income generating investment properties	<u>(26)</u>	<u>(27)</u>	<u>(13)</u>	<u>-</u>	<u>-</u>

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**5. Investment properties (continued)**

The operating lease payments to be received are as follows:

	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Less than one year	592	590	588	-
One to two years	343	588	147	-
Two to three years	-	147	-	-
	<u>935</u>	<u>1,325</u>	<u>735</u>	<u>-</u>

**5.1 Fair value information**

Fair value of investment properties is categorised as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30.11.2021</b>				
Land and buildings	-	-	22,950	22,950
<b>31.3.2021</b>				
Land and buildings	-	-	22,950	22,950
<b>31.3.2020</b>				
Land and buildings	-	-	18,500	18,500
<b>31.3.2019</b>				
Land and buildings	-	-	18,500	18,500

**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.



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**6. Intangible assets**

	<b>Computer software RM'000</b>
<b>Cost</b>	
At 1 April 2019	-
Additions	624
At 31 March 2020/1 April 2020	624
Additions	42
At 31 March 2021/1 April 2021	666
Additions	9
At 30 November 2021	675
<b>Amortisation</b>	
At 1 April 2019	-
Charge for the year	40
At 31 March 2020/1 April 2020	40
Charge for the year	70
At 31 March 2021/1 April 2021	110
Charge for the period	50
At 30 November 2021	160
<b>Carrying amounts</b>	
At 31 March 2019	-
At 31 March 2020	584
At 31 March 2021	556
At 30 November 2021	515

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**7. Other investments**

	<b>Shares</b>			
	<b>Unquoted RM'000</b>	<b>Quoted in Malaysia RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>30.11.2021</b>				
<b>Non-current</b>				
Fair value through other comprehensive income	16	25	30	71
Market value of quoted investments	-	25	-	25
<b>31.3.2021</b>				
<b>Non-current</b>				
Fair value through other comprehensive income	16	25	30	71
Market value of quoted investments	-	25	-	25
<b>31.3.2020</b>				
<b>Non-current</b>				
Fair value through other comprehensive income	16	25	30	71
Market value of quoted investments	-	25	-	25
<b>31.3.2019</b>				
<b>Non-current</b>				
Fair value through other comprehensive income	16	25	30	71
Market value of quoted investments	-	25	-	25

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**8. Deferred tax assets/(liabilities)****Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>				
Lease liabilities	1,165	2	6	-
Inventories	2,038	2,148	1,642	1,518
Provisions	1,283	1,716	1,163	1,638
Other items	61	5	13	53
	<u>4,547</u>	<u>3,871</u>	<u>2,824</u>	<u>3,209</u>
Tax assets				
Set off of tax	(1,554)	(956)	(310)	(185)
	<u>2,993</u>	<u>2,915</u>	<u>2,514</u>	<u>3,024</u>
<b>Liabilities</b>				
Property, plant and equipment	(2,720)	(2,421)	(2,110)	(1,561)
Right-of-use of assets	(1,137)	(2)	(6)	-
Other items	-	-	(14)	(41)
	<u>(3,857)</u>	<u>(2,423)</u>	<u>(2,130)</u>	<u>(1,602)</u>
Tax liabilities				
Set off of tax	1,554	956	310	185
	<u>(2,303)</u>	<u>(1,467)</u>	<u>(1,820)</u>	<u>(1,417)</u>
Net tax liabilities				
Net	<u>690</u>	<u>1,448</u>	<u>694</u>	<u>1,607</u>

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8. Deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the period/year

	At 01.04.2018 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.03.2019/ 01.04.2019 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.03.2020/ 01.04.2020 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.03.2021/ 01.04.2021 RM'000	Recognised in profit or loss (Note 19) RM'000	At 30.11.2021 RM'000
Property, plant and equipment	(1,069)	(492)	(1,561)	(549)	(2,110)	(311)	(2,421)	(299)	(2,720)
Right-of-use of assets	-	-	-	(6)	(6)	4	(2)	(1,135)	(1,137)
Lease liabilities	-	-	-	6	6	(4)	2	1,163	1,165
Inventories	1,179	339	1,518	124	1,642	506	2,148	(110)	2,038
Provisions	1,022	616	1,638	(475)	1,163	553	1,716	(433)	1,283
Other items	297	(285)	12	(13)	(1)	6	5	56	61
	1,429	178	1,607	(913)	694	754	1,448	(758)	690

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**9. Trade and other receivables**

	Note	30.11.2021 RM'000	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
<b>Non-current</b>					
<b>Trade</b>					
Trade receivables		-	-	-	8,558
Less: Allowance for impairment losses		-	-	-	(1,372)
		-	-	-	7,186
<b>Current</b>					
<b>Trade</b>					
Trade receivables		384,568	364,048	356,159	294,240
Less: Allowance for impairment losses		(22,993)	(21,892)	(19,053)	(12,728)
		361,575	342,156	337,106	281,512
<b>Non-trade</b>					
Other receivables	9.1	27,149	45,811	17,915	5,428
GST receivable		520	520	520	523
Amounts due from related parties	9.2	-	31,841	23,742	15,339
Deposits		990	2,524	929	1,301
Prepayments		3,983	4,217	4,136	4,423
		32,642	84,913	47,242	27,014
		394,217	427,069	384,348	308,526
		394,217	427,069	384,348	315,712

9.1 Included in other receivables of the Group is advance payment totalling RM26,767,000 (31.3.2021: RM45,414,000; 31.3.2020: RM16,717,000; 31.3.2019: RM4,408,000) paid to suppliers for procurement of materials.

9.2 The amounts are due from companies in which certain Directors of the Group have interests. These amounts have been fully repaid during the period ended 30 November 2021.

The non-trade amounts due from related parties are unsecured, subject to interest ranging from 3.42% to 3.45% (31.3.2021: 2.78% to 3.84% per annum; 31.3.2020: 3.99%; 31.3.2019: 4.57%) and repayable on demand.

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**10. Inventories**

	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Raw materials	18,279	14,972	13,988	10,779
Finished goods	1,045	641	357	265
Trading goods	142,391	101,736	114,778	120,625
	<u>161,715</u>	<u>117,349</u>	<u>129,123</u>	<u>131,669</u>
	<b>1.4.2021 to</b>	<b>1.4.2020 to</b>	<b>1.4.2020 to</b>	<b>1.4.2019 to</b>
	<b>30.11.2021</b>	<b>20.11.2020</b>	<b>31.3.2021</b>	<b>31.3.2020</b>
	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Recognised in profit or loss:</i>				
Inventories recognised as cost of sales	677,313	517,426	927,187	987,991
Write-down to net realisable value	369	-	1,919	530
Reversal of write-down	<u>-</u>	<u>-</u>	<u>(73)</u>	<u>(86)</u>
				<u>(48)</u>

The write-down and reversal are included in cost of sales.

**11. Cash and cash equivalents**

	<b>Note</b>	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances		63,805	79,347	28,892	58,083
Deposits placed with licensed banks	11.1	<u>9,098</u>	<u>9,025</u>	<u>8,764</u>	<u>8,484</u>
		<u>72,903</u>	<u>88,372</u>	<u>37,656</u>	<u>66,567</u>

11.1 The deposits placed with licensed banks of the Group are pledged as security for financing facilities granted to the Group (see Note 14).

**12. Assets classified as held for sale**

An office building and a factory building were presented as assets held for sale following the commitment of the Group to a plan to sell the office building and factory building to a Director of the Group for a total cash consideration of RM4,300,000.

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**12. Assets classified as held for sale (continued)**

The carrying amounts of the office building and factory building of RM451,000 and RM2,304,000 respectively, were the same as the carrying values before they were being reclassified to current assets.

The transaction has been completed on 21 June 2021.

**13. Invested equity**

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of Combining Entities constituting the Group.

The invested equity constitutes the share capital of Unitrade, Ricwil Group and USB.

	Note	30.11.2021		31.3.2021		31.3.2020		31.3.2019	
		Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid shares with no par value classified as equity instruments:									
Ordinary shares									
At beginning of the year	13.1	5,500	5,000	5,500	5,000	4,500	4,500	4,500	4,500
Issued during the period/year		10,300	10,300	-	-	1,000	500	-	-
At end of the period/year		15,800	15,300	5,500	5,000	5,500	5,000	4,500	4,500

**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 Group.

13.1 During the financial period, 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.



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**14. Loans and borrowings**

	Note	30.11.2021 RM'000	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
<b>Non-current</b>					
Term loans - secured	14.1	25,673	10,522	199	209
Term loans - unsecured		2,226	2,792	1,597	2,018
Hire purchase liabilities	14.2	830	350	212	435
Revolving credit - secured	14.4	86,961	89,952	101,288	9,992
		115,690	103,616	103,296	12,654
<b>Current</b>					
Term loans - secured	14.1	1,054	1,390	10	17
Term loans - unsecured		833	815	421	408
Hire purchase liabilities	14.2	370	207	453	1,408
Bankers' acceptances - secured	14.3	162,064	183,658	169,011	139,113
Bankers' acceptances - unsecured	14.3	204,763	159,324	168,170	157,921
Revolving credit - secured	14.4	20,951	21,336	14,816	6,503
Bank overdraft - unsecured		1,692	624	-	221
Foreign currency trade financing - secured	14.5	3,917	18,743	387	-
		395,644	386,097	353,268	305,591
		511,334	489,713	456,564	318,245

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**14. Loans and borrowings (continued)**

Reconciliation of movement of liabilities to cash flows arising from financing activities

<b>Audited</b>	<b>Hire purchase liabilities RM'000</b>	<b>Term loans RM'000</b>	<b>Bankers' acceptances RM'000</b>	<b>Revolving credit RM'000</b>	<b>Foreign currency trade financing RM'000</b>	<b>Total liabilities from financing activities RM'000</b>
At 1 April 2018	3,289	976	198,576	7,900	-	210,741
Net changes from financing cash flows	(1,789)	1,676	98,458	8,595	-	106,940
Acquisition of property, plant and equipment	343	-	-	-	-	343
At 31 March 2019/1 April 2019	1,843	2,652	297,034	16,495	-	318,024
Net changes from financing cash flows	(1,484)	(425)	40,147	99,609	387	138,234
Acquisition of property, plant and equipment	306	-	-	-	-	306
At 31 March 2020/1 April 2020	665	2,227	337,181	116,104	387	456,564
Net changes from financing cash flows	(508)	13,246	5,801	(4,816)	18,356	32,079
Acquisition of property, plant and equipment	400	-	-	-	-	400
Other changes	-	46	-	-	-	46
At 31 March 2021/1 April 2021	557	15,519	342,982	111,288	18,743	489,089
Net changes from financing cash flows	(172)	14,267	23,845	(3,376)	(14,826)	19,738
Acquisition of property, plant and equipment	815	-	-	-	-	815
At 30 November 2021	1,200	29,786	366,827	107,912	3,917	509,642

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**14. Loans and borrowings (continued)**

Reconciliation of movement of liabilities to cash flows arising from financing activities

Unaudited	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 31 March 2020/1 April 2020	665	2,227	337,181	116,104	387	456,564
Net changes from financing cash flows	(343)	1,714	20,372	(2,064)	(387)	19,292
At 30 November 2020	322	3,941	357,553	114,040	-	475,856

**14.1 Term loans - secured**

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 the subsidiary of Ricwil Group and are supported by the corporate guarantee by Unitrade, joint and several guarantee by certain Directors of the Group. The term loans are repayable in fixed principal instalments over 9 years, with monthly interest to be serviced separately based on prevailing rates.

