9. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding six (6) months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

9.1 RELATED PARTY TRANSACTIONS

9.1.1 Material related party transactions entered into by our Group

The following table sets out the material related party transactions that we had entered into with related parties in respect of the Financial Years and Period Under Review and up to the LPD:

	Transacting parties and nature of relationship	Nature of transaction and purpose	Transaction value				
			FYE			FPE	From 1 January 2022 to LPD[(1)]
			2019 RM’000	2020 RM’000	2021 RM’000	2022 RM’000	RM’000
1	Liew Sen Hoi, Lim Show Ching, Dato’ Marcus Liew, Ryan Liew, Roy Liew and Ray Liew as the vendors; and Unique Fire as the purchaser Liew Sen Hoi and Lim Show Ching, prior to completion of the Acquisition of UFI, are common directors and shareholders of Unique Fire and UFI. Liew Sen Hoi, Lim Show Ching, Dato’ Marcus Liew, Ryan Liew, Roy Liew and Ray Liew are shareholders of UFI prior to completion of the Acquisition of UFI. Dato’ Marcus Liew and Ryan Liew are also our Executive Directors.	Acquisition of UFI [(3)]	-	-	-	-	50,529
2	Liew Sen Hoi, Dato’ Marcus Liew, Ryan Liew, Roy Liew and Ray Liew as the vendors; and Unique Fire as the purchaser Liew Sen Hoi, prior to completion of the Acquisition of UDI, is common director and shareholder of Unique Fire and UDI. Liew Sen Hoi, Dato’ Marcus Liew, Ryan Liew, Roy Liew and Ray Liew are shareholders of UDI prior to completion of the Acquisition of UDI. Dato’ Marcus Liew and Ryan Liew are also our Executive Directors.	Acquisition of UDI [(3)]	-	-	-	-	70

9. RELATED PARTY TRANSACTIONS (Cont'd)

	Transacting parties and nature of relationship	Nature of transaction and purpose	Transaction value				
			FYE			FPE	From 1 January 2022 to LPD[(1)]
			2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	RM'000
3	UFI and Cfyre Protection Sdn Bhd ("**Cfyre**") Ryan Liew was a common director of UFI and Cfyre Protection Sdn Bhd. He was a director of Cfyre Protection Sdn Bhd from 5 April 2019 to 24 March 2021, and a shareholder of Cfyre Protection Sdn Bhd from 5 April 2019 to 21 April 2021.	Supply of products by UFI to Cfyre	-	122 (0.16% of our Group's revenue)	117 (0.18% of our Group's revenue)	5[(2)]	-
4	UFI and Liew Sen Hoi, Ryan Liew and Roy Liew respectively Liew Sen Hoi, Ryan Liew and Roy Liew are directors of UFI.	Disposal of a total of four (4) motor vehicles by UFI to the respective directors	-	-	-	730	-

Note:

(1) The percentage is not able to be ascertained as at the LPD as the Group's audited financial statements for 1 January 2022 up to the LPD is not available.

(2) Ryan Liew had ceased to be a director since 24 March 2021 and shareholder of Cfyre since 21 April 2021, hence this related party transaction will not recur in the future.

(3) These related party transactions relate to the acquisition of the equity interest in UFI and UDI by the Company, which is an internal restructuring involving the shareholders and forms part of the Listing Scheme and are not recurring in nature.

9. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors confirm that the above transactions were transacted on an arm's length basis and based on normal commercial terms which are not more favourable to the related party and are not to the detriment to our minority shareholders. In relation to the Acquisition of UFI and the Acquisition of UDI, the purchase considerations of the transactions were arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of UFI and UDI as at 31 March 2021 respectively. The Acquisition of UFI and the Acquisition of UDI were deemed related party transactions based on the definition of the Listing Requirements and form part of the internal restructuring of which the details are set out in Section 4.1.1 (a).

In relation to the supply of products by UFI to Cfyre, the fire protection products are supplied by UFI to Cfyre at market price. In addition, the transactions with Cfyre contributed less than one percent (1%) of our Group's revenue for the Financial Years Under Review. As such, the transactions with Cfyre are not detrimental to our Group.

After our Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and / or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation / asset or of various parcels of land contiguous to each other.

Upon our Listing, the Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

9.1.2 Related party transactions that are unusual in nature or condition

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years Under Review and up to the LPD.

9.1.3 Loans and/or financial assistance made to or for the benefit of related parties

Our Directors have confirmed that there is no loan (including guarantees of any kind) and / or financial assistance made by us to or for the benefit of related parties for the Financial Years Under Review and up to the LPD.

