6.4.4 Distribution Channel

The indirect distribution channel is where our customers are intermediaries that purchase our fire protection systems, equipment and accessories for installation or maintenance of their customers' properties and assets, as well as retailers and wholesalers who resell our products to their customers.

- M&E and FPS contractors procure our products to be installed as part of the fire protection system of buildings, infrastructure and other facilities. They do so on behalf of building and asset owners, property developers or their representatives such as main contractors and M&E consultants.

  M&E consultants are normally engaged by property or asset owners, property developers or main contractors to design the building's fire protection system (as part of its M&E system), which includes selecting the types and/or brands of fire protection systems, equipment and accessories to use. In this respect, the purchases made by M&E and FPS contractors would follow the specifications of the M&E consultants. Ultimately, the final decision makers for fire protection system, equipment and accessories are the property or asset owners, or property developers;

- FPS maintenance service providers are usually engaged by building owners and property developers to maintain their fire protection system, and purchase our products to provide this service; and

- Retailers and wholesalers purchase our products to resell to their customers.

M&E and FPS contractors mainly operate in the building construction and property development industries, where they are engaged as part of new building construction and remodelling or renovations.

With the direct distribution channel, we sell our products to end-users and vehicle manufacturers. End-users include property and asset owners, individuals and households. Vehicle manufacturers purchase our fire extinguishers to equip their commercial vehicles.

The revenue contribution from our direct and indirect distribution channels for the Financial Years and Period Under Review is summarised in the following table:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
Distribution Channel	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Indirect	**74,818**	**93.88**	**71,375**	**93.68**	**59,732**	**94.15**	**51,045**	**94.75**
M&E and FPS contractors	53,464	67.08	50,953	66.87	42,128	66.40	35,901	66.64
FPS maintenance service providers	21,136	26.52	20,063	26.33	17,254	27.20	14,544	27.00
Retailers and wholesalers	218	0.28	359	0.48	350	0.55	600	1.11
Direct	**4,881**	**6.12**	**4,819**	**6.32**	**3,712**	**5.85**	**2,826**	**5.25**
End-users	4,880	6.12	4,816	6.32	3,664	5.78	2,778	5.16
Vehicle manufacturers	1	#	3	#	48	0.07	48	0.09
TOTAL	**79,699**	**100.00**	**76,194**	**100.00**	**63,444**	**100.00**	**53,871**	**100.00**

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

M&E = Mechanical and Electrical.
FPS = Fire Protection Systems.
# Less than 0.01%.

6.4.5 Overview of fire protection systems and classes of fire

6.4.5.1 Fire protection systems

Fire protection systems and equipment are intended to protect built environments from fire to protect lives while preventing or minimising property and asset damage. This is achieved by preventing the fire from breaking out, or in the event of a fire, extinguishing, suppressing or preventing the fire from spreading.

Generally, fire protection is classified as either active or passive fire protection. The fire protection systems, equipment and accessories that we assemble, distribute and manufacture are under the active fire protection segment.

Active fire protection systems, equipment and accessories are designed to extinguish or suppress fires. They can be further categorised into automatic and manual systems and equipment.

(i) **Automatic systems** detect fires automatically and act without human intervention against the fire. They typically incorporate the following components designed to operate automatically:

- sensor system and devices to automatically detect smoke or elevated temperature;
- alarm system to warn building occupants and people in the vicinity, as well as fire safety monitoring personnel; and
- fire suppression system to extinguish or suppress the fire.

We supply the following types of automatic active fire protection systems and accessories:

- fire suppression systems including:
  - CO_2 and HFC fire suppression systems;
  - sprinkler systems;
  - wet chemical fire suppression systems; and
- fire detection and alarm devices.

(ii) **Manual systems and products** require humans to operate to extinguish or suppress fires. We supply the following types of manual active fire protection systems and equipment:

- fire extinguishers;
- wet and dry riser systems, and hydrants (under fire suppression systems); and
- fire hose reel and fire hoses.

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6.4.5.2 Classes of fire

According to the Malaysian Standard (MS), fires are categorised into six classes as follows:

Class of fire and examples of combustible materials	
Class A • Fires involving solid materials, usually of an organic nature	**Class D** • Fires involving combustible metals (examples: lithium, potassium, magnesium, titanium and zirconium)
Class B • Fires involving flammable liquids or liquefiable solids	**Class E** • Fires involving energised electrical equipment
Class C • Fires involving flammable gases	**Class F** • Fires involving cooking media in cooking appliances (examples: vegetable or animal oils and fats)

We supply fire protection systems and equipment designed to combat Class A, B, C, E and F fires. We do not carry fire protection systems or equipment to combat Class D fires as such fires are mainly a risk for certain types of industrial facilities, and we have not received many enquiries for systems and equipment for use against Class D fires.

6.4.6 Overview of our products

The following table summarises the fire protection systems and equipment and their respective extinguishing agents that we assemble, distribute and manufacture:

Our fire protection systems and equipment	Extinguishing agent	Classes of fire
Fire extinguishers		
Dry chemical	Monoammonium phosphate	Class A, B, C and E
CO_2	CO_2	Class B and E
Foam	Aqueous film-forming foam	Class A and B
Fire suppression systems		
CO_2	CO_2	Class B and E
HFC	HFC-227ea	Class A, B and E
FK5112 (1)	FK5112	Class A, B and E
Wet chemical	Potassium carbonate	Class F
Sprinkler	Water (2)	Class A
Wet and dry riser systems, and hydrants	Water (2)	Class A
Fire hose reel and fire hoses		
Fire hose reel	Water (2)	Class A
Fire hoses	Water (2)	Class A

Notes:

(1) We only started marketing FK5112 fire suppression system in the first half of 2021.
(2) Our fire protection systems are used with an external water supply.

6. INFORMATION ON OUR GROUP (Cont'd)

6.4.7 Assembly of fire protection systems and equipment

Revenue from the assembly of fire protection systems and equipment accounted for RM37.00 million (46.42%), RM35.77 million (46.94%), RM30.72 million (48.42%) and RM26.84 million (49.83%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

We assemble the following types of fire protection systems and equipment:

- fire suppression system using CO_2 and HFC-227ea as extinguishing agents; and
- fire protection equipment including fire extinguishers using CO_2 (hand portable and trolley mounted), dry chemical (trolley mounted) and foam (hand portable and trolley mounted) as extinguishing agents, fire hose reels and fire hoses.

Please refer to Section 6.19 of this Prospectus for information on our Bomba certifications.

6.4.7.1 Fire Suppression Systems

Revenue from the assembly of fire suppression systems accounted for RM21.95 million (27.54%), RM21.11 million (27.71%), RM19.42 million (30.60%) and RM17.02 million (31.57%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

We assemble CO_2 and HFC fire suppression systems which are automatic systems designed to detect fire and discharge an extinguishing agent to suppress or extinguish fires in an enclosed area. They are mainly used to protect critical areas that are at risk of electrical fires. These fire suppression systems are suitable as they do not cause damage to electrical equipment and other assets, do not leave behind residues and do not conduct electricity.

(i) CO_2 Fire Suppression Systems

CO_2 fire suppression systems are mainly used in enclosed areas that are normally not occupied by people, such as electrical, battery and generator rooms. The systems that we supply comprise the following main components:

- CO_2 stored in one or more cylinders equipped with release valves, and installed outside of the target enclosed areas;
- gas discharge nozzles at the target enclosed areas;
- smoke curtains designed to seal doors to prevent smoke and gas from leaving the affected area;
- fire detection system comprising heat and smoke detectors in strategically located positions;
- fire alarm system, such as audible and/or visual alarms;
- manual pull station or key switch to manually activate the system; and
- control panel for monitoring and controlling the fire suppression system.

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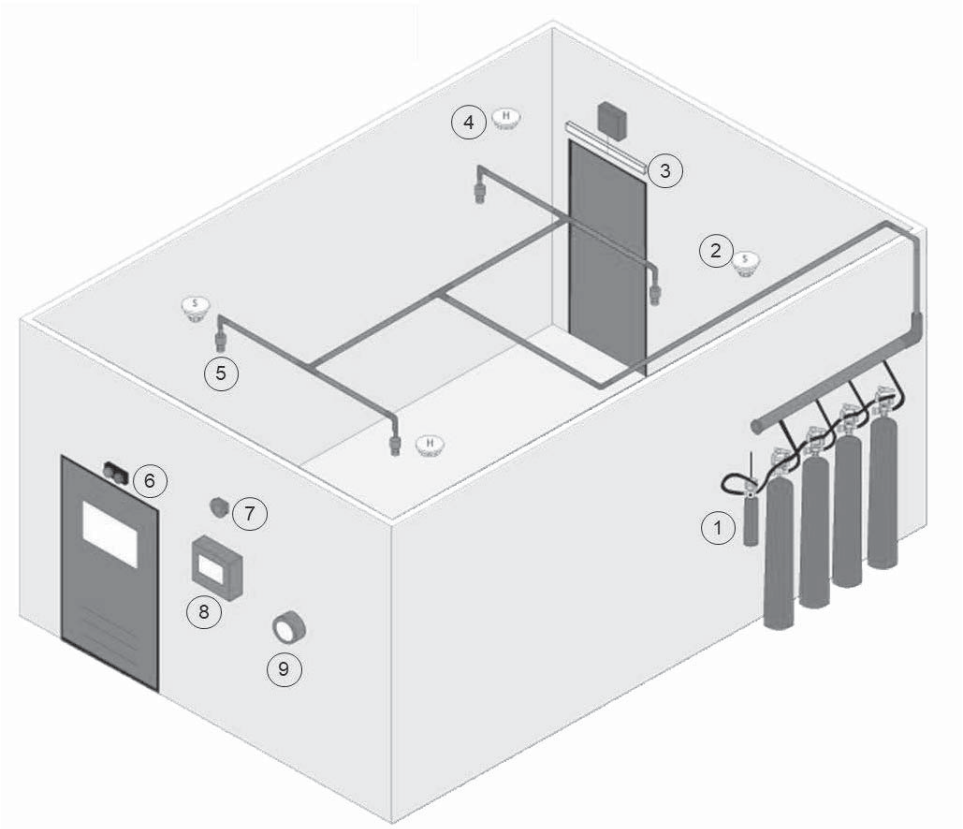
6. INFORMATION ON OUR GROUP (Cont'd)

A typical layout for our CO_2 fire suppression system



1. Cylinders filled with CO_2 extinguishing agent. 2. Smoke detector. 3. Smoke curtain. 4. Heat detector. 5. Discharge nozzle. 6. Twin flashing light. 7. Alarm bell. 8. Control panel. 9. Manual pull station.

The fire detection system is designed to activate the system when the ambient temperature and/or smoke level exceeds a predetermined limit within an enclosed area. The alarm system is triggered immediately to warn people who may happen to be in the room at that time that a fire may have started and to promptly evacuate. After a pre-determined delay to allow any people who may happen to be in the room at that time to exit the area, the CO_2 is discharged under pressure through the piping network and is subsequently discharged through the nozzles to fill the room with CO_2, which displaces oxygen from around the fire, thereby extinguishing or suppressing the fire. As CO_2 requires a higher concentration to extinguish or suppress the fire as compared to HFC, more cylinders of CO_2 are required as compared to cylinders of HFC to provide fire protection for enclosed areas of the same size. The smoke curtain is also deployed at the same time to seal the enclosed area and prevent smoke and gas from escaping. The system can also be activated manually.

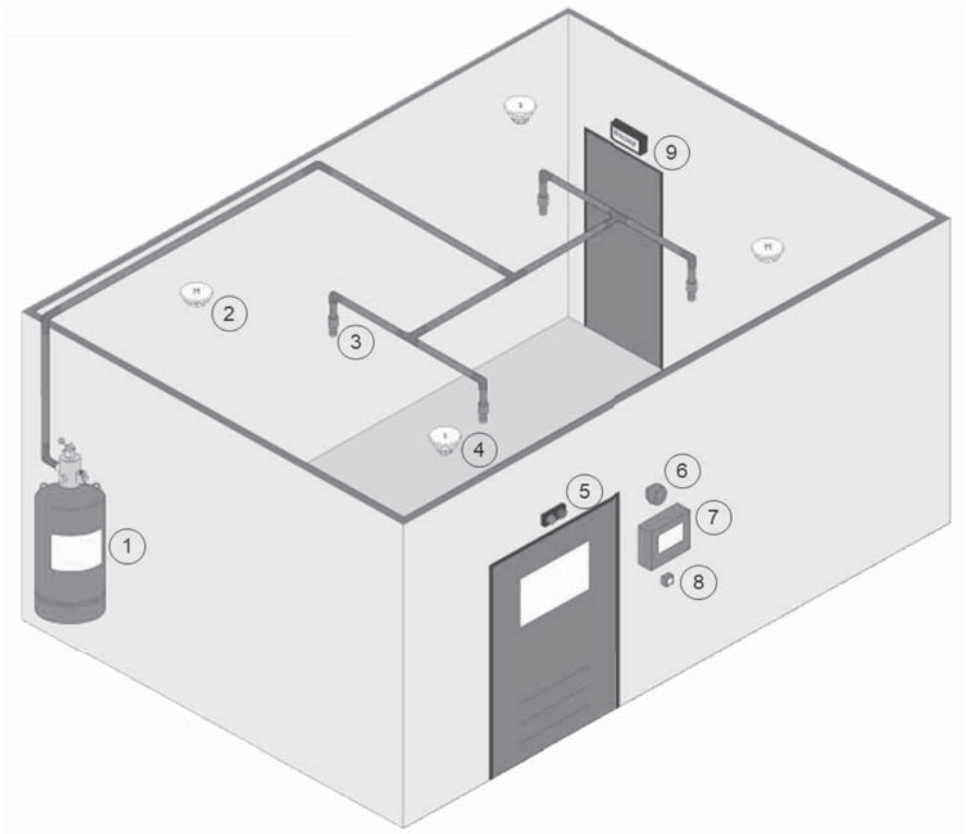
We assemble the CO_2 fire suppression systems under our Unique brand. We purchase the empty cylinders, CO_2, and other parts and components from external suppliers. The entire system is then supplied to our customers as a total package, excluding pipes and fittings. We do not provide any installation services for the CO_2 fire suppression system. Our CO_2 fire suppression systems are rated to protect enclosed areas against Class B and E fires.

6. INFORMATION ON OUR GROUP (Cont'd)

(ii) HFC Fire Suppression Systems

Our HFC fire suppression systems are rated to protect areas against Class A, B and E fires and they function similarly to CO_2 fire suppression systems. HFC fire suppression systems are usually used in enclosed areas where people are normally present, such as substations, server rooms, data centres, museums and hospitals.

A typical layout for our HFC fire suppression system



1. Cylinders filled with HFC extinguishing agent. 2. Heat detector. 3. Discharge nozzle. 4. Smoke detector. 5. Twin flashing light alarm. 6. Alarm bell. 7. Control panel. 8. Key switch. 9. Evacuate sign.

HFC extinguish or suppress fires by removing heat from the fire, thereby cooling them to the point where burning cannot continue. As HFC requires a lower concentration to extinguish or suppress fire compared to CO_2, fewer cylinders of HFC are required to provide fire protection in enclosed areas of the same size.

For our assembly of HFC fire suppression systems we purchase extinguishing agents, empty cylinders with valves, blank nozzles and parts from the following suppliers:

- Orient Corporation Pte Ltd from Singapore, for our Unique227 and Unique5112 brands, and their Orient brand; and
- Kidde-Fenwal Inc. from the United States, for their Kidde brands.

We assemble the systems by filling the empty cylinders and integrating the relevant parts and components, and packaging them to provide a complete system to meet the specifications of our customers. Our HFC fire suppression systems do not include pipes and pipe fittings, and we do not provide installation services.

Within the assembly of HFC fire suppression systems, revenue from our Unique227 brand amounted to 80.82%, 96.88%, 92.55% and 97.67% of the revenue from the assembly of HFC fire suppression systems for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. The remainder were from the third party Orient and Kidde brands.

We obtained various certifications for our HFC fire suppression systems which are sold under our Unique227 brand as follows:

- UL certification, which certifies that our fire suppression systems comply with the relevant UL standards, is focused on product safety and performance. This certification was issued on 8 March 2016.

- FM Approvals certification, which certifies that our fire suppression systems comply with applicable FM Approval standards. FM Approvals is also involved in testing and certifying products that meet their property loss prevention standards. FM Approval certifications may be required by some insurance providers as a condition of coverage. The FM Approval was granted on 9 July 2021.

- SGP certification, which certifies that our fire suppression systems comply with the specified requirements of TNB technical specifications and are accepted for use in TNB system. This certificate was renewed on 8 April 2021 and is valid until 22 February 2024. We have been SGP certified since 23 February 2018. A valid SGP certification is required to supply our fire suppression system to TNB.

6.4.7.2 Fire protection equipment

Revenue from the assembly of fire protection equipment accounted for RM15.05 million (18.88%), RM14.66 million (19.23%), RM11.31 million (17.82%) and 9.83 million (18.26%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

(i) Fire hose reels and fire hoses

The fire hose reels and fire hoses that we assemble are for manual operation to fight against fires in large and multilevel buildings and facilities.

(a) Fire hose reels

A fire hose reel is used to store a pre-attached fire hose and is intended to be used by building occupants to fight small fires. They are supplied by water permanently attached to a source of water connected to a wet or dry riser system. For further information on wet and dry riser systems, please refer to Section 6.4.8.1 (ii) of this Prospectus.

Our fire hose reels

6. INFORMATION ON OUR GROUP (Cont'd)

The main components of our fire hose reel include the following:

- drum where the pre-attached hose is wound around for ease of dispensing when needed;
- side plates on both ends of the drum;
- swing arm and brackets to attach the drum to the wall;
- valve to control the flow of water; and
- synthetic rubber hose, nozzles and clips to convey and manually direct the flow of water.

A fire hose reel can be housed in a lockable cabinet for protection and security. We assemble fire hose reels which involve sourcing drum side plates and other parts, and carry our internal powder coating of the side plates before putting together the parts to create the complete fire hose reels. Our fire hose reels are sold under our Unique brand.

(b) Fire hoses

Our fire hoses comprise the hose, couplings and nozzles. Fire hoses are designed to connect to a landing valve of a wet or dry riser system or hydrant, which supplies the water. Fire hoses are usually stored in cradles or cabinets that are installed next to landing valves and pillar hydrants.

A fire hose differs from a fire hose reel in the following respects:

- fire hose does not need a drum;
- fire hose has a larger diameter, for example, our Yama and Commander fire hoses have diameters of between 40 mm and 65 mm, compared to 25 mm for our Unique fire hose reels;
- fire hose can be extended by joining several lengths together using couplings, while fire hose reel has a fixed length;
- fire hose must be connected to a landing valve or hydrant for water supply; and
- fire hose is intended to be used by trained personnel, such as firefighters.

We assemble fire hoses, couplings, nozzles and other parts into a complete product as depicted below:

Our brands of fire hoses

Yama Commander Commander

We assemble fire hoses that are marketed under our Commander and Yama brands.

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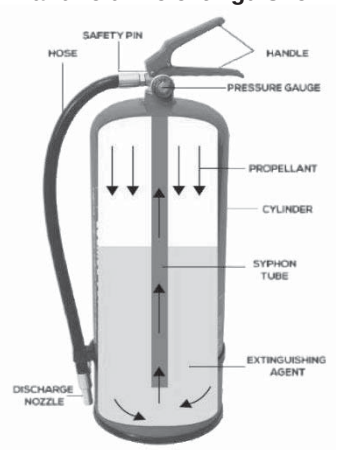
6. INFORMATION ON OUR GROUP (Cont'd)

(ii) Fire Extinguishers

Fire extinguishers are a type of manually operated and portable fire protection equipment designed to extinguish or suppress small fires, usually in an emergency. They can be hand portable or trolley mounted to be wheeled directly to the affected area. A fire extinguisher consists of the following main components:

- Fire extinguisher cylinder that contains the syphon tube, propellant and extinguishing agent;
- Fittings including handle, pressure gauge, safety pin, and hose and discharge nozzle.

A cut-away diagram of a handheld fire extinguisher



The fire extinguishers that we supply are used to provide fire protection mainly for residential, commercial, industrial and institutional properties, and public amenities, facilities and infrastructure.

(a) CO_2 fire extinguishers

We use CO_2 as one of our extinguishing agents for our fire extinguishers. The CO_2 is stored under pressure, and when the safety pin is removed and the handle is depressed the CO_2 is discharged through the syphon tube, hose and discharge nozzle. CO_2 displaces oxygen from around the fire, thereby extinguishing or suppressing the fire.

We purchase the cylinders for our assembly of CO_2 fire extinguishers where we will then put together the parts and fill the cylinder with CO_2. During the Financial Years and Period Under Review and as at the LPD, we assembled two (2) kg and five (5) kg hand portable and 45 kg trolley mounted CO_2 fire extinguishers.

Our CO_2 fire extinguishers

45 kg trolley mounted | 5 kg hand portable | 2 kg hand portable

Our CO_2 fire extinguishers are sold under our Unique brand. They are rated for use against Class B and E fires. The two (2) kg and five (5) kg hand portable CO_2 fire extinguishers that we assemble are SIRIM certified as compliant with the relevant MS standards.

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6. INFORMATION ON OUR GROUP (Cont'd)

(b) Dry chemical fire extinguishers (trolley mounted)

We assemble 25 kg and 50 kg trolley mounted dry chemical fire extinguishers, where we purchase the empty cylinders, dry chemical extinguishing agent, compressed nitrogen and parts from external suppliers. The parts are put together with the empty cylinders, following which it is filled with the extinguishing agent and compressed nitrogen and assembled with the trolley.

Our dry chemical fire extinguishers are sold under our Unique brand. They are rated for use against Class A, B, C and E fires.

Our trolley mounted dry chemical fire extinguishers

50 kg | 25 kg

(c) Foam fire extinguisher

Our foam fire extinguishers use a mixture of foam concentrate and water as the extinguishing agent, with compressed nitrogen as the propellant. When the safety pin is removed and the handle is depressed, the compressed nitrogen will propel the foam concentrate and water out through the syphon tube and propel them through the hose and discharge nozzle. At the same time, the concentrate is mixed with the water to produce the foam. The foam will blanket the fire and prevent oxygen from reaching the fuel, which extinguishes or suppresses the fire.

We assemble foam fire extinguishers by using purchased empty cylinders and parts, and we fill the cylinders with the concentrate and compressed nitrogen as the propellant.

Our foam fire extinguishers

45 Litre trolley mounted | 9 Litre hand portable

During the Financial Years and Period Under Review, we assembled and supplied nine (9) Litre hand portable and 45 Litre trolley mounted foam fire extinguishers. We marketed our foam fire extinguishers under our Unique brand. They are rated for use against Class A and B fires. As at the LPD, we have discontinued assembling, marketing and selling foam fire extinguishers as the revenue contribution was small and has been declining during the Financial Years and Period Under Review, having accounted for RM0.22 million (0.28%), RM0.22 million (0.28%), RM0.14 million (0.22%) and RM0.19 million (0.35%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

6. INFORMATION ON OUR GROUP (Cont'd)

6.4.8 Distribution of Fire Protection Systems, Equipment and Accessories

Revenue from the distribution of fire protection systems, equipment and accessories accounted for RM30.42 million (38.17%), RM27.92 million (36.65%), RM20.48 million (32.29%) and RM16.00 million (29.70%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

We distribute fire protection systems, equipment and accessories under Unique brand where the products are sourced from external manufacturers, as well as third party brands.

Please refer to Section 6.19 of this Prospectus for information on our Bomba certifications.

6.4.8.1 Fire suppression systems

Revenue from the distribution of fire suppression systems accounted for RM23.35 million (29.30%), RM20.69 million (27.16%) and RM14.74 million (23.23%) and RM11.71 million (21.73%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

We distribute the following types of fire suppression systems:
- sprinkler systems;
- wet and dry riser systems, and hydrants; and
- wet chemical fire suppression systems.

(i) Sprinkler systems

A sprinkler system consists of a fixed water pipe network installed commonly throughout occupied or critical areas of a building with sprinkler heads attached at specified locations along with the piping network. These are automatic fire protection systems that use water to extinguish or suppress fires. The water pipe network for a sprinkler system may be supplied by a wet or dry riser system or the mains water supply. Sprinklers are designed to activate when a predetermined heat level is reached, spraying the area around the sprinkler with water. They activate independently and as a result, only sprinklers that are close to the fire will operate, which minimises water damage in areas that are not affected by the fire.

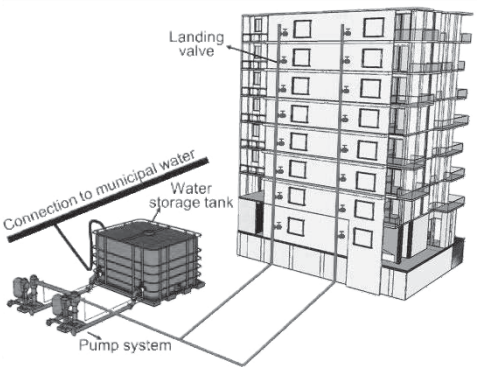
We are an authorised distributor of third party CD and Viking brands of sprinkler systems. We also distribute water flow switches and detectors (which are used as part of some sprinkler systems) under the third party System Sensor brand.

During the Financial Years and Period Under Review and up to the LPD, we supplied our customers with the complete sprinkler system set or a combination of the components listed above, depending on their requirements. We did not supply pipes and fittings, and we did not provide installation services for sprinkler systems.

(ii) Wet and dry riser systems, and hydrants

Wet and dry riser systems consist of a fixed network of water pipes and other components that is designed to supply water throughout the building as part of its fire protection system. Wet and dry riser systems are commonly used in commercial, industrial and low and high-rise residential properties.

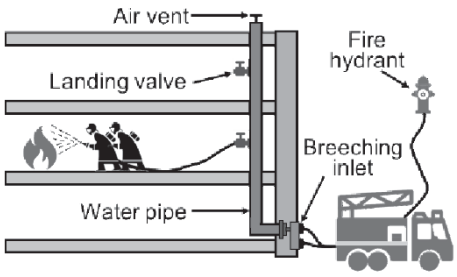
Wet riser system



6. INFORMATION ON OUR GROUP (Cont'd)

Wet riser systems are installed in buildings that are more than 30 meters high. In a wet riser system, the pipes are constantly filled with water from a pressurised supply, which comprises a water storage tank and pumps at the ground level. The water storage tank is connected to the mains water supply. The wet riser system is intended to provide an immediate supply of water to landing valves or pressure regulating valves for firefighting purposes.

Dry riser system



A dry riser system is similar to a wet riser system with the key exception that the pipes do not contain water when it is not in use. To function, water must be pumped, commonly using a firefighting vehicle, into the system through one or more breeching inlets. The water is then distributed throughout the building through the piping works. Dry riser systems are usually installed in low rise buildings less than 30 meters in height.

We distribute wet and dry riser systems under our Unique brand and they include the following:

- Breeching inlets (dry riser): These are commonly located outside of buildings such that water may be pumped through the breeching inlets to fill the dry riser pipework with water for firefighting.

- Landing and pressure regulating valves (wet and dry riser): They are outlets in the pipework to supply water to connected hoses for firefighting. Landing or pressure regulating valves may be located in protected areas such as stairwells, lobbies and enclosures. In a multilevel building, at least one landing or pressure regulating valve will be made available at each level of the building.

Our wet and dry riser systems do not include pipes and pipe fittings, and we do not provide installation services.

We also distribute fire hydrants under our Unique brand. Hydrants are a type of connection point that is installed outdoors, typically in accessible public areas, that is connected to water mains to provide water supply to firefighters. They are equipped with connection points for firefighters to attach fire hoses.

Breaching inlet

Landing valve

Pressure regulating valve

Hydrant

(iii) Wet chemical fire suppression systems

The wet chemical fire suppression systems that we distribute are automatic systems that are used in commercial kitchens to protect against Class F fires that involve cooking oils and fats.

We are the authorised distributor of wet chemical fire suppression systems under the third party Kidde brand.

The system comprises the following main components:
- wet chemical extinguishing agent in storage cylinder;
- nozzles to spray the wet chemical onto the fire;
- piping works connecting the wet chemical storage cylinder to the nozzles;
- automatic release mechanism;
- remote manual activation switch; and
- fire alarm.

The automatic release mechanism contains fusible metal links, which melt and separate when the heat level around the mechanism reaches a specific level (for example due to a nearby fire). This activates the system, releases the pressurised gas stored in the cartridge, forces the wet chemical from the storage tank and sprays it onto the fire through the nozzles. The wet chemical consists of potassium carbonate (for the third party Range Guard brand) that are dissolved in water. The wet chemical extinguishes the fire by forming a soapy layer that blankets the burning oil and prevents oxygen from reaching the fire.

We supply wet chemical fire suppression systems as complete systems, which comprise the main components listed above together with piping and fittings. We do not carry out the installation of the system.

6.4.8.2 Fire protection accessories

Revenue from the distribution of fire protection accessories accounted for RM7.07 million (8.87%), RM7.17 million (9.41%), RM5.55 million (8.75%) and RM4.19 million (7.78%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

We distribute the following types of fire protection accessories:
- fire detection and alarm devices; and
- other fire protection accessories.

(i) Fire detection and alarm devices

Fire detection and alarm devices are designed to detect the presence of fire or smoke and subsequently, warn of the danger. They may be connected to other fire protection systems, for example, sprinkler systems, CO_2 or HFC fire suppression systems, or installed on a standalone basis.

We distribute the following types of fire detection and alarm devices:
- electronic sounders and beacons under third party Demco brand;
- heat and smoke detectors under our Unique brand and third party System Sensor brand;
- fire alarm bells under our Unique brand and third party Demco brand;
- fire control panels under our Unique brand and third party Program brand; and
- twin flashing lights under our Unique brand.

6. INFORMATION ON OUR GROUP (Cont'd)

We are an authorised distributor for third party System Sensor and Demco brands.

Some of our Unique brand of fire detection and alarm devices

Unique heat detector | Unique smoke detector | Unique twin flashing lights | Unique alarm bell

(ii) Other fire protection accessories

Other fire protection accessories that we distribute include the following:

- batteries, which are used as backup electric power for fire detection, alarm and control panels. We obtained UL certification for our batteries under our Unique brand, issued on 19 November 2019. We distribute batteries under our Unique brand and third party GP brand;

Some of the cabinets we distribute

Fire extinguisher cabinet | Fire hose cabinet | Breeching inlet cabinet

- cabinets, are lockable metal enclosures to secure and protect fire protection equipment such as fire extinguishers, fire hose reels, fire hoses, and breeching inlets. We distribute cabinets under our Unique brand; and

- fire blankets, which we distribute under our Unique brand.

6.4.8.3 Fire protection equipment

We also distribute fire hoses under a third party brand namely ZYfire, which comprises synthetic rubber fire hoses and couplings. Revenue from the distribution of fire protection equipment namely fire hoses accounted for RM0.06 million (0.08%), RM0.19 million (0.31%) and RM0.10 million (0.19%) of our total revenue for the FYE 2020, FYE 2021 and FPE 2022, respectively. We did not make any sales of ZYfire brand of fire hoses in FYE 2019 as we were only appointed as an authorised distributor for this brand of fire hoses in 2020.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.4.9 Manufacture of fire protection equipment

Revenue from the manufacture of fire protection equipment namely hand portable dry chemical fire extinguishers which accounted for RM10.96 million (13.75%), RM11.39 million (14.95%), RM11.14 million (17.55%) and RM9.99 million (18.54%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

Please refer to Section 6.19 of this Prospectus for information on our Bomba certifications.

We manufacture dry chemical fire extinguishers that use monoammonium phosphate as the extinguishing agent and compressed nitrogen as the propellant. They are stored under pressure inside the cylinder of the fire extinguisher.

Our hand portable dry chemical fire extinguishers

9 kg 6 kg 4 kg 2 kg 1 kg

When the safety pin is removed and the handle is depressed, the compressed nitrogen will drive the dry chemical through the syphon tube and propel it through the hose and discharge nozzle. The dry chemical prevent oxygen from reaching the fire, thereby extinguishing or suppressing it.

We manufacture the cylinders for one (1) kg, two (2) kg, four (4) kg, six (6) kg and nine (9) kg hand portable dry chemical fire extinguishers. We put together the parts and fill the cylinders with dry chemical and compressed nitrogen. Our manufacturing process includes metal cutting, blanking, pressing, welding and powder coating for the hand portable dry chemical fire extinguisher cylinders. We have in-house filling machines to fill the cylinders with dry chemicals and compressed nitrogen.