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**14. Loans and borrowings (continued)****14.2 Hire purchase liabilities**

Hire purchase liabilities are payable as follows:

	<b>Future minimum payments RM'000</b>	<b>Interest RM'000</b>	<b>Present value of minimum payments RM'000</b>
<b>30.11.2021</b>			
Less than one year	412	(42)	370
Between one and five years	875	(45)	830
	<u>1,287</u>	<u>(87)</u>	<u>1,200</u>
<b>31.3.2021</b>			
Less than one year	227	(20)	207
Between one and five years	366	(16)	350
	<u>593</u>	<u>(36)</u>	<u>557</u>
<b>31.3.2020</b>			
Less than one year	473	(20)	453
Between one and five years	226	(14)	212
	<u>699</u>	<u>(34)</u>	<u>665</u>
<b>31.3.2019</b>			
Less than one year	1,475	(67)	1,408
Between one and five years	448	(13)	435
	<u>1,923</u>	<u>(80)</u>	<u>1,843</u>

**14.3 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 11) and/or are supported by joint and several guarantee by certain Directors of the Group.

At 30 November 2021, two of the Combining Entities, Unitrade and Ricwil Group, did not comply with certain financial covenants. Unitrade and Ricwil Group applied and successfully received the waiver to comply with the financial covenants from the banks subsequent to period end.

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**14. Loans and borrowings (continued)****14.4 Revolving credit - secured**

The revolving credit is secured by certain property, plant and equipment (Note 3), deposit placed with licensed banks (Note 11), escrow account maintained with a licensed bank, a fixed and floating charge over all the present and future assets of the subsidiary of Ricwil Group and are supported by the corporate guarantee by Unitrade, joint and several guarantee by certain Directors of the Group.

**14.5 Foreign currency trade financing - secured**

The foreign currency trade financing is secured by certain property, plant and equipment (Note 3), deposits placed with licensed banks (Note 11) and are supported by joint and several guarantee by certain Directors of the Group.

At 30 November 2021, one of the Combining Entities, Unitrade did not comply with certain financial covenants. Unitrade applied and successfully received the waiver to comply with the financial covenants from the banks subsequent to period end.

**15. Trade and other payables**

	<b>Note</b>	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Trade</b>					
Trade payables		49,810	53,416	35,495	61,976
Supplier factoring facilities	15.1	26,092	29,728	12,200	-
Amount due to a related party	15.2	392	345	17	104
		<u>76,294</u>	<u>83,489</u>	<u>47,712</u>	<u>62,080</u>
<b>Non-trade</b>					
Other payables and accruals		9,638	12,762	6,808	7,087
Amount due to a Director	15.3	20	20	20	20
		<u>9,658</u>	<u>12,782</u>	<u>6,828</u>	<u>7,107</u>
		<u>85,952</u>	<u>96,271</u>	<u>54,540</u>	<u>69,187</u>

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**15. Trade and other payables (continued)**

15.1 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.

15.2 The trade amount due to a related party is subject to negotiated terms.

15.3 The non-trade amount due to Director is unsecured, interest free and repayable on demand.

**16. Revenue**

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
<b>Revenue from contracts with customers</b>					
- Sale of goods	749,705	560,075	1,012,848	1,063,137	1,036,570
- Rendering of repair and maintenance services	133	-	157	379	548
	749,838	560,075	1,013,005	1,063,516	1,037,118
<b>Other revenue:</b>					
Rental income of temporary structural support equipment	6,546	7,691	12,039	14,113	11,605
<b>Total revenue</b>	<u>756,384</u>	<u>567,766</u>	<u>1,025,044</u>	<u>1,077,629</u>	<u>1,048,723</u>

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**16. Revenue (continued)**

	<b>1.4.2021 to 30.11.2021 Audited RM'000</b>	<b>1.4.2020 to 30.11.2020 Unaudited RM'000</b>	<b>1.4.2020 to 31.3.2021 Audited RM'000</b>	<b>1.4.2019 to 31.3.2020 Audited RM'000</b>	<b>1.4.2018 to 31.3.2019 Audited RM'000</b>
<b>Primary geographical markets:</b>					
Malaysia	754,219	564,549	1,021,121	1,073,938	1,041,355
Overseas	2,165	3,217	3,923	3,691	7,368
	<u>756,384</u>	<u>567,766</u>	<u>1,025,044</u>	<u>1,077,629</u>	<u>1,048,723</u>
<b>Timing and recognition</b>					
Point in time	<u>749,838</u>	<u>560,075</u>	<u>1,013,005</u>	<u>1,063,516</u>	<u>1,037,118</u>
<b>Revenue from contracts with customers</b>	749,838	560,075	1,013,005	1,063,516	1,037,118
<b>Other revenue</b>	6,546	7,691	12,039	14,113	11,605
	<u>756,384</u>	<u>567,766</u>	<u>1,025,044</u>	<u>1,077,629</u>	<u>1,048,723</u>

**16.1 Nature of goods and services**

<b>Nature of goods or services</b>	Sale of goods	Rendering of repair and maintenance services
<b>Timing of recognition or method used to recognise revenue</b>	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.
<b>Significant payment terms</b>	Up to 120 days from invoice date.	Credit period of 30 to 120 days from invoice date.
<b>Variable element in consideration</b>	Discount or incentives given to buyers.	Discount given to customers.
<b>Obligation for returns or refunds</b>	Not applicable.	Not applicable.
<b>Warranty</b>	Not applicable.	Not applicable.



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**17. Finance income**

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
Interest income of financial assets that are not at fair value through profit or loss:					
- Deposits placed with licensed banks	204	236	356	448	455
- Deposits with other financial institution	146	469	564	410	794
- Amount due from a related party	-	-	1,082	752	-
	<u>350</u>	<u>705</u>	<u>2,002</u>	<u>1,610</u>	<u>1,249</u>

**18. Finance cost**

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
Interest expense on:					
- bankers' acceptances	5,820	7,127	9,957	13,690	12,603
- hire purchase liabilities	20	19	28	72	288
- lease liabilities	118	2	3	39	-
- term loan	535	46	117	117	73
- revolving credit	2,066	2,297	3,289	2,392	458
- bank overdraft	59	44	69	188	165
- others	257	177	451	294	330
	<u>8,875</u>	<u>9,712</u>	<u>13,914</u>	<u>16,792</u>	<u>13,917</u>

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**19. Tax expense****Recognised in profit or loss**

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
<b>Current tax expense</b>					
Current year	9,676	5,287	11,654	7,785	7,296
(Over)/Under provision in prior year	(330)	-	5	6	(199)
	<u>9,346</u>	<u>5,287</u>	<u>11,659</u>	<u>7,791</u>	<u>7,097</u>
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences	272	(39)	(746)	219	(40)
Under/(Over) provision in prior year	486	-	(8)	694	(138)
	<u>758</u>	<u>(39)</u>	<u>(754)</u>	<u>913</u>	<u>(178)</u>
<b>Total tax expense</b>	<u>10,104</u>	<u>5,248</u>	<u>10,905</u>	<u>8,704</u>	<u>6,919</u>
<b>Reconciliation of tax expense</b>					
Profit before tax	<u>38,557</u>	<u>19,898</u>	<u>40,071</u>	<u>29,047</u>	<u>27,879</u>
Income tax using Malaysian tax rate of 24%	9,254	4,776	9,617	6,971	6,691
Effect of income subject to tax rate of 17% (2021: 17%; 2020: 17%; 2019: 18%)	-	-	(42)	(84)	(60)
Effect of real property gains tax rate	(119)	-	-	-	-
Non-deductible expenses	848	585	1,468	1,277	855
Non-taxable income	(35)	(113)	(135)	(160)	(230)
	<u>9,948</u>	<u>5,248</u>	<u>10,908</u>	<u>8,004</u>	<u>7,256</u>
(Over)/Under provision in prior years					
- current tax expense	(330)	-	5	6	(199)
- deferred tax expense	486	-	(8)	694	(138)
	<u>10,104</u>	<u>5,248</u>	<u>10,905</u>	<u>8,704</u>	<u>6,919</u>

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**20. 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:

	30.11.2021	30.11.2020	Group 31.3.2021	31.3.2020	31.3.2019
	Audited	Unaudited	Audited	Audited	Audited
Profit attributable to ordinary shareholders (RM'000)	<u>28,107</u>	<u>13,812</u>	<u>28,782</u>	<u>19,087</u>	<u>18,925</u>
Weighted average number of ordinary shares at period/year end ('000)	<u>14,863</u>	<u>5,500</u>	<u>5,500</u>	<u>5,012</u>	<u>4,500</u>
Basic earnings per ordinary share (RM)	<u>1.89</u>	<u>2.51</u>	<u>5.23</u>	<u>3.81</u>	<u>4.21</u>

The weighted average number of ordinary shares as at 30.11.2021 was arrived at after taking into consideration the issuance of 10,300,000 renounceable bonus 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 years. Accordingly, the diluted earnings per ordinary share for the current and previous years are equal to the basic earnings per ordinary share.