9. RELATED PARTY TRANSACTIONS (Cont'd)

9.1.4 Loans and/or financial assistance from related parties to our Group

The following table sets out the loans (including guarantees of any kind) and/or financial assistance from related parties to us for the Financial Years and Period Under Review and as at the LPD:

		Outstanding amount				
		As at 31 March			As at 31 Dec	As at the LPD
Transacting parties and nature of relationship	Nature of transaction and purpose	2019 RM'000	2020 RM'000	2021 RM'000	2021 RM'000	RM'000[1]
1. UFI and Liew Sen Hoi, Lim Show Ching, Dato' Marcus Liew, and Ryan Liew who are directors and substantial shareholders of our subsidiary UFI	Liew Sen Hoi, Lim Show Ching, Dato' Marcus Liew, and Ryan Liew had given personal joint and several guarantees in favour of AmBank Islamic Berhad for credit facilities of RM5 million granted to UFI.	5,000	5,000	5,000	5,000	5,000
2. UFI and Liew Sen Hoi, Lim Show Ching who are directors and substantial shareholders of our subsidiary UFI	Liew Sen Hoi and Lim Show Ching, had given three (3) personal joint and several guarantees in favour of Hong Leong Bank Berhad for credit facilities totalling to RM11.5 million granted to UFI. Liew Sen Hoi had also charged his personal property held under Geran 70272, Lot 45556, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur in favour of Hong Leong Bank Berhad to secure a principal sum of RM9.7 million and interests thereon. The credit facilities granted by Hong Leong Bank Berhad to UFI had been fully settled and cancelled on 15 June 2021. As at the LPD, the joint and several guarantees and the property charge had been discharged.	11,500	11,500	11,500	11,500	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

		Outstanding amount				
		As at 31 March			As at 31 Dec	As at the LPD
Transacting parties and nature of relationship	Nature of transaction and purpose	2019 RM'000	2020 RM'000	2021 RM'000	2021 RM'000	RM'000[(1)]
3. UFI and Liew Sen Hoi, Lim Show Ching who are directors and substantial shareholders of our subsidiary UFI	Liew Sen Hoi and Lim Show Ching, had given their personal joint and several guarantee in favour of Public Islamic Bank Berhad for credit facilities totalling to RM3.0 million granted to UFI.	3,000	3,000	3,000	3,000	3,000
4. UFI and Liew Sen Hoi, Lim Show Ching who are directors and substantial shareholders of our subsidiary UFI	Liew Sen Hoi and Lim Show Ching, had given their personal joint and several guarantee in favour of Public Bank Berhad for credit facilities totalling to RM18.18 million granted to UFI.	18,180	18,180	18,180	18,180	18,180
5. UFI and Liew Sen Hoi, Lim Show Ching who are directors and substantial shareholders of our subsidiary UFI	Liew Sen Hoi and Lim Show Ching, had given their personal joint and several guarantee in favour of Public Bank Berhad for credit facilities totalling to RM4.5 million granted to UFI.	4,500	4,500	4,500	4,500	4,500

Note:

(1) In respect of the existing personal guarantees which our Promoters Liew Sen Hoi, Lim Show Ching, Dato' Marcus Liew and Ryan Liew had granted in favour of AmBank Islamic Berhad, and Liew Sen Hoi and Lim Show Ching had granted in favour of Public Islamic Bank Berhad and Public Bank Berhad ("**Financiers**") for banking facilities granted to UFI, we have applied to the Financiers for their respective approvals to discharge the guarantees by substituting the same with a corporate guarantee from our Company after our Listing. As at the LPD, we have received conditional approvals for the substitution of the personal guarantees with a corporate guarantee of the Company from the Financiers subject to the Listing.

9. RELATED PARTY TRANSACTIONS (Cont'd)

9.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

9.2.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interests situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

9.2.2 Our Group's policy on related party transactions and conflicts of interest

It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders.

In addition, in line with the Malaysian Code on Corporate Governance and the Corporate Governance Guide, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and / or conflict of interest. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

(The rest of this page has been intentionally left blank)

10. CONFLICT OF INTEREST

10.1 CONFLICT OF INTEREST

10.1.1 Interest in similar business of our Group

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

Moving forward, our Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations and review our Group's current and future related party transactions and ensure that such transactions will be carried out on an arm's length basis and on commercial terms in the best interest of our Group. Our Group will also seek such relevant shareholders' approval where required. We will also make disclosures in our annual report of the aggregate value of any recurrent related party transactions to be entered into by us (where required) based on the nature of the transactions made, names of the related parties involved and their relationship with our Group. Please refer to Section 9.2 of this Prospectus for further details of our monitoring and oversight policy on conflicts of interest.