We also manufacture one (1) kg and two (2) kg hand portable dry chemical fire extinguishers with custom designed graphics to target end-users. These are designed to be aesthetically pleasing for use in homes and vehicles and are sold under our Unique brand. We apply the custom designed graphics onto the cylinders using our in-house wet painting machine, where liquid paint is sprayed onto the cylinder in a fine mist.

Examples of our custom graphics designed fire extinguishers

Our hand portable dry chemical fire extinguishers are sold under our Unique brand. They are rated for use against Class A, B, C and E fires. The one (1) kg, two (2) kg, four (4) kg, six (6) kg and nine (9) kg hand portable dry chemical fire extinguishers that we manufacture are SIRIM certified as compliant with the relevant MS standards.

6.4.10 Other activities

Revenue from other activities accounted for RM1.32 million (1.66%), RM1.11 million (1.46%), RM1.10 million (1.74%) and RM1.04 million (1.93%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. During the Financial Years and Period Under Review, our other activities include assisting in Bomba eFEIS application, sales of dry chemical fire extinguisher refilling machines and servicing of fire protection equipment.

6.5 MODES OF OPERATION AND WARRANTIES

6.5.1 Modes of operation

Our business activities during the Financial Years and Period Under Review were based on the following modes of operation:

- purchase orders; and
- walk-in and online sales.

Purchase order

Our mode of operation for sales of fire protection systems, equipment and accessories to our customers is mainly based on lump sum purchase orders (PO). We receive PO from our customers which include, among others, payment terms and schedule, and warranty terms (where relevant). We will collect a deposit of up to 50% of the sales price for goods that are not in our inventory that we have to order from the respective supplier. We do not collect deposits for goods that are in our inventory. Customers are invoiced upon delivery of goods.

Walk-in and online sales

Our walk-in and online sales are based on lump sum sales orders as follows:

- walk-in customers will visit our head office, make their purchases and pay via cash, credit card or debit card;
- online customers will place their orders either:
  - on our e-commerce website and pay either through credit card, debit card, payment gateways or direct online banking from participating banks; and
  - on third party e-commerce platforms and we will be paid by the e-commerce platform operator within 14 days after the goods have been delivered.

6.5.2 Product warranties

(i) Our brands

We provide product warranty against manufacturing defects for products that we supply under our brands which are as follows:

- typically, we provide a one(1)-year warranty which commences from the date of delivery of our products;
- two(2)-year warranty for infrastructure projects which commences from date of certification of line completion, which is when the MRT 1, MRT 2 or LRT 3 line is certified as completed; and
- five(5)-year warranty for Unique227 fire suppression systems that are sold to customers for installation in TNB facilities. The five (5)-year warranty period which commences from the date of installation of the system and after each maintenance date, is a requirement of TNB for our Unique227 fire suppression systems.

During the Financial Years and Period Under Review, customers have made claims against our brand of products amounting to RM8,995, RM17,824, RM17,664 and RM10,651 for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

(ii) Third party brands

Product warranty for the third party brands that we assemble and distribute ranges from one (1) to three (3) years depending on the products and these are provided by the respective brand owners. As for fire suppression systems for installation in TNB facilities, this is similar to the above five(5)-year warranty as required by TNB.

During the Financial Years and Period Under Review, customers have made claims against third party brands of products amounting to RM33,017, RM21,303, RM51,779 and RM10,346 for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

6.6 OPERATIONAL FACILITY

The location of our operational facility is as follows:

Subsidiaries	Main Functions	Approximate Built-up Area (sq. ft)	Address
UFI and UDI	Head office, manufacturing facility and warehouse.	131,310	9, Jalan Anggerik Mokara 31/55 Kota Kemuning, Seksyen 31 40460 Shah Alam, Selangor

6.7 MAJOR MACHINERY AND EQUIPMENT

Our main machinery and equipment used in our manufacturing operations are as follows:

Main equipment and tools	Brief description	Number of units	NBV as at 31 December 2021 (RM)	Age of our Machinery * (years)
Manufacturing fire extinguishers				
Blanking machine	Used to punch standardised profiles from steel sheets	5	5,901	14
Deep drawing machine	Used to shape blanked steel into a cylinder	3	-	14 to 15
Cylinder fabrication machine	Includes automated trimming machine and base insertion machine that welds the cylinder and the bottom base together	3	2	14
Welding machine	Includes automated neck ring and bottom base welding machine to weld the neck ring and bottom with the cylinder body	14	8	13 to 14

Main equipment and tools	Brief description	Number of units	NBV as at 31 December 2021 (RM)	Age of our Machinery * (years)
Assembly of fire hoses				
Fire hose binding machine	Used to bind the fire hose	7	1,000	6
General manufacturing usage				
Powder coating system	Used to powder coat cylinders, drum plates and other steel parts	2	2	8
Refilling and related machines	For filling empty cylinders with dry chemical, CO_2 or HFC extinguishing agents	11	35,792	14

Note:

* Age of machinery as at 31 December 2021. The average useful lifespan of the major equipment and tools listed above cannot be determined as they can operate for long period of time as long as proper maintenance are performed from time to time.

6.8 SALES AND MARKETING

Our marketing strategy and activities are focused on the following:

Market positioning

- We will continue to build our in-house brand equity by conducting marketing and promotional campaigns that are directed towards increasing market awareness and educating our target customers comprising M&E and FPS contractors, FPS maintenance providers, retailers and wholesalers, as well as end-users such as property and asset owners, individuals and households, and vehicle manufacturers. We are committed to assisting and understanding our customers' requirements so that we can continue to provide a positive customer experience and respond to customer requests in a prompt manner.

- We will continue to build on the market acceptance and track record that our in-house brands have developed over the years, as evidenced by our in-house brands having accounted for 75.16%, 78.59%, 80.52% and 81.46% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Our Unique brand has been in the market since 2003, while our Commander and Yama brands since 2000, and we introduced our Unique227 brand in 2016. As at the LPD, we have also commenced marketing our Unique5112 brand of fire suppression systems.

- We position ourselves as a comprehensive supplier of active fire protection systems, equipment and accessories that are normally used to protect buildings, structures, infrastructure, amenities, facilities and vehicles from fire. We supply general systems and equipment such as fire extinguishers, hose reels and fire hoses, wet and dry riser systems, and hydrants and sprinkler systems, as well as more specialised systems such as CO_2, HFC and wet chemical fire suppression systems. The range of fire protection systems, equipment and accessories that we assemble, distribute and manufacture cover Class A, B, C, E and F fires.

- We will continue to maintain service quality for our customers in terms of making sure all orders are delivered accurately and on time, and ensuring that all products that are assembled and manufactured in-house, and sourced from external suppliers meet the required quality requirements.

- We will keep up with regulatory changes to ensure that our products remain relevant in the market. In this respect, we started to market our new Unique5112 brand in 2021, which uses FK5112 as the extinguishing agent to gradually replace our current HFC fire suppression systems. This is in keeping with the Government's commitment to phase out the use of HFC progressively and for HFC usage to be reduced by 80% by 2045 with usage frozen at a baseline as of 1 January 2024 *(Source: Industry Overview).* As at the LPD we have not received any specific timeline from the Government relating to the phasing out of HFC. As such, we expect that sales of FK5112 systems will gradually replace the sales of HFC-227ea systems. Consequently, we are marketing Unique5112 as an alternative, as FK5112 does not contribute towards global warming.

  We have obtained FM Approvals certification and Bomba certification for our Unique5112 fire suppression systems, and we are currently in the process of obtaining SGP certification for our Unique5112 so that they can be supplied for installation at TNB facilities. This is to ensure that we are ready to supply our Unique5112 systems when required by our customers. We expect to obtain SGP certification for our Unique5112 by December 2022. We believe that our customers will accept Unique5112 as they are similar in application, design and working principal to our Unique227 systems, with the exception of the type of extinguishing agent used. Furthermore, fire suppression systems that use FK5112 systems are generally the most cost effective option to HFC-227ea systems for similar applications, and we believe that customers will choose FK5112 systems, such as Unique5112, when HFC-227ea systems are no longer available due to the phase-out described above. The financial impact of replacing Unique227 with Unique5112 is expected to be minimal as we can use the same filling machine and nozzle drilling station, and our distributorship agreement with Orient Corporation already covers Unique5112.

- We also have third party brands to complement our brands to provide a wider range of products and brands.

Marketing activities

- Maintain good working relationships with our customers by maintaining communication, constantly, providing a high level of service quality and ensuring that all of their orders are fulfilled promptly and accurately.

- Work together with M&E and FPS contractors and FPS maintenance service providers to fulfil requirements for fire protection system. We will also market our products to the M&E consultants who selects the types and/or brand of fire protection systems, equipment and accessories to use as well the ultimate decision makers namely the property or asset owners or property developers.

- Proactively contact and conduct sales meetings with existing and prospective customers to understand their requirements, secure sales and maintain good working relationships.

- Follow-up on customer referrals that we receive from existing customers, suppliers and other contacts.

6. INFORMATION ON OUR GROUP (Cont'd)

Our sales and marketing team is headed by Dato' Marcus Liew, our Executive Director in charge of sales and marketing, with a team of 15 employees focused on sales and business development as at the LPD. This team includes two (2) engineers to address customers' technical requirements.

We participated in local exhibitions and tradeshows to promote and market our products and showcase our in-house brands. We also organise courses and seminars to educate prospective customers and decision makers. The exhibitions, tradeshows courses and seminars that we have participated in since 2018 include the following:

Year	Event	Location
2018	International Fire Conference & Exhibition Malaysia (IFCEM) 2018	Subang Jaya, Selangor
2018	Kuala Lumpur International Halal Expo 2018	Kuala Lumpur
2019	Half-day Course on Selecting the Right Type of Suppression System for Industrial Kitchen (jointly-organised by us and The Institute of Engineers Malaysia (IEM))	Kuala Lumpur
2021	Online seminar on Viking sprinkler systems jointly organised by us and The Viking Corporation (Far East) Pte Ltd	Conducted online

6.9 PRODUCTION OUTPUT, CAPACITY AND UTILISATION

6.9.1 Manufacture of hand portable dry chemical fire extinguisher

We manufacture hand portable dry chemical fire extinguishers at our Operational facility in Shah Alam, Selangor. The methodology used to calculate capacity, actual usage and utilisation rates is as follows:

- for FYE 2019, FYE 2020 and FYE 2021, capacity is calculated based on 10.25 working hours per day from Monday to Friday, and 7.50 working hours per day on Saturday, for 52 weeks per year;
- for FPE 2022, capacity is calculated based on 10.25 working hours per day from Monday to Friday, and 7.50 working hours per day on Saturday, for 39 weeks for the 9-month financial period;
- actual output is the number of units of hand portable dry chemical fire extinguishers manufactured during the respective FYEs or FPE; and
- utilisation rate is calculated by dividing the actual output by the capacity of the respective FYEs or FPE.

	Capacity (units)	Actual Output (units)	Utilisation Rate (%)
FYE 2019			
Main machinery and equipment:			
Blanking machine	*341,250*	*185,145*	*54.25*
Deep drawing machine	*300,300*	*185,145*	*61.65*
Cylinder fabrication machine	*273,000*	*185,145*	*67.82*
Welding machine	*210,000*	*185,145*	*88.16*
Powder coating system	*819,000*	*185,145*	*22.61*
Refilling and related machines	*273,000*	*185,145*	*67.82*
Overall capacity and output	**210,000**	**185,145**	**88.16**

6. INFORMATION ON OUR GROUP (Cont'd)

	Capacity (units)	Actual Output (units)	Utilisation Rate (%)
FYE 2020			
Main machinery and equipment:			
Blanking machine	*341,250*	*153,570*	*45.00*
Deep drawing machine	*300,300*	*153,570*	*51.14*
Cylinder fabrication machine	*273,000*	*153,570*	*56.25*
Welding machine	*210,000*	*153,570*	*73.13*
Powder coating system	*819,000*	*153,570*	*18.75*
Refilling and related machines	*273,000*	*153,570*	*56.25*
Overall capacity and output	**210,000**	**153,570**	**73.13**
FYE 2021			
Main machinery and equipment:			
Blanking machine	*341,250*	*175,856*	*51.53*
Deep drawing machine	*300,300*	*175,856*	*58.56*
Cylinder fabrication machine	*273,000*	*175,856*	*64.42*
Welding machine	*210,000*	*175,856*	*83.74*
Powder coating system	*819,000*	*175,856*	*21.47*
Refilling and related machines	*273,000*	*175,856*	*64.42*
Overall capacity and output	**210,000**	**175,856**	**83.74**
FPE 2022			
Main machinery and equipment:			
Blanking machine	*255,938*	*148,157*	*57.89*
Deep drawing machine	*225,225*	*148,157*	*65.78*
Cylinder fabrication machine	*204,750*	*148,157*	*72.36*
Welding machine	*157,500*	*148,157*	*94.07*
Powder coating system	*614,250*	*148,157*	*24.12*
Refilling and related machines	*204,750*	*148,157*	*72.36*
Overall capacity and output	**157,500**	**148,157**	**94.07**

The overall utilisation rate of the main machinery and equipment is 88.16%, 73.13%, 83.74% and 94.07% for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. The overall actual output and utilisation rate for the FYE 2020 decreased compare to FYE 2019 was mainly due to the following reasons.

- During FYE 2019, we manufactured approximately 20,000 units of hand portable dry chemical fire extinguishers for stocking purposes as we anticipated that sales of these products would increase during FYE 2020; and
- We did not manufacture hand portable dry chemical fire extinguishers from 18 March 2020 to 30 March 2020 due to the temporary closure of our Operational Facility pursuant to MCO 1.0.

6.9.2 Our other business activities

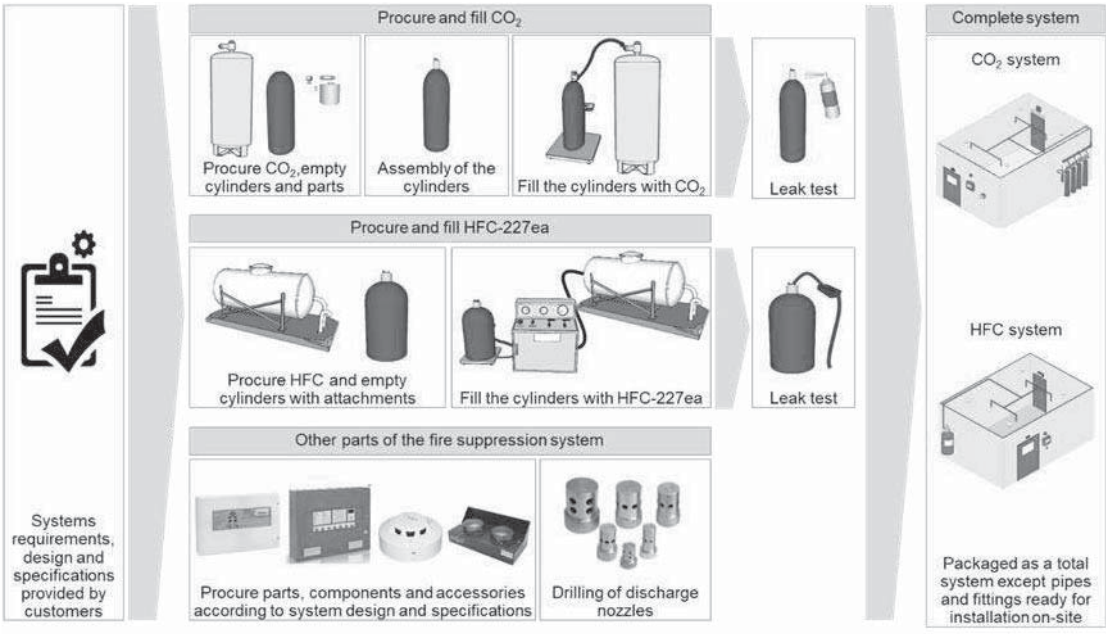
Measurements of capacity and utilisation do not apply to the assembly of CO_2 and foam fire extinguishers, CO_2 and HFC fire suppression systems, and fire hose reels and fire hoses as these systems and equipment are assembled using materials, parts and components that are purchased from suppliers. The process of assembling these systems and equipment does not utilise specialised in-house machinery or processes and are instead dependent on manpower to carry out the assembly work. In addition, the assembly of CO_2 and HFC fire suppression systems are assembled to order, as and when orders are received. Consequently, measurements of capacity and utilisation do not apply to the assembly of these fire suppression systems and equipment.

Measurements of capacity and utilisation do not apply to our distribution of fire protection systems business, as we mainly maintain some inventory to meet purchase orders from customers, or order the products as and when purchase orders are received.

6.10 PROCESS FLOW

6.10.1 Assembly of CO_2 and HFC fire suppression systems

The general process flow for assembling CO_2 and HFC fire suppression systems is as follows:



The assembling of a CO_2 or HFC fire suppression system starts with the system requirements, design and specifications provided by our customers who are M&E or FPS contractors. Once we obtained the purchase order, we will procure all relevant materials that make up the whole fire suppression system from our suppliers. The typical timeframe, from receiving the system requirements, design and specifications from the customer up to packaging the complete system ready for delivery, is approximately 4 working days, and for the assembly of HFC fire suppression system, it is approximately 5 working days.

6. INFORMATION ON OUR GROUP (Cont'd)

- **Procure and fill CO_2**

  - **Procurement**

    To assemble CO_2 fire suppression systems, we would procure the CO_2 as the extinguishing agent, empty cylinders, valves and other parts. Our CO_2 is transported and stored in storage tanks. Upon receiving the empty cylinders, a visual inspection is conducted against the approved drawings and applicable procedures for product acceptance. The cylinder surface is inspected to ensure that it is free from any sign of cracked, burred, dented, deformation or critical defects. The empty cylinder will be weighed and the tare weight recorded.

  - **Processing**

    After the inspection, we will put together the parts to form the valve and tighten it onto the cylinder. A charging hose with a valve will be used to connect the CO_2 storage tank to the empty cylinder for filling purposes. The CO_2 will be pumped into the cylinder through the fill adapter. The weight will be continuously monitored as the CO_2 is pumped in until the desired weight is reached, where the charging hose valve and charge valve will be closed. The cylinders will be kept for more than 24 hours before having the weight recorded. The valves of the filled cylinders are sprayed with soap solution to detect leakages, and any leaks detected are reworked.

  - **Finishing**

    A final inspection would be conducted to ensure the completeness of assembly, finishing and to ensure all external parts are assembled and properly fitted in place. The serial number and the batch number of the fire extinguishers will be recorded, where they will be signed and certified by the responsible supervisor.

- **Procure and fill HFC**

  This process is similar to procure and fill CO_2 except that the empty cylinders are purchased with attachments, the extinguishing agent used is HFC-227ea and the method of filling the gas and conducting leak test uses different machinery.

  We have two (2) HFC filling machines which is used for the following processes:
  - for our Unique227 fire suppression systems, where the filling machine conforms to UL procedures so that the Unique227 fire suppression systems that we assemble are UL certified, which certifies that they comply with the relevant UL standards, is focused on product safety and performance; and
  - for third party Kidde brand fire suppression systems, where the filling machine conforms to UL and FM procedures so that the Kidde fire suppression systems that we assemble are UL certified and FM Approvals certified, which certifies that they comply with applicable FM Approval standards. FM Approvals is also involved in testing and certifying products that meet their property loss prevention standards. FM Approval certifications may be required by some insurance providers as a condition of coverage.

  After filling, the filled cylinders are inspected with a handheld leak detection device, and any leaks that are discovered are reworked.

6. INFORMATION ON OUR GROUP (Cont'd)

- **Other parts of the fire suppression system**

  We would procure other parts, components and accessories which include, among others, context plus, control panels, smoke detectors and flashing lights.

  We will also drill the blank nozzles to form drilled discharge nozzles, which will be installed at strategic locations along with the piping system on-site. The size of the blank discharge nozzles and drill bits will be selected according to the specified diameter of the holes in the nozzles. The drilled nozzles will also be labelled with the pipe thread type of the nozzle, the discharge pattern and hole size. The discharge pattern can be either 180° side wall or 360° central.

  Our nozzle drilling station for our Unique227 fire suppression system conforms to UL procedures.

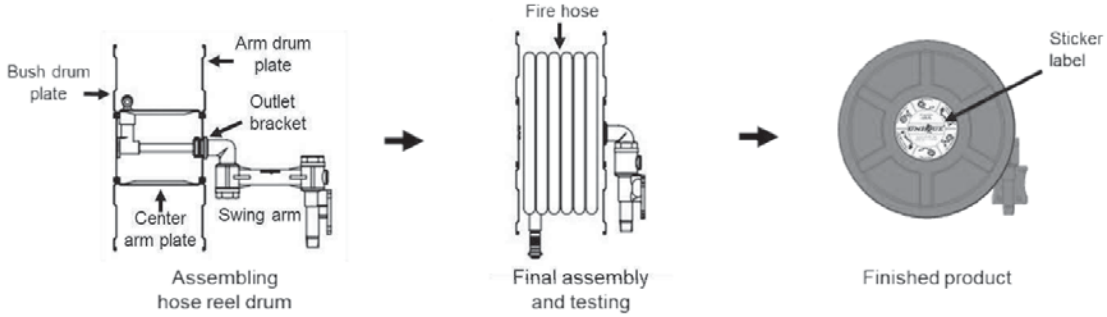
  We will carry out a visual inspection and if necessary, functional tests of the products procured, which would be conducted against the specifications for product acceptance. We do not provide pipes and fittings, as they are provided by the M&E or FPS contractors. For the drilled discharge nozzles, we will also ensure the finishing surface is free from any sign of cracking, deformation, burred, and no sharp or rough edge.

- **Complete system**

  Once the CO_2 or HFC cylinders have been completed, and all other specified parts and components and accessories are collected, they will be packaged as a complete system and delivered to the specified location.

6.10.2 Assembling fire hose reels

The general process flow for assembling fire hose reels is as follows:



The typical timeframe to assemble a batch of 1,000 fire hose reels is approximately 6 working days.

The assembly of a fire hose reel starts with the hose reel drum.

- **Assembling hose reel drum**

  The batch marking number at the outlet bracket is checked before initiating the marking process. We firstly apply mixed adhesive to the entire outlet pipe thread and fit it into the outlet bracket thread. The outlet bracket is kept for 24 hours to ensure that the adhesive is cured.

The swingarm is then attached and put together through the inlet bracket, centre arm bracket and outlet bracket at the designated place. The swingarm will undertake a pressure test to ensure there is no leakage. Internal pressure will be applied at approximately 20 ± two (2) bars and held for one (1) minute.

After the pressure test, the swing arm will be hung on the conveyor system and go through the pre-treatment chemical wash before the powder coating process with a minimum powder thickness of 50µm. The hose reel drum plates also go through the same powder coating process as the swingarm.

The bush body and elbow bush are attached with self-lock pins. The bush body is then attached to the bush drum plate and blind rivets are placed into the four holes on the bush body and rivet. The sticker label will be placed on the bush drum plate at the designated place.

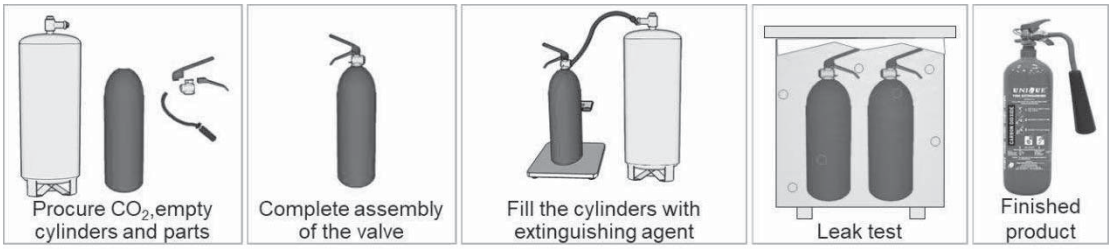
The swingarm bracket, drum plates, centre plate bracket and arm collar are put together to form the hose reel drum. We will test and turn the drum plate clockwise and anti-clockwise to check the functionality of the hose reel drum.

- **Final assembly and testing**

The hose reel drum will be placed on a testing jig. The hose will be attached to the outlet of the bush body, where the hose will be wound onto the hose reel drum and the nozzle will be fixed at the end of the hose. We will conduct a pressure test on the fire hose reel system to ensure that there are no leaks. A performance test will be conducted for one (1) in 500 units to ensure the quality of the fire hose reel follows the relevant standards and specifications.

6.10.3 Assembly of hand portable CO_2 fire extinguishers

The general process flow for the assembly of hand portable CO_2 fire extinguishers is as follows:



The typical timeframe to assemble a batch of 2,500 hand portable CO_2 fire extinguishers is 6 working days.

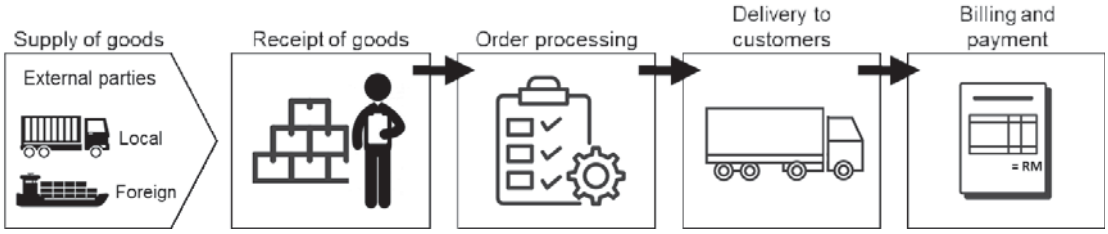
This process is similar to the procure and fill CO_2 processes described in Section 6.10.1, except for the following:

- the valve parts are different;
- the leak test conducted is through immersing the entire fire extinguisher into a water tank, and checking if there is any leakage in the form of air bubbles;
- The accepted cylinder units will be attached with a discharge horn;
- a performance discharge test will be performed based on the ISO Acceptable Quality Level sampling standard; and
- the fire extinguisher will then be sent to undergo silkscreen label printing.

6. INFORMATION ON OUR GROUP (Cont'd)

6.10.4 Distribution of fire protection systems, equipment and accessories

We distribute our brand and third party products. The general process flow for the distribution of fire protection systems, equipment and accessories is as follows:



The typical timeframe to complete an order for fire protection systems, equipment and accessories, from receiving the purchase order to packing the order ready for delivery or pick-up, is approximately 2 working days for goods that we have in our inventory at our warehouse. The typical timeframe for the order of goods that are not in our inventory will depend on the delivery lead time from the respective suppliers, which is as follows:

- delivery lead time for local suppliers is between three (3) and five (5) days if they have the goods in their inventory, and approximately 30 days if they do not have the goods in their inventory; and
- for foreign suppliers, delivery lead time is between 14 to 30 days (subject to vessel transit time) if they have the goods in their inventory, and between 60 to 120 days (subject to vessel transit time) if they do not have the goods in their inventory.

- **Supply of goods**

  For the distribution of our brand and third party products, we source them from domestic and foreign manufacturers and suppliers. We will send the purchase order to the respective suppliers upon placing orders.

  We use our ERP system to monitor our inventory levels. The minimum inventory level for each product is maintained based on our history of sales records. When a product's inventory level falls below the minimum level, the ERP system will automatically place an order with the relevant supplier. On average, we will replenish the products once every two (2) to three (3) months depending on orders received from our customers.

- **Receipt of goods**

  We receive goods at our warehouse where they go through visual inspection. A stock count of the incoming goods is conducted to ensure the quantity received is equivalent to the amount stated in the delivery order from the supplier. The goods received are then entered into our computer system, and payment to suppliers would be made at this stage.

- **Order processing**

  Upon receipt of the customer's purchase order, we will collect the relevant items from the warehouse and pack them ready for delivery.

  Once we have all the required items for the purchase order, we would create a delivery order to accompany the items ready for delivery. General warranty can be referred to on the overleaf of the delivery order.

6. INFORMATION ON OUR GROUP (Cont'd)

- **Delivery to customers**

  A final quantity check is made against the delivery order issued before delivery. Customers have the option of picking up their orders at our warehouse or having their orders delivered to their choice of locations. Delivery of orders is not subject to minimum order size. End-user customers or new customers would typically make their own arrangements to pick-up or have the order delivered to their location. We typically charge a customer an additional delivery charge for delivering the order to their location. We mainly use our in-house fleet of lorries to deliver the goods to our customers in the Klang Valley. We engage third party logistics services providers to deliver goods to customers in other locations.

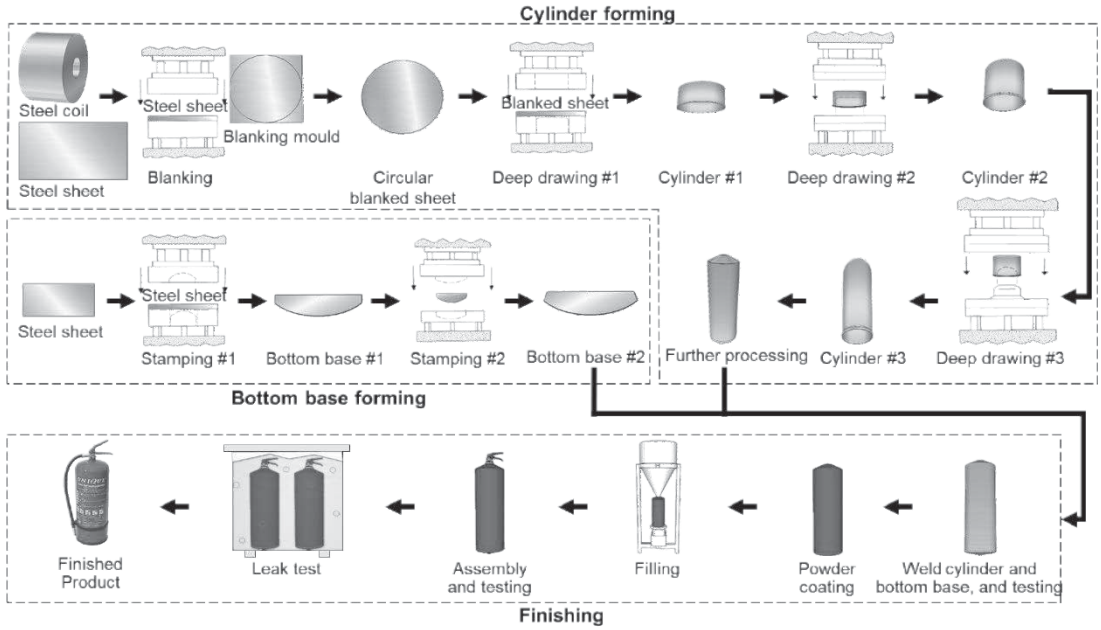
  Upon receipt of goods, the customer is required to sign and stamp the delivery order as proof of delivery. The signed delivery order is returned to us for documentation and record-keeping purposes.

- **Billing and payment**

  The accounts department will then prepare the sales invoice matched against the signed and stamped delivery order and subsequently sent out to the customer. The accounts department will record all payments received in our computer system, as well as keeping relevant documents for documentation and record-keeping purposes.

6.10.5 Manufacturing hand portable dry chemical fire extinguishers

The general process flow for manufacturing hand portable dry chemical fire extinguishers is as follows:



The typical timeframe to manufacture a batch of 4,000 dry chemical fire extinguishers is approximately 6 working days.

6. INFORMATION ON OUR GROUP (Cont'd)

The manufacture of dry chemical fire extinguishers starts with steel coils and steel sheets.

- **Cylinder forming**

  The steel coil is used to form the cylinder of the nine (9) kg hand portable dry chemical fire extinguisher, while steel sheet is used to form the cylinder of the one (1) kg, two (2) kg, four (4) kg and six (6) kg hand portable dry chemical fire extinguisher.

  The process of forming the cylinder starts with the blanking process using a blanking machine. For nine (9) kg hand portable dry chemical fire extinguisher, the steel coil is rolled to form a flat steel sheet, then it will be placed over a blanking die inside a hydraulic press and the blanking punch will impact the sheet to remove the blank, thereby forming a circular blanked sheet. For one (1) kg, two (2) kg, four (4) kg and six (6) kg hand portable dry chemical fire extinguisher, the steel sheet will also be blanked to form a circular blanked sheet. The dimension of the circular blanked sheet will be checked to ensure it follows the dimension within the specified tolerance according to the drawing specifications.

  Subsequently, the circular blanked sheet will be placed into the deep drawing machines to be drawn into a cylinder shape. It will be drawn three times using three hydraulic machines consecutively to produce a long, thin cylinder. A quality check is done after every drawing to ensure that the cylinder is free from defects.