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**21. Dividends**

Dividends recognised by the Group:

	Total amount RM'000	Date of payment/ settlement
<b>30.11.2021</b>		
<b>Unitrade</b>		
Special 2021 single tier dividend	24,604	1 April 2021
<b>Ricwil Group</b>		
First special interim single-tier dividend	7,237	1 April 2021
Second special interim single tier dividend	4,300	21 June 2021
	11,537	
	36,141	
<b>31.3.2021</b>		
<b>Unitrade</b>		
First interim 2020 single tier dividend	2,000	15 April 2020
Second interim 2020 single tier dividend	2,000	31 July 2020
Final 2020 single tier dividend	1,354	29 September 2020
First interim 2021 single tier dividend	2,000	26 October 2020
	7,354	
<b>Ricwil Group</b>		
Interim 2021 single tier dividend	600	29 March 2021
	7,954	
<b>31.3.2020</b>		
<b>Unitrade</b>		
Final 2019 single tier dividend	1,894	4 November 2019
<b>31.3.2019</b>		
<b>Unitrade</b>		
Final 2018 single tier dividend	4,343	14 September 2018
First interim 2019 single tier dividend	1,760	17 December 2018
Second interim 2019 single tier dividend	676	12 April 2019
	6,779	
<b>Ricwil Group</b>		
First interim 2019 single tier dividend	500	29 January 2019
	7,279	

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**22. 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's Chief Executive Officer (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 of pre-insulated pipes
- Rental of temporary structural support equipment.

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's Chief Executive Officer 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.

**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's Chief Executive Officer. 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's Chief Executive Officer. 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.

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22. Operating segments (continued)

30.11.2021 (Audited) Group	Wholesale and distribution RM'000	Manufacturing RM'000	Rental RM'000	Total RM'000
<b>Segment profit</b>	45,918	1,437	4,294	51,649
<i>Included in the measure of segment profit are:</i>				
Revenue from external customers	737,404	12,301	6,679	756,384
Inter-segment revenue	12,784	453	-	13,237
Inventories written down	(369)	-	-	(369)
Reversal of inventories written down	-	-	-	-
<i>Not included in the measure of segment profit are:</i>				
Depreciation of:				
- property, plant and equipment	(1,115)	(24)	(2,473)	(3,612)
- right-of-use assets	(647)	(133)	(41)	(821)
- investment properties	(84)	-	-	(84)
Amortisation of intangible assets	(46)	-	(4)	(50)
Finance costs	(8,359)	(224)	(292)	(8,875)
Finance income	350	-	-	350
<b>Segment assets</b>	766,259	27,266	34,765	828,290
<i>Included in the measure of segment assets are:</i>				
Additions to non-current assets other than financial instruments and deferred tax assets*	22,755	1,154	3,657	27,566

\* Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

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22. Operating segments (continued)

	Wholesale and distribution RM'000	Manufacturing RM'000	Rental RM'000	Total RM'000
30.11.2020 (Unaudited) Group	24,787	2,106	5,876	32,769
Segment profit				
Included in the measure of segment profit are:				
Revenue from external customers	546,321	13,754	7,691	567,766
Inter-segment revenue	13,544	946	-	14,490
Inventories written down	-	-	-	-
Reversal of inventories written down	-	-	-	-
Not included in the measure of segment profit are:				
Depreciation of:				
- property, plant and equipment	(1,237)	(35)	(2,223)	(3,495)
- right-of-use assets	(238)	(2)	-	(240)
- investment properties	(84)	-	-	(84)
Amortisation of intangible assets	(41)	-	(4)	(45)
Finance costs	(9,037)	(225)	(450)	(9,712)
Finance income	704	1	-	705



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22. Operating segments (continued)

31.3.2021 (Audited)  
Group

Segment profit

Included in the measure of segment profit are:

Revenue from external customers

Inter-segment revenue

Inventories written down

Reversal of inventories written down

Not included in the measure of segment profit are:

Depreciation of:

- property, plant and equipment

- right-of-use assets

- investment properties

Amortisation of intangible assets

Finance costs

Finance income

Segment assets

Included in the measure of segment assets are:

Additions to non-current assets other than financial instruments  
and deferred tax assets\*

\* Additions to non-current assets consist of additions to property, plant and equipment, investment properties and intangible assets.

Wholesale and distribution RM'000	Manufacturing RM'000	Rental RM'000	Total RM'000
49,688	2,382	5,503	57,573
991,839	21,009	12,196	1,025,044
23,714	1,379	-	25,093
(1,919)	-	-	(1,919)
73	-	-	73
(1,819)	(35)	(3,296)	(5,150)
(243)	(3)	-	(246)
(124)	-	-	(124)
(64)	-	(6)	(70)
(12,940)	(333)	(641)	(13,914)
1,895	107	-	2,002
756,257	23,065	32,938	812,260
21,134	38	5,892	27,064

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22. Operating segments (continued)

31.3.2020 (Audited) Group	Wholesale and distribution RM'000	Manufacturing RM'000	Rental RM'000	Total RM'000
<b>Segment profit</b>	39,894	1,892	8,443	50,229
<i>Included in the measure of segment profit are:</i>				
Revenue from external customers	1,041,232	21,905	14,492	1,077,629
Inter-segment revenue	17,337	1,796	25	19,158
Inventories written down	(530)	-	-	(530)
Reversal of inventories written down	86	-	-	86
<i>Not included in the measure of segment profit are:</i>				
Depreciation of:				
- property, plant and equipment	(1,799)	(37)	(3,070)	(4,906)
- right-of-use assets	(923)	(3)	-	(926)
- investment properties	(128)	-	-	(128)
Amortisation of intangible assets	(34)	-	(6)	(40)
Finance costs	(15,625)	(310)	(857)	(16,792)
Finance income	1,601	1	8	1,610
<b>Segment assets</b>	659,902	22,559	32,738	715,199
<i>Included in the measure of segment assets are:</i>				
Additions to non-current assets other than financial instruments and deferred tax assets*	107,384	87	6,296	113,767

\* Additions to non-current assets consist of additions to property, plant and equipment, investment properties and intangible assets.

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Registration No: 202101013724 (1414023-X)

22. Operating segments (continued)

31.3.2019 (Audited)

Group

Segment profit

Included in the measure of segment profit are:

Revenue from external customers

Inter-segment revenue

Inventories written down

Reversal of inventories written down

Not included in the measure of segment profit are:

Depreciation of:

- property, plant and equipment

- investment properties

Finance costs

Finance income

Wholesale and distribution RM'000	Manufacturing RM'000	Rental RM'000	Total RM'000
31,995	2,437	9,924	44,356
1,013,000	23,570	12,153	1,048,723
20,004	2,418	-	22,422
(1,786)	-	-	(1,786)
48	-	-	48
(1,470)	(35)	(2,203)	(3,708)
(101)	-	-	(101)
(12,923)	(310)	(684)	(13,917)
1,248	1	-	1,249
521,959	18,894	31,062	571,915
4,363	73	13,570	18,006

Segment assets

Included in the measure of segment assets are:

Additions to non-current assets other than financial instruments and deferred tax assets\*

\* Additions to non-current assets consist of additions to property, plant and equipment, investment properties and intangible assets.

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22. Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	Group 1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
<b>Profit or loss</b>					
Total profit for reportable segments	51,649	32,769	57,573	50,229	44,356
Depreciation and amortisation	(4,567)	(3,864)	(5,590)	(6,000)	(3,809)
Finance income	350	705	2,002	1,610	1,249
Finance costs	(8,875)	(9,712)	(13,914)	(16,792)	(13,917)
Profit before tax	38,557	19,898	40,071	29,047	27,879

**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.

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**23. Financial instruments****23.1 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")

	<b>Carrying amount RM'000</b>	<b>AC RM'000</b>	<b>FVOCI - EIDUIR RM'000</b>
<b>30.11.2021</b>			
<b>Financial assets</b>			
Other investments	71	-	71
Trade and other receivables	389,714	389,714	-
Cash and cash equivalents	72,903	72,903	-
	<u>462,688</u>	<u>462,617</u>	<u>71</u>
<b>Financial liabilities</b>			
Loan and borrowings	(511,334)	(511,334)	-
Trade and other payables	(85,952)	(85,952)	-
	<u>(597,286)</u>	<u>(597,286)</u>	<u>-</u>
<b>31.3.2021</b>			
<b>Financial assets</b>			
Other investments	71	-	71
Trade and other receivables	422,332	422,332	-
Cash and cash equivalents	88,372	88,372	-
	<u>510,775</u>	<u>510,704</u>	<u>71</u>
<b>Financial liabilities</b>			
Loan and borrowings	(489,713)	(489,713)	-
Trade and other payables	(96,271)	(96,271)	-
	<u>(585,984)</u>	<u>(585,984)</u>	<u>-</u>
<b>31.3.2020</b>			
<b>Financial assets</b>			
Other investments	71	-	71
Trade and other receivables	379,692	379,692	-
Cash and cash equivalents	37,656	37,656	-
	<u>417,419</u>	<u>417,348</u>	<u>71</u>
<b>Financial liabilities</b>			
Loan and borrowings	(456,564)	(456,564)	-
Trade and other payables	(54,540)	(54,540)	-
	<u>(511,104)</u>	<u>(511,104)</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**23. Financial instruments (continued)****23.1 Categories of financial instruments (continued)**

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
<b>31.3.2019</b>			
<b>Financial assets</b>			
Other investments	71	-	71
Trade and other receivables	310,766	310,766	-
Cash and cash equivalents	66,567	66,567	-
	<u>377,404</u>	<u>377,333</u>	<u>71</u>
<b>Financial liabilities</b>			
Loan and borrowings	(318,245)	(318,245)	-
Trade and other payables	(69,187)	(69,187)	-
	<u>(387,432)</u>	<u>(387,432)</u>	<u>-</u>

**23.2 Net gains and losses from financial instruments**

	1.4.2021 to 30.11.2021 Audited RM'000	1.4.2020 to 30.11.2020 Unaudited RM'000	1.4.2020 to 31.3.2021 Audited RM'000	1.4.2019 to 31.3.2020 Audited RM'000	1.4.2018 to 31.3.2019 Audited RM'000
Net (losses)/ gains on:					
Financial assets measured at amortised cost	(7,172)	2,407	1,472	(2,168)	(8,287)
Financial liabilities at measured at amortised cost	<u>(8,892)</u>	<u>(9,783)</u>	<u>(14,018)</u>	<u>(16,217)</u>	<u>(12,615)</u>
	<u>(16,064)</u>	<u>(7,376)</u>	<u>(12,546)</u>	<u>(18,385)</u>	<u>(20,902)</u>

**23.3 Financial risk management**

The Group have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**23. Financial instruments (continued)****23.4 Credit risk**

Credit risk is the risk of a financial loss to the Group 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. 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.



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**23. Financial instruments (continued)****23.4 Credit risk (continued)****Trade receivables (continued)***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.

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.