10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

10.2.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent

AIS and / or its related companies ("**Alliance Banking Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking and credit transaction services business. Alliance Banking Group has engaged and may in the future, engage in transactions with and perform services for Unique Fire Group and / or Unique Fire Group's affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of Alliance Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of Unique Fire Group, its shareholders, and / or its affiliates and / or any other entity or person, hold long or short positions in securities issued by Unique Fire Group and / or its affiliates, and may trade or otherwise effect transactions for its own account or account of its other customer in debt or equity securities or loans of any member of Unique Fire Group and / or its affiliates. This is the result of the businesses of Alliance Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the Alliance Banking Group now have or in the future, may have an interest or take actions that may conflict with the interest of Unique Fire Group. Nonetheless, Alliance Banking Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

AIS has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent to our Group in relation to the Listing. The Underwriting Agreement, which certain details are set out in Section 4.6 of this Prospectus, was entered into on arm's length basis and on market terms.

10.2.2 Solicitors for the Listing

Chooi & Company + Cheang & Ariff has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in relation to the Listing.

10.2.3 Auditors and Reporting Accountants

Crowe Malaysia PLT has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to the Listing.

10.2.4 Independent Business and Market Research Consultants

Vital Factor has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to the Listing.

(The rest of this page has been intentionally left blank)

11. FINANCIAL INFORMATION

11.1 HISTORICAL AUDITED COMBINED FINANCIAL INFORMATION

The historical audited combined financial information of our Group for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group. Additionally, the unaudited financial statements for the FPE 2021 has been prepared for comparison purpose only.

You should read the historical audited combined financial information below together with:

- Management's Discussion and Analysis of Financial Conditions and Results of Operations set out in Section 11.3 of this Prospectus; and
- Accountants' Report set out in Section 12 of this Prospectus.

(a) Historical audited combined statements of profit or loss and other comprehensive income of our Group

	<-----------Audited----------->			Unaudited	Audited
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2021 RM'000	FPE 2022 RM'000
Revenue	79,699	76,194	63,444	46,067	53,871
Cost of sales	(56,578)	(54,032)	(46,753)	(33,638)	(40,665)
GP	**23,121**	**22,162**	**16,691**	**12,429**	**13,206**
Other income	1,728	534	666	517	1,085
	24,849	22,696	17,357	12,946	14,291
Administrative expenses	(9,106)	(10,267)	(8,295)	(5,957)	(7,177)
Selling and distribution expenses	(1,213)	(1,283)	(681)	(462)	(776)
Finance costs	(831)	(667)	(441)	(303)	(475)
Other expenses	(557)	(318)	(19)	-	(115)
(Net impairment losses on financial assets) / Reversal of impairment losses on financial assets	267	-	(239)	-	324
PBT	**13,409**	**10,161**	**7,682**	**6,224**	**6,072**
Income tax expense	(3,464)	(2,677)	(2,358)	(1,583)	(1,661)
PAT / Total comprehensive income for the financial year	**9,945**	**7,484**	**5,324**	**4,641**	**4,411**
GP margin(1) (%)	29.01	29.09	26.31	26.98	24.51
PBT margin(2) (%)	16.82	13.34	12.11	13.51	11.27
PAT margin(3) (%)	12.48	9.82	8.39	10.07	8.19
Effective tax rate (%)	25.83	26.35	30.70	25.43	27.35
EBITDA(4) (RM'000)	16,486	12,782	9,757	7,756	7,549
Basic and diluted EPS					
- After the Acquisition of UFI and UDI(5) (sen)	3.14	2.37	1.68	1.47	1.39

	<-----------Audited-----------> FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	Unaudited FPE 2021 RM'000	Audited FPE 2022 RM'000
- After the Public Issue(6) (sen)	2.49	1.87	1.33	1.16	1.10

Notes:

(1) GP margin is calculated based on GP divided by revenue.

(2) PBT margin is calculated based on PBT divided by revenue.

(3) PAT margin is calculated based on PAT divided by revenue.