  The fully drawn cylinder will be further processed including piercing, trimming, serial number marking and neck ring welding. A hole will be pierced on the top of the cylinder, forming the neck. The cylinder will then be trimmed to ensure the dimension per the drawing specification, and the serial number will be marked using a number marking machine. Lastly, neck ring welding is done to combine the upper ring with the cylinder.

- **Forming of the bottom base**

  The process of forming the cylinder bottom base starts by placing the steel sheet on the bottom base mould on the stamping press machine. The bottom base will be stamped twice to adjust the angles on the side, making them curve inwards to be better suited for the cylinders.

- **Finishing**

  The formed cylinder and bottom base are then combined through insertion and welding processes. The insertion process involves a base insertion machine that ensures the bottom base is firmly fitted to the formed cylinder and the dimension is per the drawing specification. The bottom base is placed in the bottom mould and the formed cylinder is inserted into the moulding to initiate the process to produce a cylinder with a bottom base. It is then welded to ensure that the bottom base is firmly attached to the cylinder. The welding process is carried out automatically to ensure that it is aligned and no over penetration on the body and bottom base.

  For every welded cylinder, a visual inspection will be conducted to ensure there is no welding spatter, the slant of neck ring or bottom base welding, at the same time ensuring a smooth finishing surface of the cylinder. A water pressure test will then be conducted on every finished cylinder, where the cylinder is filled with water and pressurised, and visually inspect to ensure that there are no visible defects such as water leaks, bulging or distortion to the base and cylinder body.

A burst test is also conducted using water through random sampling to test our cylinder's resistance to pressure. The cylinder is first filled with water, then a water pump will be connected to the cylinder through a hose coupler. The water pump will increase the water pressure in the cylinder up to the minimum internal pressure of 20 bars for 30 seconds. After that, the pressure will be increased at a rate of two (2) bars per second until the cylinder bursts. The frequency of the test sample is one (1) in 500 and the minimum burst pressure is 55 bars. If the cylinder bursts when the water pressure is lower than 55 bars, inspection and investigation will be carried out.

After conducting the first level of the quality control process, the cylinder will be powder coated. The powder coating process uses a conveyor system where the items to be coated is hung on a moving line. The item to be coated firstly go through a pre-treatment chemical wash process. This process is to ensure that surfaces to be coated are clean and free of oils, rusts, dust and other contaminants. The powder coating is then sprayed across the surface thoroughly with a distinctive red coating. Next, it will be sent to the oven for curing to ensure the powder coat adheres to the surface of the cylinder.

The coated cylinder is then filled with the dry chemical fire extinguishing agent and put together with all other parts including valves attached with pressure gauge and syphon tube. During the pressurisation process, compressed nitrogen is filled as propellant into the cylinder according to specifications. After the gas is filled, we will seal the safety pin and valve handle with a cable tie that is fitted to the valve, thereby producing a fire extinguisher. Then, a leak test will be conducted for every fire extinguisher by immersing the entire fire extinguisher into a water tank. We will conduct the test to check if there is any leakage in the form of air bubbles. The fire extinguisher will then be sent to undergo silkscreen label printing. The hose and discharge nozzle are screwed and tightened to the outlet valve, then fitted to the cylinder belt holder. A discharge test will be conducted to check the performance of the completed fire extinguisher based on the ISO Acceptable Quality Level sampling standard.

Lastly, a final inspection will be carried out to ensure all external parts are properly fitted, the surface of the fire extinguisher is clean, all markings are clearly printed, and the pressure gauge is positioned within the green zone.

6.11 TYPES AND SOURCES OF INPUT MATERIALS AND SERVICES

The following are the main types of input materials and services that we purchased for our assembly and manufacturing, and distribution operations during the Financial Years and Period Under Review:

Purchases of input materials and services for FYE 2019

	Value of Purchases *(RM'000)*	Proportion of Total Purchases *(%)*	Sources of Supply	
			Malaysia *(RM'000)*	Foreign Countries *(RM'000)*
Input materials for assembly and manufacturing	**33,389**	**65.73**	**8,707**	**24,682**
Empty cylinders (1)	10,638	20.94	92	10,546
Parts for fire hose reels and fire hoses	6,721	13.23	2,092	4,629
Extinguishing agents (2)	5,642	11.10	1,137	4,505

6. INFORMATION ON OUR GROUP (Cont'd)

	Value of Purchases *(RM'000)*	Proportion of Total Purchases *(%)*	Sources of Supply	
			Malaysia *(RM'000)*	Foreign Countries *(RM'000)*
Fire extinguisher parts (3)	3,357	6.61	768	2,589
Steel coils and sheets	3,327	6.55	3,327	-
HFC fire suppression system parts (4)	1,993	3.92	437	1,556
CO_2 fire suppression system parts (4)	1,711	3.37	854	857
Goods for distribution	**17,384**	**34.22**	**3,852**	**13,532**
Sprinkler systems	7,053	13.88	518	6,535
Fire protection equipment and accessories	4,812	9.47	2,678	2,134
Wet and dry riser systems, and hydrants	4,521	8.90	583	3,938
Wet chemical fire suppression systems (5)	974	1.92	73	901
Fire extinguisher refilling machines	24	0.05	-	24
Testing and inspection services	**32**	**0.05**	**16**	**16**
TOTAL	**50,805**	**100.00**	**12,575**	**38,230**

Our total purchases of input materials and services for FYE 2019 amounted to RM50.81 million.

Notes:

(1) Empty cylinders for trolley mounted dry chemical, and hand portable and trolley mounted CO_2 and foam fire extinguishers, and CO_2 and HFC fire suppression systems.
(2) Extinguishing agents include dry chemical, nitrogen, CO_2, HFC-227ea and foam concentrate.
(3) Parts include syphon tubes, handles, valves, hoses and discharge nozzles, and trolley parts.
(4) Parts include discharge nozzles, valves, liquid level indicators and control panels.
(5) Includes extinguishing agent cylinders, discharge nozzles, valves, heat detectors and control assembly.

Purchases of input materials and services for FYE 2020

	Value of Purchases *(RM'000)*	Proportion of Total Purchases *(%)*	Sources of Supply	
			Malaysia *(RM'000)*	Other Countries
Input materials for assembly and manufacturing	**31,739**	**61.45**	**8,643**	**23,096**
Empty cylinders (1)	10,132	19.62	13	10,119
Parts for fire hose reels and fire hoses	7,598	14.71	2,975	4,623
Extinguishing agents (2)	6,232	12.07	964	5,268
Fire extinguisher parts (3)	2,853	5.52	869	1,984
Steel coils and sheets	2,325	4.50	2,325	-
CO_2 fire suppression system parts (4)	1,580	3.06	1,070	510
HFC fire suppression system parts (4)	1,019	1.97	427	592
Goods for distribution	**19,875**	**38.49**	**3,814**	**16,061**

	Value of Purchases *(RM'000)*	Proportion of Total Purchases *(%)*	Sources of Supply	
			Malaysia *(RM'000)*	Other Countries
Sprinkler systems	6,944	13.45	357	6,587
Wet and dry riser systems, and hydrants	5,363	10.39	661	4,702
Fire protection equipment and accessories	4,587	8.88	2,743	1,844
Wet chemical fire suppression systems (5)	2,919	5.65	53	2,866
Fire extinguisher refilling machines	62	0.12	-	62
Testing and inspection services	**26**	**0.06**	**13**	**13**
TOTAL	**51,640**	**100.00**	**12,470**	**39,170**

Our total purchases of input materials and services for FYE 2020 amounted to RM51.64 million.

Notes:

(1) Empty cylinders for trolley mounted dry chemical, and hand portable and trolley mounted CO_2 and foam fire extinguishers, and CO_2 and HFC fire suppression systems.
(2) Extinguishing agents include dry chemical, nitrogen, CO_2, HFC-227ea and foam concentrate.
(3) Parts include syphon tubes, handles, valves, hoses and discharge nozzles, and trolley parts.
(4) Parts include discharge nozzles, valves, liquid level indicators and control panels.
(5) Includes extinguishing agent cylinders, discharge nozzles, valves, heat detectors and control assembly.

Purchases of input materials and services for FYE 2021

	Value of Purchases *(RM'000)*	Proportion of Total Purchases *(%)*	Sources of Supply	
			Malaysia *(RM'000)*	Other Countries
Input materials for assembly and manufacturing	**28,113**	**67.45**	**6,999**	**21,114**
Empty cylinders (1)	9,949	23.87	-	9,949
Parts for fire hose reels and fire hoses	6,279	15.06	1,514	4,765
Extinguishing agents (2)	3,862	9.27	937	2,925
Fire extinguisher parts (3)	3,174	7.61	873	2,301
Steel coils and sheets	2,341	5.62	2,341	-
CO_2 fire suppression system parts (4)	1,675	4.02	933	742
HFC fire suppression system parts (4)	833	2.00	401	432
Goods for distribution	**13,542**	**32.49**	**3,530**	**10,012**
Fire protection equipment and accessories	4,395	10.54	2,261	2,134
Sprinkler systems	4,280	10.27	540	3,740
Wet and dry riser systems, and hydrants	4,267	10.24	683	3,584
Wet chemical fire suppression systems (5)	535	1.28	46	489
Fire extinguisher refilling machines	65	0.16	-	65

6. INFORMATION ON OUR GROUP (Cont'd)

	Value of Purchases *(RM'000)*	Proportion of Total Purchases *(%)*	Sources of Supply	
			Malaysia *(RM'000)*	Other Countries
Testing and inspection services	**27**	**0.06**	**8**	**19**
TOTAL	**41,682**	**100.00**	**10,537**	**31,145**

Our total purchases of input materials and services for FYE 2021 amounted to RM41.68 million.

Notes:

(1) Empty cylinders for trolley mounted dry chemical, and hand portable and trolley mounted CO_2 and foam fire extinguishers, and CO_2 and HFC fire suppression systems.
(2) Extinguishing agents include dry chemical, nitrogen, CO_2, HFC-227ea and foam concentrate.
(3) Parts include syphon tubes, handles, valves, hoses and discharge nozzles, and trolley parts.
(4) Parts include discharge nozzles, valves, liquid level indicators and control panels.
(5) Includes extinguishing agent cylinders, discharge nozzles, valves, heat detectors and control assembly.

Purchases of input materials and services for FPE 2022

	Value of Purchases *(RM'000)*	Proportion of Total Purchases *(%)*	Sources of Supply	
			Malaysia *(RM'000)*	Other Countries
Input materials for assembly and manufacturing	**28,872**	**73.46**	**9,731**	**19,141**
Empty cylinders (1)	8,367	21.29	-	8,367
Parts for fire hose reels and fire hoses	6,122	15.58	2,421	3,701
Extinguishing agents (2)	4,387	11.16	604	3,783
Fire extinguisher parts (3)	3,519	8.95	1,423	2,096
Steel coils and sheets	4,078	10.38	4,078	-
CO_2 fire suppression system parts (4)	1,601	4.07	867	734
HFC fire suppression system parts (4)	798	2.03	338	460
Goods for distribution	**10,420**	**26.52**	**2,293**	**8,127**
Fire protection equipment and accessories	2,139	5.44	1,519	620
Sprinkler systems	4,750	12.09	405	4,345
Wet and dry riser systems, and hydrants	2,571	6.54	332	2,239
Wet chemical fire suppression systems (5)	914	2.33	37	877
Fire extinguisher refilling machines	46	0.12	-	46
Testing and inspection services	**8**	**0.02**	**8**	**-**
TOTAL	**39,300**	**100.00**	**12,032**	**27,268**

Our total purchases of input materials and services for FPE 2022 amounted to RM39.30 million.

Notes:

(1) Empty cylinders for trolley mounted dry chemical, and hand portable and trolley mounted CO_2 and foam fire extinguishers, and CO_2 and HFC fire suppression systems.
(2) Extinguishing agents include dry chemical, nitrogen, CO_2, HFC-227ea and foam concentrate.
(3) Parts include syphon tubes, handles, valves, hoses and discharge nozzles, and trolley parts.
(4) Parts include discharge nozzles, valves, liquid level indicators and control panels.
(5) Includes extinguishing agent cylinders, discharge nozzles, valves, heat detectors and control assembly.

Our purchases of input materials and services are denominated in USD, RM and SGD. Please refer to Section 11.3.3 (f) of this Prospectus for further information on the Management Discussion and Analysis including currencies in which our purchases are denominated. We are exposed to foreign currency exchange rate fluctuations as most of our revenue was denominated in RM, while our purchases of input materials and services were denominated in foreign currencies during the Financial Years and Period Under Review. Please refer to Section 8.1.13 of this Prospectus for further information on this risk factor.

Purchases of input materials for our assembly and manufacturing operations accounted for 65.72%, 61.45%, 67.45% and 73.46% of our total purchases for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

As an assembler of fire protection systems and equipment, the input materials that we use comprise empty cylinders, parts for fire hose reels and fire hoses, extinguishing agents, fire extinguisher parts, parts for CO_2 and HFC fire suppression systems, and parts for refilling machines. As a manufacturer of fire protection equipment, namely hand portable dry chemical fire extinguishers, the input materials that we use comprise steel coils and sheets, extinguishing agents and fire extinguisher parts.

Our purchases of input materials and services for our assembly and manufacturing operations are as follows:

- Our largest purchases of input materials and services for the Financial Years and Period Under Review comprised empty cylinders. We purchased empty cylinders for the assembly of hand portable CO_2 and foam fire extinguishers, and trolley mounted dry chemical, foam and CO_2 fire extinguishers, and HFC and CO_2 fire suppression systems. Purchases of empty cylinders accounted for 20.94%, 19.62%, 23.87% and 21.29% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

- We purchased parts for the assembly of fire hose reels and fire hoses, such as hose reel drum parts, hoses, nozzles and parts, which accounted for 13.23%, 14.71%, 15.06% and 15.58% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

- The extinguishing agents that we purchased include dry chemical, nitrogen, CO_2 and foam concentrate to assemble and manufacture fire extinguishers, as well as CO_2 and HFC-227ea to assemble CO_2 and HFC fire suppression systems, respectively. Extinguishing agents accounted for 11.10%, 12.07%, 9.27% and 11.16% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

- Fire extinguisher parts including syphon tubes, handles, valves, hoses and discharge nozzles, and trolley parts are used in the assembly and manufacturing of hand portable and trolley mounted dry chemical, CO_2 and foam fire extinguishers. Purchases of these parts accounted for 6.61%, 5.52%, 7.61% and 8.95% of our total purchases of input materials and services for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

- We purchase steel coils and sheets to manufacture cylinders for hand portable dry chemical fire extinguishers. We also purchased steel coils which we provide to an external party to manufacture the side plates which are used for the assembly of fire hose reel drums. Collectively, the purchase of steel coils and sheets accounted for 6.55%, 4.50%, 5.62% and 10.38% of our total purchases of input materials and services for FYE 2019. FYE 2020, FYE 2021 and FPE 2022, respectively.

- The parts that we purchase to assemble CO_2 and HFC fire suppression systems include discharge nozzles, valves, liquid level indicators and control panels. Purchases of CO_2 fire suppression system parts accounted for 3.37%, 3.06%, 4.02% and 4.07% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Meanwhile, purchases of HFC fire suppression system parts accounted for 3.92%, 1.97%, 2.00% and 2.03% of our total purchases of input materials and services for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

Purchases of goods for our distribution operations accounted for 34.22%, 38.49%, 32.49% and 26.52% of our total purchases of input materials and services for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Our purchases of input materials and services for our distribution operations are as follows:

- Our purchases of fire protection equipment and accessories for distribution, which included fire detection and alarm devices, batteries, cabinets and fire blankets which are manufactured by external parties which accounted for 9.47%, 8.88%, 10.54% and 5.44% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

- Purchases of sprinkler system parts, including sprinklers, alarm check valves, water flow meters, switches and detectors, and supervisory and pressure switches, which accounted for 13.88%, 13.45%, 10.27% and 12.09% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

- The wet and dry riser system, and hydrants that we purchased include landing valves, pressure regulating valves, breeching inlets, hydrants, fire hose cradles and parts which accounted for 8.90%, 10.39%, 10.24% and 6.54% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

- Other purchases included wet chemical fire suppression systems which accounted for 1.92%, 5.65%, 1.28% and 2.33% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

- Fire extinguisher refilling machines for dry chemical fire extinguishers accounted for less than 0.20% of total purchases of input materials and services during the Financial Years and Period Under Review.

6. INFORMATION ON OUR GROUP (Cont'd)

Testing and inspection services that we purchased included inspection by overseas independent laboratories and independent hydrostatic testing for CO_2 cylinders which accounted for less than 0.10% of our total purchases of input materials and services during the Financial Years and Period Under Review.

Imported sources of materials accounted for 75.25%, 75.85%, 74.72% and 69.38% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively, while local sources of materials accounted for 24.75%, 24.15%, 25.28% and 30.62% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

Steel is a globally traded commodity whose market price is subject to fluctuations, and we are exposed to these fluctuations through our purchases of empty cylinders (which are made of steel), and steel coils and sheets, and other fire protection systems, equipment and accessories that are made of steel, such as parts for wet and dry riser systems, hydrants, sprinkler systems, fire hose reels and cabinets and other related products. Fluctuations in steel prices may affect our purchase prices for these items. We currently adopt a monthly pricing strategy whereby we review the prices of our fire protection systems, equipment and accessories every month to take into account, among others, the effects of changes in the price of steel and foreign exchange rates, and we adjust our prices accordingly from time to time, when required. We have been able to pass on some increases in costs to our customers in the past. Please refer to Section 8.1.5 of this Prospectus for further information on the risks of fluctuations in steel prices.

We ensure that we have sufficient supply of input materials that are made from steel by maintaining business relationships with several suppliers so that we have access to alternative sources, if required. During the Financial Years and Period Under Review, we purchased empty cylinders, steel coils and sheets, and other fire protection systems, equipment and accessories that are made from steel from approximately 70 different suppliers for each of the Financial Years and Period Under Review. We manage market price fluctuations of steel by having alternative suppliers of input materials, maintaining inventory of these input materials, monitoring global steel prices and timing purchases for when we believe price levels are relatively low.

Our purchases of input materials and services by country for the Financial Years and Period Under Review is summarised in the following table:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	**12,575**	**24.75**	**12,470**	**24.15**	**10,537**	**25.28**	**11,288**	**28.72**
Other countries	**38,230**	**75.25**	**39,170**	**75.85**	**31,145**	**74.72**	**28,012**	**71.28**
China	23,492	46.24	25,325	49.04	23,328	55.97	20,309	51.68
USA	4,536	8.93	4,607	8.92	2,789	6.69	3,070	7.81
Taiwan	4,641	9.13	5,443	10.54	2,584	6.20	2,041	5.19
Singapore	5,330	10.50	3,485	6.75	1,918	4.60	1,969	5.01
Others (1)	231	0.45	310	0.60	526	1.26	623	1.59
TOTAL	**50,805**	**100.00**	**51,640**	**100.00**	**41,682**	**100.00**	**39,300**	**100.00**

Note:

(1) Includes Spain, Italy, Korea, India and Germany.

For the Financial Years and Period Under Review up to the LPD, we have not experienced any shortages of input materials/goods for our assembly, distribution and manufacturing operations.

6.12 EMPLOYEES

As at the LPD, our Group has a total workforce of 133 employees which consist of 94 Malaysian permanent employees and 39 contractual foreign workers. All our employees are based in Malaysia.

None of our employees belongs to any trade unions and there has been no industrial dispute since we commenced operations. A summary of our Group's total workforce by job functions as at the LPD are set out below:

Categories	Number of employees As at the LPD		
	Malaysians	**Foreigners**	**Total**
Management	**12**	**-**	**12**
Assembly and Manufacturing			
(a) Factory Personnel			
- Service and Maintenance	3	-	3
- Refilling / Machine Operating	5	39	44
(b) Technical and supervisory *(including engineers, technicians, quality assurance personnel)*	15	-	15
Sales and marketing/ business development	**15**	-	**15**
Finance and Accounting	**4**	-	**4**
Administration *(including human resources, IT, other administration personnel)*	**17**	-	**17**
Supply Chain *(including procurement, logistics, warehousing and transportation personnel)*	**23**	-	**23**
Total workforce	**94**	**39**	**133**

As at the LPD, all our 39 contractual foreign workers are factory personnel at our Operating Facility in Shah Alam, Selangor.

Typically, the work permits of our foreign workers carry a validity period between 7 – 11 months. As at the LPD, all our contractual foreign workers employed by us have valid working permits, which are renewable periodically, and are not in breach of any immigration laws.

As at the LPD, we are in compliance with the Minimum Wages Order 2022 that was gazetted on 27 April 2022 and it has not had any material adverse impact to our Group's operational and financial performance.

6. INFORMATION ON OUR GROUP (Cont'd)

6.13 MAJOR CUSTOMERS

Top five (5) customers for FYE 2019

	Customer	Country	Products Purchased	Amount *(RM'000)*	Proportion of Group Revenue [(1)] *(%)*	Length of Business Relationship * *(No. of Years)*
1	Nelton Engineering Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	4,338	5.44	13
2	Potential Systems Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, sprinkler systems and fire protection accessories	2,689	3.37	11
3	Tai An Project Construction Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, sprinkler systems and fire protection accessories	2,149	2.70	1
4	Hup Leck M & E Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, and hydrants, sprinkler systems and fire protection accessories	1,759	2.21	13
5	Jebson Engineering Services Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, and hydrants, sprinkler systems and fire protection accessories	1,728	2.17	11
	Total[(1)]			**12,663**	**15.89**	

Notes:

* Length of the relationship as at the FYE 2019.

(1) Our Group's total revenue for FYE 2019 was RM79.70 million.

6. INFORMATION ON OUR GROUP (Cont'd)

Top five (5) customers for FYE 2020

	Customer	Country	Products Purchased	Amount *(RM'000)*	Proportion of Group Revenue [(1)] *(%)*	Length of Business Relationship * *(No. of Years)*
1	Potential Systems Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	3,775	4.95	12
2	Nelton Engineering Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	3,295	4.32	14
3	Trimax Engineering Sdn Bhd	Malaysia	Fire extinguishers, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	2,193	2.88	5
4	Kejuruteraan Cekap Selaju Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	1,737	2.28	12
5	Hock Heng Fire Engineering Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, sprinkler systems and fire protection accessories	1,323	1.74	14
	Total[(1)]			**12,323**	**16.17**	

Notes:
* Length of the relationship as at the FYE 2020.
(1) Our Group's total revenue for FYE 2020 was RM76.19 million.

6. INFORMATION ON OUR GROUP (Cont'd)

Top five (5) customers for FYE 2021

	Customer	Country	Products Purchased	Amount *(RM'000)*	Proportion of Group Revenue [(1)] *(%)*	Length of Business Relationship * *(No. of Years)*
1	Nelton Engineering Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	2,382	3.75	15
2	Trimax Engineering Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	1,803	2.84	6
3	Potential Systems Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, sprinkler systems and fire protection accessories	1,575	2.48	13
4	Kejuruteraan Cekap Selaju Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	1,418	2.24	13
5	Kejuruteraan Suria Jaya Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	1,045	1.65	15
	Total [(1)]			**8,223**	**12.96**	

Notes:

* Length of the relationship as at the FYE 2021.

(1) Our Group's total revenue for FYE 2021 was RM63.44 million.

6. INFORMATION ON OUR GROUP (Cont'd)

Top five (5) customers for FPE 2022

	Customer	Country	Products Purchased	Amount *(RM'000)*	Proportion of Group Revenue [(1)] *(%)*	Length of Business Relationship * *(No. of Years)*
1	Central Industrial Services & Supplier	Malaysia	Fire extinguishers, fire suppression systems, fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	1,459	2.71%	12
2	Nelton Engineering Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accssories	1,408	2.61%	15
3	Trimax Engineering Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	1,393	2.59%	6
4	Fedapi Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hoses, wet and dry riser, hydrants, sprinkler systems and fire protection accessories	1,310	2.43%	6
5	Kejuruteraan Cekap Selaju Sdn Bhd	Malaysia	Fire extinguishers, fire suppression systems, fire hose reels and fire hoses, wet and dry riser, sprinkler systems and fire protection accessories	1,269	2.36%	13
	Total [(1)]			**6,839**	**12.70**	

Notes:

* Length of the relationship as at the FPE 2022.

(1) Our Group's total revenue for FPE 2022 was RM53.87 million.

6. INFORMATION ON OUR GROUP (Cont'd)

Dependency on Customers

We were not dependent on any of our customers during the Financial Years and Period Under Review by virtue of their small individual contribution to our revenue during the Financial Years and Period Under Review. Our largest customer contributed only 5.44%, 4.95%, 3.75% and 2.71% of our revenue for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Our top five customers collectively only contributed 15.89%, 16.17%, 12.96% and 12.70% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. In addition, we have a large customer base of approximately 1,500 customers, 1,600 customers and 1,700 customers for FYE 2019, FYE 2020 and FYE 2021, respectively. During the Financial Years and Period Under Review and as at the LPD, we do not have any long-term contracts with our customers. Our customers' pre-requisites in selecting us may include, among others, whether or not the fire protection systems, equipment and accessories we supply have valid product approval certificates from Bomba, UL certification and/or FM Approved certification, meet their technical requirements, if we have the products in stock and if we are able to supply the products to meet their timeline. Historically and up to the LPD, we have not had any major disputes with our customers.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.14 MAJOR SUPPLIERS

Top five (5) suppliers for FYE 2019

	Supplier	Country	Main Types of Products Purchased	Amount *(RM'000)*	Proportion of Group Purchases [(1)] *(%)*	Length of Business Relationship * *(No. of Years)*
1	Orient Corporation Pte Ltd [(2)]	Singapore	Extinguishing agent, empty cylinders, HFC fire suppression system parts	5,467	10.76	3
2	Seido International Limited	Hong Kong	Empty cylinders	5,401	10.63	4
3	Shaoxing Jia Sheng Fire Fighting Equipment Co., Ltd	China	Wet and dry riser systems, and hydrants	3,910	7.70	2
4	Tashin Steel Sdn Bhd	Malaysia	Steel coils and sheets	2,970	5.85	1
5	Ningbo Joan Import & Export Co., Ltd.	China	Fire hose reel parts	2,743	5.40	4
	Total			**20,491**	**40.34**	

Notes:

* Length of the relationship as at the FYE 2019.
(1) Our total purchases of input materials and services for FYE 2019 was RM50.81 million.
(2) UFI is an authorised distributor of Orient Fire Pte Ltd, part of Orient Corporation Pte Ltd.

6. INFORMATION ON OUR GROUP (Cont'd)

Top five (5) suppliers for FYE 2020

	Supplier	Country	Main Types of Products Purchased	Amount *(RM'000)*	Proportion of Group Purchases [(1)] *(%)*	Length of Business Relationship * *(No. of Years)*
1	Orient Corporation Pte Ltd [(2)]	Singapore	Extinguishing agent, empty cylinders, HFC fire suppression system parts	6,008	11.63	4
2	Seido International Limited	Hong Kong	Empty cylinders	4,626	8.96	5
3	Chang Der Fire Protection Corporation [(3)]	Taiwan	Sprinkler system	4,471	8.66	10
4	Shaoxing Jia Sheng Fire Fighting Equipment Co., Ltd	China	Wet and dry riser systems, and hydrants	3,658	7.08	3
5	Kidde-Fenwal Inc. [(4)]	United States	Extinguishing agent, HFC and wet chemical fire suppression system parts	3,140	6.08	6
	Total			**21,903**	**42.41**	

Notes:

* Length of the relationship as at the FYE 2020.
(1) Our total purchases of input materials and services for FYE 2020 was RM51.64 million.
(2) UFI is an authorised distributor of Orient Fire Pte Ltd, part of Orient Corporation Pte Ltd.
(3) UFI is an authorised distributor of Chang Der Fire Protection Corporation.
(4) UFI is an authorised distributor of Kidde-Fenwal Inc.

6. INFORMATION ON OUR GROUP (Cont'd)

Top five (5) suppliers for FYE 2021

	Supplier	Country	Main Types of Products Purchased	Amount *(RM'000)*	Proportion of Group Purchases [(1)] *(%)*	Length of Business Relationship * *(No. of Years)*
1	Shaoxing Domo Technology Co., Ltd	China	Empty cylinders, dry chemical	3,728	8.94	3
2	Seido International Limited	Hong Kong	Empty cylinders	3,291	7.90	6
3	Shaoxing Jia Sheng Fire Fighting Equipment Co., Ltd	China	Wet and dry riser system, and hydrants	2,879	6.91	4
4	Shandong Huachen Import and Export Trading Co., Ltd	China	Empty cylinders	2,732	6.55	3
5	Orient Corporation Pte Ltd [(2)]	Singapore	Extinguishing agent, empty cylinders, HFC fire suppression system parts	2,386	5.72	5
	Total			**15,016**	**36.02**	

Notes:

* Length of the relationship as at the FYE 2021.
(1) Our total purchases of input materials and services for FYE 2021 was RM41.68 million.
(2) UFI is an authorised distributor of Orient Fire Pte Ltd, part of Orient Corporation Pte Ltd.

6. INFORMATION ON OUR GROUP (Cont'd)

Top five (5) suppliers for FPE 2022

	Supplier	Country	Main Types of Products Purchased	Amount *(RM'000)*	Proportion of Group Purchases [(1)] *(%)*	Length of Business Relationship * *(No. of Years)*
1	Orient Corporation Pte Ltd [(2)]	Singapore	Extinguishing agent, empty cylinders, HFC fire suppression system parts	3,027	7.70	5
2	Tashin Steel Sdn Bhd	Malaysia	Steel coils and sheets	2,911	7.41	4
3	Zhejiang Jindun Fire Fighting Equipment Co., Ltd	China	Empty cylinders, fire extinguisher parts	2,398	6.10	4
4	The Viking Corporation (Far East) Pte Ltd [(3)]	Singapore	Sprinkler system parts	2,189	5.57	14
5	Shaoxing Domo Technology Co., Ltd	China	Empty cylinders, dry chemical	2,156	5.49	3
	Total			**12,681**	**32.27**	

Notes:

* Length of the relationship as at the FPE 2022.
(1) Our total purchases of input materials and services for FPE 2022 was RM39.30 million.
(2) UFI is an authorised distributor of Orient Fire Pte Ltd, part of Orient Corporation Pte Ltd.
(3) UFI is an authorised distributor of The Viking Corporation (Far East) Pte Ltd.

Dependency On Suppliers

We generally rely on external manufacturers and/or suppliers for our brands of assembled and distribution products. As at the LPD, we assemble CO_2 and HFC fire suppression systems, fire extinguishers, fire hose reel and fire hoses where the parts and components are purchased from external manufacturers. As at the LPD, we distribute wet and dry riser system, and hydrant as well as fire protection accessories where the finished products are manufactured by external parties. Our major suppliers during the Financial Years and Period Under Review who are under this category are Orient Corporation Pte Ltd, Seido International Limited, Shaoxing Jia Sheng Fire Fighting Equipment Co., Ltd, Tashin Steel Sdn Bhd, Ningbo Joan Import & Export Co., Ltd., Shaoxing Domo Technology Co., Ltd., Shandong Huachen Import and Export Trading Co., Ltd.

6. INFORMATION ON OUR GROUP (Cont'd)

However, we are not dependent on individual suppliers, including Orient Corporation Pte Ltd, our top supplier which accounted for 10.76% and 11.63% of our total purchases of input materials and services for the FYE 2019 and FYE 2020, respectively. For the FYE 2021 and FPE 2022, our purchases from Orient Corporation Pte Ltd reduced to 5.72% and 7.70% respectively of our total purchases of input materials and services. The purchases were related to extinguishing agents, empty cylinders and HFC fire suppression system parts, where we have a subsisting distribution agreement with Orient Corporation Pte Ltd which is valid until 6 January 2026. In addition, we also assemble HFC fire suppression systems from Kidde-Fenwal under their brands.

As for the remaining top five suppliers, we were not dependent on them as the types of goods and materials that we purchase such as empty cylinders, wet and dry riser systems, and hydrants and sprinkler systems can be sourced from other suppliers.

During the Financial Years and Period Under Review, we had a total of approximately 120 suppliers during FYE 2019, approximately 120 suppliers during FYE 2020, approximately 110 suppliers during FYE 2021 and approximately 110 suppliers during FPE 2022. We sourced input materials and goods for distribution, such as parts for fire hose reels and fire hoses and fire protection equipment and accessories, from several suppliers during the Financial Years and Period Under Review, and consequently no individual supplier of these input materials and goods for distribution appeared in our lists of top five suppliers for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, save for Ningbo Joan Import & Export Co., Ltd.

During the Financial Years and Period Under Review and as at the LPD, we have long-term contracts with our major suppliers with whom we have authorised distributorships, including Orient Corporation Pte Ltd, Chang Der Fire Protection Corporation, Kidde-Fenwal Inc. and The Viking Corporation (Far East) Pte Ltd. Please refer to Section 6.1.2 (e) for information on authorised distributorships.