	<b>Gross carrying amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net balance RM'000</b>
<b>30.11.2021</b>			
Current (not past due)	277,731	(104)	277,627
1 - 30 days past due	37,249	(91)	37,158
31 - 60 days past due	2,366	(9)	2,357
61 - 90 days past due	7,706	(122)	7,584
	325,052	(326)	324,726
<b>Credit impaired</b>			
More than 90 days past due	42,879	(6,030)	36,849
Individually impaired	16,637	(16,637)	-
	384,568	(22,993)	361,575

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**23. Financial instruments (continued)****23.4 Credit risk (continued)****Trade receivables (continued)***Recognition and measurement of impairment losses (continued)*

	<b>Gross carrying amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net balance RM'000</b>
<b>31.3.2021</b>			
Current (not past due)	259,365	(97)	259,268
1 - 30 days past due	43,876	(11)	43,865
31 - 60 days past due	16,656	(78)	16,578
61 - 90 days past due	7,451	(136)	7,315
	<u>327,348</u>	<u>(322)</u>	<u>327,026</u>
<b>Credit impaired</b>			
More than 90 days past due	19,222	(4,092)	15,130
Individually impaired	17,478	(17,478)	-
	<u>364,048</u>	<u>(21,892)</u>	<u>342,156</u>
<b>31.3.2020</b>			
Current (not past due)	205,131	(35)	205,096
1 - 30 days past due	63,900	(26)	63,874
31 - 60 days past due	33,678	(53)	33,625
61 - 90 days past due	15,005	(41)	14,964
	<u>317,714</u>	<u>(155)</u>	<u>317,559</u>
<b>Credit impaired</b>			
More than 90 days past due	23,035	(3,488)	19,547
Individually impaired	15,410	(15,410)	-
	<u>356,159</u>	<u>(19,053)</u>	<u>337,106</u>
<b>31.3.2019</b>			
Current (not past due)	141,365	(1)	141,364
1 - 30 days past due	75,706	(21)	75,685
31 - 60 days past due	31,580	(35)	31,545
61 - 90 days past due	15,831	(8)	15,823
	<u>264,482</u>	<u>(65)</u>	<u>264,417</u>
<b>Credit impaired</b>			
More than 90 days past due	26,873	(2,592)	24,281
Individually impaired	11,443	(11,443)	-
	<u>302,798</u>	<u>(14,100)</u>	<u>288,698</u>

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.

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**23. Financial instruments (continued)****23.4 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.

	<b>Lifetime ECL RM'000</b>	<b>Credit impaired RM'000</b>	<b>Net balance RM'000</b>
<b>Balance at 1 April 2018</b>	-	4,045	4,045
Amount written off	-	(289)	(289)
Net measurement of loss allowance	2,657	7,687	10,344
<b>Balance at 31 March 2019/1 April 2019</b>	2,657	11,443	14,100
Amount written off	-	(2,877)	(2,877)
Net measurement of loss allowance	986	6,844	7,830
<b>Balance at 31 March 2020/1 April 2020</b>	3,643	15,410	19,053
Amount written off	-	(39)	(39)
Net measurement of loss allowance	771	2,107	2,878
<b>Balance at 31 March 2021/1 April 2021</b>	4,414	17,478	21,892
Amount written off	-	(7,803)	(7,803)
Net measurement of loss allowance	1,942	6,962	8,904
<b>Balance at 30 November 2021</b>	<b>6,356</b>	<b>16,637</b>	<b>22,993</b>

**Related parties non-trade balances***Risk management objectives, policies and processes for managing the risk*

The Group provides credit term and unsecured advances to related parties. The Group does not specifically monitor the ageing of the advances to related parties as the credit risk is deemed to be low.

*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.

**23. Financial instruments (continued)****23.4 Credit risk (continued)****Related parties non-trade balances (continued)***Recognition and measurement of impairment loss*

Generally, the Group considers advances to related parties have low credit risk. The Group assumes that there is a significant increase in credit risk when a related party's financial position deteriorates significantly. As the Group is able to determine the timing of payments of the related parties' advances when they are payable, the Group considers the advances to be in default when the related parties are not able to pay when demanded. The Group considers a related party's advance to be credit impaired when:

- The related party is unlikely to repay its advance to the Group in full; or
- The related party is continuously loss making and is having a deficit shareholders' fund.

The Group determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, the Group is of the view that the loss allowance is not material due to low probability of default and there was no indication that the advances to related parties are not recoverable, hence it is not provided for.

**Financial guarantees***Risk management objectives, policies and processes for managing the risk*

The Group provides financial guarantees to financial institution in respect of credit facilities granted to related companies. The Group monitors on an ongoing basis the results and repayment of the related companies.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk consists of the performance guarantees given to suppliers by one of the Combining Entities amounting to RM1,316,000 (31.3.2021: RM1,571,000; 31.3.2020: RM766,000; 31.3.2019: RM798,000) as at the end of the reporting period.

As at the end of the reporting period, probability of default of the Group is low and no allowance of impairment is recognised. There was no indication that the related company would default on repayment. Consequently, the Group is 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.

**23. Financial instruments (continued)****23.4 Credit risk (continued)****Cash and cash equivalents**

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 is 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 for procurement of materials and deposits paid for utilities and buildings rented. The building deposits will be received at the end of each lease term. The Group manages the credit risk together with the leasing arrangement.

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.

**23.5 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains 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.

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23. Financial instruments (continued)

23.5 Liquidity risk (continued)

*Maturity analysis*

The table below summarises the maturity profile of the Group's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

	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
<b>30.11.2021</b>							
<i>Non-derivative financial liabilities</i>							
Term loans	29,786	2.69-4.07	36,910	2,890	3,247	8,007	22,766
Bankers' acceptances	366,827	2.29-4.08	366,827	366,827	-	-	-
Hire purchase liabilities	1,200	2.08-3.60	1,289	413	388	488	-
Lease liabilities	4,855	3.75-5.30	5,665	1,507	1,479	2,679	-
Revolving credit	107,912	2.30-3.95	131,910	23,422	7,869	17,339	83,280
Foreign currency trade financing	3,917	1.10	3,917	3,917	-	-	-
Bank overdraft	1,692	6.45-6.64	1,692	1,692	-	-	-
Trade and other payables	85,952	-	85,952	85,952	-	-	-
Financial guarantee	-	-	1,316	1,316	-	-	-
	602,141		635,478	487,936	12,983	28,513	106,046
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Inflow	-	-	(5,910)	(5,910)	-	-	-
Outflow	-	-	5,778	5,778	-	-	-
	602,141		635,346	487,804	12,983	28,513	106,046

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23. Financial instruments (continued)

23.5 Liquidity risk (continued)

*Maturity analysis (continued)*

The table below summarises the maturity profile of the Group's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

	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
<b>31.3.2021</b>							
<i>Non-derivative financial liabilities</i>							
Term loans	15,519	2.69-7.58	17,492	2,657	2,521	6,670	5,644
Bankers' acceptances	342,982	2.30-4.05	343,463	343,463	-	-	-
Hire purchase liabilities	557	2.08-3.60	593	227	199	167	-
Lease liabilities	7	5.30	7	7	-	-	-
Revolving credit	111,288	2.37-4.91	136,289	24,084	8,900	18,054	85,251
Foreign currency trade financing	18,743	0.92-1.54	18,946	18,946	-	-	-
Bank overdraft	624	6.64	624	624	-	-	-
Trade and other payables	96,271	-	96,271	96,271	-	-	-
Financial guarantee	-	-	1,571	1,571	-	-	-
	585,991		615,256	487,850	11,620	24,891	90,895
<i>Derivative financial liabilities</i>							
<i>Forward exchange contracts</i>							
(gross settled):							
Inflow	-	-	(10,975)	(10,975)	-	-	-
Outflow	-	-	10,839	10,839	-	-	-
	585,991		615,120	487,714	11,620	24,891	90,895



13. ACCOUNTANTS' REPORT (Cont'd)

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Registration No: 202101013724 (1414023-X)

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

	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
<b>31.3.2020</b>							
<i>Non-derivative financial liabilities</i>							
Term loans	2,227	3.82-7.79	2,568	536	533	1,080	419
Bankers' acceptances	337,181	3.00-6.07	337,682	337,682	-	-	-
Hire purchase liabilities	665	2.34-3.96	699	473	139	87	-
Lease liabilities	260	5.30	262	255	7	-	-
Revolving credit	116,104	2.52-5.36	144,635	18,168	13,875	21,249	91,343
Foreign currency trade financing	387	-	396	396	-	-	-
Trade and other payables	54,540	-	54,540	54,540	-	-	-
Financial guarantee	-	-	766	766	-	-	-
	511,364		541,548	412,816	14,554	22,416	91,762
<i>Derivative financial liabilities</i>							
Forward exchange contracts							
(gross settled):							
Inflow	-	-	(968)	(968)	-	-	-
Outflow	-	-	942	942	-	-	-
	511,364		541,522	412,790	14,554	22,416	91,762

13. ACCOUNTANTS' REPORT (Cont'd)

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Registration No: 202101013724 (1414023-X)

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

31.3.2019

Non-derivative financial liabilities

	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
Term loans	2,652	4.13-7.79	3,106	544	538	1,462	562
Bankers' acceptances	297,034	3.20-6.03	298,021	298,021	-	-	-
Hire purchase liabilities	1,843	2.34-4.14	1,923	1,475	430	18	-
Revolving credit	16,495	5.36-5.55	17,603	7,180	6,951	3,472	-
Bank overdraft	221	8.14	221	221	-	-	-
Trade and other payables	69,187	-	69,187	69,187	-	-	-
Financial guarantee	-	-	798	798	-	-	-
	387,432		390,859	377,426	7,919	4,952	562

Derivative financial liabilities

Forward exchange contracts

(gross settled):

Inflow

Outflow

	-	-	(3,036)	(3,036)	-	-	-
	-	-	3,029	3,029	-	-	-
	387,432		390,852	377,419	7,919	4,952	562

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**23. Financial instruments (continued)****23.6 Market risk**

Market risk is the risk that changes in market prices, such as interest rates and other prices, will affect the Group's financial position or cash flows.

**23.6.1 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:

	<i>Denominated in USD</i>			
	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents	2,622	107	50	42
Trade and other receivables	305	678	736	2,607
Trade and other payables	(259)	(173)	(397)	(4,773)
Foreign currency trade financing	(3,917)	(18,743)	(387)	-
<b>Exposure in the statement of financial position</b>	<b>(1,249)</b>	<b>(18,131)</b>	<b>2</b>	<b>(2,124)</b>

*Currency risk sensitivity analysis*

A 10% (31.3.2021: 10%; 31.3.2020: 10%; 31.3.2019: 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.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**23. Financial instruments (continued)****23.6 Market risk (continued)****23.6.1 Currency risk (continued)***Currency risk sensitivity analysis (continued)*

	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
USD	95	1,378	-	161

A 10% (31.3.2021: 10%; 31.3.2020: 10%; 31.3.2019: 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.