(4) EBITDA is calculated as follows:

		<-----------Audited----------->			Unaudited	Audited
		FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2021 RM'000	FPE 2022 RM'000
PAT		9,945	7,484	5,324	4,641	4,411
Add:	Income tax expense	3,464	2,677	2,358	1,583	1,661
	Depreciation	2,250	1,959	1,634	1,227	1,002
	Amortisation	-	1	-	2	-
	Finance costs	831	667	441	303	475
Less:	Interest income	(4)	(6)	-	*	*
EBITDA		**16,486**	**12,782**	**9,757**	**7,756**	**7,549**

* Amount is less than RM500

(5) Based on PAT divided by the assumed number of Shares in issue of 316,250,000 after the Acquisition of UFI and UDI, but before Public Issue.

(6) Based on PAT divided by the assumed number of Shares in issue of 400,000,000 after the Public Issue.

There was no share of profits of associated companies or joint ventures, and no exceptional or extraordinary items throughout the Financial Years and Period Under Review. The audited financial statements of our Group for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 were not subject to any qualification or modification.

(The rest of this page has been intentionally left blank)

(b) Historical audited combined statements of financial position of our Group

	<-------------------------Audited------------------------->			
	As at 31 March 2019 RM'000	As at 31 March 2020 RM'000	As at 31 March 2021 RM'000	As at 31 December 2021 RM'000
ASSETS				
Property, plant and equipment	30,356	27,403	26,581	26,484
Right-of-use assets	-	1,377	963	432
Intangible assets	-	19	-	-
Total non-current asset	**30,356**	**28,799**	**27,544**	**26,916**
Inventories	17,140	20,088	21,081	24,254
Trade and other receivables	24,466	24,177	24,471	26,511
Cash and bank balances	1,972	2,073	3,693	4,152
Total current assets	**43,578**	**46,338**	**49,245**	**54,917**
Total assets	**73,934**	**75,137**	**76,789**	**81,833**
EQUITY AND LIABILITIES				
Share capital	-	-	-	*
Invested capital	9,105	9,305	9,455	9,455
Retained profits	46,014	47,320	41,144	45,555
Total equity	**55,119**	**56,625**	**50,599**	**55,010**
Lease liabilities	-	144	171	101
Long-term borrowings	9,885	12,222	11,345	10,961
Deferred tax liabilities	407	289	274	376
Total non-current liabilities	**10,292**	**12,655**	**11,790**	**11,438**
Trade and other payables	5,132	4,301	8,332	9,687
Amount due to a director	52	-	-	-
Lease liabilities	-	449	279	114
Short-term borrowings	2,444	689	5,181	5,048
Current tax liabilities	895	418	608	536
Total current liabilities	**8,523**	**5,857**	**14,400**	**15,385**
Total liabilities	**18,815**	**18,512**	**26,190**	**26,823**
Total equity and liabilities	**73,934**	**75,137**	**76,789**	**81,833**
NA	55,119	56,625	50,599	55,010

Note:

* Amount is less than RM500.

11.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness:

(i) as at 30 April 2022, after taking into account the Acquisition of UFI and UDI but before our Public Issue and use of proceeds; and

(ii) after adjusting for the proceeds arising from our Public Issue and use of proceeds from our Public Issue.

	(Unaudited) As at 30 April 2022	After the Public Issue and use of proceeds
	RM'000	**RM'000**
INDEBTEDNESS		
Current		
Secured and guaranteed:		
Bankers' acceptance	4,657	4,657
Term loans	294	294
Lease liabilities	993	993
	5,944	5,944
Non-current		
Secured and guaranteed:		
Term loans	10,626	10,626
Lease liabilities	469	469
	11,095	11,095
Total Indebtedness	**17,039**	**17,039**
CAPITALISATION		
Shareholders' equity	56,574	74,949
Total capitalisation and indebtedness	73,613	91,988
Gearing ratio (times)*	0.30	0.23

Note:

* Computed based on total indebtedness divided by our shareholders' equity.

(The rest of this page has been intentionally left blank)