When we select our suppliers, we take into account factors such as the prospective supplier's reliability, quality of products offered in terms of specifications and complying with the relevant standards, price and payment terms, delivery and lead-times and customer service, responsiveness and flexibility. We also prefer to utilise direct manufacturers as our suppliers when it is practical to do so.

Historically and up to the LPD, we have not had any difficulty procuring input materials and goods for distribution from our suppliers.

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6.15 RESEARCH AND DEVELOPMENT

For the Financial Years and Period Under Review and up to the LPD, we have not undertaken any research and development activity, as it is not relevant to our business.

6.16 SEASONALITY

During the Financial Years and Period Under Review and up to the LPD, we did not experience any material seasonality in our business.

6.17 MATERIAL INTERRUPTIONS TO OUR BUSINESS

We did not experience any material interruptions to our business during the past 12 months before the LPD, except for those related to COVID-19.

6.17.1 COVID-19 pandemic

6.17.1.1 Effects of COVID-19 on our business

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. Commencing from 18 March 2020, the Government implemented measures to reduce COVID-19 transmission in the country, which included, among others, controls on the movement of people within Malaysia, controls on international travel, and restrictions on business, government, educational, cultural, recreational and other activities. Our business operations in Malaysia were temporarily interrupted by these measures.

MCO 1.0

The first MCO period was from 18 March 2020 to 3 May 2020, and the control measures implemented included, among others, the closure of all businesses except for those classified as essential services or that have received written approval from MITI to operate, restrictions on the movement of people in Malaysia, and restrictions on international travel into and out of Malaysia.

We closed our operational facility on 18 March 2020. Our head office based staff worked from home while all activities related to assembly and manufacturing were temporarily halted. Subsequently, UFI received written approval from MITI on 27 March 2020 to resume operations at our operational facility, subject to implementing the relevant standard operating procedures ("**SOP**") and guidelines. However, we did not resume operations during the first MCO period as most of our customers whose operations are dependent on the building construction and property development industries, namely M&E and FPS contractors, and FPS maintenance service providers, also temporarily ceased operations during MCO 1.0. This was because most building and construction worksites were closed pursuant to MCO 1.0, and consequently, building and construction activities, including installation of fire protection systems, were temporarily halted.

CMCO Period

The Government implemented the Conditional MCO ("**CMCO**") from 4 May 2020 to 9 June 2020. The CMCO relaxed some of the controls implemented during MCO, including allowing most economic sectors to resume business operations provided that specified guidelines and SOP were followed, and to avoid large gatherings. Controls on the movement of people within Malaysia was relaxed, while restrictions on international travel were modified. We restarted work at our operational facility on 4 May 2020 at normal workforce capacity, and we operated during the CMCO period as per the relevant SOP and guidelines.

RMCO Period

The CMCO was followed by the Recovery MCO ("**RMCO"**), which commenced on 10 June 2020 and was scheduled to end on 31 December 2020. Starting from 10 June 2020, almost all economic sectors were allowed to resume operations so long as they follow specified SOP and guidelines. The movement of people within Malaysia was relaxed further, although restrictions on international travel into and out of Malaysia remained the same as during the CMCO period.

However, during this RMCO period, the Government re-imposed CMCO measures in specific areas in response to localised surges of new COVID-19 cases. The control measures implemented in areas placed under CMCO included, among others, restrictions on the movement of people including the prohibition of inter-district travel, limiting the operating hours of certain service-based businesses, and the closure of schools.

We continued to operate at normal workforce capacity during the RMCO period following the previously established SOP and guidelines.

MCO 2.0

In response to a surge in new COVID-19 cases, commencing from 13 January 2021 Johor, Kelantan, Melaka, Sabah, Selangor, Sibu in Sarawak and Kuala Lumpur, Labuan and Putrajaya were placed under MCO restrictions, while other states and territories were placed under CMCO or RMCO restrictions. Subsequently, MCO restrictions were progressively lifted as specific states and territories were placed under CMCO or RMCO restrictions, depending on the number of new COVID-19 cases reported.

On 12 January 2021, UFI received written approval from MITI to operate at normal workforce capacity from 13 January 2021. During MCO 2.0, we continued to operate according to the previously established SOP and guidelines.

MCO 3.0

Following increases in the number of new COVID-19 cases reported, MCO restrictions were reimposed in Kelantan commencing from 16 April 2021, and to several districts and mukim in Johor, Kuala Lumpur, Penang, Sarawak, and Selangor commencing from 3 May 2021. Districts, mukim and states that were not placed under MCO restrictions were placed under CMCO or RMCO restrictions. On 10 May 2021, the MCO restrictions were extended nationwide.

On 6 May 2021, UFI received written approval from MITI to operate at normal workforce capacity from 6 May 2021. Our business operations continued to operate according to the previously established SOP and guidelines during MCO 3.0.

National Recovery Plan

On 28 May 2021, the Government announced the imposition of a nationwide full lockdown movement control order ("**FMCO**"). Under the FMCO period, all sectors were not allowed to operate during this period except for those in the essential economic and service sectors. Other control measures implemented included restrictions on the movement of people within Malaysia and internationally, and restrictions of business, economic, cultural and recreational activities.

Subsequently, on 15 June 2021, the Government announced the National Recovery Plan ("**NRP**"), a phased exit strategy from the COVID-19 crisis and the MCO from June to December 2021. The NRP consists of four phases including Phase 1 which commenced from 1 June 2021 and subsequently transitioned to Phase 2 for states with lower number of new COVID-19 cases or higher vaccination rates. The Phase 2 allow the reopening of some economic sectors in stages. Social activities and movements will continue to be tightly controlled with interstate travel prohibited. This will be followed by Phase 3 where nearly all economic sectors will be allowed to operate subject to strict SOP and restrictions on the number of people allowed to be physically present at workplaces. Lastly, Phase 4 will see a full reopening of the economy, where interstate travel and domestic tourism will also be allowed.

On 1 July 2021, the Government implemented the Enhanced MCO ("**EMCO**") in a large part of Selangor and several localities in Kuala Lumpur from 3 July 2021 to 16 July 2021. Control measures were stricter and tighter in EMCO areas. The list of economic activities deemed as essential services in EMCO areas was reduced. On 17 August 2021, the Government revised the SOP for the manufacturing sector where workforce capacity may be increased subject to the percentage of employees that are fully vaccinated. Selangor transitioned into Phase 2, Phase 3 and Phase 4 of the NRP on 10 September 2021, 1 October 2021 and 18 October 2021, respectively.

UFI received two (2) written approvals from MITI to operate during Phase 1 of the NRP with 60% workforce capacity and operations according to the previously established SOP and guidelines (the first written approval was dated 30 May 2021 and the second written approval was dated 5 July 2021). Due to EMCO imposed in Selangor, our operations were temporarily closed from 3 July 2021 and resumed operations on 17 July 2021 at 60% workforce capacity. We then returned to normal workforce capacity commencing from 23 August 2021 as 82% of our employees were fully vaccinated as per the revised SOP on 17 August 2021. In Phase 2, Phase 3 and Phase 4, we operated at normal workforce capacity based on SOP and guidelines.

Transition to Endemic Phase

On 1 April 2022, Malaysia entered the 'Transition to Endemic' phase where all economic sectors are allowed to operate, and interstate and international travel are allowed, subject to adherence to the relevant SOP and guidelines. UFI continued to operate at normal workforce capacity based on SOP and guidelines from 1 April 2022 and up to the LPD.

Business operations guidelines and SOP

During the MCO and subsequent periods, we conducted our business operations as normal subject to the implementation of SOP to reduce the risk of COVID-19 transmission. Our SOP during the MCO and prior to the Endemic Phase included the following:

- Staff who can perform their jobs from home are encouraged to work from home, whenever possible;
- We encouraged our staff to hold meeting discussions with customers and other external parties via teleconferencing whenever possible to minimise physical meetings and business travel;
- All staff and visitors to our head office and manufacturing facility had to make a health declaration (which includes their recent travel history and current health status), pass a temperature check and record the result, provide their contact information, and wear face masks before they are allowed to enter the premises. While at the premises, they had to wear face masks at all times and maintain social distancing whenever possible; and
- We sanitised our operational facilities daily on working day.

As at the LPD, there has been no breach of laws relating to COVID-19 restrictions or SOP which may lead to penalties by relevant authorities.

6.17.1.2 Positive diagnosis for COVID-19

Since 18 March 2020 and as at the LPD, a total of 29 Malaysian employees and 16 non-Malaysian employees have received positive diagnoses for COVID-19, all 45 of whom have recovered and returned to work as at the LPD. These positive diagnoses of COVID-19 did not result in material disruption to our business operations.

The steps that we have taken in response to an employee receiving a positive diagnosis for COVID-19 during the MCO and prior to the Endemic Phase included the following:

- The employee who has received a positive diagnosis for COVID-19 (Category A staff) is required to self-quarantine and was not allowed to return to their workplace for 14 days (depending on the SOP in force at that time). They must undergo a COVID-19 test at the end of that period, and were only allowed to return to the workplace after they had obtained a negative test result and receive their Clearance or Discharge Letter from the Ministry of Health Malaysia.

- We conducted contact tracing to identify all close contacts of the Category A staff. Close contacts were classified as Category B, and they were immediately tested for COVID-19 and required to self-quarantine for 7 to 14 days (depending on the SOP in force at that time). If the result was positive, the person would have been classified as Category A staff. If the result was negative, the person would still be required to self-quarantine for 7 to 14 days (depending on the SOP in force at that time). They would be required to repeat the COVID-19 test at the end of the self-quarantine period and obtained a negative result before they were allowed to return to work.

- Employees who had close contact with Category B staff (Category C staff) were required to self-quarantine until their Category B contact completed their self-quarantine period or received their COVID-19 test result. If the test result was negative, the Category C staff would be permitted to return to the workplace. If the test result was positive, the person's classification would be changed to Category B.

We conducted full sanitisation of the workplace and department of employees who received positive diagnoses for COVID-19. Since April 2020 and up to the LPD, the costs incurred in purchasing equipment and disinfectant to carry out sanitation, and purchasing face masks, face shields and temperature scanners for SOP compliance at our head office and manufacturing facility amounted to approximately RM40,000 which is not material to our Group as it represented 0.07% of our total revenue for the FPE 2022.

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6.17.1.3 COVID-19 testing and vaccination

As at the LPD, we have conducted four (4) rounds of COVID-19 tests for our Malaysian and non-Malaysian employees, which are summarised in the following table:

Date	Number of Tests Conducted	Results	Cost to our Group (RM)
11 July 2020	45 non-Malaysian employees	All negative	- (1)
23 October 2020	92 Malaysian and 45 non-Malaysian employees	All negative	- (1)
4 January 2021	45 non-Malaysian employees	All negative	1,800 (2)
16 April 2021	81 Malaysian and 45 non-Malaysian employees	All negative	18,270 (3)

Notes:

(1) Fully paid for by PERKESO.
(2) Paid for by us and PERKESO.
(3) Fully paid for by us.

In addition, during the MCO period and prior to the Endemic Phase, all of our Malaysian and non-Malaysian employees carried out COVID-19 tests via self-test kits every two (2) weeks. Since we started this program in August 2021 and up to the LPD, the cost to our Group for providing our Malaysian and non-Malaysian employees with these self-test kits was approximately RM25,000, which was not material to our Group as it represented 0.05% of our total revenue for FPE 2022. Since the transition of the Endemic Phase on 1 April 2022, our Malaysian and non-Malaysian employees are no longer required to carry out COVID-19 tests via self-test kits every two (2) weeks. As at the LPD, all of our employees have been vaccinated.

6.17.1.4 Effects on our supply chain

We managed our supply chain to ensure that we will have sufficient stocks of input materials, parts and components to implement our manufacturing schedules and fulfil the delivery obligations as per our contracts and purchase orders. From 18 March 2020 and up to the LPD, we did not face any material disruptions to our supply chain that were related to COVID-19 due to our inventory forecasting and planning. In addition, our inventory levels were sufficient for normal manufacturing operations and able to meet all customers' orders without delay.

We have implemented the following measures to ensure that we have sufficient quantities of input materials at the locations where they are required for our business operations:

- We had sufficient quantities of the main input materials used in the assembly and manufacturing operations during the MCO period commencing 18 March 2020, and our assembly and manufacturing operations were not disrupted by shortages in input materials when we resumed operations on 4 May 2020. Subsequently, we were also able to make new purchases and receive delivery of these input materials without undue delay, and as a result, we did not experience any material disruptions to our assembly and manufacturing operations as at LPD.

- Similarly, we were able to meet all of our delivery obligations to our customers without delay, and as at the LPD we have not experienced any material disruptions in fulfilling our orders.

6.17.1.5 Effects on our financial performance

FYE 2021

Measures implemented by the Government to control the spread of COVID-19 had affected our revenue during the relevant quarters of FYE 2021, as summarised in the following table:

	Fourth Quarter FYE 2020 *(Jan - Mar 2020)*	**First Quarter FYE 2021** *(Apr - Jun 2020)*	**Second Quarter FYE 2021** *(July - Sept 2020)*	**Third Quarter FYE 2021** *(Oct - Dec 2020)*	**Fourth Quarter FYE 2021** *(Jan - Mar 2021)*
Revenue (RM'000)	15,385	7,631	18,757	19,679	17,377
Quarter-on-quarter change (%)	-	(50.40)	145.80	4.92	(11.70)

Our revenue for the first quarter of FYE 2021 declined by 50.40% compared to the fourth quarter of 2020. This was mainly due to the temporary suspension of most building construction and property development projects during MCO 1.0, which affected the demand and delivery of our products to customers. In addition, our Operational Facility in Shah Alam, Selangor was temporarily closed during MCO 1.0. The MCO 1.0 period, which was between 18 March 2020 and 3 May 2020, coincided with one (1) out of the three (3) months covered by the first quarter of FYE 2021 and we resumed operations subsequently from 4 May 2020 at normal workforce capacity, subject to the relevant SOP and guidelines.

Subsequently, our revenue for the second quarter of FYE 2021 increased by 145.80% as compared to the previous quarter following the relaxation of containment measures including the building construction and property development industries. Our revenue continued to grow during the third quarter of FYE 2021, increasing by 4.92% as compared to the previous quarter while decreasing by 11.70% in the fourth quarter of FYE 2021.

Our revenue for FYE 2021 as a whole was affected by, among others, measures taken by the Government to control COVID-19. Our total revenue for FYE 2021 decreased by RM12.75 million or 16.73% to RM63.44 million (FYE 2020: RM76.19 million). Our GP for the FYE 2021 decreased by RM5.47 million or 24.68% to RM16.69 million (FYE 2020: RM22.16 million), in line with the lower overall sales recorded due to the COVID-19 pandemic.

Notwithstanding the decrease in revenue and GP for FYE 2021, out net operating cash from operating activities was RM11.24 million for FYE 2021, partially offset by net cash for investing and financing activities of RM0.05 million and RM9.58 million, respectively, resulting in net increase in cash and cash equivalents of RM1.62 million for FYE 2021.

For the FYE 2021, our average trade receivables turnover period increased to 132 days (FYE 2020: 112 days) mainly due to delay in payment from certain customers amid the COVID-19 pandemic period.

We have not faced any termination or cancellation of orders due to COVID-19 or MCO periods during FYE 2021. During FYE 2021, we received wage subsidy from SOCSO (PERKESO) under the Prihatin Rakyat Economic Stimulus Package (PrihatinPKS+) Wage Subsidy Programme amounting to RM0.24 million. Please refer to Section 11.3.2 (c) of this Prospectus for additional information on this wage subsidy.

FPE 2022

Between April and May 2021, our business operations were not materially affected by the COVID-19 pandemic as business sectors were allowed to operate normally (subject to adherence to relevant SOP and guidelines). However, the implementation of Phase 1 of the NRP lockdown commencing from 1 June 2021 impacted on our monthly revenue between June 2021 and July 2021 as most of our customers who are M&E and FPS contractors, and FPS maintenance service providers involved in the building construction industry were required to temporarily cease their business operations. Pursuant to the Phase 1 of the NRP, we continued to operate at 60% workforce capacity according to the specified guidelines and SOP. In addition, the temporarily closure of our operational facilities from 3 July 2021 until 16 July 2021 due to the imposition of EMCO in Selangor also impacted our revenue. We resumed operations on 17 July 2021 at 60% workforce capacity following SOP and guidelines and on 23 August 2021, at normal workforce capacity based on the revised SOP. We operated at normal workforce capacity in Phase 2, Phase 3 and Phase 4 of the NRP up to 31 December 2021.

The interruptions to our business operations during the Phase 1 of the NRP lockdown as described above had impacted our monthly revenue performance for the month of June 2021 and July 2021. Subsequently, our revenue performance improved progressively from the month of August 2021 onwards since the resumption of our operations on 23 August 2021, where revenue for August 2021 and September 2021 increased by 103.26% and 56.64% respectively month-on-month. Our revenue for October and November 2021 declined slightly by 6.02% and 1.34% respectively before improving to grow by 13.25% in December 2021. This is summarised in our monthly revenue for April 2021 to December 2021, as follows:

	April 2021	**May 2021**	**June 2021 (1)**	**July 2021 (2)**	**Aug 2021 (3)**	**Sept 2021 (4)**	**Oct 2021 (5)**	**Nov 2021 (5)**	**Dec 2021 (5)**
Revenue (RM'000)	8,016	5,649	2,191	2,452	4,984	7,807	7,337	7,238	8,197
Month-on-month change (%)	-	(29.53)	(61.21)	11.91	103.26	56.64	(6.02)	(1.34)	13.25

Notes:

(1) We operated under Phase 1 of the NRP with 60% workforce capacity.
(2) We operated under Phase 1 of the NRP with 60% workforce capacity during July 2021, save for between 3 July 2021 until 16 July 2021 during which our operational facilities were temporarily closed due to EMCO in Selangor.
(3) We operated under Phase 1 of the NRP with 60% workforce capacity between 1 August until 22 August 2021, and with normal workforce capacity from 23 August until 31 August 2021.
(4) We operated at normal workforce capacity under Phase 1 of the NRP from 1 September to 9 September 2021, and under Phase 2 of the NRP from 10 September to 30 September 2021.
(5) We operated at normal workforce capacity.

Notwithstanding interruptions to our business operations during Phase 1 of the NRP lockdown, we have not faced any termination or cancellation of orders due to COVID-19 or MCO, FMCO, NRP, EMCO periods and the Endemic Phase during FPE 2022 up to the LPD.

Our total net trade receivables stood at RM24.32 million as at 31 December 2021, out of which RM9.07 million or approximately 37.31% exceeded the normal credit term mainly due to slower collection amid the COVID-19 pandemic. As at the LPD, we have collected RM18.76 million or 77.16% of the total net trade receivables as at 31 December 2021.

Please also see Sections 11.3.4 and 11.4 for further details of the impact of MCO or variations thereof on our Group's liquidity and ageing analysis of trade receivables of our Group, respectively.

6.18 OUR BUSINESS STRATEGIES AND PLANS

6.18.1 Overview

Our business strategies and plans are focused on leveraging our core competencies and strengths in assembly, distribution and manufacture of fire protection systems, equipment and accessories and these are summarised in the following:

We intend to implement the above business strategies and plans between 2022 and 2025. We may experience delays compared to the expected timeline disclosed in this Prospectus if COVID-19 containment measures are reintroduced in the future. Please refer to Section 6.17.1 of this Prospectus for further details on the impact of the COVID-19 pandemic on our business and financial performance and Section 8.1.2 on risks of the COVID-19 pandemic on our business operations.

6.18.2 Enhance our manufacturing facilities and develop new fire extinguishers

(i) New hand portable dry chemical fire extinguisher cylinder manufacturing lines

We plan to enhance our manufacturing facilities by installing two (2) new lines to manufacture hand portable dry chemical fire extinguisher cylinders. These cylinders will be used for our four (4) kg, six (6) kg and nine (9) kg hand portable dry chemical fire extinguishers. The new manufacturing lines will utilise the rolling and welding method to manufacture cylinders compared to our current deep drawing method.

The new manufacturing method uses steel sheet which is cut and rolled into the required diameter and the edges are automatically welded to form a tube, which will result in changes in the dimension of the cylinders compared to our existing manufactured cylinders. This is in contrast to the deep drawing method which where a circular blank steel sheet is drawn into a cylinder shape over three stages. Please refer to Section 6.10.5 of this Prospectus for additional information.

The benefits of using the rolling and welding method compared to the deep drawing method include the following:

- normal-grade steel coil can be used with the rolling and welding method, which is cheaper than the type of steel coil required for deep drawing;
- the walls of the fire extinguisher cylinders manufactured by the rolling and welding method are thicker compared to those manufactured by deep drawing, and consequently stronger; and
- the dimension of the cylinder manufactured by the rolling and welding method will have a lower overall surface area for the same capacity compared to cylinders manufactured by deep drawing, resulting in less usage of material.

The new hand portable dry chemical cylinder manufacturing lines will provide us with additional capacity. Our existing cylinder manufacturing line has been experiencing high utilisation rates at 88.16%, 73.13%, 83.74% and 94.07% for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. As such the new manufacturing lines will enable us to address opportunities for the domestic and export markets.

As at the LPD, our existing hand portable dry chemical cylinder manufacturing line has an annual output capacity of 210,000 cylinders. Each new manufacturing line has an estimated output capacity of 235,000 cylinders per year. With the installation of the two (2) new manufacturing lines, our estimated output capacity will increase by approximately more than 200%. We expect to have sufficient demand for hand portable dry chemical fire extinguishers for these two (2) new manufacturing lines based on the following:

- We will market these hand portable dry chemical fire extinguishers in Malaysia where we have our existing customer base, which is also supported by our plan to establish new sales offices and warehouses in Johor and Penang, as described in Section 6.18.4(i);
- We will also market these hand portable dry chemical fire extinguishers to customers in other countries as described in Section 6.18.2 (ii). We will appoint new distributors in overseas countries, such as Brunei, Cambodia, Myanmar, Vietnam and Hong Kong as described in Section 6.18.4 (ii) to market our products in their respective markets;
- Sales and marketing in Malaysia and overseas will be supported by our plan to enhance advertising and marketing activities, as described in Section 6.18.4 (ii); and
- The two (2) new manufacturing lines are scheduled to commence manufacturing on a staggered basis with first new manufacturing line by the first half of 2023, and the second new manufacturing line by the first half of 2025, by which time we expect the sales and marketing efforts described above will have sufficient time to create the necessary demand.

We intend to use the new manufacturing lines to manufacture cylinders that comply with MS and BS for our hand portable dry chemical fire extinguishers for domestic and export markets.

(ii) New hand portable dry chemical fire extinguishers that comply with MS and BS

The two (2) kg and five (5) kg hand portable CO2 fire extinguishers that we currently assemble, and one (1) kg, two (2) kg, four (4) kg, six (6) kg and nine (9) kg hand portable dry chemical fire extinguishers that we currently manufacture are SIRIM certified as complying with the relevant MS standards.

The hand portable dry chemical fire extinguishers that will be manufactured by the new manufacturing lines using the rolling and welding method which results in a new dimension of cylinders will need to be certified to various standards to comply with authorities in various countries including Malaysia. The MS-certified dry chemical fire extinguishers are targeted at the Malaysian market, while the BS-certified fire extinguishers are targeted at export markets that accept BS for dry chemical fire extinguishers. We expect to commercialise the MS-certified hand portable dry chemical fire extinguishers by second half of 2023 after independent testing and certification from SIRIM in the first half of 2023.

The main difference between MS and BS-certified hand portable dry chemical fire extinguishers is that BS-certified hand portable dry chemical fire extinguishers utilise monoammonium phosphate in higher concentration, as they are designed to more quickly extinguish fires (of similar intensity) at a faster speed as compared to MS-certified hand portable dry chemical fire extinguishers. Other than this, MS and BS-certified hand portable dry chemical fire extinguishers are comparable in terms of design and working principle.

We aim to export BS-certified hand portable dry chemical fire extinguishers to foreign markets such as Hong Kong and Saudi Arabia. This will enable us to expand our export sales which accounted for less than 2.00% of our total revenue for the Financial Years and Period Under Review. We expect to commercialise the manufacturing of BS-certified hand portable dry chemical fire extinguishers by second half of 2024 after we receive BS certification.

The certification process will be carried out concurrently with the installation and commencement of the production of hand portable dry chemical fire extinguishers on the new manufacturing line. As at the LPD, we have started developing the prototypes of the MS-certified hand portable dry chemical fire extinguishers and carrying out in-house testing.

The indicative timeline for our new manufacturing lines and certifications are as follows:

Indicative Timeline			
MS certification	**BS certification**	**New manufacturing line**	**Milestones**
Second half 2021			Commenced development of new design MS-certified hand portable dry chemical fire extinguisher and began to carry out prototyping and testing in-house.
		Second half 2022	Order the first new manufacturing line ("**New Manufacturing Line 1**").
First half 2023		First half 2023	Set up and test New Manufacturing Line 1. Send prototypes of the new MS-certified hand portable dry chemical fire extinguisher for independent testing and certification to SIRIM.
	First half 2023		Commence development of new BS-certified dry chemical fire extinguisher and carry out prototyping and testing in-house.
Second half 2023			We expect to receive compliance with MS for the new dry chemical fire extinguisher.

Indicative Timeline			
MS certification	**BS certification**	**New manufacturing line**	**Milestones**
	Second half 2023		Send prototypes of the new BS-compliant dry chemical fire extinguisher for independent testing and certification to BS.
		Second half 2023	Commence manufacturing of MS-compliant hand portable dry chemical fire extinguisher on New Manufacturing Line 1.
	Second half 2024		We expect to receive BS certification for the new dry chemical fire extinguisher.
		Second half 2024	Commence manufacturing of BS-compliant hand portable dry chemical fire extinguisher cylinder on New Manufacturing Line 1.
		First half 2025	Order the second new manufacturing line ("**New Manufacturing Line 2**").
		Second half 2025	Set up and test New Manufacturing Line 2 and begin manufacturing hand portable dry chemical fire extinguisher cylinders on New Manufacturing Line 2.

We commenced development of new design MS-certified hand portable dry chemical fire extinguisher and began to carry out prototyping and testing in-house in the second half of 2021. The estimated cost for the above plans are as follows:

	IPO proceeds Total estimated cost (RM'000)
Purchase and install New Manufacturing Line 1	1,000
Purchase and install New Manufacturing Line 2	1,000
Developing prototypes and obtaining certification to MS	200
Developing prototypes and obtaining certification to BS	300
TOTAL	**2,500**

6.18.3 Enhance our operational capabilities

(i) Increase storage capacity and implement a warehouse management system

We plan to install two (2) new mezzanine levels within our Operational Facility in Shah Alam, Selangor, one above the existing manufacturing area and one above the existing warehouse area. These new mezzanine levels will increase the usable floor area of our Operational Facility in Shah Alam, Selangor by approximately 10,228 sq ft or 8.92% from approximately 114,656 sq ft to approximately 124,884 sq ft. This new usable floor area will be entirely allocated for storage use, which will increase our storage area by 67.59% from approximately 15,132 sq ft to approximately 25,360 sq ft.

Subsequently, we intend to install a racking system on the existing ground floor and the new mezzanine levels, which is designed to store palletised goods and goods in storage bins in racks. As at the LPD, the anticipated regulatory approvals required for the new mezzanine levels and racking system include an updated CCC, and the relevant approvals required in support of the application for issuance of a new CCC including relevant planning permissions and approvals for revised building plans from MBSA, letters of support from Bomba and necessary approvals required by the local authorities from time to time. Please see Section 6.23 for a summary of the applicable regulations in this regard.

Our plans also include equipping our warehouse with a new warehouse management system ("**WMS**") to digitalise and automate our inventory management functions. This includes receiving incoming materials, storage space assignments by prioritising fast-moving goods, inventory tracking and automated picking assignments to retrieve goods from storage.

We also intend to purchase the following vehicles to enhance our warehousing and delivery operations, and to cater for the increase in warehouse capacity above:

- three (3) new forklifts to handle goods at our warehouse; and
- two (2) new lorries for deliveries.

The anticipated benefits include the following:

- the increase in storage space will allow us to store more goods; and
- the new WMS will improve inventory management, and faster and more accurate storage and retrieval of goods.

The indicative timeline for the above plans is as follows:

Indicative Timeline	**Milestones**
First half 2022	Engaged a consultant to design the new mezzanine levels.
Second half 2022	Submit plans for the new mezzanine levels to authorities. Purchase, set up and test WMS.
Second half 2022	Obtain approval from authorities for the new mezzanine levels. Full implementation of WMS.
First half 2023	Complete new mezzanine levels and new racking system.
Second half 2023	Obtain CCC from relevant authorities.
First half 2024	Purchase three (3) new forklifts and two (2) new lorries.

As at the LPD, we have engaged a consultant to design the new mezzanine levels. The estimated cost for the above plans is approximately RM3.35 million which will be funded through IPO proceeds.

	IPO proceeds Total estimated cost (RM'000)
Mezzanine levels	1,320
WMS	930
Racking system	500
3 new forklifts and 2 new lorries	600
TOTAL	**3,350**

(ii) Digital fire extinguisher identification data system and enhance IT system

As part of our business strategies and plans, we intend to digitalise the process of generating, recording and marking fire extinguishers' identification data. Fire extinguisher identification data includes the cylinder and fire extinguisher serial numbers, manufacturing and end-of-shelf-life dates, and assigned locations. We currently utilise a paper-based fire extinguisher identification method, which includes the following:

- cylinder serial number is automatically generated and marked on the cylinder during the manufacturing process, and manually entered into our logbook;

- fire extinguisher serial number, manufacturing and end-of-shelf-life dates are written on the fire extinguisher datasheet, and manually entered into our logbook;

- the fire extinguisher's assigned location is recorded and submitted to Bomba for the eFEIS; and

- cylinder and fire extinguisher serial numbers, manufacturing and end-of-shelf-life dates and other information are provided to our customers.

We intend to replace this manual process with two (2) automated systems with the following features and functions:

- camera to read and record the cylinder serial number, and automatically generate and record a unique fire extinguisher serial number that is linked to the cylinder serial number; and

- printer to print a fire extinguisher data label that includes, among others, the fire extinguisher serial number, month and year of manufacture and a unique QR code. The fire extinguisher data label is affixed to the fire extinguisher.

We will use the automated digital fire extinguisher identification data systems for our assembled and manufactured hand portable fire extinguishers.

We will create and maintain an individual database for every fire extinguisher that we manufacture including its unique cylinder and fire extinguisher serial numbers and manufactured date, as well as other information such as its assigned locations, service history, next service due date and end-of-shelf life dates. This data can be accessed by scanning the fire extinguisher's unique QR code.

We can also export the database to our customers to enable them to electronically submit the relevant information to Bomba's eFEIS. eFEIS is the system established by Bomba to govern the usage and maintenance of fire extinguishers in Malaysia. Every fire extinguisher installed in commercial premises must be registered with eFEIS and must have an eFEIS barcode certificate affixed to the cylinder. The barcode certificate must be renewed annually, which is conditional upon the fire extinguisher being fit for use and not exceeding its shelf life.

The benefits of the digital fire extinguisher identification data system include eliminating duplicate cylinder and/or fire extinguisher serial numbers and increasing the efficiency and accuracy of record keeping such as less time required to enter, check and maintain records. The system will also enable us to keep track of each fire extinguisher's maintenance schedule and end of shelf life dates, and proactively contact the respective customer or end-user to offer services or replacements. Portable fire extinguishers should be serviced once every year and have a shelf life of 10 years in accordance with MS 1539. Fire extinguishers should be taken out of service and scrapped at the end of their shelf life, which consequently means that they would be replaced with new fire extinguishers. In addition, electronic data submission for information for eFEIS will benefit our customers by saving time and reducing errors, compared to manual submission.

We also plan to enhance our IT system by purchasing desktop computers and office software for our technical, administrative and other office staff based at our head office. We also intend to develop a client portal that provides functionality to authorised customers, such as:

- browsing, ordering and paying for products online;
- tracking the status of their orders; and
- accessing eFEIS data for their fire extinguishers.

In addition, we will also purchase additional software licences to allow the new sales offices and warehouses that we intend to set up to access our existing ERP system. Kindly refer to Section 6.18.4 for additional information on establishing new sales offices and warehouses.