**23.6.2 Interest rate risk**

The Group's fixed rate borrowings and deposits are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings 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 were:

	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>				
Financial assets	9,098	9,025	8,764	8,484
Financial liabilities	(369,798)	(345,561)	(337,846)	(298,877)
Lease liabilities	(4,855)	(7)	(260)	-
	<u>(365,555)</u>	<u>(336,543)</u>	<u>(329,342)</u>	<u>(290,393)</u>
<b>Floating rate instruments</b>				
Financial assets	-	24,604	23,742	15,339
Financial liabilities	(141,536)	(144,152)	(118,718)	(19,368)
	<u>(141,536)</u>	<u>(119,548)</u>	<u>(94,976)</u>	<u>(4,029)</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**23. Financial instruments (continued)****23.6 Market risk (continued)****23.6.2 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.

	<b>Profit or loss</b>	
	<b>100 bp increase RM'000</b>	<b>100 bp decrease RM'000</b>
<b>30.11.2021</b>		
Floating rate instruments	<u>(1,076)</u>	<u>1,076</u>
<b>31.3.2021</b>		
Floating rate instruments	<u>(909)</u>	<u>909</u>
<b>31.3.2020</b>		
Floating rate instruments	<u>(722)</u>	<u>722</u>
<b>31.3.2019</b>		
Floating rate instruments	<u>(31)</u>	<u>31</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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Registration No: 202101013724 (1414023-X)

23. Financial instruments (continued)

23.7 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.

The table below analyses financial instruments carried at fair value and financial instrument 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.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	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		
<b>30.11.2021</b>										
<b>Financial asset</b>										
Other investment	25	-	46	71	-	-	-	-	71	71
<b>Financial liabilities</b>										
Term loan	-	-	-	-	-	-	29,757	29,757	29,757	29,786
Hire purchase liabilities	-	-	-	-	-	-	1,200	1,200	1,200	1,200
Revolving credit	-	-	-	-	-	-	107,069	107,069	107,069	107,912
<b>31.3.2021</b>										
<b>Financial asset</b>										
Other investment	25	-	46	71	-	-	-	-	71	71
<b>Financial liabilities</b>										
Term loan	-	-	-	-	-	-	15,327	15,327	15,327	15,519
Hire purchase liabilities	-	-	-	-	-	-	557	557	557	557
Revolving credit	-	-	-	-	-	-	110,222	110,222	110,222	111,288

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Registration No: 202101013724 (1414023-X)

23. Financial instruments (continued)

23.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Total RM'000	
<b>31.3.2020</b>								
<b>Financial asset</b>								
Other investment	25	-	46	71	-	-	-	71
<b>Financial liabilities</b>								
Term loan	-	-	-	-	-	-	2,227	2,227
Hire purchase liabilities	-	-	-	-	-	-	633	665
Revolving credit	-	-	-	-	-	115,196	115,196	116,104
<b>31.3.2019</b>								
<b>Financial asset</b>								
Other investment	25	-	46	71	-	-	-	71
<b>Financial liabilities</b>								
Term loan	-	-	-	-	-	-	2,652	2,652
Hire purchase liabilities	-	-	-	-	-	-	1,755	1,843
Revolving credit	-	-	-	-	-	16,495	16,495	16,495
<b>Level 1 fair value</b>								

The fair value of quoted shares is derived from quoted price (unadjusted) by reference to the stock exchange which they are listed on.



**13. ACCOUNTANTS' REPORT (Cont'd)**

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**23. Financial instruments (continued)****23.7 Fair value information (continued)****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 (31.3.2021: no transfer in either directions; 31.3.2020: no transfer in either directions; 31.3.2019: no transfer in either directions).

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial asset.

**24. 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 creditor and market confidence and to sustain future development of the business.

Certain Combining Entities monitor capital using gearing ratio, which is net debt divided by total equity and to keep the gearing ratio at an acceptable limit. There was no change in the Group's approach to capital management during the financial year.

**25. Capital commitment**

	<b>30.11.2021</b>	<b>31.3.2021</b>	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Plant and equipment</b>				
Contracted but not provided for	4,827	17,114	-	-

**26. Related parties****Identity of related parties**

For the purposes of these combined financial statements, parties are considered to be related to the Group if the Group 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 and the party 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 of the Group, and certain members of senior management of the Group.

The Group has related party relationships with companies in which the Directors have significant influence and key management personnel.

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group are shown below. The balances related to the below transactions are shown in Note 9 and Note 15.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**26. Related parties (continued)****Significant related party transactions**

The significant related party transactions of the Group are as follows:

	1.4.2021 to 30.11.2021	1.4.2020 to 30.11.2020	1.4.2020 to 31.3.2021	1.4.2019 to 31.3.2020	1.4.2018 to 31.3.2019
	Audited RM'000	Unaudited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
<b>A. Companies in which certain Directors have significant influence</b>					
Sales	287	897	1,922	364	198
Interest income	-	333	975	744	163
Rental income	-	7	11	42	42
Rental expenses	(86)	(217)	(326)	(218)	(121)
Purchase of goods	(600)	(1,998)	(1,998)	(24,311)	(8,677)
Purchase of equipment and services	(1,764)	(827)	(2,299)	(479)	(836)
Advances to related parties	-	7,150	7,225	17,735	14,265
<b>B. Key management personnel</b>					
<b>Directors</b>					
Fees:					
- Current year	-	-	900	800	800
- Underprovision in prior year	-	-	-	-	200
Remuneration	2,383	1,508	4,455	3,038	2,926
Benefit-in-kind	43	43	77	77	77
Rental expenses	773	640	960	960	760
Disposal of assets held for sale	4,300	-	-	-	-
	7,499	2,191	6,392	4,875	4,763

**27. Contingent liabilities**

As at the end of the reporting date, the Group had contingent liabilities arising from the performance guarantees given to suppliers by one of the Combining Entities amounting to RM1,316,000 (31.3.2021: RM1,571,000; 31.3.2020: RM766,000; 31.3.2019: RM798,000).

The Directors are of the opinion that a provision is not required in respect of the above as it is not probable that a future sacrifice of economic benefits will be required.

## 13. ACCOUNTANTS' REPORT (Cont'd)

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## 28. Combining Entities

Combining Entities	Principal place of business/country of incorporation	Effective equity interest				Principal activities
		30.11.2021	31.3.2021	31.3.2020	31.3.2019	
		%	%	%	%	
Syarikat Logam Unitrade Sdn. Bhd.	Malaysia	100	100	100	100	Stockist, exporter, importer, wholesaler, distributor and supplier of temporary structural support equipment, plumbing engineering hardware and providing engineering services
Ricwil (Malaysia) Sdn. Bhd. and its subsidiary	Malaysia	100	100	100	100	Assembling and manufacturing of construction and industrial requisites
Unitrade United Sdn. Bhd.	Malaysia	60	60	60	60	Sales and rental of temporary structural support equipment
Unitrade Sdn. Bhd.	Malaysia	100	100	100	100	Buying, selling, renting and operating self-owned or leased non-residential buildings

**13. ACCOUNTANTS' REPORT (Cont'd)**

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Registration No: 202101013724 (1414023-X)

**29. Subsequent events****29.1 Acquisition of Combining Entities**

On 9 September 2021, the Company entered into conditional share sale agreements ("Combining Entities SSA") to acquire the entire issued share capital of the Combining Entities for a purchase consideration of RM168,897,576, RM20,739,924 and RM2 respectively. The purchase consideration for the acquisitions of Unitrade and Ricwil Group will be fully satisfied via the 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 will be issued to the shareholders of Unitrade and Ricwil Group. The acquisition of USB will be fully satisfied via a cash consideration of RM2.

The Company has completed the acquisitions of the Unitrade and Ricwil Group on 25 March 2022 and USB on 26 March 2022 respectively.

**29.2 Derecognition of Ricwil (Malaysia) Sdn. Bhd.'s right-of-use assets and lease liabilities**

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 a result of mutual termination agreements dated 31 December 2021 and 31 January 2022 entered between the owners of the properties and Ricwil (Malaysia) Sdn. Bhd.

**29.3 Acquisition of non-controlling interests in Unitrade United Sdn. Bhd. ("Unitrade United")**

On 21 February 2022, Ricwil (Malaysia) Sdn. Bhd. entered into a conditional share sale and purchase agreement ("Unitrade United SSA") 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 will be fully satisfied via the issuance of 31,250,000 new ordinary shares of the Company at an issue price of RM0.1556 per share, which will be issued to the shareholders of Unitrade United.

The Company has completed the acquisition of non-controlling interests in Unitrade United on 25 March 2022.

13. ACCOUNTANTS' REPORT (*Cont'd*)



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The Board of Directors  
**Unitrade Industries Berhad**  
No. 2, Jalan Astaka U8/87  
Section U8, Bukit Jelutong  
40150 Shah Alam  
Selangor Darul Ehsan.

11 April 2022

Dear Sir/Madam,

**Reporting Accountant's opinion on the combined financial statements  
contained in the Accountants' Report of Unitrade Industries Berhad**

**Opinion**

We have audited the combined financial statements of Unitrade Industries Berhad (the "Company") and the combining entities, Syarikat Logam Unitrade Sdn. Bhd., Ricwil (Malaysia) Sdn. Bhd. and its subsidiary and Unitrade Sdn. Bhd. (collectively referred to as the "Group"), which comprise the combined statements of financial position of the Group as at 30 November 2021, 31 March 2021, 31 March 2020 and 31 March 2019, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the period and years then ended, and the notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 1 to 86. The combined financial statements have been prepared for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial positions of the Group as at 30 November 2021, 31 March 2021, 31 March 2020 and 31 March 2019, and of their combined financial performances and combined cash flows for the period and years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.



**13. ACCOUNTANTS' REPORT (Cont'd)**

**Unitrade Industries Berhad**  
*Accountants' Report on the  
 combined financial statements*

**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 *Reporting Accountants' Responsibilities for the Audit of the Financial Statements* section of our reporting accountants' 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.

**Responsibilities of the Directors for the Combined Financial Statements**

The Directors of the Group (the "Directors") are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 combined financial statements.

### 13. ACCOUNTANTS' REPORT *(Cont'd)*



**Unitrade Industries Berhad**  
*Accountants' Report on the  
combined financial statements*

#### **Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)**

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 combined financial statements of the Group, 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.
- 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 to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the combined financial statements of the Group 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 reporting accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Combined financial statements of the Group, including the disclosures, and whether the combined financial statements 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 combined 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 the internal controls that we identify during our audit.