11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

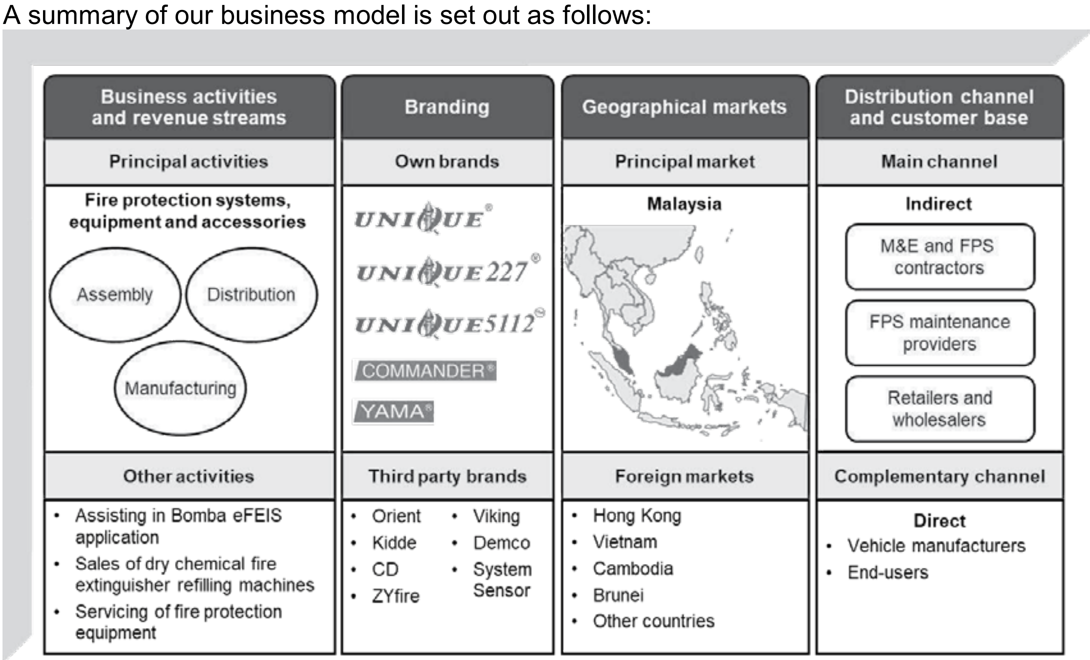
The following discussion and analysis should be read together with the Accountants' Report as set out in Section 12 of this Prospectus.

The management's discussion and analysis contains data derived from our audited combined financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in these forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 8 of this Prospectus.

11.3.1 Overview of our operations

Our Company is principally an investment holding company and through our wholly-owned subsidiaries, UFI and UDI, are principally involved in the assembly, distribution and manufacturing of active fire protection systems, equipment and accessories for built environment. In addition, our other business activities include assisting in Bomba eFEIS application, sales of dry chemical fire extinguisher refilling machines and servicing of fire protection equipment.

A summary of our business model is set out as follows:



Please refer to Section 6 of this Prospectus for further information on our business activities.

11.3.2 Review of operations

(a) **Revenue**

Our revenue is derived from the assembly, distribution and manufacturing of active fire protection systems, equipment and accessories both under our own brands and third-party brands which contributed more than 98% of our total revenue with the balance of the revenue contribution from the other activities such as assisting in Bomba eFEIS application, sales of dry chemical fire extinguisher refilling machines and servicing of fire protection equipment. We derived most of our revenue from Malaysia with only 1.25%, 1.01%, 1.30%, 1.78% and 1.20% of our total revenue for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively, contributed from the foreign countries, such as Hong Kong, Myanmar, Vietnam, Cambodia and Brunei.

As we are involved in the assembly, distribution and manufacture of active fire protection systems, equipment and accessories for the built environment, our revenue stream can be classified into the following business activities:

Assembly : We assemble fire suppression systems and equipment by integrating multiple parts and components that we purchased from external suppliers and where relevant, filling cylinders with extinguishing agents and propellant to form the finished product.

Distribution : We distribute fire suppression systems, equipment and accessories under our brands and third party brands where we source the products from domestic and foreign manufacturers and suppliers and supply the products to our customers. No modification or alteration is involved in our distribution activities.

Manufacturing : We manufacture fire protection equipment under our brand involving the transformation of input materials into finished products. In particular, we manufacture hand portable dry chemical fire extinguishers, where we manufacture the fire extinguisher cylinders in-house and put together the parts and fill the cylinders with extinguishing agents.

In addition to the above, our other business activities include assisting in Bomba eFEIS application, sales of dry chemical fire extinguisher refilling machines and servicing of fire protection equipment. Please refer to Section 6.4.2 of the Prospectus for further information on our business activities and revenue stream.

The range of active fire protection systems, equipment and accessories that we market under our assembly, distribution and manufacturing activities are illustrated below:

Product categories	Assembly activities	Distribution activities	Manufacturing activities
Fire suppression systems	- CO_2 fire suppression systems - HFC fire suppression systems	- Sprinkler systems - Dry and wet riser systems and hydrants - Wet chemical fire suppression systems	Not applicable
Fire protection equipment	- Trolley mounted dry chemical fire extinguishers - CO_2 fire extinguishers - Foam fire extinguishers - Fire hose reels - Fire hoses	- Fire hoses	- Hand portable dry chemical fire extinguishers
Fire protection accessories	Not applicable	- Fire alarm and detection devices - Batteries - Cabinets - Fire blankets	Not applicable

Revenue from the sale of goods is recognised when our Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Our revenue is recognised net of any sales discounts and tax.