The indicative timeline for implementing the digital fire extinguisher identification data system and the enhancement of our IT systems is as follows:

Indicative Timeline	Milestones
Second half 2021	Purchased first automated digital fire extinguisher identification data system. (1)
First half 2022	Set up and test the first automated digital fire extinguisher identification data system.
First half 2023	Purchase second automated digital fire extinguisher identification data system. Set up and use the second automated digital fire extinguisher identification data system . Purchase IT hardware and develop client portal. Purchase additional user licences for the ERP system.

Note:

(1) We purchased the first automated digital fire extinguisher identification data system during the second half of 2021.

The estimated cost for the above is approximately RM1.14 million which will be funded using IPO proceeds as follows:

	IPO proceeds Total estimated cost (RM'000)
Purchase two (2) automated digital fire extinguisher identification systems	620
Purchase IT hardware and office software, and develop client portal (including purchases of additional software licences for ERP system)	516
TOTAL	**1,136**

6.18.4 Expand our geographical coverage

(i) Establish new sales offices and warehouses in Johor and Penang

We intend to expand our geographic coverage by establishing one (1) new sales office and warehouse in Johor and Penang, respectively, which will cover the northern and southern regions of Peninsular Malaysia, respectively. The sales office will provide an operational base for our sales and marketing staff to serve existing customers and engage with prospective new customers in their respective regions. We will utilise the warehouse to maintain inventories of commonly purchased items so that we can fulfil customers' orders promptly, including the following:

- cylinders and discharge nozzles for CO_2 fire suppression systems;
- fire hose reels and fire hoses;
- sprinkler systems;
- breeching inlets and landing valves for dry and wet riser systems;
- CO_2 and dry chemical fire extinguishers; and
- fire protection accessories such as fire detection and alarm devices, batteries, cabinets and fire blankets.

Our new sales offices and warehouses will be rented premises. As at the LPD, we have not identified any prospective premises. We have budgeted rental of RM24,000 per month for each rented premise. Setting up the new sales offices and warehouses will involve purchasing one (1) lorry and one (1) forklift, purchasing and installing a racking system, office equipment and furniture, and carrying out renovations for each new sales office and warehouse. We will hire new staff, including one (1) general manager, three (3) sales and marketing officers, four (4) warehouse personnel and two (2) delivery personnel for each new sales office and warehouse.

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Our plan to establish new sales offices and warehouses in Johor and Penang is based on their revenue contribution during the Financial Years and Period Under Review, summarised as follows:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%*	RM'000	%*	RM'000	%*	RM'000	%*
Johor	5,770	9.09	7,660	10.05	11,652	14.62	4,308	8.00
Penang	6,919	10.91	8,444	11.08	6,215	7.80	7,310	13.57

** Percentage of our total revenue for the respective FYE.*

Penang and Johor were the third and fourth largest states respectively by revenue contribution for the FPE 2022, behind Selangor (first) and Kuala Lumpur (second). We believe that establishing new sales offices and warehouses in Penang and Johor will provide us with the following benefits:

- shorten delivery times to customers in Penang and Johor as goods will be dispatched from the corresponding warehouses, rather than from our Operational facility in Shah Alam, Selangor;

- similarly, the proximity to customers will allow us to offer lower delivery charges for delivery of goods to customers in Penang and Johor to encourage more customers to buy from us; and

- improve engagement with customers in Penang and Johor to encourage higher sales as we will have sales personnel based in those states. Our sales personnel will actively engage with current and prospective customers by holding product presentations and conducting sale meetings.

The decrease in revenue from Penang for FYE 2021 was mainly due to the effect of MCO and measures to control COVID-19 on our customers there. We believe it remains important for us to establish a new sales office and warehouse there for the benefits described above.

Setting up the new sales offices and warehouses should enable us to grow our business by increasing our sales to our existing customers, as well as by securing new customers in Penang and Johor.

The indicative timeline for establishing the new sales offices and warehouses is as follows:

Indicative Timeline	Milestones
Second half 2022	Set up new sales office and warehouse in Johor. Commence business operations at the new sales office and warehouse in Johor.
First half 2023	Set up new sales office and warehouse in Penang. Commence business operations at the new sales office and warehouse in Penang.

The expenditure for the above is estimated at RM4.40 million which would be funded by IPO proceeds as follows:

	IPO proceeds Total estimated cost (RM'000)
New sales office and warehouse in Johor	
Rental of sales office and warehouse for 24 months	576
Operating expenses for 24 months (1)	324
Staff costs for 24 months	800
Lorry, forklift, racking, office equipment, furniture and renovations	500
New sales office and warehouse in Penang	
Rental of sales office and warehouse for 24 months	576
Operating expenses for 24 months (1)	324
Staff costs for 24 months	800
Lorry, forklift, racking, office equipment, furniture and renovations	500
TOTAL	**4,400**

Note:

(1) Operating expenses include utilities such as water and electricity, security, internet and general upkeep and maintenance.

(ii) Enhance advertising and marketing activities

We intend to enhance our advertising and marketing activities in Malaysia and some targeted foreign countries including Hong Kong and the Middle East. We intend to target Hong Kong due to our dealing with Hong Kong customers in FYE 2021 with a revenue of RM0.53 million (0.83%), and plan to export our new BS-certified hand portable dry chemical fire extinguishers to Hong Kong. We intend to target the Middle East as one of our suppliers, Orient Corporation has business and customers in that region.

We plan to place advertisements in the following media:
- Outdoor advertising such as billboards in Malaysia;
- Engage in online advertising through social media and search engine optimisation targeting Malaysia; and
- Trade publications targeted at relevant industries in Malaysia, such as the property development, construction, engineering services and fire protection industries.

We intend to engage in the following marketing activities:
- Participate in exhibitions in Malaysia;
- Participate in exhibitions in foreign countries, namely the INTERSCHUTZ at Hannover Exhibition Grounds in Germany, and China Fire Expo in Beijing, China;
- Organise seminars and events in Malaysia; and
- Produce a corporate video.

The anticipated benefits of the advertising and marketing activities include the following:

- Build our brand equity to cultivate customer loyalty, brand recognition and recall to facilitate repeat orders from customers and referrals;
- Increase customer awareness, particularly in new markets;
- Engage with prospective customers and build our customer base in foreign markets; and
- Expand our addressable markets.

We intend to implement the above advertising and marketing activities during the 2022 and 2023 calendar years. Our cost for the advertising and marketing activities is estimated at RM1.60 million (which includes estimated costs of appointing new distributors in foreign countries described below) which would be funded by IPO proceeds.

Historically and up to the LPD, our advertising and marketing activities included participating in local exhibitions and tradeshows, placing advertisements in trade publications and participating as invited speakers at courses and seminars in Malaysia. Please refer to Section 6.8 of this Prospectus for additional information on our marketing strategies and activities.

In addition, as part of our enhancing advertising and marketing activities, we plan to appoint new distributors in foreign countries to expand our geographic reach and grow our export sales. As at the LPD we do not have appointed distributors in other countries. We intend to appoint new distributors in Brunei, Cambodia, Hong Kong, Myanmar and Vietnam. We have selected these countries due to our dealings with the customers in these countries during the Financial Years and Period Under Review. In addition, some of our fire protection systems and equipment already have the relevant certifications and approvals that meet the requirements of these countries.

Appointing new distributors will allow us to benefit from their knowledge of local regulations and business conditions, existing customer base and distribution networks to access prospective customers without having to establish an office there. The indicative timeline for appointing the new distributors in the targeted foreign countries is as follows:

Indicative Timeline	Milestones
First half 2023	Appoint new distributors in Brunei, Cambodia, Myanmar and Vietnam.
Second half 2023	Appoint new distributors in Hong Kong.

6.18.5 Use renewable energy

(i) Install rooftop solar photovoltaic system

We intend to install a solar photovoltaic ("**PV**") system with an installed capacity of approximately 269 kilowatt-peak on the roof of our Operational Facility in Shah Alam, Selangor under the self-consumption ("**Selco**") programme, where the power generated by the system is only for our use and any excess will not be exported to the grid. Consuming power generated by the solar PV system will reduce the amount of power that we have to purchase from external parties, thereby reducing our utility costs. The average utility cost savings of the planned solar PV system is projected at approximately RM0.19 million per year. The life span of the solar PV system is approximately 25 years, and we expect to benefit from reduced utility costs during this period. Furthermore, the solar PV system will help to reduce our carbon footprint. We will engage a third party to construct the solar PV system.

6. INFORMATION ON OUR GROUP (Cont'd)

Pursuant to the Electricity Supply Act 1990, a License for Private Installation for the operation of electricity generation for own consumption using renewable energy resources such as solar photovoltaic system would be required to be obtained from the Energy Commission of Malaysia for the installation of the solar PV system. The indicative timeline for the construction of solar PV system at our operational facility and obtaining the relevant approval and license are as follows:

Indicative Timeline	**Milestones**
First half 2022	Engaged third party service provider to design the solar PV system.
Second half 2022	Commence installation of the solar PV system. Register solar PV system with TNB, and submit application for and obtain Licence for Private Installation from the Energy Commission of Malaysia. Solar PV system becomes operational.

As at the LPD, we have engaged a third party service provider to design the solar PV system. The full cost of the solar PV system is estimated at RM0.81 million which will be funded from IPO proceeds.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.19 MAJOR APPROVALS, LICENCES AND PERMITS OBTAINED

Details of major approvals, licences and permits obtained for our Group's business as at the LPD are as follows:

6.19.1 Major approvals, licences, certificates and permits for our Group's activities

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
1.	UFI	Manufacturing licence pursuant to the ICA 1975[3] Premises: No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan Products: Dry Chemical Fire Extinguisher, Carbon Dioxide (CO2) Fire Extinguisher, Foam Fire Extinguisher, Fire Hose Reel, Firefighting System and Related Components [2]	MITI	Licence No. A022097 Serial No. A037371	Issuance Date: 26 August 2019 Validity Period: Valid until revoked	(1) MITI and the Malaysian Investment Development Authority ("**MIDA**") shall be notified of any sale of shares in UFI; (2) UFI shall train Malaysians to ensure transfer of technological expertise to all levels of the workforce; (3) UFI shall comply with the minimum Capital Investment Per Employee (CIPE) of RM140,000; (4) The full-time workforce of UFI shall be at least 80% Malaysian by 31 December 2022. Employment of foreign workers will be subject to the applicable policy at the time;[1] (5) Licensee shall submit information on their investment performance and project implementation under the ICA 1975 and the Malaysian Industrial Development Authority Act 1965 as and when required by MIDA. Failure to do so will result in:	Complied, save for condition (4) which has yet to be complied. Please see Note (1) below.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
						(a) UFI being guilty for an offence and shall be liable to a fine not exceeding RM1,000 or imprisonment not exceeding three (3) months or both and in the case of continuing offence, a fine of RM500 for each day during which the offence continues; or (b) UFI being guilty of an offence when UFI provides any statements or information that is false or misleading in any detail and will be liable to a fine not exceeding RM2,000 or imprisonment not exceeding six (6) months or both. (6) UFI shall implement their project as approved in accordance to the legislation and other applicable regulations in Malaysia.	
2.	UFI	Certificate of Fitness (Hoisting Machine) pursuant to Factories and Machinery Act 1967 Location: No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	DOSH	SL PMA 32766	9 September 2021 to 7 December 2022	The machinery must be operated by a competent person registered with DOSH.(4)	Please refer to Note 4

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
3.	UFI	Certificate of Fitness (Hoisting Machine) pursuant to Factories and Machinery Act 1967 Location: No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	DOSH	SL PMA 32816	9 September 2021 to 7 December 2022	The machinery must be operated by a competent person registered with DOSH. (4)	Please refer to Note 4
4.	UFI	Certificate of Fitness (Hoisting Machine) pursuant to Factories and Machinery Act 1967 Location: No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	DOSH	SL PMA 32817	9 September 2021 to 7 December 2022	The machinery must be operated by a competent person registered with DOSH. (4)	Please refer to Note 4
5.	UFI	Certificate of Fitness (Hoisting Machine) pursuant to Factories and Machinery Act 1967 Location: No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	DOSH	SL PMA 32818	9 September 2021 to 7 December 2022	The machinery must be operated by a competent person registered with DOSH. (4)	Please refer to Note 4

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
6.	UFI	Certificate of Fitness (Hoisting Machine) pursuant to Factories and Machinery Act 1967 Location: No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	DOSH	SL PMA 32819	9 September 2021 to 7 December 2022	The machinery must be operated by a competent person registered with DOSH. (4)	Please refer to Note 4
7.	UFI	Certificate of Fitness (Unfired Pressure Vessel) pursuant to Factories and Machinery Act 1967 Location: No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	DOSH	PMT 148568	9 September 2021 to 7 December 2022	Nil.	Not applicable
8.	UFI	Certificate of Fitness (Unfired Pressure Vessel) pursuant to Factories and Machinery Act 1967 Location: No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	DOSH	SL PMT 29531	9 September 2021 to 7 December 2022	Nil.	Not applicable

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
9.	UFI	Registered Importer and Exporter of Hydrofluorocarbon (HFC)	Department of Environment ("**DOE**")	AS(U) 91/110/610/5 00 Jld 6	Issuance Date: 28 February 2020 Validity Period: Valid until revoked	(1) Importer or exporter shall obtain the import/export permit for HFC from the DOE prior to actually importing/exporting HFC. (2) Importer and exporter shall use the e-permit system to obtain the permit stipulated in item (1) above. (3) Any import/export of HFC must use the prescribed HS code by the DOE. (4) Importer and exporter shall report the amount of HFC used to the DOE every six (6) months (in January and July) in the prescribed format for stock declaration.	Complied
10.	UFI	Industrial licence for the sale, service, manufacturing, processing, wholesale and storage of products in relation to the fire extinguishers industry at the premises situated at No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	Majlis Bandaraya Shah Alam	Account No. L03111052014 0001 – (LSMT)	Issuance Date: 15 October 2021 Expiry Date: 31 December 2022	Nil.	Not applicable

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

(1) Requirement for the full-time workforce to consist of 80% Malaysians pursuant to UFI's Manufacturing Licence

As at the LPD, our subsidiary UFI's total workforce consists of 133 employees, of which 94 are Malaysians and 39 are foreign workers from Bangladesh, Myanmar and Nepal. UFI's foreign workers are involved mainly in our manufacturing operations which involve manual labour. Pursuant to the conditions of UFI's Manufacturing Licence (prior to the extension of time granted by MITI), UFI was required to employ at least 80% Malaysians for its full-time workforce by 2020.

As at the LPD, UFI has achieved 71% Malaysian workforce. Given the on-going COVID-19 pandemic, we were unable to achieve this workforce requirement. Please see Section 6.17 of this Prospectus for further details of the effects of COVID-19 on our business. UFI had on 15 September 2021 submitted an application to MIDA for an extension of time up to 31 December 2022 to comply with this requirement. UFI has obtained MITI's approval for the extension of time up to 31 December 2022 to comply this requirement.

Based on our Group's experience, we have found it difficult to recruit and retain local employees to fill in positions which involve manual labour. However, UFI will continue its efforts such as offering competitive remuneration packages, providing staff accommodation for outstation local employees, continuing with recruitment efforts (such as putting out job advertisements, appointing recruiters, referrals etc), providing training to unexperienced local employees as well as improving on machine automation going forward to reduce reliance on foreign workers. We expect to be able to increase our Malaysian workforce to meet this local workforce requirement in tandem with our business strategies and plans, in particular with the expected staff increase from our plans to establish new sales offices and warehouses in Johor Bahru, Johor and Penang. Please see Section 6.18 for further details of our business strategies and plans. We expect to be able to comply with this requirement by end of 2022, and the estimate costs to increase our Malaysian workforce in tandem with our plans above would be approximately RM400,000 mainly consisting of staff costs.

Pursuant to Section 6 of the ICA 1975, if UFI is unable to meet the local workforce requirement within the prescribed timeframe, UFI's Manufacturing Licence may be revoked. Upon revocation, any person who engages in manufacturing activity without a licence is guilty of an offence under the ICA 1975 and is liable on conviction to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding six (6) months and to a further fine not exceeding RM1,000 for every day during which such default continues. The revocation of licence would affect UFI's business operations as UFI will have to cease its assembly and manufacturing activities. As such, the revocation of licence may impact the revenue contributors in the event the assembly and manufacturing activities are ceased.

(2) "Manufacturing activity" is defined under the ICA 1975 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". Please also see Section 6.23 for a summary of the relevant provisions of the ICA 1975 governing the business of our Group. As set out in Section 6.4.2, our Group carries out assembly of fire protection systems and equipment.

Prior to UFI obtaining the approval from MITI for the expansion of its product categories to include firefighting system and related components on 15 March 2022, UFI's Manufacturing Licence had yet to be expanded to include all the product categories currently manufactured by our Group.

UFI had on 28 December 2021 submitted an application to MIDA for an expansion of products covered under the Manufacturing Licence to include fire hydrant systems, fire sprinkler systems, fire detection and alarm systems, Unique227 fire suppression system, Carbon Dioxide fire extinguishing system, fire suppression for commercial kitchens, and Unique5112 fire suppression systems and active fire protection systems, equipment and accessories. On 15 March 2022, UFI had obtained the approval from MITI for the expansion of the product categories to include firefighting system and related components.

Pursuant to the ICA 1975, the prior approval of the licensing officer is required for any person to manufacture products which vary from those specified in a manufacturing licence. Based on the ICA1975, the potential maximum penalty would be that an authorized officer may obtain a warrant from a magistrate to enter any such building or place and search for and seize any product, manufacturing equipment or other thing in respect of which any such offence is suspected to have been committed. Based on UFI's consultation process and liaising with MIDA on the application to expand the product categories, UFI had been advised by MIDA that pending the processing of the application (of which had been subsequently approved on 15 March 2022), UFI may continue to manufacture and assemble its fire protection systems, equipment and accessories which UFI intended to expand and reflect in the UFI Manufacturing Licence. UFI has not been subject to any regulatory notices, penalties or enforcement actions.

(3) UFI's Manufacturing Licence had been obtained as part of UFI's rectification steps to comply with the ICA1975. Prior to the issuance of UFI's Manufacturing Licence on 26 August 2019, for the period of 2001 (when UFI had met the threshold to obtain a manufacturing licence pursuant to the ICA1975) to 26 August 2019, UFI did not previously hold a manufacturing licence pursuant to the ICA1975.

Please see Note (1) above and Section 6.23.1 for the potential maximum penalties in regard to any person who is found guilty of the offence of engaging in manufacturing activity without a licence under the ICA1975. Further to the rectification steps taken to obtain the UFI Manufacturing Licence in consultation and as guided by MIDA, the UFI Manufacturing Licence was issued on 26 August 2019, there were no penalties imposed in relation to the above rectification to obtain the UFI Manufacturing License.

(4) UFI has obtained DOSH's confirmation and clarification via an email dated 17 September 2021 ("**DOSH Confirmation Email**") that the specific machinery in question does not need to be operated by a competent person registered with DOSH so long as the personnel is trained to operate the relevant machinery. The training required is on the operation procedures and safety measures of overhead travelling cranes (hoist) and the training is on one-off basis. Further, it was stated in the DOSH Confirmation Email that the renewed Certificates of Fitness will only be issued if the DOSH inspection officer is satisfied that there are no non-compliances. As at the LPD, UFI's personnel handling these machineries have gone through the relevant training to operate such machineries.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.19.2 Product approval certificates from Bomba

Pursuant to the Fire Services Act 1988, we are required to obtain approval certificates from Bomba for certain products as prescribed by Bomba from time to time. Generally, these approval certificates issued by Bomba are valid for one (1) year and are renewable upon expiry. Details of the approval certificates from Bomba obtained by our Group as at the LPD are as follows:

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
1.	UFI	Approval Certificate Product: Alat Pengesan Asap dan haba (Smoke and Heat Detector) Brand: System Sensor Supplier: System Sensor Far East, Hong Kong	Bomba	JBPM/IP/RNP:700-7/2/12-7/(40)	13 January 2022 to 13 January 2024	(1) This certificate cannot be transferred without consent from Bomba. (2) Where there has been an amendment or update to the conditions or standards, the manufacturer or distributor will be granted time as specified by Bomba to make the necessary amendments to the Product in accordance to the new applicable conditions or standards. (3) All Products must have the name of the manufacturer, serial number, date of manufacture and the "SIRIM" sign or any other scheme that has been recognised by Bomba. (4) Bomba has the right to conduct testing on any product manufactured or installed. All costs are to be borne by the manufacturer.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
						(5) If there are any incidents or reports that indicate a performance failure of the product or that the product does not comply with the Uniform Building Bylaws 1984 or any directions by Bomba, then it has to be reported to Bomba immediately and Bomba has the right to revoke certification with or without notice. (6) Bomba may also conduct random inspections and checks to ensure compliance in quality and specifications of the product. (7) The certification whether in whole or in part, cannot be published or used for any advertisement purposes in any form without written consent from Bomba. (8) Renewal of certification must be submitted one (1) month before its expiry.	

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
2.	UFI	Approval Certificate Product: Sprinkler Head "CD" Bulb Type Brand: "CD" Sprinkler head Supplier: Chang Der Fire Corporation, Taiwan	Bomba	JBPM/IP/RNP:700-7/2/18-16/(26)	30 October 2021 to 29 October 2022	Please see item 1 above.	Complied
3.	UFI	Approval Certificate Product: Panel Penggera Kebakaran / Fire Alarm Panel Brand: Alarm Bell "Kidde-Aegis" Supplier: Kidde Fenwal Inc, USA	Bomba	JBPM/IP/RNP:700-7/2/23-221/(20)	1 December 2021 to 1 December 2023	Please see item 1 above.	Complied
4.	UFI	Approval Certificate Product: Salur Bantu Mula / Fire Hose Reel (Model: Drum Hose Reel Swing 25mm Outlet SS22) Brand: Unique Supplier: UFI	Bomba	JBPM/IP/RNP:700-7/2/17-21/(19)	17 February 2022 to 17 February 2024	Please see item 1 above.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
5.	UFI	Approval Certificate Product: Alat Pengesan Asap / Smoke Detector (Model: ESL 711U, Based 701U) Brand: ESL Supplier: Edwards	Bomba	JBPM/IP/RNP:700-7/2/12-188/(19)	18 February 2022 to 18 February 2024	Please see item 1 above.	Complied
6.	UFI	Approval Certificate Product: Loceng Penggera / Alarm Bell (Brand: Unique, Model: UNI-132, Voltage DC 24V, Input current: 22mA) Brand: Unique Supplier: Demco Industries Sdn Bhd	Bomba	JBPM/IP/RNP:700-7/2/15-53/(11)	23 February 2022 to 23 February 2024	Please see item 1 above.	Complied
7.	UFI	Approval Certificate Product: Fire Suppression System (Local Application, Wet Chemical (Kitchen Hood) "Range Guard") Brand: Range Guard Supplier: Badger Fire Protection Inc, USA	Bomba	JBPM/IP/RNP:700-7/2/22-22/(30)	26 January 2022 to 25 January 2024	Please see item 1 above.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
8.	UFI	Approval Certificate Product: Sprinkler Head (Model: Bulb and Fusible Type) Brand: Viking Supplier: The Viking Corporation (Far East) Pte Ltd, Singapore	Bomba	JBPM/IP/RNP:700-7/2/18-33/(32)	26 January 2022 to 25 January 2024	Please see item 1 above.	Complied
9.	UFI	Approval Certificate Product: Alat Pengesan Asap / Smoke Detector (Model: Unique/QA 22) Brand: Unique Supplier: Horing Lih Industrial Co. Ltd, Taiwan	Bomba	JBPM/IP/RNP:700-7/2/12-90/(15)	15 March 2022 to 15 March 2024	Please see item 1 above.	Complied
10.	UFI	Approval Certificate Product: Alat Pengesan Haba / Heat Detector (Model: AHR871 & AH 0333) Brand: Unique Supplier: Horing Lih Industrial Co. Ltd, Taiwan	Bomba	JBPM/IP/RNP:700-7/2/13-13/(30)	16 April 2022 to 16 April 2024	Please see item 1 above.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
11.	UFI	Approval Certificate Product: Alat Pengesan Asap / Smoke Detector (Model: AHS 871, AH 0711, AH 8011, AH 0621) Brand: "Photoelectric" Unique AHS 871 & AH 0711 and Horing AH 8011 & AH 0621 Supplier: Horing Lih Industrial Co. Ltd, Taiwan	Bomba	JBPM/IP/RN P:700-7/2/12-9/(29)	5 July 2021 to 5 July 2022[(1)(3)]	Please see item 1 above.	Complied
12.	UFI	Approval Certificate Product: Penggera Kebakaran Manual / Manual Fire Alarm (Model: UNI-118) Brand: Unique Supplier: Demco Industries Sdn Bhd	Bomba	JBPM/IP/RN P:700-7/2/14-12/(24)	15 July 2021 to 15 July 2022[(1)(3)]	Please see item 1 above.	Complied
13.	UFI	Approval Certificate Product: Loceng Penggera Kebakaran / Fire Alarm Bell (Model: Uni-102) Brand: Unique Supplier: Demco Industries Sdn Bhd	Bomba	JBPM/IP/RN P:700-7/2/14-13/(33)	14 July 2021 to 14 July 2022[(1)(3)]	Please see item 1 above.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
14.	UFI	Approval Certificate Product: Fire Suppression System "Unique 227" (HFC227ea) Brand: Unique 227 Supplier: UFI	Bomba	JBPM/IP/RNP:700-7/2/22-242/(15)	17 July 2021 to 16 July 2022(1)(3)	Please see item 1 above.	Complied
15.	UFI	Approval Certificate Product: Alat Pengesan Haba / Heat Detector (Model: THD-7052 & PSD-7053) Brand: Kidde Supplier: Kidde Fenwal Inc, USA	Bomba	JBPM.IP.RNP:700-7/2/13-52(14)	23 August 2021 to 23 August 2022	Please see item 1 above.	Complied
16.	UFI	Approval Certificate Product: Loceng Penggera / Alarm Bell (Model: Kidde Series 439D) Brand: Kidde Supplier: Kidde Fenwal Inc, USA	Bomba	JBPM/IP/RNP:700-7/2/15-24(16)	23 August 2021 to 23 August 2022	Please see item 1 above.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
17.	UFI	Approval Certificate Product: Alat Pemadam Api (Fire Extinguisher) – CO2 2kg, 5kg Brand: Unique Supplier: UFI	Bomba	JBPM/IP/RNP: 700-7/2/24-67(31)	28 July 2021 to 27 July 2022[(1)(4)]	Please see item 1 above.	Complied
18.	UFI	Approval Certificate Product: Smoke Curtain Brand: Unique Supplier: UFI	Bomba	JBPM/IP/RNP: 700-7/2/20-7(35)	1 June 2021 to 31 May 2023	Please see item 1 above.	Complied
19.	UFI	Approval Certificate Product: Alat Pemadam Api / Dry Powder Fire Extinguisher - Stored Pressure Type 1kg, 2kg, 4kg, 6kg, 9kg Brand: Unique Supplier: UFI	Bomba	JBPM/IP/RNP: 700-7/2/24-93(23)	10 October 2021 to 9 October 2023	Please see item 1 above.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Validity Period	Major Conditions Imposed	Status of compliance
20.	UFI	Approval Certificate Product: Fire Suppression System – FM200 Brand: Kidde Supplier: Kidde Fenwal Inc, USA	Bomba	JBPM/IP/RNP: 700-7/2/22-217(12)	24 August 2020 to 23 August 2021(1)(2)	Please see item 1 above.	Complied, save for condition (8). Please see Note (1) and (2) below.
21.	UFI	Approval Certificate Product: Panel Penggera Kebakaran / Fire Alarm Panel (FSP-02) Brand: Unique Supplier: Fipro Microelectronics	Bomba	JBPM/IP/RNP: 700-7/2/23-338(6)	2 June 2022 – 2 June 2024	Please see item 1 above.	Complied
22.	UFI	Approval Certificate Product: Fire Suppression System – Unique 5112 (FK-5-1-12) Brand: Unique Supplier: Orient Corporation Pte Ltd, Singapore	Bomba	JBPM/IP/RNP: 700-7/2/22-355(7)	12 January 2022 – 11 January 2024	Please see item 1 above.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

Note:

(1) Based on our Group's experience, the typical timeframe for the renewal applications to be processed after submission to Bomba is approximately one (1) to two (2) months. For the period where the renewal applications are still in processing by Bomba, our Group has not experienced any material adverse impact on our business operations nor been issued with any penalties by Bomba arising from these pending applications. For the product approval certificates from Bomba that are pending renewal as at the LPD, our Group will update the status of the renewal for the relevant product approval certificates in our quarterly financial results announcements.

(2) An application for the renewal of this certificate has been submitted by UFI to Bomba on 30 July 2021 and the renewal application is in processing. As part of the process for the renewal application, an inspection by Bomba via a live test demonstration at the Operational Facility in Shah Alam, Selangor for the fire suppression system is required and the inspection was unable to proceed due to the MCO. As at the LPD, UFI is pending a scheduled inspection date.

The formal application for renewal was submitted less than one month before the expiry of the certificate as UFI was in the process of seeking further clarification from Bomba on the required documents and information required for the particular renewal application.

(3) An application for the renewal of this certificate has been submitted by UFI to Bomba on 18 May 2022 and the renewal application is in processing as at the LPD.

(4) An application for the renewal of this certificate has been submitted by UFI to Bomba on 25 May 2022 and the renewal application is in processing as at the LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

6.20 INTELLECTUAL PROPERTY RIGHTS, PATENTS, TRADEMARKS AND REGISTRATIONS

Save as disclosed below, our Group does not have any patents, trademarks, registrations and other intellectual property rights:

No.	Company	Trade Mark	Class / Description	Authority	Application No.	Validity Period	Status
1.	UFI	UNIQUE 227	Class 9 - Fire extinguishing system included in class 9.	Intellectual Property Corporation of Malaysia ("**MyIPO**")	2016002388	9 March 2016 to 9 March 2026	Registered
			Class 9 - Fire extinguishers; fire extinguishers for domestic use; fire extinguishers for use in land vehicles; fire extinguishing apparatus fire extinguishing apparatus incorporating hoses; fire extinguishing installations; fire extinguishing instruments; fire extinguishing vehicles; automatic fire extinguishing apparatus; emergency fire exit devices of metal; sprayers (automatic installations) for fire extinguishing; sprayers (installations) for fire extinguishing; sprays (apparatus) being fire control equipment; sprinkler apparatus (automatic) for fire extinguishing sprinkler installations for fire extinguishing; sprinkler systems for fire extinguishing; water jets for fire extinguishing purposes; and all included in Class 9.		TM2019006219	22 February 2019 – 22 February 2029	Registered
			Class 1 – Chemical preparations for use in the control of fires; chemical preparations for use in the prevention of fires; chemicals for use in fire extinguishing; fire extinguishing chemicals; fire extinguishing compositions; fire extinguishing foam compositions; fire protection compositions; fire resistant chemicals; fire retardant additives for plastics; fire retardant additives for resins; fire retardant compositions; fire retardant preparations; preparations for use as fire retardants (other than paints); and all included in class 1.		TM2019028930	7 August 2019 – 7 August 2029	Registered

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Trade Mark	Class / Description	Authority	Application No.	Validity Period	Status
			Class 45 - Airport fire services; fire fighting services; fire safety consultancy services; fire-fighting; monitoring of fire alarms; rental of burglar, security or fire alarms; rental of fire alarms; rental of fire extinguishers; all included in class 45.		TM2019028932	7 August 2019 – 7 August 2029	Registered(1)
2.	UFI	COMMANDER Fire Hose	Class 17 – Fire hose included in class 17.	MyIPO	03009749	04 Aug 2003 to 4 August 2023	Registered
3.	UFI	YAMA Fire Hose	Class 17 - Fire hose included in class 17.	MyIPO	03009750	4 August 2003 to 4 August 2023	Registered
4.	UFI	UNIQUE	Class 35 – Retailing services connected with fire protection equipment included in class 35.	MyIPO	06014043	9 August 2006 to 9 August 2026	Registered
			Class 1 - Chemical preparations for use in the control of fires; chemical preparations for use in the prevention of fires; chemicals for use in fire extinguishing; fire extinguishing chemicals; fire extinguishing compositions; fire extinguishing foam compositions; fire protection compositions; fire resistant chemicals; fire retardant additives for plastics; fire retardant additives for resins; fire retardant compositions; fire retardant preparations; preparations for use as fire retardants (other than paints); and all included in class 1.		TM2019028933	7 August 2019 – 7 August 2029	Registered(1)

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Trade Mark	Class / Description	Authority	Application No.	Validity Period	Status
			Class 9 - Fire extinguishers; fire extinguishers for domestic use; fire extinguishers for use in land vehicles; fire extinguishing apparatus; fire extinguishing apparatus incorporating hoses; fire extinguishing installations; fire extinguishing instruments; fire extinguishing vehicles; automatic fire extinguishing apparatus; emergency fire exit devices of metal; sprayers (automatic installations) for fire extinguishing; sprayers (installations) for fire extinguishing; sprays (apparatus) being fire control equipment; sprinkler apparatus (automatic) for fire extinguishing; sprinkler installations for fire extinguishing; sprinkler systems for fire extinguishing; water jets for fire extinguishing purposes; all included in class 9.		TM2019028935	7 August 2019 – 7 August 2029	Registered(1)
			Class 45 – Airport fire services; fire fighting services; fire safety consultancy services; fire-fighting monitoring of fire alarms; rental of burglar, security or fire alarms; rental of fire alarms; rental of fire extinguishers; and all included in class 45.		TM2019028939	7 August 2019 – 7 August 2029	Registered(1)
5.	UDI		Class 9 – Firefighting apparatus; fire extinguishers; all included in class 9.	MyIPO	2018009031	10 July 2018 to 10 July 2028	Registered

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Trade Mark	Class / Description	Authority	Application No.	Validity Period	Status
6.	UDI		Class 9 – Firefighting apparatus; fire extinguishers; all included in class 9.	MyIPO	2018009030	10 July 2018 to 10 July 2028	Registered
7.	UFI		Class 1 - Chemical preparations for use in the control of fires; chemical preparations for use in the prevention of fires; chemicals for use in fire extinguishing; fire extinguishing chemicals; fire extinguishing compositions; fire extinguishing foam compositions; fire protection compositions; fire resistant chemicals; fire retardant additives for plastics; fire retardant additives for resins; fire retardant compositions; fire retardant preparations; preparations for use as fire retardants (other than paints); all included in class 1.	MyIPO	TM2019028943	7 August 2019 – 7 August 2029(2)	Registered(1)
			Class 9 - Fire extinguishers; fire extinguishers for domestic use; fire extinguishers for use in land vehicles; fire extinguishing apparatus fire extinguishing apparatus incorporating hoses; fire extinguishing installations; fire extinguishing instruments; fire extinguishing vehicles; automatic fire extinguishing apparatus; emergency fire exit devices of metal; sprayers (automatic installations) for fire extinguishing; sprayers (installations) for fire extinguishing; sprays (apparatus) being fire control equipment; sprinkler apparatus (automatic) for fire extinguishing; sprinkler installations for fire extinguishing; sprinkler systems for fire extinguishing; water jets for fire extinguishing purposes; all included in class 9.		TM2019028944	7 August 2019 – 7 August 2029(2)	Registered(1)

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Trade Mark	Class / Description	Authority	Application No.	Validity Period	Status
			Class 45 – Airport fire services; fire fighting services; fire safety consultancy services; fire-fighting; monitoring of fire alarms; rental of burglar, security or fire alarms; rental of fire alarms; rental of fire extinguishers; all included in class 45		TM2019028945	7 August 2019 – 7 August 2029(2)	Registered(1)

Note:

(1) The application for registration for these trademarks was submitted on 7 August 2019 and subsequently approved for registration on 2 May 2022. For items (1), (4) and (7) the registration applications were approved on 2 May 2022, but the registration validity period commences from 7 August 2019. This is pursuant to the Trademarks Act 2019, where upon the registration being approved and accepted for registration, the date of filing of the trademark application would be deemed the date of registration and thus being the commencement date of the registration validity period.