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**13. ACCOUNTANTS' REPORT *(Cont'd)***

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**Unitrade Industries Berhad**  
*Accountants' Report on the  
combined financial statements*

**Other Matter**

The comparative information for the combined statements of profit or loss and other comprehensive income, changes in equity and cash flows, and notes to the consolidated financial statements for the financial period ended 30 November 2020 has not been audited.

**Restriction on distribution and use**

This report is made solely to the Company and for the inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Securities and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

A stylized signature of the KPMG firm, written in black ink.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

A handwritten signature in black ink, likely belonging to Lam Shuh Siang.

**Lam Shuh Siang**  
Approval Number: 03045/02/2023 J  
Chartered Accountant

**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**



**KPMG PLT**  
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The Board of Directors  
**Unitrade Industries Berhad**  
No. 2, Jalan Astaka U8/87  
Section U8, Bukit Jelutong  
40150 Shah Alam  
Selangor Darul Ehsan.

11 April 2022

Dear Sir/Madam,

**Unitrade Industries Berhad (the "Company") and its combining entities, Syarikat Logam Unitrade Sdn. Bhd., Ricwil (Malaysia) Sdn. Bhd. and its subsidiary and Unitrade Sdn. Bhd. (collectively, the "Group")**

**Report on the compilation of pro forma combined statement of financial position for inclusion in the Company's prospectus in connection with the initial public offering of 312,500,000 ordinary shares in the Company in conjunction with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Prospectus") ("IPO")**

We have completed our assurance engagement to report on the compilation of the pro forma combined statement of financial position of the Group as at 30 November 2021 ("Pro Forma Financial Position") prepared by the Board of Directors of the Company (the "Directors"). The Pro Forma Financial Position and the related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Position are described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Prospectus solely to illustrate the impact of the transactions as set out in the notes to the Pro Forma Financial Position in Attachment A on the Group's combined statement of financial position as at 30 November 2021, as if the transactions had taken place as at 30 November 2021. As part of this process, information about the Group's combined financial position has been extracted by the Directors from the audited combined interim financial statements for the period ended 30 November 2021, on which an auditors' report dated 11 April 2022 has been issued.

**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**Unitrade Industries Berhad**  
*Report on the compilation of pro forma combined  
statement of financial position for inclusion in  
the Prospectus in connection with the IPO*  
11 April 2022

**Directors' Responsibility for the Pro Forma Financial Position**

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A as required by the Prospectus Guidelines.

**Reporting Accountant's Independence and Quality Control**

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of the Pro Forma Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been presented.

**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**Unitrade Industries Berhad**  
*Report on the compilation of pro forma combined  
statement of financial position for inclusion in  
the Prospectus in connection with the IPO  
11 April 2022*

**Reporting Accountants' Responsibilities (continued)**

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Pro Forma Financial Position has been compiled, in all material respects, on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

**Other Matter**

Our report on the Pro Forma Financial Position has been prepared for inclusion in the Company's Prospectus in connection with the IPO and should not be relied upon for any other purposes.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

**Lam Shuh Siang**  
Approval Number: 03045/02/2023 J  
Chartered Accountant



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

Attachment A

Unitrade Industries Sdn. Bhd. (the "Company") and its combining entities, Syarikat Logam Unitrade Sdn. Bhd., Ricwil (Malaysia) Sdn. Bhd. and its subsidiary and Unitrade Sdn. Bhd. (collectively, the "Group")  
Pro Forma Financial Position and the notes thereon

**Pro Forma Financial Position (continued)**

	Note	As at 30 November 2021* RM'000	Pro Forma I After the Acquisitions RM'000	Pro Forma II After Pro Forma I and the Initial Public Offering ("IPO") RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
<b>Equity</b>					
Share capital		#	194,500	294,500	291,997
Invested equity	3(b)	15,300	-	-	-
Retained earnings	3(c)	195,030	195,362	195,362	194,020
Merger reserve	3(d)	-	(174,338)	(174,338)	(174,338)
<b>Total equity attributable to owners of the Company</b>	3(e)	210,330	215,524	315,524	311,679
Non-controlling interest	3(f)	5,209	-	-	-
<b>Total equity</b>		215,539	215,524	315,524	311,679
<b>Liabilities</b>					
Loans and borrowings		115,690	115,690	115,690	115,690
Deferred tax liabilities		2,303	2,303	2,303	2,303
Lease liabilities		3,506	3,506	3,506	3,506
<b>Total non-current liabilities</b>		121,499	121,499	121,499	121,499
Loans and borrowings		395,644	395,644	395,644	395,644
Lease liabilities		1,349	1,349	1,349	1,349
Trade and other payables		85,952	85,952	85,952	85,952
Current tax liabilities		8,307	8,307	8,307	8,307
<b>Total current liabilities</b>		491,252	491,252	491,252	491,252
<b>Total liabilities</b>		612,751	612,751	612,751	612,751
<b>Total equity and liabilities</b>		828,290	828,275	928,275	924,430

# Denotes RM2

\* Extracted from the Group's Accountants' Report on the combined financial statements for the financial period ended 30 November 2021.





## 14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

Attachment A

**Unitrade Industries Sdn. Bhd. (the "Company") and its combining entities, Syarikat Logam Unitrade Sdn. Bhd., Ricwil (Malaysia) Sdn. Bhd. and its subsidiary and Unitrade Sdn. Bhd. (collectively, the "Group")**

Pro Forma Financial Position and the notes thereon

### Notes to the Pro Forma Financial Position

The pro forma combined statement of financial position of the Group as at 30 November 2021 ("Pro Forma Financial Position") has been prepared for inclusion in the prospectus of the Company to be issued in connection with the initial public offering of 312,500,000 ordinary shares in the Company in conjunction with the listing of and quotation for the entire issued share capital of the Company on the ACE market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Prospectus") ("IPO") and should not be relied upon for any other purposes.

#### 1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company ("Directors") has compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited combined financial statements of the Group for the financial period ended on 30 November 2021, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 11 April 2022 on the audited combined financial statements of the Group for the financial period ended on 30 November 2021 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustrative purposes only.

#### 2. Pro forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

##### 2.1 Pro Forma I – Acquisitions

- (a) On 25 March 2022, Ricwil has completed the acquisition of 400,000 ordinary shares in Unitrade United Sdn. Bhd. ("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 will be fully satisfied via the issuance of 31,250,000 new ordinary shares of the Company at an issue price of RM0.1556 per share, which will be issued to the shareholders of Unitrade United.





# 14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

Attachment A

Unitrade Industries Sdn. Bhd. (the "Company") and its combining entities, Syarikat Logam Unitrade Sdn. Bhd., Ricwil (Malaysia) Sdn. Bhd. and its subsidiary and Unitrade Sdn. Bhd. (collectively, the "Group")

Pro Forma Financial Position and the notes thereon

## 2. Pro forma adjustments to the Pro Forma Financial Position (continued)

### 2.1 Pro Forma I – Acquisitions (continued)

- (b) On 25 March 2022, the Company has completed the acquisitions of the entire issued share capital of Syarikat Logam Unitrade Sdn. Bhd. ("Unitrade") and Ricwil (Malaysia) Sdn. Bhd. ("Ricwil") for a purchase consideration of RM168,897,576 and RM20,739,924 respectively, and on 26 March 2022, the Company has completed the acquisition of Unitrade Sdn. Bhd. ("USB") for a purchase consideration of RM2 (collectively, the "Acquisitions"). The purchase consideration for the acquisition of Unitrade and Ricwil will be fully satisfied via the issuance of the Company's shares of 1,085,459,998 and 133,290,000 new ordinary shares respectively at an issue price of RM0.1556 per share, which will be issued to the shareholders of Unitrade and Ricwil, and the acquisition of USB will be fully satisfied via a cash consideration of RM2.

The Acquisitions are accounted for using book value accounting. Under book value accounting, the difference between the consideration paid and the share capital of the acquiree is accounted for as merger reserve.

	Acquisition of Unitrade	Acquisition of Ricwil	Acquisition of USB	Total
	RM'000	RM'000	RM'000	RM'000
Consideration	168,898	20,740	-*	189,638
Less: Share capital of the acquired entities	(12,800)	(2,000)	(500)	(15,300)
Merger reserve	156,098	18,740	(500)	174,338

\* Denotes RM2

### 2.2 Pro Forma II – IPO

#### (a) Public Issue

The public issue of 312,500,000 new ordinary shares in the Company ("Issue Share(s)") at a price of RM0.32 per Issue Share.

#### (b) Offer for Sale

The offer for sale by Unitrade SAS Sdn. Bhd., Sim Keng Chor, Teh Beng Khim, Nomis Sim Siang Leng, and Simson Sim Xian Zhi. (collectively referred to as the "Offerors") of 125,000,000 existing ordinary shares in the Company ("Offer Share(s)") at a price of RM0.32 per Offer Share by way of private placement to selected investors.

The Company will not receive any proceeds from the Offer for Sale. The gross proceeds of RM40,000,000 from the Offer for Sale will accrue entirely to the Offerors.



# 14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

## Attachment A

Unitrade Industries Sdn. Bhd. (the "Company") and its combining entities, Syarikat Logam Unitrade Sdn. Bhd., Ricwil (Malaysia) Sdn. Bhd. and its subsidiary and Unitrade Sdn. Bhd. (collectively, the "Group")

Pro Forma Financial Position and the notes thereon

## 2. Pro forma adjustments to the Pro Forma Financial Position (continued)

### 2.3 Pro Forma III – Use of proceeds

The total gross proceeds from the Public Issue of RM100,000,000 is intended to be used as follows:

	RM'000
Capital expenditure <sup>(1)</sup>	5,000
Working capital	50,500
Repayment of loans and borrowings <sup>(2)</sup>	39,800
Estimated expenses <sup>(3)</sup>	4,700
	100,000

#### Notes:

- (1) The breakdown of capital expenditure amounting to RM5,000,000 is set out below:

	RM'000
Machinery and equipment:	
- CNC turning centre	700
- Pipe cutting machine and band saw	39
- Pipe grooving machine	438
- Conveyors and racks	338
- Lifting device	126
- Pipe threading line	570
- Robotic branch welding line	2,432
- Pipe painting line	258
Installation costs	99
	5,000

As at the latest practicable date, the Company has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above capital expenditure. Accordingly, the use of proceeds earmarked for capital expenditure is not reflected in the Pro Forma Financial Position.