(2) In relation to item (7), the Group had only started marketing the Unique5112 system in the first half of 2021 and has not recorded any sales for the Unique5112 fire suppression system as at the LPD.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.21 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS / AGREEMENTS / INTELLECTUAL PROPERTY RIGHTS / LICENCES OR PERMITS / BUSINESS PROCESSES

Save for the major licences in Section 6.19, registered trademarks in Section 6.20, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licences and permits, and production or business processes as at the LPD. As at the LPD, the registered trademarks in Section 6.20 are in relation to our Group's logos and several of our own brands namely Unique, Unique 227, Unique 5112, Commander, Yama. Please see Section 6.4.2.3 for a summary of our brands.

6.22 PROPERTIES, PLANT AND EQUIPMENT

6.22.1 Properties owned

A summary of the material land and buildings owned by our Group for our business operations as at the LPD is as follows:

No.	Registered / Beneficial Owner	Title Details / Property Address	Description and Existing Use	Category of land use / Express Conditions / Tenure of property	Restrictions in interest / Material encumbrances	Date of CF or CCC	Land / Gross built-up area	NBV as at 31 December 2021 (RM'000)
1.	UFI	HS(D) 144382, PT 136243, Daerah Klang, Mukim Klang, Selangor / No.9, Jalan Anggerik Mokara 31/55, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor	Description: Single storey factory and warehouse with one (1) unit of TNB (substation), a 3-storey office, two (2) units of guard house, one (1) unit of garbage disposal and one (1) unit of covered motorcycle parking Existing use: Head office, manufacturing facility and warehouse	Industrial / Industrial / Freehold	Nil / Charged in favour of Public Bank Berhad on 30 April 2009	5 September 2013 and 23 November 2021 (1)	Land area: 12,138 sq. m Gross built-up area: 131,310 sq. ft	24,164

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial Owner	Title Details / Property Address	Description and Existing Use	Category of land use / Express Conditions / Tenure of property	Restrictions in interest / Material encumbrances	Date of CF or CCC	Land / Gross built-up area	NBV as at 31 December 2021 (RM'000)
2.	UFI	Geran 96627, Lot 64500, Daerah Klang, Mukim Klang, Selangor / No.4, Jalan Sungai Merbau 32/100, Kemuning Greenville, 40460 Shah Alam, Selangor	Description: Double storey terrace house Existing use: Staff quarters	Building / Residential building / Freehold	Nil / Nil	22 July 2000(2)	Land Area: 123 sq. m Gross built-up area: 163 sq. m	204
3.	UFI	Geran 96654, Lot 64527, Daerah Klang, Mukim Klang, Selangor / No.23, Jalan Sungai Merbau 32/99, Kemuning Greenville, 40460 Shah Alam, Selangor	Description: Double storey terrace house Existing use: Staff quarters	Building / Residential building / Freehold	Nil / Nil	22 July 2000(2)	Land area: 123 sq. m Gross built-up area: 163 sq. m	169
4.	UFI	Geran 58025, Lot 70819, M5-4-420, Mukim Klang, Daerah Klang, Selangor / 5-4-13, Block 5, Pangsapuri Sri Kemuning, Jalan Anggerik Aranda 31/42, Seksyen 31, Kota Kemuning, 40460 Shah Alam, Selangor	Description: Apartment Existing use: Staff quarters	Residential building (3) / Freehold	Nil / Nil	15 June 2001(2)	Gross built-up area: 70 sq. m	152

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial Owner	Title Details / Property Address	Description and Existing Use	Category of land use / Express Conditions / Tenure of property	Restrictions in interest / Material encumbrances	Date of CF or CCC	Land / Gross built-up area	NBV as at 31 December 2021 (RM'000)
5.	UFI	Geran 58025, Lot 70819, M5-5-424, Mukim Klang, Daerah Klang, Selangor / 5-5-01, Block 5, Pangsapuri Sri Kemuning, Jalan Anggerik Aranda 31/42, Seksyen 31, Kota Kemuning, 40460 Shah Alam, Selangor	Description: Apartment Existing use: Staff quarters	Residential building (3) / Freehold	Nil / Nil	15 June 2001 (2)	Gross built-up area: 70 sq. m	159
6.	UFI	Geran 58025, Lot 70819, M6-5-504, Mukim Klang, Daerah Klang, Selangor / 6-5-01, Block 6, Pangsapuri Sri Kemuning, Jalan Anggerik Aranda 31/42, Seksyen 31, Kota Kemuning, 40460 Shah Alam, Selangor	Description: Apartment Existing use: Staff quarters	Residential building (3) / Freehold	Nil / Nil	15 June 2001 (2)	Gross built-up area: 70 sq. m	138
7.	UFI	Geran 58025, Lot 70819, M6-5-516, Mukim Klang, Daerah Klang, Selangor / 6-5-13, Block 6, Pangsapuri Sri Kemuning, Jalan Anggerik Aranda 31/42, Seksyen 31, Kota Kemuning, 40460 Shah Alam, Selangor	Description: Apartment Existing use: Staff quarters	Residential building (3) / Freehold	Nil / Nil	15 June 2001 (2)	Gross built-up area: 70 sq. m	162

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

(1) Issuance of CCC for mezzanine platforms and temporary building permit for awnings

On 5 September 2013, we had obtained a CCC for our Operational Facility in Shah Alam, Selangor consisting of a single storey factory and warehouse with one (1) unit of TNB (substation), a 3-storey office, two (2) units of guard house, one (1) unit of garbage disposal and one (1) unit of covered motorcycle parking. Mezzanine platforms (**"Mezzanine Platforms"**) at the Operational Facility in Shah Alam, Selangor and awnings outdoors at the back of our Operational Facility (**"Awnings"**) were installed in 2015 and 2016, respectively, measuring in total approximately 12,396 sq. ft. The Mezzanine Platforms are currently used for storage of input materials (including fire hose reel parts, fire hoses parts, fire extinguisher parts and packaging materials), and houses a powder coating system to carry out the coating process for fire extinguisher and fire hose reel. The Awnings are for the outdoor area utilised for transition of goods. We had subsequently on 23 November 2021 obtained a CCC for the Mezzanine Platforms. We have also obtained the temporary building permit (**"TBP"**) for the Awnings which is valid from 29 November 2021 to 28 November 2022. A summary of our rectification process in obtaining the CCC and TBP are as set out below.

Under the Street, Drainage and Building Act 1974 (**"Street, Drainage and Building Act"**), prior written permission of the local authority is required among others for any partition, compartment, loft, roof, ceiling or other structures built in a building, any deviation from the any plans or specifications approved by the local authorities, or any alteration to a building otherwise than allowed by the local authority or by-laws made under the Street, Drainage and Building Act. Failure to obtain the local authorities' prior written permission for the above may subject the person in breach to fines or imprisonment or both, if convicted. Depending on the applicable provisions of the Street, Drainage and Building Act in breach, the maximum fines may range from RM25,000 to RM50,000 and additional daily fines for continuing offences after conviction, and the maximum imprisonment term may be up to three (3) years. The Street, Drainage and Building Act also stipulates that any person who occupies a building or any part of a building without a CCC may be subject to a fine of RM250,000 or imprisonment for up to 10 years or both, if convicted.

Pursuant to the Selangor Uniform Building Bylaws 1986, a temporary permit may be issued at the discretion of the local authority for the erection of a temporary building for a limited period to be specified upon the expiration of which the building shall be demolished.

In respect of the above non-compliance, we had, through our appointed civil engineering consultant ("**Consultant**") submitted the necessary applications on 12 August 2020 to obtain the CCC for the Mezzanine Platforms and TBP for the Awnings. We are advised by our Consultant that an approval for a planning permission (**"KM"**) (for the application of CCC for the Mezzanine Platforms) and approval for revised building plans from MBSA which included the Mezzanine Platforms and Awnings, as well as a letter of support for the issuance of a CCC and the TBP from Bomba are required to obtain the CCC for the Mezzanine Platforms and TBP for the Awnings.

On 31 December 2020, the KM from MBSA had been obtained; and on 11 July 2021, the conditional approval on the revised building plans from MBSA. The conditions imposed by the conditional approval from MBSA require certain modifications to be made to the building plans by 8 August 2021. Due to various MCOs imposed since 1 June 2021, we had submitted the revised building plans to MBSA on 18 August 2021. On 9 September 2021, the approval for the final revised building plans had been issued. Subsequent to the clearance by MBSA on the building plan as at 9 September 2021, Bomba had carried out the necessary inspections on the premises and issued its letter of support for the CCC on 27 October 2021 and there were no requirements from Bomba for further revisions or amendments to the building plans approved by MBSA.

On 23 November 2021, we obtained the CCC for the Mezzanine Platforms. We have subsequently obtained the TBP which is valid from 29 November 2021 to 28 November 2022. The TBP is renewable annually.

As at the LPD, we have not been imposed with any fines nor penalties by MBSA other than a compound of RM8,714 on 7 September 2020 by MBSA for the non-compliance / construction of Mezzanine Platforms without permit and the compound was duly settled on 2 December 2020. The Group has not experienced any material adverse impact to its financial position arising from the above compound of RM8,714 as at the LPD.

We will continue to ensure compliance to the relevant provisions under Street, Drainage and Building Act, Town and Country Planning Act 1976.

(2) Properties used as staff quarters.

Under the Employees Minimum Standards of Housing and Amenities Act 1990 (**"EMSHA 1990"**), we are required to obtain a Certificate of Accommodation to use these properties as employee accommodation. As at the LPD, there are 43 employees staying at the staff quarters.

We have submitted an application to the Department of Labour Peninsular Malaysia ("**JTK**") on 19 February 2021 (for properties set out in Section 6.22.1) as well as 23 August 2021 (for properties set out in Section 6.22.2) and the inspection of the properties by JTK had been delayed due to various phases of MCOs imposed. On 23 November 2021, JTK had conducted their inspection on these properties and we have subsequently obtained the Certificates of Accommodation for these properties on 3 February 2022 with a validity period of 3 years.

Pursuant to the EMSHA 1990, failure to obtain such certification may subject UFI to a fine not exceeding RM50,000 for each accommodation without a certificate. The costs incurred in the application for the Certificates of Accommodation amount to approximately RM1,100. The Group has not been made aware nor has the Group been subject to any penalties or enforcement action from the authorities throughout the course of their application process for the Certificates of Accommodation.

(3) This refers to the express conditions stated on the individual strata titles of the property.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.22.2 Material Properties rented

As at the LPD, there are no material land and buildings rented by our Group for our business operations, other than as follows:

Landlord	Tenant	Postal Address	Description / Existing Use	Date of CF / CCC or equivalent	Built up Area	Tenure	Rental Per Annum (RM)
Hamsavadani A/P Venugopal	UFI	Pangsapuri Sri Kemuning Block 3-1-12, Jalan Anggerik Aranda 31/42, Kota Kemuning 40460 Shah Alam, Selangor	Description: Apartment Existing use: Staff quarters	15 June 2001(1)	Gross built-up area: 70 sq. m	1 June 2022 to 31 May 2023	12,000

Note:

(1) Please see Note 2 of Section 6.22.1 above in relation to the status of the certificate of accommodation from JTK for this staff accommodation.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.23 GOVERNING LAWS AND REGULATIONS

A summary of the relevant laws and regulations governing the business of our Group are set out below:

6.23.1 Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 (**"ICA 1975"**) governs the co-ordination and development of manufacturing activities in Malaysia.

Pursuant to Section 3(1) of the ICA 1975, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Failure to observe and adhere to the licensing requirements under the ICA 1975 will constitute an offence which is punishable on conviction by a fine not exceeding RM2,000 or to a term of imprisonment not exceeding six (6) months and to a further fine not exceeding RM1,000 per day during which the non-compliance continues.

"Manufacturing activity" is defined under the ICA 1975 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.

Pursuant to section 6(1) of the ICA 1975, where a licensed manufacturer has not complied with any condition imposed in the licence, the licensing officer may in his discretion revoke the licence.

As at the LPD, our subsidiary UFI holds a valid manufacturing licence issued by the MITI. The Group's principal activities of assembly and manufacturing of active fire protection systems, equipment and accessories for built environment (further detailed in Section 6.4) fall within the definition of "manufacturing activity" pursuant to the above definition in the ICA 1975. Please refer to further details of our subsidiary UFI's manufacturing licence, major conditions imposed therein and the status of our compliance in Section 6.19.1.1 of this Prospectus.

6.23.2 Street, Drainage and Building Act 1974, Uniform Building By-Laws 1984, Selangor Uniform Building Bylaws 1986, Town and Country Planning Act 1976 and Fire Services Act 1988

In relation to properties owned or rented by our Group for our business operations

In the course of our business operations, we are required to ensure that the properties owned or rented by our Group for our business operations comply with the Street, Drainage and Building Act, the Uniform Building By-Laws 1984 (**"UBBL"**), the Selangor Uniform Building Bylaws 1986 (**"Selangor UBBL"**) as well as the Town and Country Planning Act 1976 (**"Town and Country Planning Act"**) and the relevant by-laws issued pursuant thereto which regulate among others the occupation of buildings and uniformity of local government matters relating to street, drainage and buildings. The UBBL is a subsidiary legislation made under the Street, Drainage and Building Act. The Town and Country Planning Act governs the proper control and regulation of town and country planning in Peninsular Malaysia and regulates among others modifications to planning permissions and building plan approvals issued by local authorities.

Pursuant to the Street Drainage and Building Act, prior written permission of the local authority is required among others for any partition, compartment, loft, roof, ceiling or other structures built in a building, any deviation from the any plans or specifications approved by the local authorities, or any alteration to a building otherwise than allowed by the local

authority or by-laws made under the SDBA. Failure to obtain the local authorities' prior written permission for the above may subject the person in breach to fines or imprisonment or both, if convicted. Depending on the applicable provisions of the Street, Drainage and Building Act in breach, the maximum fines may range from RM25,000 to RM50,000 and additional daily fines for continuing offences after conviction, and the maximum imprisonment term may be up to three (3) years. The Street, Drainage and Building Act also stipulates that any person who occupies a building or any part of a building without a CCC may be subject to a fine of RM250,000 and/or imprisonment for up to 10 years, if convicted.

Pursuant to the Selangor UBBL, a temporary permit may be issued at the discretion of the local authority for the erection of a temporary building for a limited period to be specified upon the expiration of which the building shall be demolished.

Please see Section 6.22 of this Prospectus for further details of the material properties which we own or rent for our business operations and the status of our compliance with the above regulations.

In relation to our products and business activities

The Street, Drainage and Building Act, the UBBL as well as the uniform building by-laws adopted by the respective states together with the Fire Services Act 1988 (**"Fire Services Act"**) also sets out the applicable standards and requirements for fire safety standards, firefighting installations and appliances.

The Fire Services Act is also the governing legislation for the establishment of Bomba as a federal agency and empowers the Minister of Home Affairs, Malaysia to make regulations among others in relation to:

- regulating the manufacture, sale, installation, testing, servicing, and recharging of fire-fighting equipment or fire safety installation;
- regulating the types, locations, and testing of fire-fighting equipment or fire safety installation used in any premises; and
- regulating all matters relating to fire safety and fire precautions.

The Fire Services Act also empowers the Director General of Bomba to enforce the provisions of the Fire Services Act.

Among others, the regulations relate to our business activities and/or the products which we assemble, manufacture or distribute, as at the LPD are such as:

(a) the requirements under the UBBL in relation to fire safety uniform standards among others in relation to:

(i) the requirements under the UBBL to have a portable fire extinguisher in private dwellings and apartments and flats that fall under the prescribed categories that was subsequently incorporated into the uniform building by-laws of certain states by way of gazettes namely Selangor, Penang, Terengganu and Melaka in 2012, 2016, 2013 and 2019, respectively;

(ii) fire requirements in Part VII the UBBL (e.g. technical requirements in relation to the building such as walls, ceilings, doors, exits etc);

(iii) fire alarms, fire detection, fire extinguishment and firefighting access in Part VIII of the UBBL;

(iv) the requirement for prescribed firefighting installations and appliances to conform with applicable standards set out in Part VIII of the UBBL, and the requirement that firefighting installations and appliances which do not fall within the standards set out in the UBBL are required to be tested and approved by Bomba.

The UBBL also requires that plans, drawings and calculations of all fixed installations must be submitted for the approval of Bomba in the manner as prescribed by Bomba before commencement of work; and

(b) the requirements prescribed by Bomba pursuant to the Fire Services Act to obtain approval certificates from Bomba for certain products as prescribed by Bomba from time to time. Please see Section 6.19.2 of this Prospectus for further details of the approval certificates our Group had obtained and further details of the renewal applications which are in processing as at the LPD.

The above requirements under the UBBL in paragraphs (a) to (b) are relevant to us in the course of assembling, manufacturing or distributing our products to meet our customers' preferences and the regulatory requirements which they are subject to. In relation to our products, pursuant to the Fire Services Act, the penalty for any non-compliance with the regulations issued thereunder may be a fine of not more than RM10,000 or imprisonment for a term not more than three (3) years or both, and where the offence continues after conviction not more than RM100 for each day the offence continues. For the Financial Years and Period Under Review and up to the LPD, our Group has not been issued with any penalties by Bomba in relation to the above requirement for the product approval certificates;

(c) the requirements prescribed by Bomba pursuant to the Fire Services Act in relation the portable fire extinguishers in Malaysia based on the Malaysian Standards (in particular MS1539 as of current). Among others, the Bomba prescribes the use the eFEIS system for purposes of monitoring the usage and maintenance of portable fire extinguishers, and that only a registered "competent person" with the Bomba under eFEIS is certified to carry out service and maintenance of portable fire extinguishers. As at the LPD, the standard prescribes among others that every fire extinguisher installed in commercial premises must be registered with eFEIS, must have an eFEIS barcode certificate affixed to the cylinder which must be renewed annually and that the shelf life of the portable fire extinguisher is 10 years from the manufacturing date.

As at the LPD, our Group is in compliance with the requirements of Bomba in relation to the use of eFEIS system in particular for our activities of assisting our customers to register their portable fire extinguishers through the eFEIS system, as well as servicing and maintenance of such fire extinguishers by a registered competent person namely Roy Liew who is our Operation Director and Mohd Shabri Bin Abdul Rashid who is our Senior Supervisor. For the Financial Years and Period Under Review and up to the LPD, our Group has not been issued with any penalties by Bomba in relation to our use of the eFEIS system.

6.23.3 Environmental Quality Act 1974

Due to the nature of our Group's assembly and manufacturing activities, we are required to comply with the Environmental Quality Act 1974 ("**EQA 1974**") and the Environmental Quality (Scheduled Wastes) Regulation 2005 among others in particular to the disposal of scheduled waste in Malaysia. The EQA 1974 also empowers the DOE to issue regulations, such as the Environmental Quality (Scheduled Wastes) Regulations 2005 (**"Scheduled Waste Regulations"**), specifying acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into the environment.

It is an offence under the EQA 1974 to dispose scheduled wastes on land or into Malaysian waters unless with the approval of the DOE. A breach of this provision would subject the offender to a fine of not more than RM500,000 or imprisonment of not more than five (5) years or both. Among others, the EQA 1974 and the Scheduled Waste Regulations also requires that only licensed holders are allowed to transport and/or dispose of scheduled wastes.

In the course of our operations, we generate scheduled wastes such as contaminated rags and gloves and waste paint powder at our Operational Facility in Shah Alam, Selangor. As at the LPD, our Group's disposal of scheduled wastes is carried out by a licensed service provider. For the Financial Years and Period Under Review and up to the LPD, our Group has not been issued with any penalties by the DOE pursuant to the EQA1974 and any regulations issued under the EQA 1974 in relation to the disposal of our scheduled wastes.

6.23.4 Factories and Machinery Act 1967 ("FMA 1967")

The FMA 1967 and Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 governs the issuance of the certificate of fitness for applicable machineries. We are required under the provisions of this statute to ensure that the health, safety and welfare of our employees at the workplace are maintained and this includes but not limited to ensuring that the machinery used in our Group's operations has undergone the necessary inspection upon installation, registered and possesses the relevant certificate of fitness.

Breaches and offences of the FMA 1967 may amount to penalties imposed on our Group. Taking into account of its severity and type of offences, the penalties imposed may be a fine of up to RM250,000 and/or imprisonment for a term not exceeding five (5) years and to a further fine not exceeding RM2,000 for each day or part of a day during which the offence continues after the first day in respect of which the conviction is recorded.

As at the LPD, our Group has obtained valid certificates of fitness for the applicable machineries. Please refer to Section 6.19.1 for further details of the certificates of fitness we have obtained for our machineries pursuant to the FMA 1967.

6.23.5 Occupational Safety and Health Act 1994 ("OSHA 1994")

The OSHA 1994 regulates among others the safety, health and welfare of persons at work, protecting others against the risks to safety or health in connection with the activities of persons at work in the manufacturing industry. The OSHA 1994 imposes an obligation on employers in the manufacturing industry to take proper steps to ensure the health, safety and welfare of persons at work, the protection of others against the risks to safety or health related to the activities of persons at work.

The OSHA 1994 provides that it is the duty of every employer to ensure the safety, health and welfare at work of all his employees, so far as is practicable, in particular:

(a) the provision and maintenance of plant and systems of work that are safe and without risks to health;

(b) the making of arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;

(c) the provision of such information, instruction training and supervision as is necessary to ensure the safety and health at work of his employees;

(d) as regards any place of work under the control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and

(e) the provision and maintenance of a working environment for his employees that is safe, without risks to health, and adequate as regards facilities for their welfare at work.

Non-compliance of the above will result in an offence and on conviction would constitute to a fine not exceeding RM50,000 and/or to imprisonment for a term not exceeding two (2) years.

If an activity is undertaken at the workplace that may likely cause serious risk to the health of any person or create an immediate danger to life or property, the DOSH officer may issue an improvement notice or prohibition notice for any non-compliance of the OSHA 1994. Non-compliance with such notice without reasonable excuse will result in an offence and on conviction, the employer is liable to a fine not exceeding RM50,000 and/or imprisonment for a term not exceeding five (5) years and a further fine of RM500 for each day during which the offence continues.

For the Financial Years and Period Under Review and up to the the LPD, our Group has not been issued with any penalties by DOSH pursuant to the OSHA1994.

6.23.6 Employees Minimum Standards of Housing and Amenities Act 1990

The Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("**EMSHA 1990**") and the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 issued under the EMSHA 1990, imposes, among other things, the minimum standards on accommodation for employees and the requirement for employers to obtain a certificate of accommodation from the Department of Labour Peninsular Malaysia for each accommodation premise.

To obtain the certificate of accommodation, the employer is required to ensure that every accommodation provided for employees complies with the minimum standards which includes, amongst others, the minimum space requirement for workers' accommodation, basic facilities, as well as safety and hygiene standards required under the EMSHA 1990 or any regulations made thereunder. Pursuant to the EMSHA 1990, failure to obtain such certification may constitute to a fine not exceeding RM50,000 with respect to each employees' accommodation without a certificate of accommodation.

As at the LPD, we have obtained the relevant Certificates of Accommodation in relation to our seven (7) staff accommodations. Please refer to Sections 6.22.1 and 6.22.2 for further details on the Certificates of Accommodation issued in relation to our staff accommodations.

6.23.7 Local Government Act 1976 ("LGA 1976")

Pursuant to Section 102 of the LGA 1976, local authorities are empowered to make, amend and revoke bylaws. Presently, as our Group's business activities are carried out at the Operational Facility in Shah Alam, Selangor, we come under the jurisdiction of the MBSA and the relevant bylaws governing the conduct of our Group's business activities would be the Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007 ("**MBSA By-Laws 2007**").

The MBSA By-Laws 2007 provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of MBSA for any activity of trade, business and industry without a licence issued by MBSA. A contravention of the MBSA By-Laws 2007 would constitute to an offence and shall, on conviction, be liable to a fine not exceeding RM2,000 and/or to imprisonment for a term not exceeding one (1) year and to a further fine not exceeding RM200 for each day during which such offence is continued after conviction.

As at the LPD, UFI has a valid industrial licence issued by MBSA, further details of which are set out in Section 6.19.1.

The above summary does not purport to be an exhaustive description of all laws and regulations of which our business is subject to.

As at the LPD, save as disclosed in Section 6.19, there are no breach of laws, regulations, rules or requirements governing the conduct of our business and environmental issues which may materially affect our Group's business or operations and usage of properties owned by our Group.

6. INFORMATION ON OUR GROUP (Cont'd)

6.24 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

To this end, our Group has implemented, and are in the midst of implementing, the following practices:

(a) Environmental

Our Group is in the process of adopting sustainable practices in response to the environmental issues. We intend to install a solar PV system under the Selco programme. The consideration of different primary energy sources is important from the perspective of end-to-end cost of power generation, sustainability of supply and impact on the environment. Please refer to Section 6.18.5 (i) for further details.

In 2021, our Group started to market FK5112 fire suppression system (an alternative to HFC) which is in line with the purpose of the United Nations agreement ratified by Malaysia to phase out the use of HFC. Please refer to Section 6.8 for further details.

(b) Social

Our Group is committed to serve the interests of stakeholders which includes our employees by promoting gender and cultural diversity in our workplace. We embrace diverse cultures and genders among the Board members and employees.

Further, our Group has taken various corporate social responsibility initiatives to serve the needs of community. In heightening the public awareness on the fire safety, we had in 2019, hosted an educational field trip for UiTM Johor (Segamat branch) students, conducted Unique227 Fire Suppression Systems product training for members of TNBR QATS Sdn Bhd and donated fire extinguishers to Ti-Ratana Welfare Society.

Being manufacturer and assembler of products relating to the public safety, our Group upholds the importance of product and/or service quality. As such, our Quality Assurance and Quality Control Department ("**QAQC**") upholds the responsibility to monitor the product quality continuously. Most of our products are of international standard, with ISO certifications and/or SIRIM certified.

(c) Governance

Our Group is committed to conduct our business ethically and in compliance with all relevant laws and regulations as disclosed in Section 6.23. In maintaining high standards of corporate governance, our Board has adopted the recommendations under the Malaysian Code on Corporate Governance.

In addition, our Group adopted zero-tolerance policy towards bribery, and as such have put in place the policies and procedures to ensure strict compliance with the Malaysian Anti-Corruption Commission Act 2009 and its amendments. In relation to the Group's risk management, our Group has put in place a Risk Management and Internal Control Framework to monitor closely on the risk associated with the company objectives.

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7. INDUSTRY OVERVIEW

VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Vital Factor Consulting Sdn Bhd
(Company No.: 199301012059 (266797-T))
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Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 7931-3188
Fax: (603) 7931-2188
Website: www.vitalfactor.com

7 June 2022

The Board of Directors
Unique Fire Holdings Berhad
No. 9, Jalan Anggerik Mokara 31/55
Kota Kemuning
40460 Shah Alam
Selangor Darul Ehsan

Dear Sirs and Madam

Independent Assessment of the Active Fire Protection Industry in Malaysia

We are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include the development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996, including initial public offerings and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above for inclusion into the prospectus of Unique Fire Holdings Berhad concerning its proposed listing on the ACE Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, availability of up-to-date information, secondary information and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wong Wai Ling
Director

Wong Wai Ling has a Bachelor of Arts degree from Monash University, Australia and a Graduate Diploma in Management Studies from the University of Melbourne, Australia. She has more than 20 years of experience in business consulting and market research including initial public offerings for companies seeking listings on Bursa Securities.

7. INDUSTRY OVERVIEW (Cont'd)

VITAL FACTOR CONSULTING
Creating Winning Business Solutions

INDEPENDENT ASSESSMENT OF THE ACTIVE FIRE PROTECTION INDUSTRY IN MALAYSIA

1. INTRODUCTION

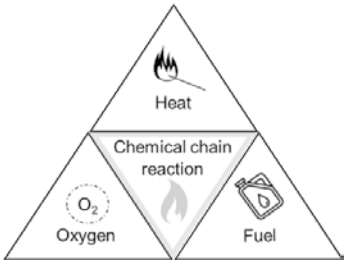
- Unique Fire Holdings Berhad and its subsidiaries (herein referred to as Unique Fire Group) are involved in the assembly, distribution and manufacture of active fire protection systems, equipment and accessories deriving its revenue mainly from Malaysia which will be the focus of this report. This report is concerned with the destructive and unwanted nature of fire and its related consequences. The focus of this report is on active fire protection for the built environments.

2. INDUSTRY STRUCTURE

2.1 Fire elements

- The fire tetrahedron refers to the four elements required for igniting and sustaining a fire. Fire will extinguish if one or more of the four elements are removed. The four elements are the oxygen that sustains combustion, fuel or combustible material that feeds the fire, sufficient heat to ignite the combustible material, and the consequential heat generated that cause a chain reaction to the primary materials and surrounding environment. According to the Malaysian Standards (MS), the fuel source can be different types of combustible material that will lead to different classes of fire as follows:

The four elements of the fire tetrahedron



Class of fire	Combustible materials
A	Solid materials, usually of an organic nature
B	Flammable liquids or liquefiable solids
C	Flammable gases
D	Combustible metals such as lithium, potassium, magnesium and titanium
E	Energised electrical equipment
F	Cooking media such as vegetable or animal oils and fats in cooking appliances

- The different classes of fire will require different agents to extinguish or suppress the fire. Unique Fire Group is involved in providing fire protection systems, equipment and accessories against all classes of fire except Class D fires.