- (2) As at the latest practicable date, the Company has yet to identify or enter into any contractual binding arrangements with relevant banks in relation to the repayment of loans and borrowings. Accordingly, the use of proceeds earmarked for repayment of loans and borrowings is not reflected in the Pro Forma Financial Position.
- (3) The estimated listing expenses comprise the following:

	RM'000
Professional fees	2,200
Fees payable to authorities	90
Underwriting, placement and brokerage fees	2,200
Printing, advertising fees and contingencies	210
	4,700

The total listing expenses to be borne by the Company is estimated to be RM4,700,000. As at 30 November 2021, RM854,681 has been paid out and charged to the profit or loss account of the Group.

Upon completion of the IPO, out of the remaining estimated listing expenses of RM3,845,319, an estimated total of RM2,503,224 will be set-off against equity and an estimated total of RM1,342,095 will be charged out to the profit or loss account.



# 14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

Attachment A

Unitrade Industries Sdn. Bhd. (the "Company") and its combining entities, Syarikat Logam Unitrade Sdn. Bhd., Ricwil (Malaysia) Sdn. Bhd. and its subsidiary and Unitrade Sdn. Bhd. (collectively, the "Group")

Pro Forma Financial Position and the notes thereon

## 3. Effects on the Pro Forma Financial Position

### (a) Movement in cash and cash equivalents

	RM'000
Balance as at 30 November 2021	72,903
Effect of Pro Forma I:	
- Stamp duty on acquisition of non-controlling interests in Unitrade United Sdn. Bhd.	(15)
<b>Pro Forma I</b>	72,888
Effect of Pro Forma II:	
- Proceeds from the Public Issue	100,000
<b>Pro Forma II</b>	172,888
Effects of Pro Forma III:	
- Estimated listing expenses	(3,845)
<b>Pro Forma III</b>	169,043

### (b) Movement in share capital

	RM'000
Balance as at 30 November 2021	#
Effect of Pro Forma I:	
- Acquisitions	194,500
<b>Pro Forma I</b>	194,500
Effect of Pro Forma II:	
- Public Issue	100,000
<b>Pro Forma II</b>	294,500
Effect of Pro Forma III:	
- Estimated listing expenses	(2,503)
<b>Pro Forma III</b>	291,997

# Denotes RM2

### (c) Movement in invested equity

	RM'000
Balance as at 30 November 2021	15,300
Effect of Pro Forma I:	
- Acquisitions	(15,300)
<b>Pro Forma I, II and III</b>	-



# 14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

Attachment A

Unitrade Industries Sdn. Bhd. (the "Company") and its combining entities, Syarikat Logam Unitrade Sdn. Bhd., Ricwil (Malaysia) Sdn. Bhd. and its subsidiary and Unitrade Sdn. Bhd. (collectively, the "Group")

Pro Forma Financial Position and the notes thereon

## 3. Effects on the Pro Forma Financial Position (continued)

### (d) Movement in retained earnings

	RM'000
Balance as at 30 November 2021	195,030
Effects of Pro Forma I:	
- Acquisitions	332
<b>Pro Forma I and II</b>	<b>195,362</b>
Effect of Pro Forma III:	
- Estimated listing expenses	(1,342)
<b>Pro Forma III</b>	<b>194,020</b>

### (e) Movement in merger reserve

	RM'000
Balance as at 30 November 2021	-
Effect of Pro Forma I:	
- Acquisitions	(174,338)
<b>Pro Forma I, II and III</b>	<b>(174,338)</b>

### (f) Movement in non-controlling interest

	RM'000
Balance as at 30 November 2021	5,209
Effects of Pro Forma I:	
- Acquisitions	(5,209)
<b>Pro Forma I, II and III</b>	<b>-</b>

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**15. STATUTORY AND OTHER INFORMATION****15.1 SHARE CAPITAL**

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.3,
  - (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
  - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued for the Acquisitions and to be issued for the Public Issue as disclosed in Sections 6.2 and 4.3.1 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

**15.2 SHARE CAPITAL OF OUR SUBSIDIARIES**

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

**15.2.1 Unitrade**

Unitrade's share capital as at LPD is RM12,800,000 comprising 12,800,000 ordinary shares. The movements in its share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital RM</b>
5 January 1984	2	RM2/ Cash	2
13 September 1985	99,998	RM99,998/ Cash	100,000
22 March 1990	100,000	RM100,000/ Capitalisation of reserves	200,000
1 June 1991	100,000	RM100,000/ Cash	350,000
1 June 1991	50,000	RM50,000/ Capitalisation of reserves	350,000
28 March 1993	250,000	RM250,000/ Capitalisation of reserves	600,000
1 July 1994	400,000	RM400,000/ Capitalisation of reserves	1,000,000

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital</b>
29 March 1996	2,500,000	RM2,500,000/ Capitalisation of reserves	3,500,000
30 August 2021	9,300,000	RM9,300,000/ Capitalisation of reserves	12,800,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Unitrade. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.2.2 Ricwil**

Ricwil's share capital as at LPD is RM2,000,000 comprising 2,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital RM</b>
13 February 1984	2	RM2/ Cash	2
20 June 1984	50,000	RM50,000/ Cash	50,002
24 November 1984	50,000	RM50,000/ Cash	100,002
15 June 1985	100,000	RM100,000/ Cash	200,002
23 December 1995	300,000	RM300,000/ Capitalisation of reserves	500,002
1 November 1999	10,000	RM10,000/ Cash	510,002
28 October 2003	489,998	RM489,998/ Capitalisation of reserves	1,000,000
30 August 2021	1,000,000	RM1,000,000/ Capitalisation of reserves	2,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Ricwil. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.2.3 USB**

USB's share capital as at LPD is RM500,000 comprising 1,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital RM</b>
20 September 2010	4	RM2/ Cash	2
27 September 2019	999,996	RM499,998/ Cash	500,000

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in USB. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.2.4 UUSB**

UUSB's share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital RM</b>
3 January 2017	2	RM2/ Cash	2
8 June 2017	999,998	RM999,998/ Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in UUSB. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.3 CONSTITUTION**

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

**15.3.1 Changes in share capital and variation of class rights*****Clause 7 - Class of shares***

The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.

***Clause 8 - Purchase by the company of its own shares***

Subject to the provisions of the Act and/or any other applicable laws and any rules, regulations and guidelines thereunder issued by the Exchange and any other relevant authority, the Company, may from time to time by resolution of a meeting of Members, acquire by purchase in good faith and in the best interests of the Company, its own shares through the Exchange on which the shares are quoted provided always that the Company is solvent at the date of purchase of the Company's shares and will not become insolvent by incurring the debt arising from the obligation to pay for the shares so purchased.

***Clause 9 - Issuance of securities***

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, Applicable Laws, and to the provisions of any resolution of the Company, the Board may issue, allot or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine, by Ordinary Resolution, but the Board in making any issue of shares shall comply with the following conditions:



## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

- (1) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (2) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person or corporation without the prior approval of the Members in general meeting;
- (3) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director;
- (4) subject to the Listing Requirements and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue; and
- (5) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

### ***Clause 11 - Power to pay commission and brokerage***

Subject to Section 80 of the Act, the Company may pay the commissions and brokerage as is provided for therein.

### ***Clause 12 - Power to charge interest on capital***

If any Shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest or returns on the amount of such share capital as is for the time being paid up and may charge the interest or returns to share capital as part of the cost of the construction or provision.

### ***Clause 13 - Trust not to be recognised***

Except as required by law and the Central Depositories Act and subject to Clause 21, no person shall be recognised by the Company as holding any share or Securities upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent future, or partial interest in any shares or Securities or unit of a share or Securities or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share or Securities except an absolute right to the entirety thereof of the registered holder.

### ***Clause 14 - Issuance of preference shares***

The Company shall have power with the sanction of an Ordinary Resolution of the Company to issue preference shares carrying a right to redemption or liable to be redeemed at the option of the Company or to issue preference shares ranking equally with or in priority to preference shares already issued. The Directors may subject to the Act, redeem such shares on such terms and in such manner as they may think fit provided always that the rights attaching to shares of a class other than ordinary shares shall be expressed.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

The rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.

If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.

***Clause 17 - Rights of preference shareholders***

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements and attending meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of sanctioning the following:

- (a) a resolution or proposal in respect of dividend or part of the dividend on the preference shares which are in the arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the preference shares;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

***Clause 18 - Repayment of preference capital***

The repayment of preference capital other than redeemable preference, or any other alteration of preference shareholders rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned, provided always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing, if obtained from the holders of seventy-five per centum (75%) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting.

***Clause 19 - Modification of rights of different classes of shares***

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class. To every such separate meeting the provisions in this Constitution relating to the meeting of Members shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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***Clause 23 - Share certificate***

Every share certificate issued pursuant to Sections 97 and 98 of the Act shall be sealed in accordance with this Constitution and shall comply with the requirements of this Constitution, such Sections of the Act and the applicable Listing Requirements and where applicable, the Central Depositories Act and the Rules.

***Clause 62 - Consolidation and sub-division of shares***

The Company may alter its share capital in any one or more of the following ways by passing as Ordinary Resolution to:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of shares into any other class of shares.

***Clause 63 - Reduction of share capital***

The Company may by Special Resolution reduce its share capital, in any manner authorised by the Act. The Company shall give notice to the Registrar in accordance with the Act of such alteration in capital.

***Clause 64 - Power to increase capital***

The Company may from time to time by Ordinary Resolution whether all the shares for the time being issued have been fully called up or not, increase its capital by the creation and issue of new shares, with such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company in such meeting of Members directs and such new shares or any of them may have such preference or priority over the then existing shares of the Company and that such rights and privileges be different from those of such existing shares as the Directors may think fit.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)*****Clause 65 - Offer of new shares***

Subject to any direction to the contrary that may be given by the Company in meeting of Members, any new shares or other convertible securities shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meetings of Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or other convertible securities to which they are entitled. The offer shall be made by notice specifying the number of shares or other convertible securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or other convertible securities offered, the Directors may dispose of those shares or other convertible securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or other convertible securities which (by reason of the ratio which the new shares or other convertible securities bear to shares or other convertible securities held by persons entitled to an offer of new shares or other convertible securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

***Clause 66 - New shares subject to same provisions as original shares***

Except so far as otherwise provided by the conditions of issue, or by the provisions of this Constitution, any share capital raised by the issue of new shares shall be considered as part of the original share capital, and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien, voting and otherwise as if it has been part of the original share capital.

***Clause 100 - Rights and votes of members***

Subject to Clauses 47 and 79 and any special rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members, each Member shall be entitled to be present and to vote at any meeting of Members of the Company either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares upon which all calls due to the Company have been paid.