- Fire can occur in open areas such as forest fire or built environments including within and around buildings, infrastructure, amenities and facilities. This report is only concerned with the destructive and unwanted fire in built environments.

2.2 Mitigating and eliminating effects of fire

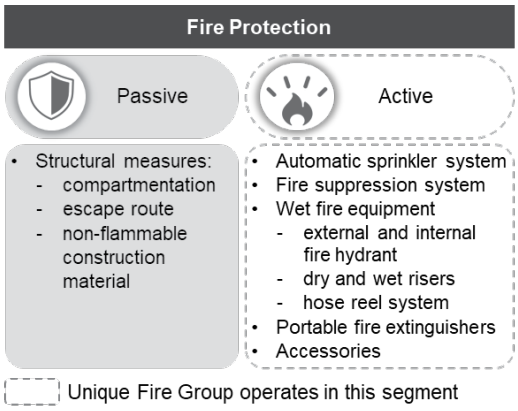
- Mitigating or eliminating the unwanted and destructive effects of fire include practising fire safety and prevention, and providing fire protection equipment.

- **Fire safety** is concerned with putting in place various precautionary measures to minimise the occurrence of a fire, and if a fire does occur, to minimise or eliminate its destructive effects. Among others, they include various rules, regulations, guidelines and best practices.

- **Fire prevention** involves taking proactive steps to reduce fire hazards. Some of the ways include:
  - performing regular fire risk assessments, resolving deficiencies such as poorly maintained heating or electrical systems, and improper storage of flammable materials;

- performing regular testing and maintenance of fire protection equipment to ensure they are functional at all times;
- perform regular fire drills; and
- educating building service providers and occupants on fire prevention practices and the operation of fire protection equipment.

- **Fire protection** in built environments relies on firefighting facilities to detect and minimise damages associated with fire. Fire protection can be categorised as follows:



(i) **Passive fire protection** refers to structural measures implemented in built environments to control and prevent the spread of fire and smoke without any intervention. They are incorporated in buildings or other structures during the construction phase to mitigate fire hazards and risks. Some examples include the use of fire-resistance-rated walls, doors and cavity barriers to compartmentalise the overall building, providing clear paths for an escape route, as well as the use of non-flammable construction materials where possible.

(ii) **Active fire protection** refers to equipment and systems that need to be manually or automatically activated and applied in the event of a fire to perform its function. All equipment and systems should be maintained and serviced regularly for them to be effective. Some examples include:

- **sprinkler system**, which comprises a network of overhead water pipes covering rooms and areas with sprinkler heads strategically placed along the piping network to release water when required. Each sprinkler head comprises a bulb or fusible plug that will break due to an increase in temperature caused by a fire and subsequently water will be discharged over the area of the fire. Each sprinkler head acts independently and therefore, the discharge of water is isolated to the area of the fire.
- **fire suppression system**, which uses a similar network of pipes and release nozzles similar to a sprinkler system except that the extinguishing agents used are either in gas, chemical or foam.
- **wet fire equipment**, such as:
  - external fire hydrants which consist of a system of pipework connected to a water supply to provide water for firefighters to fight a fire;
  - internal fire hydrants used in conjunction with dry or wet riser systems which are required for low and high-rise buildings:
    - dry riser system, which consists of landing valves, pressure regulating valves, breeching inlets and riser pipes, which must be supplied by an external source of water pumped through one or more breeching inlets when required.
    - wet riser system is similar in design to dry riser system except that the pipes are kept permanently full of water via water tanks and pumps to ensure immediate water supply when needed.
  - fire hose reel, which is designed to be used by building occupants in the early stages of a fire, and comprises a drum with side-plates and a pre-attached fire hose with appropriate valves and fittings that are connected to a source of water, such as mains water supply, wet or dry riser system. Fire hose reels are usually located in prominent positions in each floor level along escape routes or beside exit doors or staircases.
  - fire hoses, which works with wet or dry risers, and fire hydrants for use by fire fighters.

- **portable fire extinguishers**, which are elementary firefighting equipment used during the initial outbreak of fire to prevent escalation into a full-scale fire. Portable fire extinguishers contain various types of extinguisher agents suitable for various classes of fire.
- **accessories** are devices and systems that facilitate fire protection. They include fire alarm and detection devices and systems which can operate on a standalone basis or connected to monitoring stations as well as trigger an automatic response such as alerting the fire department, activating sprinklers or closing fire doors when smoke, heat or carbon monoxide are detected.

- Unique Fire Group is involved in the assembly, distribution and manufacture of active fire protection equipment, systems and accessories for built environments.

2.3 Types of fire extinguishing agents

- Fire extinguishing agents aim to eliminate one of the four elements of the fire tetrahedron to extinguish the fire caused by different types of combustible materials. The principal fire extinguishing agents are as below:

Extinguishing Agent	Fire Class*	Applications
Water	A	Water extinguishes fire by cooling the fire to reduce or stop the burning, and also smoothers the fire to deprive it of oxygen. It is suitable for fighting fires involving solid combustible materials such as wood, paper, plastics and textiles.
Foam	A, B	The water content in the foam cools the fire while the foam itself starves the fire of oxygen.
Dry chemical	A, B, C, D^, E	When the dry chemical in powder form is discharged over the fire, the fire will melt the powder which will settle and cover the combustible material, therefore depriving the fire of oxygen as well as interrupting any chemical reaction to extinguish the fire.
Wet chemical	A, F	The wet chemical is dispensed as a foam to cover the flammable liquid, commonly oils and fats, where the foam will cool the fire as well as form a crust on top of the flammable liquid, thus depriving the fire of oxygen and preventing reignition. It is suitable for kitchens and facilities that carry out deep frying or cooking with oils and fats.
Carbon dioxide	B, E	Carbon dioxide is discharged to reduce the oxygen level to stop the fire quickly and efficiently but can be dangerous to humans and animals.
Clean agents	A, B, E	They comprise several extinguishing agents which leave no residue, making them ideal for irreplaceable or valuable assets such as computing and communication equipment. Examples include HFC-227ea (heptafluropropane) and FK-5-1-12 (fluorinated ketone).
Water mist	A, B, C, E, F	It is a recent development where the equipment releases a mist of microscopic deionised water to reduce the heat and oxygen level. It is suitable for electrical fires, as well as flammable liquids and gases as deionised water is non-conductive and non-toxic.

** Common classes of fire it extinguishes; ^ Class D fire will require special dry chemical.*

- Unique Fire Group's fire protection systems and equipment use all the above extinguishing agent types except for water mist, and covering all classes of fire except Class D.

3. SOME KEY REGULATIONS AND STANDARDS GOVERNING THE INDUSTRY

3.1 Regulations relating to fire safety and protection in buildings and motor vehicles

- In Malaysia, the relevant fire safety regulations include, among others, the Fire Services Act 1988 and the Uniform Building By-Laws (UBBL) 1984. According to the Fire Services Act 1988, every

designated premise except single private dwellings or public religious worship areas, requires a Fire Certificate (FC) that has to be renewed annually. Some examples of designated premises include offices with heights exceeding 30 metres or 10,000 square meters of total floor area and shops with over 3,000 square meters of total floor area. The FC is issued by the Fire and Rescue Department of Malaysia, also known as Bomba, to the premises after inspection to ensure there is adequate fire safety, prevention and protection, and firefighting facilities.

- UBBL 1984 is a subsidiary law under the Street, Drainage and Building Act 1974. It regulates the design and construction of buildings to establish uniform standards relating to fire safety as presented in Part 7 (fire requirements) and Part 8 (fire alarm, detection and extinguishment and firefighting access). In addition, there is a requirement to have a portable fire extinguisher in private dwellings and apartments and flats which fall under the prescribed categories that was subsequently incorporated into the UBBL of certain states by way of gazettes namely Selangor, Penang, Terengganu and Melaka in 2012, 2016, 2013 and 2019 respectively. According to the Road Transport Department Malaysia (JPJ), public service vehicles, such as buses, taxis, hire cars and e-hailing vehicles, are required to have fire extinguishers.

3.2 Regulations governing fire protection products

- Fire protection products are required to be certified with Bomba before it can be installed in premises. Some of these fire protection products that require Bomba certification include, among others, fire extinguishers, fire suppression systems, fire hose reels, and smoke and heat detectors. As part of Bomba's certification process, the product has to be certified by testing laboratories that Bomba recognises including, among others, SIRIM Berhad, Underwriters Laboratories LLC, FM Approvals LLC or any testing laboratories recognised by the Department of Standards Malaysia.

- The Electronic Fire Extinguisher Inspection System (eFEIS) is a system established by Bomba to govern the usage and maintenance schedule of portable fire extinguishers in Malaysia. Every unit of portable fire extinguisher used in commercial premises is required to have an eFEIS barcode certificate attached to the cylinder based on the MS 1539. The service and maintenance of portable fire extinguishers are governed by Bomba and only authorised competent person is allowed to carry out such service. Based on the MS 1539, a portable fire extinguisher needs to be serviced annually, and it has to be discarded 10 years after the manufacturing date. Therefore, the barcode certificate has to be renewed yearly, with the condition that it is manufactured within 10 years and it is not condemned.

3.3 Environmental regulations

- Malaysia is proactive in controlling the use of ozone-depleting substances. Hydrofluorocarbons (HFC), a group of chemicals mainly used as cooling agents or refrigerants, are currently used to replace chlorofluorocarbons (CFC) and hydrochlorofluorocarbons (HCFC) for fire extinguishing agents, as both CFC and HCFC deplete the ozone layer and have been phased out in Malaysia. However, Malaysia has ratified a United Nations agreement to phase out the use of HFC progressively as HFC contributes to global warming although HFC does not deplete the ozone layer. The HFC usage has to be reduced by 80% by 2045 with usage frozen at a baseline as of 1 January 2024. Alternatives to HFC include, among others, fluorinated ketones (FK-5-1-12 or $C_6F_{12}O$). Unique Fire Group has started to market FK5112 fire suppression system in the first half of 2021.

- The import and export of fire extinguishing agents, particularly HFC, are controlled by the Department of Environment (DOE), where all importers and exporters of HFC substances including HFC-227ea (heptafluoropropane or C_3HF_7), HFC-23 (trifluoromethane or CHF_3) and HFC-125 (pentafluoroethane or CF_3CHF_2) must be registered with the DOE. The Group is registered with DOE as an importer and exporter of HFC products.

4. SUPPLY AND DEMAND CONDITIONS

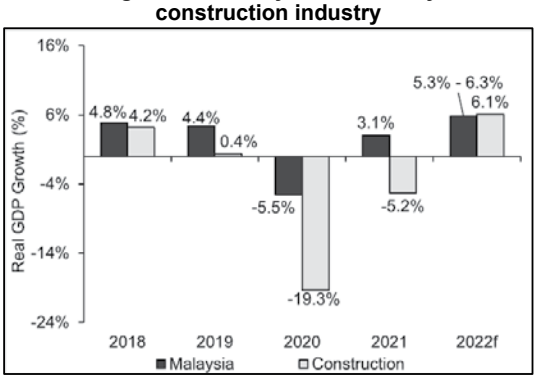
4.1 Malaysia's economic activities

- Active fire protection equipment providers are dependent on the general well-being of the economy as well as activities in the construction industry which includes building construction, civil engineering and specialised construction. New buildings in residential, commercial, industrial, infrastructure and public amenities and facilities will contribute to the demand for active fire protection systems and equipment.

- Real gross domestic product (GDP) indicates the value of all finished goods and services made within a country or sector without the impact of price inflation.

- In 2020, real GDP of Malaysia declined by 5.5%, mainly due to weak external demand conditions as well as restricted production and consumption activities resulting from containment measures arising from the COVID-19 pandemic.

Real GDP growth of Malaysia's economy and the construction industry



f = forecast (Source: Department of Statistics Malaysia (DOSM), Bank Negara Malaysia (BNM))

- In 2021, the economy in Malaysia grew by 3.1% despite the reimposition of containment measures as more essential economic sectors were allowed to operate. In Q1 2022, Malaysia's real GDP grew by 5.0% compared to Q1 2021, supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. Malaysia's real GDP is forecasted to grow between 5.3% and 6.3% in 2022 underpinned by the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and a further improvement in labour market conditions *(Source: BNM)*.

- Meanwhile, the real GDP of the construction industry declined by 19.3% in 2020 due to the reduced work capacity in compliance to containment measures, labour shortages contributed by international border closures, supply chain disruptions and site shutdowns following the COVID-19 pandemic.

- In 2021, the real GDP of the construction industry declined by 5.2% as the industry faced limitations on operating capacity due to the movement restrictions and foreign labour shortages which was exacerbated by the closure of international borders arising from the COVID-19 pandemic. In Q1 2022, the real GDP of the construction industry contracted by 6.2% compared to Q1 2021. However, on a quarter-to-quarter basis, the real GDP of the construction industry continued to recover with the growth of 2.7% compared to Q4 2021 *(Source: DOSM)*. Overall, the real GDP of the construction industry is forecasted to grow by 6.1% in 2022, mainly supported by the implementation of large infrastructure and small-scale projects under the Budget 2022, new housing projects and launches, as well as existing and new commercial and industrial projects *(Source: BNM)*.

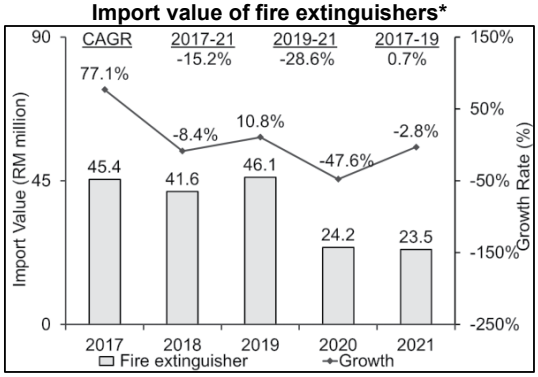
4.2 Malaysia's import and export of fire extinguishers and parts

- In 2020, imports and exports of fire extinguishers fell by 47.6% and 19.7% respectively. The decline was mainly due to measures taken domestically and globally to contain the impact of the COVID-19 pandemic that affected trade, demand, supply chain and production activities. In 2020, fire extinguishers were mainly imported from China, which accounted for 46.9% of the total

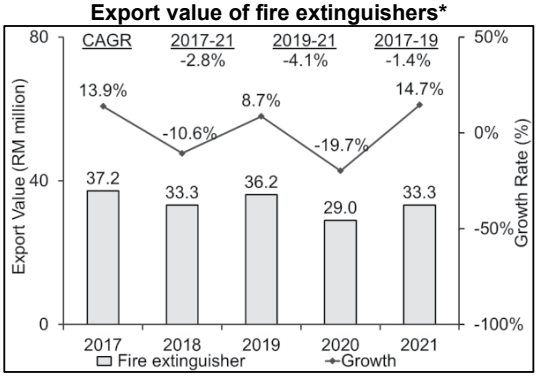
imports, whereas exports were mainly to Korea, Vietnam and Singapore which accounted for 17.1%, 14.4% and 11.6% of the total exports respectively.

- In 2021, import value of fire extinguishers declined by 2.8% while export value of fire extinguishers grew by 14.7% compared to 2020. In 2021, fire extinguishers were mainly imported from China, which accounted for 56.0% of the total value of imports, whereas exports were mainly to Korea, Hong Kong, Singapore and Australia which accounted for 13.2%, 11.8%, 11.5% and 11.4% of the total value of exports respectively.

Import value of fire extinguishers*



Export value of fire extinguishers*

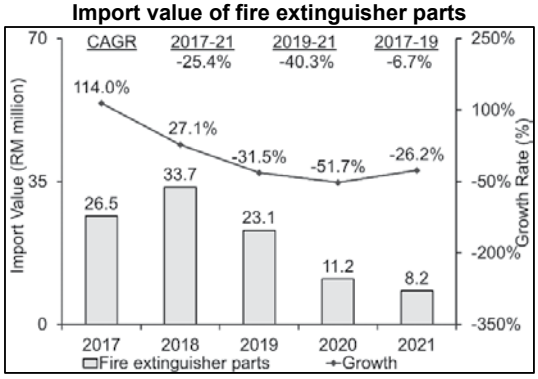


** Whether or not filled (Source: DOSM)*

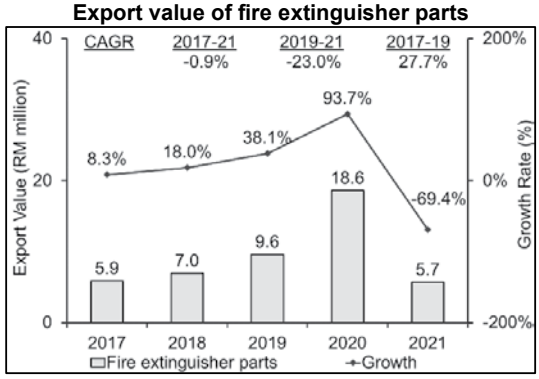
- In 2020, imports of fire extinguisher parts which amounted to RM11.2 million, declined by 51.7% compared to 2019. In 2020, exports which amounted to RM18.6 million, increased by 93.7% compared to 2019. The growth in exports was mainly contributed by exports to Singapore which amounted to RM15.0 million in 2020.

- In 2021, import value of fire extinguisher parts declined by 26.2% compared to 2020. The export value of fire extinguisher parts declined by 69.4%, mainly due to the lower exports to Singapore which declined by 93.0% from RM15.0 million in 2020 to RM1.0 million in 2021.

Import value of fire extinguisher parts



Export value of fire extinguisher parts



(Source: DOSM)

- The main rationales that Malaysia imports and exports fire extinguishers at the same time are as follows:
  - Domestic manufacturers import to provide a wider range of fire extinguishers for their customers. They usually will not source from other domestic manufacturers who are deemed their competitors;
  - Some importers are distributors of foreign brands and products to compete against domestic manufacturers and suppliers; and
  - Some manufacturers also export their products to expand their business to other countries.

4.3 Global steel conditions and prices

- Steel is one of the input materials used in the manufacture of active fire protection systems and equipment. Between 2017 and 2019, global steel prices ranged between US$418/tonne and US$637/tonne, with an average price of US$538/tonne. In 2020, global steel prices dipped to their lowest since 2017 at US$385/tonne on 11 May 2020. Since then, global steel prices have been increasing and reached US$1,100/tonne on 24 May 2021.

Global steel bimonthly prices

(Source: Vital Factor analysis)

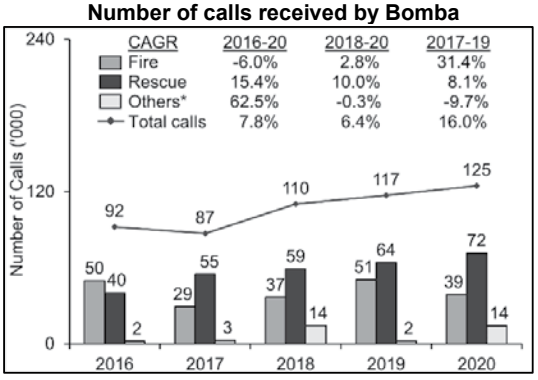
- The increase in steel prices between May 2020 and May 2021 was mainly driven by an increase in steel demand contributed by the recovery of the global automotive market. Furthermore, steel production in 2020 was initially halted or delayed as construction and manufacturing industries were closed or operated on reduced capacity, which resulted in historically low inventories of steel. In addition, there were shortages of iron ore due to supply chain disruptions. However, since June 2021, steel prices have started to decline where it reached a low of US$780/tonne on 10 January 2022. In February 2022, steel prices started to increase and reached US$1,275/tonne on 11 April 2022 due to the Russia-Ukraine conflict and ongoing lockdowns in China, which disrupted the supply of steel. The steel prices subsequently declined to US$878/tonne on 23 May 2022.

5. DEMAND DEPENDENCIES

5.1 Fire incidences

- Fire incidences increase the awareness for the need of fire protection equipment. Between 2016 and 2020, the number of calls received by Bomba grew at a CAGR of 7.8%. In 2020, calls related to fires amounted to approximately 39,000 cases, and fire incidents killed 118 people, injured 413 people and caused an estimated loss of RM2.2 billion.

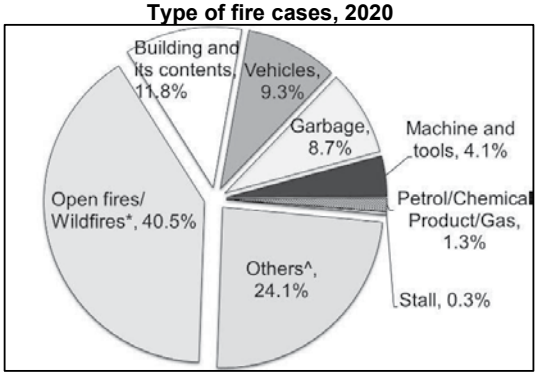
Number of calls received by Bomba



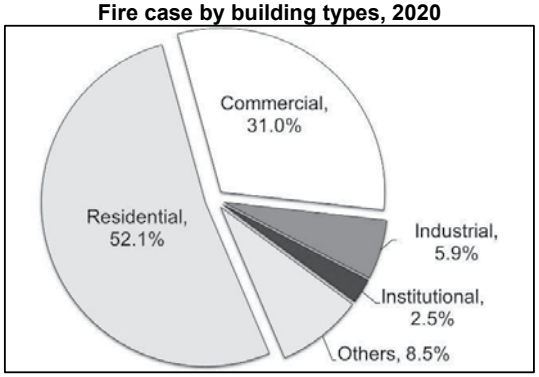
*Note: Latest available data. * Others include special services and false calls (Source: Ministry of Housing and Local Government (KPKT))*

- For the first 3 quarters of 2021, calls related to fires amounted to approximately 29,000 cases, and fire incidents killed 58 people, injured 269 people and caused an estimated loss of RM1.1 billion.

Type of fire cases, 2020



Fire case by building types, 2020

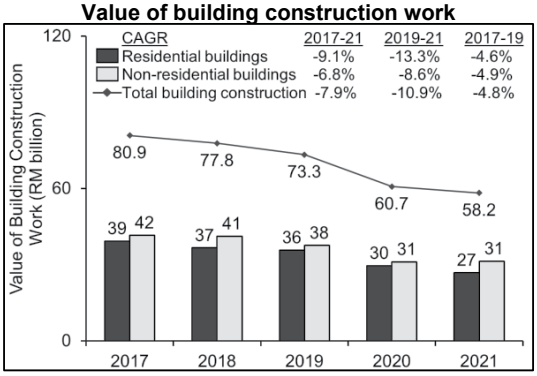


*Note: Latest available data. * Includes farm, forest, bush and weed fires; ^ Includes planes, helicopter, ship, ferry, boat and others not elsewhere specified (Source: KPKT; Vital Factor analysis)*

- In 2020, fire cases within buildings accounted for 11.8% of total fire cases, amounting to 4,599 cases, of which residential and commercial premises collectively accounted for 83.1% of fire cases within buildings.

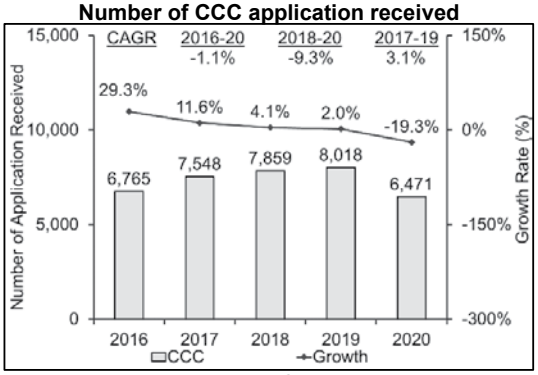
5.2 Performance of building construction and property development industries

Value of building construction work



(Source: DOSM)

Number of CCC application received



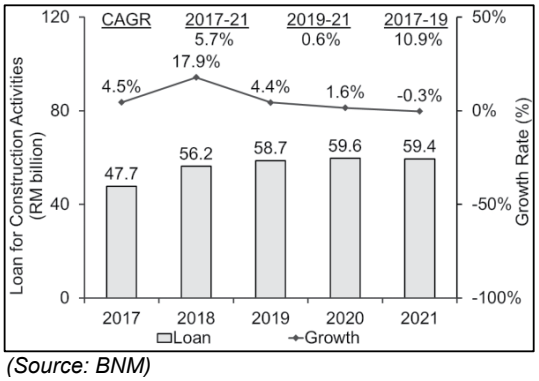
Note: Latest available data (Source: KPKT)

- Active fire protection systems and equipment are dependent on the building construction industry including new buildings, as well as remodelling or renovations. Before COVID-19 pandemic, the value of building construction work declined at an average annual rate of 4.8% between 2017 and 2019 mainly due to fewer and smaller new projects amid the commercial property glut and elevated level of unsold residential properties *(Source: BNM)*. In 2020, the value of building construction work continued to decline by 17.2% compared to 2019. In 2021, the value of building construction work declined by 4.1% compared to 2020, due to continued restrictions on movement and operating capacity. In Q1 2022, the value of building construction work declined by 3.6% compared to Q1 2021. However, on a quarter-to-quarter basis, the value of building construction work grew by 9.5% compared to Q4 2021 following the easing of containment measures.

- Certificate of Completion and Compliance (CCC) of buildings will only be issued after certified fire systems and/or equipment are installed. Between 2016 and 2020, the number of CCC applications received by local governments declined at an average annual rate of 1.1% mainly due to fewer completed projects amid the decline in building construction. In 2020, the number of CCC applications declined by 19.3% as construction work was disrupted due to the containment measures implemented in Malaysia.

- The performance of the construction industry is dependent on the availability of loans to fund construction activities. Availability of loans is dependent on factors such as liquidity in the market, financial institutions' internal lending policies, the Government and BNM's policies and guidelines. Between 2017 and 2021, loans for construction activities including buildings and civil engineering construction grew at a CAGR of 5.7% to provide liquidity for companies to carry out construction work. As at 30 April 2022, loans for construction activities amounted to RM57.6 billion.

Loan for construction activities



(Source: BNM)

- The property development industry is associated with the building construction industry. As such, the future supply of properties can be used as one of the indicators for the future construction of buildings which will drive demand for fire protection equipment. Future supply includes incoming supply which comprises units where construction works are in progress but CCC or temporary

certificate of fitness for occupation has not been issued, and planned supply comprises units with building plan approvals but have not commenced construction as yet.

- Before the COVID-19 pandemic, between 2017 and 2019, the future supply of high-rise residential and industrial properties declined, while high-rise commercial properties grew. An increase in the future supply of high-rise commercial units indicates opportunities for active fire protection equipment suppliers as more active fire protection equipment will be needed.

Future supply of high-rise residential, high-rise commercial and industrial units

	High-rise Residential[1] (units)			High-rise Commercial[2] (units)			Industrial (units)		
	Incoming	Planned	Future[3]	Incoming	Planned	Future[3]	Incoming	Planned	Future[3]
2017	201,870	195,739	397,609	175,411	152,998	328,409	5,675	7,513	13,188
2018	199,231	194,235	393,466	113,418	209,919	323,337	4,917	7,057	11,974
2019	199,451	190,708	390,159	147,405	198,724	346,129	4,343	7,169	11,512
2020	192,066	183,101	375,167	164,871	182,242	347,113	4,354	6,828	11,182
2021	172,070	181,387	353,457	193,319	178,469	371,788	4,316	6,701	11,017
CAGR(2017-21)	-3.9%	-1.9%	-2.9%	2.5%	3.9%	3.2%	-6.6%	-2.8%	-4.4%
CAGR(2019-21)	-7.1%	-2.5%	-4.8%	14.5%	-5.2%	3.6%	-0.3%	-3.3%	-2.2%
CAGR(2017-19)	-0.6%	-1.3%	-0.9%	-8.3%	14.0%	2.7%	-12.5%	-2.3%	-6.6%

(1) High-rise residential units comprise low-cost flats, flats, condominiums and apartments. (2) High-rise commercial units comprise serviced apartments, small office home office (SOHO) and purpose-built offices; (3) Future supply = incoming supply + planned supply. (Source: National Property Information Centre (NAPIC))

- In 2021, the future supply of high-rise residential properties, high-rise commercial properties and industrial properties recorded -5.8%, 7.1% and -1.5% respectively compared to 2020. In Q1 2022, the future supply of high-rise residential properties declined by 7.7% while high-rise commercial properties and industrial properties grew by 2.2% and 1.4% respectively compared to Q1 2021.

6. COMPETITIVE LANDSCAPE

- As of 3 June 2022, it was estimated that there were 241 members registered with the Malaysian Fire Protection Association (MFPA), of which 142 members were involved in the active fire protection sector, 24 members were involved in the passive fire protection sector and 75 members were involved in other activities. Not all fire protection operators are registered with MFPA.

- Below is a list of manufacturers and/or assemblers of active fire protection equipment and/or systems sorted in descending order of group/company revenue. This list is used to provide an indication and is not exhaustive.

Name	FYE[1]	Grp/Co. Rev[2] (RM mil)	Seg Rev (RM mil)	Grp/Co. GP[2] (RM mil)	Grp/Co. GP Margin[2]	Grp/Co. NP[2] (RM mil)	Grp/Co. NP Margin[2]
FITTERS Diversified Bhd [3]	Mar-22	422.8	94.3	21.9	5.2%	-16.7	-4.0%
Steel Recon Industries S/B [4]	Dec-20	116.8	-	36.1	30.9%	13.8	11.8%
Unique Fire Group	**Mar-21**	**63.4**	**-**	**16.7**	**26.3%**	**5.3**	**8.4%**
Eversafe Extinguisher S/B	Mar-21	58.5	-	19.9	34.0%	-3.6	-6.2%
VIC Engineering S/B [5]	Dec-20	26.6	-	10.4	39.2%	4.4	16.5%
Fire Fighter Group [6]	Dec-20	24.8	-	12.4	50.0%	4.0	16.3%

FYE = financial year ended; Grp = Group; Co. = Company; Rev = revenue; mil = million; Seg = Segment; GP = gross profit; NP = net profit after tax; Bhd = Berhad; S/B = Sdn Bhd.

(1) Latest available audited financial information from Companies Commission of Malaysia and Unique Fire Group. FITTERS Diversified Bhd was based on 15-month unaudited consolidated results for the FYE 31 March 2022 as announced on the website of Bursa Securities on 2 June 2022.

(2) For total group or company which may include other business activities and products.

(3) Listed on Bursa Securities. Segment revenue is for fire services division comprising sales of fire materials and equipment, rendering of services and construction contract services. Group revenue also includes property development and construction, renewable and waste-to-energy and green palm oil mill, and pipe manufacturing.
(4) Also involved in design, installation, training and technical support.
(5) Also involved in the installation of fire equipment and related engineering works.
(6) Aggregated revenue, gross profit and net profit is inclusive of Fire Fighter Industry Sdn Bhd (Rev: RM21.4 million, GP: RM11.7 million, NP: RM3.8 million) and Fire Fighter Manufacturers Sdn Bhd (Rev: RM3.4 million GP: RM0.7 million, NP: RM0.2 million). It is also involved in the business of contract work and providing after sale services.

- The methodology used to compile the information on the companies listed above was based on secondary market research, such as company websites, industry directories and Bursa Securities. The criteria for the selection of competitors are based on the following:
  - The group or company must be involved in the manufacture and/or assembly active fire protection equipment and/or systems, with operational facilities in Malaysia;
  - Group or company revenue must be RM10 million and above; and
  - Availability of latest financial statements.

7. MARKET SIZE AND SHARE

- There are no statistics on the market size of active fire equipment industry in Malaysia, and as such, it is not possible to determine the market size and share of Unique Fire Group.

8. INDUSTRY CONSIDERATION FACTORS

- The factors of demand for active fire protection equipment are contributed by the general well-being of the economy, performance of the construction and property development industries and the regulatory framework in Malaysia. In 2021, real GDP of Malaysia's economy and the construction sector recorded 3.1% and -5.2% respectively compared to 2020. In Q1 2022, real GDP of Malaysia's economy and the construction sector recorded 5.0% and -6.2% respectively compared to Q1 2021. In 2021, the future supply of high-rise residential, high-rise commercial and industrial units recorded -5.8%, 7.1% and -1.5% respectively compared to 2020. In Q1 2022, the future supply of high-rise residential properties declined by 7.7% while high-rise commercial properties and industrial properties grew by 2.2% and 1.4% respectively compared to Q1 2021.

- Any regulatory changes that increase the existing requirement for fire protection equipment, such as the requirement for more types of residential homes or motor vehicles to have fire extinguishers, will facilitate the demand for active fire protection industry. Furthermore, the requirement that portable fire extinguishers have to be scrapped 10 years after the manufacturing date would also facilitate the replacement market for hand portable fire extinguishers. For further details on the regulatory requirements, please refer to Section 3 of this Industry Overview.