***Clause 101 - Voting rights on a poll and on a show of hands***

Subject to Clauses 47 and 79 and any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with this Constitution, on a show of hands every person present who is a Member or proxy or an authorised corporate representative, or holder of preference shares or attorney or other duly authorised representative shall have one (1) vote and in the case of a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every share held by him upon which all calls due to the Company have been paid. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses on a poll in the same way. Subject to Clauses 47 and 79, the shares held or represented by a Member present in person or by proxy or by attorney or other duly authorised representative shall, in relation to shares of a Depositor, be the number of shares entered against his name in the Record of Depositors.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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***Clause 103 - Unsound mind etc.***

- (1) A Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney. Evidence to the Directors' satisfaction of the person claiming to exercise the right to vote shall be deposited at the Office, at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll. If this is not done, the right to vote shall not be exercisable.
- (2) The legal personal representative of a deceased Member or the person entitled under Clause 46 to any share in consequence of the death or bankruptcy of any Member may vote at any meeting of Members in respect thereof in the same manner as if he was the registered holder of such shares provided that not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, he shall satisfy the Directors of his right to any share in consequence of the death or bankruptcy of any member unless the Directors shall have previously admitted his right to vote in respect thereof.

***Clause 104 - No vote unless calls paid***

No Member shall vote at any meeting of Members or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy or attorney, nor be counted as one of the quorum in respect of any share held by him unless all calls and other moneys presently payable by him in respect of that share have been paid.

***Clause 169 - Dividends in proportion to amounts paid up***

Subject to the provisions contained and to the rights of Members whose shares have been issued with special rights as to dividend, every dividend shall be paid to the Members in proportion to the amounts paid up on their shares. For the purposes of this Clause, no amount paid on a share in advance of calls shall be treated as paid up on such share. Where capital is paid up during a period in respect of which a dividend is declared such capital shall entitle the holder, unless otherwise provided as to the term of the issue, only to an apportioned amount of such dividend as from the date or dates of payment of such capital.

***Clause 171 - Dividends paid by distribution in specie***

Any meeting of Members declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets, including treasury shares (as defined in the Act) in the Company, and/or paid up shares, stock, debentures or debenture stock of any other company, or in any one or more of such ways.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)*****Clause 173 - Retention of dividend***

The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. No such dividend shall bear interest as against the Company.

***Clause 178 - Deduction***

The Directors may deduct from the dividends payable to any Member all such sums as may be due from him to the Company on account of calls or otherwise.

**15.3.2 Borrowing and voting power of the directors**

The provision in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contract in which they are interested in are as follows:

***Clause 121 - Directors' interest in contract***

No Director shall be disqualified by his office from holding any office or place of profit under the Company or under any company in which the Company shall be a member or otherwise interested in conjunction with his office of Director (except that of auditor) or from contracting with the Company either as vendor, purchaser, or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established provided always that Sections 221, 222 and 228 and all other relevant provisions of the Act and this Constitution are complied with. A Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the company, unless the interest is one that need not be disclosed under Section 221 of the Act, shall be counted only to make the quorum at the meeting of the Directors but shall not participate in any discussion while the contract or proposed contract is being considered during the meeting and shall not vote on the contract or proposed contract.

***Clause 123 - Disclosure of interest***

A general notice given to the Board by a Director to the effect that the Director is an officer or member of a specified corporation or a member of a specified firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that corporation or firm shall be deemed to be a sufficient declaration of interest in relation to any contract made if the notice specifies the nature and extent of the Director's interest in the specified corporation or firm and the interest is not different in nature or greater in extent than the nature and extent so specified in the general notice at the time any contract is so made. Such notice shall be of no effect unless the notice is given at a meeting of the Directors or the Director takes reasonable steps to ensure that the notice is brought up and read at the next meeting of the Directors after it is given.

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

### ***Clause 129 - Acquisition and disposal of undertaking or property***

The Directors shall not without the prior approval of the Company in meeting of Members:

- (a) carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or a controlling interest in the Company's main undertaking or property and in the event of the carrying out of such sale or disposal without the prior approval of the Company in general meeting having been obtained, then such sale or disposal shall be subject to ratification by the Company in meeting of Members; or
- (b) exercise any power of the Company to issue shares unless otherwise permitted under the Act; or
- (c) enter into any arrangement or transaction with a Director of the Company or its holding company or with a person connected with such a director to acquire form or dispose to such a Director or person any non-cash assets of the requisite value.

### ***Clause 153 - Power to borrow***

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of moneys as they think proper. The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

### **15.3.3 Remuneration of directors**

The provisions in our Constitution dealing with remuneration of Directors are as follows:

### ***Clause 118 - Remuneration of directors***

- (1) The fees and any benefits payable to the Directors of the Company and its subsidiary(ies) including any compensation for loss of employment of Director or former Director shall be approved by an Ordinary Resolution of the Company in general meeting annually and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:
  - (a) fee payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;
  - (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such remuneration and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;



## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

- (c) fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting;
  - (d) any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
  - (e) the fees and/ or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of securities.
- (2) The Company may repay to any Directors all such reasonable expenses as he may incur in attending and returning from meetings of the Directors, or any committee of the Directors or general meeting of the Company or in connection with the business of the Company, whether within or outside his country of domicile or residence.
- (3) The Directors may grant special remuneration to Director who (on request by the Director) is willing to render any special or extra services to the Company.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of remuneration, or by a percentage of profits (other than non-executive Directors), or by all or any of such methods but shall not include (where such special remuneration is paid by way of remuneration) a commission on or a percentage of turnover.

### ***Clause 125 - Remuneration of Managing Director***

The remuneration of a Managing Director, a Deputy Managing Director and an Executive Director given due to his office as executive or management position, if any, shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes, but shall not be a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. The remuneration of a Director(s) appointed to an executive position under Clause 126 shall be determined by the Board and can either be in addition to or in lieu of his/their fee as a Director.

#### **15.3.4 Transfer of Shares**

The provisions in our Constitution dealing with transfer of shares as follows:

### ***Clause 40 - Transfer of securities***

- (1) Subject to the restriction of this Constitution, the Central Depositories Act and the Rules, Securities that are not Deposited Securities shall be transferable by a duly executed and stamped instrument of transfer lodged at the Office accompanied by the certificate of the shares to be transferred (if any) and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. All instruments of transfer which shall be registered shall be retained by the Company.

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

- (2) The transfer of Deposited Securities shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 98, 105, 106 or 110 of the Act but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

### ***Clause 41 - Transfer to be executed by both parties***

The instrument of transfer of any securities shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof.

### ***Clause 42 - Depository's right to refuse transfer***

In the case of Deposited Security, the Depository may refuse to effect any transfer of Deposited Security that does not comply with the Central Depositories Act and Rules or where the reason for the transfer does not fall within any of the approved reasons provided in the Rules.

### ***Clause 43 - Renunciation***

Subject to the provisions of the Constitution, the Directors may recognise a renunciation of any share by the allottee thereof, in favour of some other person.

### ***Clause 44 - No liability of directors etc***

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of securities apparently made by a member or any person entitled to the securities by reason of death, bankruptcy or insanity of a member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in the blank as to the name of the transferee, of the particulars of the securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

### ***Clause 45 - Closing or suspension of registration***

Subject to the Rules and Listing Requirements, the transfer of any securities may be suspended at such times and for such periods as the Directors may from time to time determine. 10 Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

### ***Clause 46 - Prohibited transfer***

No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

## **15.4 GENERAL INFORMATION**

- (a) Save for the dividends paid to our shareholders as disclosed in Section 12.16, and Directors' remuneration as disclosed in Section 5.2.4, remuneration to Teh Beng Khim amounting RM2.4 million, and bonus issue to our shareholders as disclosed in Section 15.2, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

## **15.5 CONSENTS**

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**15.6 DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Our Constitution;
- (b) Audited financial statements of UIB from the date of incorporation up to 30 November 2021;
- (c) Audited financial statements of Unitrade, Ricwil, USB and UUSB for FYE 2019 to 2021;
- (d) Accountants' Report as set out in Section 13;
- (e) Reporting Accountants' Report relating to our pro forma combined statement of financial position as set out in Section 14;
- (f) IMR Report as set out in Section 8;
- (g) Material contracts as set out in Section 6.5;
- (h) Cause papers of the material litigations as set out in Section 12.7; and
- (i) Letters of consent as set out in Section 15.5.

**15.7 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE**

**THESE SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DO NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.**

**Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.**

**Unless the context otherwise requires, words used in the singular include the plural, and vice versa.**

**16.1 OPENING AND CLOSING OF APPLICATION PERIOD**

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 28 APRIL 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 30 MAY 2022

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

**Late Applications will not be accepted.**

**16.2 METHODS OF APPLICATIONS****16.2.1 Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<b><u>Types of application and category of investors</u></b>	<b><u>Application method</u></b>
Applications by our eligible Directors, employees and business associates/persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****16.2.2 Placement**

<b>Types of application</b>	<b>Application method</b>
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(b) Bumiputera investors approved by MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

**16.3 ELIGIBILITY****16.3.1 General**

**You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

**16.3.2 Application by the Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
  - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
  - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
  - (i) White Application Form; or
  - (ii) Electronic Share Application; or
  - (iii) Internet Share Application.

**16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group**

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

**16.4 APPLICATION BY WAY OF APPLICATION FORM**

**The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform STRICTLY to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.**

The FULL amount payable is RM0.32 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO. 589**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd  
(Registration No. 199301003608 (258345-X))  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

or

P.O. Box 00010  
Pejabat Pos Jalan Sultan  
46700 Petaling Jaya  
Selangor Darul Ehsan



## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at their front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 30 May 2022 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

### **16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION**

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

### **16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION**

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

### **16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
- (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (ii) are illegible, incomplete or inaccurate; or
  - (iii) are accompanied by an improperly drawn up, or improper form of, remittance; or

**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

**16.8 OVER/UNDER-SUBSCRIPTION**

In the event of over-subscription for the Institutional Offering and the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allotment of our IPO Shares and the balloting results in connection therewith will be furnished by the Issuing House to the SC, Bursa Securities, all major English and Bahasa Malaysia newspapers as well as posted on the Issuing House's website [www.mih.com.my](http://www.mih.com.my) within one business day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest of any share or revenue or benefit arising therefrom).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and / or eligible Directors and employees of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.3.4 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

**16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **16.9.1 For applications by way of Application Forms**

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

### **16.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****16.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

**16.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	The Issuing House Enquiry Services Telephone at 03-7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application five Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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