- The performance of the active fire protection industry is dependent upon, among others, the recovery of Malaysia's economy as well as the global economies from the COVID-19 pandemic. In addition to the eight economic stimulus packages provided by the Malaysian government which amounted to RM530 billion, a further RM332.1 billion has been allocated to drive the recovery of the economy as indicated in the Budget 2022. Any resurgence of COVID-19 cases and reimposition of containment measures will weigh on the growth of the economy. Overall, the economy in Malaysia grew by 3.1% in 2021 with a forecasted real GDP growth between 5.3% and 6.3% in 2022 *(Source: BNM)*.

- Other considerations which will drive demand include growing public awareness of fire safety, recovery in the construction industry as well as the implementation of stringent regulations for fire protection in buildings. Although the real GDP of the construction industry declined by 5.2% in 2021, it is expected that the construction industry will recover in 2022 with a forecasted real GDP growth of 6.1% *(Source: BNM)*.

8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY OCCUR EITHER INDIVIDUALLY OR IN COMBINATION, AT THE SAME TIME OR AROUND THE SAME TIME) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE. YOU SHOULD CAREFULLY CONSIDER THE RISKS 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 PROFESSIONAL ADVISER.

8.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

8.1.1 We are dependent on the building construction and property development industries

We are dependent on the building construction and property development industries as active fire protection systems, equipment and accessories are mainly for installation in built environment including buildings, amenities, facilities and infrastructure. This is because our main customers, namely M&E and FPS contractors and FPS maintenance service providers, operate in the building construction and property development industries, where they are involved in new building construction, and renovations or remodelling. Our revenue from M&E and FPS contractors and FPS maintenance service providers collectively accounted for 93.60%, 93.20%, 93.60% and 93.64% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

From this perspective, the demand for our fire protection products would be adversely affected if there is a slowdown in the building construction and property development industries caused by, among others, containment measures from the COVID-19 pandemic, a slowdown in construction of new properties due to oversupply, a slowdown in property renovations, refurbishments and extensions, decline in the availability of loans to finance construction activities, decline in public or private sector construction projects, and other factors that may adversely affect building construction and property development activities.

The real GDP of the construction industry declined by 5.2% in 2021. In Q1 2022, the real GDP of the construction industry contracted by 6.2% compared to Q1 2021. Nevertheless, the quarter-on-quarter growth of the construction industry continued to recover with the growth of 2.7%. Overall, the real GDP of the construction industry is forecasted to grow by 6.1% in 2022. *(Source: Industry Overview)*. Nevertheless, there is a risk that any slowdown in the construction industry may negatively impact on the demand for our products and our financial performance may be adversely affected.

8.1.2 Our business operations and financial performance may be adversely affected if the COVID-19 pandemic is prolonged or occurrence of similar epidemic or pandemic in the future

Our business and financial performance were affected by the economic and other disruptions related to COVID-19 in Malaysia. Measures implemented to control the spread of COVID-19 caused some disruptions to our Operational Facility in Shah Alam, Selangor as summarised in the following table:

Period	Operational Status
18 March 2020 to 3 May 2020	Temporary shut down during MCO 1.0
4 May 2020 to 31 May 2021	Operating at normal workforce capacity
1 June 2021 to 2 July 2021	Operating at 60% workforce capacity during NRP Phase 1
3 July 2021 to 16 July 2021	Temporary shut down due to EMCO in Selangor
17 July 2021 to 22 August 2021	Operating at 60% workforce capacity during NRP Phase 1

8. RISK FACTORS (Cont'd)

Period	Operational Status
23 August 2021 to 9 September 2021	Operating at normal workforce capacity after the revision of SOP
10 September 2021 to 30 September 2021	Operating at normal workforce capacity during NRP Phase 2
1 October 2021 up to 16 October 2021	Operating at normal workforce capacity during NRP Phase 3
17 October 2021 up to 31 March 2022	Operating at normal workforce capacity during NRP Phase 4
1 April 2022 up to the LPD	Operating at normal workforce capacity during the Transition to Endemic phase

We were able to carry out our business operations, apart from the periods and restrictions described above, with compliance to relevant SOP and guidelines. Any deterioration in the COVID-19 pandemic in Malaysia, such as increases in new daily COVID-19 infections and/or the emergence of more infectious and/or virulent COVID-19 variants, or occurrence of similar epidemic or pandemic in the future could result in the tightening of economic and social constraints and other restrictions, which could include, among others, suspension or reduced workforce capacity for our operations, interruption in the supply chain, restrictions in sales and marketing activities, reduction in purchase orders from customers, and delays in delivery of orders. This could adversely affect our business operations and financial performance.

While we have implemented and enforced the relevant SOP and guidelines at our Operational Facility in Shah Alam, Selangor during the MCO and prior to the Endemic Phase to reduce the risk of COVID-19 between our employees at the workplace, there can be no assurance that there will be no positive diagnosis for COVID-19 among our employees. There is a risk that the Ministry of Health Malaysia or other authorities may require us to temporarily shut down our Operational Facility in Shah Alam, Selangor if our employees receive positive diagnoses for COVID-19. The affected employee, other employees who have close contact with them and employees who exhibit symptoms consistent with COVID-19 may be quarantined, depending on the SOP in force at that time, and may be unable to perform their work duties. As at the LPD, a total of 45 of our employees had positive diagnosis for COVID-19, all of whom have since recovered and returned to work.

The COVID-19 pandemic may also result in delays in implementing our business strategies and plans in accordance with the expected timeline as set out in Section 6.18 of this Prospectus. Such delays may adversely affect the development of our business and future financial performance.

For further information on the financial impact and effects of the COVID-19 pandemic on our business operations, please refer to Section 11.3 in this Prospectus on the Management's Discussion and Analysis and Section 6.17 in this Prospectus on material interruptions to our business.

8.1.3 We could lose or fail to renew our distributorship agreements if we are unable to fulfil the agreed sales target and/or other obligations

For the Financial Years and Period Under Review, we have distributorship agreements for products used in our assembly and distribution business segments. These include distributorship agreements with the following suppliers:

- Orient Fire Pte Ltd for the supply of products used to assemble fire suppression systems and marketed and/or distributed under our Unique227 and Unique5112 brands;
- Kidde-Fenwal Inc. for the supply of products used to assemble HFC and FK5112 fire suppression systems that are distributed under Kidde brands, as well as the supply of wet chemical fire suppression systems that are distributed under Range Guard brand;

8. RISK FACTORS (Cont'd)

- Honeywell International Sdn Bhd and Demco Industries Sdn Bhd for the distribution of fire detection and alarm devices for brands including System Sensor and Demco respectively;
- ZYfire Hose Corporation for the distribution of ZYfire hoses; and
- Chang Der Fire Protection Corporation and Viking Corporation (Far East) Pte Ltd for the distribution of sprinkler systems under CD and Viking brands, respectively.

Our distributorship agreements are subject to renewal from time to time. There is a risk that we may not be able to renew them if we are unable to fulfil our obligations under the respective distributorship agreements, such as achieving sales targets (where relevant) and abiding by the agreed payment terms. There is also a risk that our distributorship agreements may not be renewed even if we meet our obligations as renewal is under the discretion of the respective supplier. In addition, a supplier may decide to terminate our distributorship agreement before it is due for renewal.

During the Financial Years and Period Under Review, revenue related to our distributorship agreements amounted to RM19.95 million (25.02%), RM20.76 million (27.25%), RM17.17 million (27.06%) and RM15.04 million (27.91%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Our purchases from suppliers with whom we have distributorship agreements amounted to RM12.96 million (25.51%), RM16.95 million (32.82%), RM8.29 million (19.88%) and RM9.59 million (24.41%) of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

If a distributorship agreement is not renewed or terminated for any reason, we may need to source products from other suppliers to supply to our customers. Although we have renewed our distributorship agreements as at the LPD, there can be no assurance that we would be able to retain our distributorship agreements in the future.

8.1.4 We mainly adopt an indirect distribution channel strategy where we are dependent on intermediaries to buy our products for installation, maintenance or resale

We are dependent on indirect distribution channels where we supply our fire protection systems, equipment and accessories to intermediaries, including M&E contractors, FPS contractors and FPS maintenance service providers, and wholesalers and retailers. For the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, indirect distribution channels accounted for 93.88%, 93.68% and 94.15% and 94.75% of our total revenue, respectively. The purchases of fire protection systems, equipment and accessories made by M&E contractors and FPS contractors are mainly based on the specifications of M&E consultants, who are normally engaged by property or asset owners, property developers or main contractors to design the building's fire protection system (as part of its M&E system), which includes specifying the types and/or brands of fire protection systems, equipment and accessories to use. Ultimately, the final decision makers for fire protection system, equipment and accessories are the property or asset owners, or property developers. M&E consultants may also take into consideration the preferences and requirements of property or asset owners, property developers or main contractors in specifying fire protection systems, equipment and accessories. We do not supply our fire protection systems, equipment and accessories directly to M&E consultants, property or asset owners, property developers or main contractors. FPS maintenance service providers are usually engaged by building owners and property developers to maintain their fire protection systems, while retailers and wholesalers purchase our products to resell to their own customers.

As the revenue for our fire protection systems, equipment and accessories are mainly derived from intermediaries, our financial performance will be dependent on the demand from this group of customers. If the business performance of our intermediaries is adversely affected due to factors including, among others, termination, delay or suspension of their projects, and business interruptions due to COVID-19 containment measures or other events, our financial performance would also be adversely affected. There is no assurance that our business performance would not be adversely affected by our reliance on intermediaries in the future.

8. RISK FACTORS (Cont'd)

8.1.5 We are exposed to fluctuations in the market price of steel

Steel is a globally traded commodity whose market price is subject to fluctuations, and we are exposed to these fluctuations through our purchases of empty cylinders (which are made of steel), as well as steel coils and plates. We purchase empty cylinders and steel coils and plates for our assembly and manufacturing operations. Empty cylinders and steel coils and plates collectively accounted for 27.49%, 24.12%, 29.49% and 31.67% of our purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. In addition, we purchase other fire protection systems, equipment and accessories that are made of steel, such as parts for wet and dry riser systems, and hydrants, sprinkler systems, fire hose reels and cabinets. Fluctuations in steel prices may affect our purchase prices for input materials used in our assembly and manufacturing operations as well as goods for our distribution operations.

Steel is a commodity whose price is affected by, among others, global economic performance, demand, production capacity and supply. Between 2017 and 2019, global steel prices ranged between US$418/tonne and US$637/tonne, with an average price of US$538/tonne. In 2020, global steel prices dipped to their lowest since 2017 at US$385/tonne on 11 May 2020. Since then, global steel prices have been increasing and reached US$1,100/tonne on 24 May 2021, before subsequently falling to US$780/tonne on 10 January 2022. However, in February 2022, steel prices started to increase and reached US$1,275/tonne on 11 April 2022, and then declined to US$878/tonne on 23 May 2022 *(Source: Industry Overview)*. Geopolitical events, such as the Russian-Ukraine war, may result in fluctuations in commodity prices, including the market price of steel. Fluctuations in the market price of steel may have an adverse effect on our business operations and/or financial performance.

An increase in the market price of steel may increase the purchase prices of empty cylinders, steel coils and plates, and other fire protection systems, equipment and accessories that are made of steel, which could consequently increase the costs of the fire protection systems, equipment and accessories that we assemble, distribute and manufacture. We currently adopt a monthly pricing strategy whereby we review the prices of our fire protection systems, equipment and accessories every month to take into account, among others, the effects of changes in the price of steel and foreign exchange rates, and we adjust our prices accordingly from time to time, when required. We have been able to pass on some increases in costs to our customers in the past. Nevertheless, there is no assurance that we can pass on any of the increases in costs resulting from changes in the price of steel and foreign exchange rates to our customers. If we are unable to pass on the increases in costs to our customers, this would adversely affect our margins and financial performance.

8.1.6 We are dependent on our Executive Directors and key management team

We are dependent on the experience, expertise, technical knowledge and contributions of our Managing Director, Liew Sen Hoi and Executive Directors namely Dato' Marcus Liew and Ryan Liew, as well as our key senior management namely Roy Liew, Ray Liew, Cheow Zi Ying, Tan Hoay Ling and Mohamad Azmir Bin Ramli. Their years of experience is summarised in the following table:

Person	Years of Experience
Liew Sen Hoi	Approximately 51 years in the fire protection industry
Dato' Marcus Liew	Approximately 17 years in the fire protection industry
Ryan Liew	Approximately 15 years in the fire protection industry
Roy Liew	Approximately 15 years in the fire protection industry
Ray Liew	Approximately 11 years in the fire protection industry
Cheow Zi Ying	Approximately 18 years in accounting related functions
Tan Hoay Ling	Approximately 17 years related to inventory and production planning
Mohamad Azmir Bin Ramli	Approximately 27 years related to quality control and product certifications

8. RISK FACTORS (Cont'd)

Our day-to-day business operations and the successful implementation of our business strategy may be adversely affected if we lose the services of one or more of the Directors or key senior management team and are unable to find a suitable and timely replacement. For further information on the profiles of our Directors and key senior management team, please refer to Sections 5.1.2 and 5.2.8 of this Prospectus.

8.1.7 We rely on external manufacturers and/or suppliers for our brands of assembled and distribution products

We rely on external manufacturers and/or suppliers for our brands of assembled and distribution products. During the Financial Years and Period Under Review, we had approximately 90, 80, 90 and 80 external manufacturers and/or suppliers for our brands of assembled and distribution products for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. As at the LPD, we assemble CO_2 and HFC fire suppression systems, fire extinguishers, fire hose reel and fire hoses where the parts and components are purchased from external manufacturers. As at the LPD, we distribute wet and dry riser system, and hydrant as well as fire protection accessories where the finished products are manufactured by external parties. These products are sold under our brands including Unique, Unique227, Yama and Commander during the Financial Years and Period Under Review. Revenue contribution from our brands of assembled and distribution products amounted to RM48.90 million (61.35%), RM48.41 million (63.53%), RM39.88 million (62.84%) and RM43.88 million (81.46%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

From this perspective, we face risks that third party materials and finished products that are purchased from external parties may have manufacturing defects, which may compromise the overall quality of our brands of fire protection systems and equipment. This may in turn affect our market reputation, result in customers making product warranty or liability claims against us, and/or authorities requiring us to recall our products, which may negatively affect our business operations and financial performance.

While we carry out quality checks on the products that we purchase from external parties based on sampling, as well as carry out in-process and final QC checks on the products that we assemble and manufacture, there is no assurance that third party products may not affect the quality of our brands of products.

8.1.8 Our customers may make product warranty claims against us

Our customers may make product warranty claims against us concerning the supply of fire protection systems, equipment and accessories.

We provide the following product warranty against manufacturing defects for products that we assemble, distribute or manufacture under our brands:

- typically, we provide a one (1)-year warranty which commences from the date of delivery of our products;
- two (2)-year warranty for infrastructure projects which commences from date of certification of line completion; and
- five (5)-year warranty for Unique227 fire suppression systems that are sold to customers for installation in TNB facilities. The five (5)-year warranty period which commences from the date of installation of the system and after each maintenance date, is a requirement of TNB for our Unique227 fire suppression systems.

Product warranty for the third party brands that we assemble and distribute ranges from one (1) to three (3) years depending on the products and these are provided by the respective brand owners.

8. RISK FACTORS (Cont'd)

If a customer makes a warranty claim against us for the products we assemble, distribute or manufacture under our brand name, there is a risk that we will incur additional costs of replacing the product or making good the defects, which may adversely affect our financial performance. We do not have back-to-back product warranty arrangements with the suppliers of finished products sold under our brands, or with external manufacturers of finished goods that we sell under our brands. One exception is our assembled Unique brand of HFC-227ea fire suppression system, which we are able to claim against Orient.

During the Financial Years and Period Under Review, customers have made claims against our brand of products for manufacturing defects amounting to RM8,995, RM17,824, RM17,664 and RM10,651 for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. The value of these claims was equivalent to 0.02%, 0.03%, 0.03% and 0.02% of our revenue from our brand of manufactured, assembled and distributed products for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively, and are not regarded as material to our Group.

As for fire suppression systems for installation in TNB facilities, this is similar to the five (5)-year warranty as required by TNB. During the Financial Years and Period Under Review, customers have made claims against third party brands of products for manufacturing defects amounting to RM33,017, RM21,303, RM51,779 and RM10,346 for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. The value of these claims was equivalent to 0.18%, 0.14%, 0.46% and 0.02% of our revenue from third party brands of assembled and distributed products for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively, and are not regarded as material to our Group. Upon receiving product warranty claims from customers against third party brands, we will normally make a corresponding warranty claim with the respective brand owner. In most cases, the brand owner would honour the warranty claim unless the warranty period granted has lapsed. There is no assurance that any future warranty claims against us would not adversely affect our financial performance.

8.1.9 We are subject to the risk of product liability

We may be exposed to risks of product liability when we are the brand owner of the products that we sell to our customers. Exposure to product liability generally stems from, among others, defective design, manufacturing defects, faulty products, inaccurate or inadequate warnings and instructions, and mislabelled products. Claims for product liability could arise from damages to properties and lives caused by, among others, incorrect formulation or labelling of extinguishing agents, explosions involving faulty cylinders or faulty sensors, valves and other parts and components.

Any product liability claims or legal actions against us as the brand owner may result in negative publicity which may damage our reputation and brand equity as well as affect our business operations and financial performance. We may also be subjected to, among others, product recall or temporary suspension of sales which would affect our financial performance.

As at the LPD, we have general liability insurance to provide coverage against product liability claims for the fire protection systems, equipment and accessories that we supply. Our general liability insurance provides coverage in respect of all sums which we shall become legally liable to pay in respect of personal injury and property damage of up to RM8.5 million (for any one occurrence and aggregated for the policy period), and product liability coverage of up to RM2.00 million for (for any one occurrence and aggregated for the policy period).

During the Financial Years and Period Under Review and up the LPD, we have not received any claims for damages on product liability or other grounds from our customers which had a material effect on our business operation or financial performance. However, there is no assurance that we will not receive any such claims or legal actions in the future. There can also be no assurance that our general liability insurance coverage will be sufficient to provide coverage against any claims of product liability in the future.

8. RISK FACTORS (Cont'd)

8.1.10 We are subject to the risk of non-renewal or revocation of permits and/or regulatory licences

We require approvals, major licences and permits from the relevant authorities to carry out our business operations. Details of the approvals, major licences and permits obtained by our Group are set out in Section 6.19 of this Prospectus. For example, we are required to obtain approval certificates from Bomba for certain products as prescribed by Bomba from time to time pursuant to the Fire Services Act 1988. Generally, these approval certificates issued by Bomba are valid for one (1) year and are renewable upon expiry.

In addition, pursuant to the conditions of UFI's manufacturing licence set out in Section 6.19, UFI was required to employ at least 80% Malaysians for its full-time workforce by 2020. As at the LPD, our subsidiary UFI's total workforce consists of 133 employees, of which 94 are Malaysians and 39 are foreign workers from Bangladesh, Myanmar and Nepal. UFI's foreign workers are involved mainly in our manufacturing operations which involve manual labour. As at the LPD, UFI has achieved 71% Malaysian workforce. Given the on-going COVID-19 pandemic, we were unable to achieve this workforce requirement. UFI had on 15 September 2021 submitted an application to MIDA for an extension of time up to 31 December 2022 to comply with this requirement, and the approval from MIDA has been obtained.

Based on our Group's experience, we have found it difficult to recruit and retain local employees to fill in positions which involve manual labour. However, UFI will continue its efforts such as offering competitive remuneration packages, providing staff accommodation for outstation local employees, continuing with recruitment efforts (such as putting out job advertisements, appointing recruiters, referrals etc), providing training to unexperienced local employees as well as improving on machine automation going forward to reduce reliance on foreign workers.

We expect to be able to increase our Malaysian workforce to meet this local workforce requirement in tandem with our business strategies and plans, in particular with the expected staff increase from our plans to establish new sales offices and warehouses in Johor and Penang. Please see Section 6.18 for further details of our business strategies and plans. Nonetheless, if UFI is unable to meet the local workforce requirement within the prescribed timeframe, UFI's manufacturing licence may be revoked pursuant to the section 6 of the ICA 1975. In such event, UFI will need to cease its assembly and manufacturing activities and our Group's operations and financial performance will be materially and adversely affected. Upon revocation, any person who engages in manufacturing activity without a licence is guilty of an offence under the ICA 1975 and is liable on conviction to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding six (6) months and to a further fine not exceeding RM1,000 for every day during which such default continues.

If UFI's manufacturing licence is revoked (as described above) and we have to cease our assembly and manufacturing activities, our revenue would be materially and adversely affected as we would only be able to sell those fire protection systems and equipment that we had already completed and are in our inventory. Consequently, we may not be able to complete some of the orders that we have on-hand at that time, unless and until we are able to source fire protection systems and equipment from other suppliers that are acceptable to the affected customers, and there can be no assurance that we will be able to source these equipment and systems from other suppliers. In addition, we may not be able to accept new orders for the fire protection systems and equipment that we assemble and manufacture. During the Financial Years and Period Under Review, assembly of fire protection systems and equipment was the largest revenue contributor which accounted for RM37.00 million (46.42%), RM35.77 million (46.94%), RM30.72 million (48.42%) and 26.85 million (49.83%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Manufacturing of fire protection equipment accounted for RM10.96 million (13.75%), RM11.39 million (14.95%), RM11.14 million (17.55%) and RM9.99 million (18.54%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

8. RISK FACTORS (Cont'd)

There is a risk that we would not be able to realise our revenue from the assembly and manufacture of fire protections systems and equipment if we have to cease these business activities.

In the event that we do not obtain the required approvals, major licences and permits and/or such approvals, major licences and permits are not renewed or are revoked, we will not be able to carry on our business operations and this would adversely impact our business and financial performance.

8.1.11 Our business may be disrupted if we do not have adequate input materials and goods for distribution

Our business requires that we maintain adequate inventory of input materials and goods for distribution to avoid instances of under-stocking goods. We have to procure and maintain adequate quantities of input materials and goods for distribution to avoid under-stocking particular products, which can result in a delay in our assembly or manufacturing operations, as well as disruption to our distribution operations resulting in delays or inability to fulfil our customers' orders promptly.

Furthermore, there is a risk that disruptions in the importation of goods into Malaysia or disruption in supplies from overseas may disrupt our business operations as a large proportion of the input materials and goods for distribution that we purchase are from suppliers in other countries. Purchases of input materials and goods for distribution from suppliers in foreign countries accounted for RM38.23 million (75.25%), RM39.17 million (75.85%), RM31.14 million (74.72%) and RM27.27 million (69.38%) of our purchases of input materials, goods for distribution and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. In the event of a disruption in supply, we may not be able to purchase from alternative suppliers for some of the input materials and goods for distribution, particularly those that are purchased from brand owners and suppliers. In such an event, our assembly, distribution and manufacturing operations may be disrupted if our stock of the affected input materials or goods for distribution are exhausted. During the Financial Years and Period Under Review and as at the LPD, we have not faced any disruptions, including disruptions related to the Russian-Ukraine war, in purchasing input materials and goods for distribution from suppliers in foreign countries. Nevertheless, there can be no assurance that we will not face supply disruptions in the future.

For the FYE 2021, the value of our inventories (which includes input materials and goods for distribution) was RM21.08 million and our average inventories turnover period for the FYE 2021 was 161 days. For the FPE 2022, the value of our inventories (which includes input materials and goods for distribution) was 24.25 million and our average inventories turnover period for the FPE 2022 was 153 days. We maintain this level of inventory to ensure that we have adequate input materials and goods for distribution on-hand to avoid disruptions to our assembly, distribution and manufacturing businesses, and to ensure that we can fulfil customers' orders on-time. Our inventory planning policy for input materials for assembly and manufacturing and goods for distribution that are sourced from suppliers in Malaysia is to establish minimum and maximum stock levels that are sufficient to sustain two (2) to three (3) months of operations. Our supply chain manager will review stock levels on a weekly basis to identify items for replenishment and place orders accordingly. For input materials and goods for distribution sourced from suppliers in other countries, we establish minimum and maximum stock levels and our supply chain manager will prepare monthly purchase suggestions to be approved by our Managing Director. We place orders with suppliers in other countries three (3) to five (5) months in advance to mitigate against potential disruptions.

However, there can be no assurance that we will not experience shortages of input materials and goods for distribution in the future not face incidents of under-stocking goods in the future which may adversely affect our financial performance.

8. RISK FACTORS (Cont'd)

8.1.12 Our growth prospects may be limited if we are unable to implement or face delays in implementing our business strategies and plans

Our business strategies and plans involve enhancing our manufacturing facilities by installing new hand portable dry chemical fire extinguisher manufacturing lines and developing new dry chemical fire extinguisher designs that comply with MS and BS, enhancing our operational capabilities by increasing storage capacity and implementing WMS, and implementing digital fire extinguisher identification data system and enhancing our IT system, expanding our geographical coverage by establishing new sales offices and warehouses in Johor and Penang, and enhancing advertising and marketing activities, and installing a rooftop solar photovoltaic system at our Operational Facility in Shah Alam, Selangor. For further information on our business strategies and plans, please refer to Section 6.18 of this Prospectus.

There is a risk that our plans may be delayed due to COVID-19 pandemic or we may fail to successfully implement our business strategy and plans due to, among others, failure to comply with certain standards, failure to secure customers for the new products, adverse market conditions and/or limited experience or expertise. Any delays or failure to successfully implement our business strategies and plans may adversely affect our expected financial performance and growth prospects.

8.1.13 We are exposed to foreign currency exchange rate fluctuations

During the Financial Years and Period Under Review most of our revenue was denominated in RM, while our purchases of input materials and services were denominated in foreign currencies. The breakdown of our revenue and purchases which was transacted in RM and foreign currencies during the Financial Years and Period Under Review are summarised in the following tables:

	<----------Audited---------->							
	FYE 2019		**FYE 2020**		**FYE 2021**		**FPE 2022**	
	'000	**%**	**'000**	**%**	**'000**	**%**	**'000**	**%**
RM	78,702	98.75	75,423	98.99	62,619	98.70	53,222	98.80
USD	997	1.25	771	1.01	825	1.30	649	1.20
Total revenue	**79,699**	**100.00**	**76,194**	**100.00**	**63,444**	**100.00**	**53,871**	**100.00**
RM	12,575	24.75	12,470	24.15	10,537	25.28	12,031	30.61
USD	38,215	75.22	39,157	75.83	31,126	74.68	27,191	69.19
SGD	15	0.03	13	0.02	19	0.04	-	-
EUR	-	-	-	-	-	-	77	0.20
Total purchases	**50,805**	**100.00**	**51,640**	**100.00**	**41,682**	**100.00**	**39,299**	**100.00**

Please refer to Section 11.3 on the Management's Discussion and Analysis for additional information.

We are exposed to foreign currency exchange gains or losses arising from timing differences between invoices received and payments to suppliers that are denominated in foreign currencies and translated into RM. Fluctuations in foreign currency exchange rates between the RM and the foreign currencies, namely USD, may have a material effect on our reported income and expenses, as they are stated in RM in our combined financial statements. For further information on our realised and unrealised gains and losses on foreign exchange during the Financial Years and Period Under Review, please refer to Section 11.3 on the Management's Discussion and Analysis.

An unfavourable foreign exchange rate will also increase the costs of purchasing materials that are denominated in the affected foreign currencies. Although we started to adopt a monthly pricing strategy from June 2021 whereby we review the prices of our fire protection systems, equipment and accessories every month to take into account, among others, the effects of changes in the cost of our materials and foreign exchange rates, there is no assurance that our financial performance would not be affected by any unfavourable exchange rate fluctuations against the RM.

While foreign exchange rate fluctuations have not had a material effect on our financial performance during the Financial Years and Period Under Review, there can be no assurance that our financial performance will not be affected by any adverse foreign exchange rate fluctuations in the future.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We face competition in our industry

We face competition from other operators involved in supplying fire protection systems. As of 3 June 2022, there were an estimated 241 members registered with the Malaysian Fire Protection Association (MFPA), of which 142 were involved in active fire protection sector, 24 were involved in passive fire protection sector and 75 were involved in other activities. Not all fire protection operators are registered with MFPA *(Source: Industry Overview)*. In addition, we may face competition from new operators who enter the industry from time to time.

In general, the barriers to entry faced by new operators of the active fire protection industry in Malaysia depends on the industry segment.

There are substantial barriers to entry for new assemblers and manufacturers of active fire protection equipment and systems, mainly due to the following factors:

- set-up and investment in assembly or manufacturing facilities as well as machinery and equipment;
- having the technical knowledge, skills and experience to carry out assembly or manufacturing;
- carrying out assembly or manufacturing requires skilled and general workforce;
- specified products or systems will need to be certified by Bomba before they can be stationed or installed in any premises;
- as part of the Bomba certification process, where applicable, the product or system has to be certified by testing laboratories that are recognised by Bomba such as, among others, SIRIM Berhad, Underwriters Laboratories LLC, FM Approvals LLC or testing laboratories recognised by the Department of Standards Malaysia; and
- new operators have to bear up-front costs of product development, prototyping, testing and product certification.

Barriers to entry for new distributors of active fire protection equipment are low as they can source products or systems that already have the relevant product certifications obtained by the respective manufacturer or supplier. However, for new types of products or systems that have not obtained Bomba certification yet, there will be a requirement for the new distributor to obtain Bomba certification on behalf of the manufacturer or supplier.

Our current and prospective customers have the option of procuring fire protection systems, equipment and accessories from one or more of our competitors. The competition that we face may result in, among others, reduction in the prices of our products and thus affecting our profit margins, increase in our marketing activities and thus expenses, and/or loss of business due to competitors' offerings, which may adversely affect our business operations and financial performance.

8. RISK FACTORS (Cont'd)

We have our strengths and advantages to maintain our competitive position, including, among others, our established track record, our brands of fire protection systems, equipment and accessories, our assembled and manufactured fire protection systems and equipment, our range of fire protection systems, equipment and accessories to meet the diverse needs of our customers and experienced Directors and key management team to grow our business. Nevertheless, there can be no assurance that we will continue to compete effectively in our industry and failure to do so may adversely affect our growth prospects and financial performance.

8.2.2 We are subject to economic, social, political, regulatory and pandemic risks

Economic, social, political and regulatory developments in Malaysia could have a materially adverse effect on our business operations and financial performance. These include, but are not limited to, occurrence of war, civil unrest, rebellion or civil disobedience, changes in political leadership or system of government, changes in economic, interest rate, taxation, trade, corporate ownership or investment policies, nationalisation or expropriation, global, regional or domestic economic recession or slowdown, changes in the regulations that govern the fire protection industry, and prolonged COVID-19 pandemic or emergence of new epidemics or pandemics in Malaysia. These events are beyond our control, and the occurrence of one or more of these events may harm our business operations and financial performance.

8.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

The IPO Price was determined after taking into consideration various factors including but not limited to our business strategies and our financial and operating history. There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and the market price of our Shares will not decline below the IPO Price.

8.3.2 Our Share price and trading volume may be volatile

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. Sentiment is 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 volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

(i) variations in our results and operations;

(ii) success or failure in our management team in implementing business and growth strategies;

(iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(iv) changes in conditions affecting the industry, the prevailing local and global economic conditions or stock market sentiments or other events or factors;

(v) natural disasters, health epidemics and outbreaks of contagious diseases;

(vi) additions or departures of key senior management;

(vii) fluctuations in stock market prices and volumes; or

(viii) involvement in litigation.

8.3.3 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

As disclosed in Section 5.1 of this Prospectus, our Promoters will collectively hold in aggregate 71.56% of our enlarged issued share capital upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. For instance, due to the Promoters' collective shareholding, unless the Promoters are required to abstain from voting either by law and/or by the relevant guidelines or regulations, where the Promoters vote in favour for ordinary resolutions which require a simple majority approval, their voting in favour will result in the ordinary resolutions being passed, or in the instance of special resolutions which require at least a majority of 75% shareholders' approval, if they vote in favour they will be able to influence the passing and approval of these resolutions at a general meeting. Conversely, if the Promoters vote against such resolutions, such resolutions would not be able to be passed.

8.3.4 There may be a potential delay to or cancellation of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

(i) the MITI approved Bumiputera investors fail to acquire the Shares allocated to them under the Public Issue;

(ii) our Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder;

(iii) the revocation of approvals from the relevant authorities for the Listing and/or admission for whatever reason; or

(iv) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company and the Offeror, shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company and the Offeror shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

8. RISK FACTORS (Cont'd)

Where subsequent to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company and the Offeror shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:

(a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

(b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from the directors.

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