Our revenue is mainly driven by the following key factors:

- the performance of building construction and property development industries and the general economy which may affect the demand for our products;

- the competition from other operators that are involved in the assembly, distribution and manufacturing of active fire protection systems, equipment and accessories may affect the selling prices and sales volume of our products; and

- our ability to retain existing customers and/or secure new customers based on the quality, price competitiveness and availability and range of our active fire protection systems, equipment and accessories.

Our Group recorded revenue of RM79.70 million, RM76.19 million, RM63.44 million, RM46.07 million and RM53.87 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively, where the revenue from our assembly activities accounted for RM37.00 million (or 46.42%), RM35.77 million (or 46.94%), RM30.72 million (or 48.42%), RM23.02 million (or 49.96%) and RM26.84 million (or 49.83%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

Our revenue from the distribution activities accounted for RM30.42 million (or 38.17%), RM27.92 million (or 36.65%), RM20.48 million (or 32.29%), RM14.70 million (or 31.91%) and RM16.00 million (or 29.70%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

Our revenue from the manufacturing activities accounted for RM10.96 million (or 13.75%), RM11.39 million (or 14.95%), RM11.14 million (or 17.55%), RM7.59 million (or 16.47%) and RM9.99 million (or 18.54%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

Our other activities contributed RM1.32 million (or 1.66%), RM1.11 million (or 1.46%), RM1.10 million (or 1.74%), RM0.76 million (or 1.66%) and RM1.04 million (or 1.93%) of our total revenue for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

(The rest of this page has been intentionally left blank)

11. FINANCIAL INFORMATION (Cont'd)

(i) Analysis of contribution to revenue by business activities and products

The breakdown of our Group's revenue by business activities and products is as follows:

	<----------Audited				---------->		Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
Business activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Assembly	**37,000**	**46.42**	**35,773**	**46.94**	**30,725**	**48.42**	**23,020**	**49.96**	**26,845**	**49.83**
- Fire suppression systems	21,950	27.54	21,113	27.71	19,417	30.60	14,850	32.23	17,015	31.57
- Fire protection equipment	15,050	18.88	14,660	19.23	11,308	17.82	8,170	17.73	9,830	18.26
Distribution	**30,419**	**38.17**	**27,918**	**36.65**	**20,483**	**32.29**	**14,700**	**31.91**	**15,999**	**29.70**
- Fire suppression systems	23,348	29.30	20,691	27.16	14,739	23.23	10,522	22.85	11,707	21.73
- Fire protection accessories	7,071	8.87	7,168	9.41	5,550	8.75	4,067	8.82	4,191	7.78
- Fire protection equipment	-	-	59	0.08	194	0.31	111	0.24	101	0.19
Manufacturing	**10,957**	**13.75**	**11,392**	**14.95**	**11,135**	**17.55**	**7,586**	**16.47**	**9,986**	**18.54**
- Fire protection equipment	10,957	13.75	11,392	14.95	11,135	17.55	7,586	16.47	9,986	18.54
Other activities	**1,323**	**1.66**	**1,111**	**1.46**	**1,101**	**1.74**	**761**	**1.66**	**1,041**	**1.93**
Total revenue	**79,699**	**100.00**	**76,194**	**100.00**	**63,444**	**100.00**	**46,067**	**100.00**	**53,871**	**100.00**

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our total revenue decreased by RM3.51 million or 4.40% to RM76.19 million (FYE 2019: RM79.70 million). The decrease in total revenue for the FYE 2020 was mainly attributable to competitive landscape and commencement of MCO on 18 March 2020 which affected the sales.

For the FYE 2020, revenue from our assembly activities decreased by RM1.23 million or 3.32% to RM35.77 million (FYE 2019: RM37.00 million) mainly due to lower sales of CO_2 fire suppression systems in view of the reschedule of delivery to a later date by our customers amounted to RM0.32 million arising from the commencement of the MCO period on 18 March 2020 coupled with the switch of our product focus to self-assembly HFC fire suppression systems. The HFC fire suppression systems are marketed under our own brand Unique227, where sales picked up mainly for use in TNB's substations during the FYE 2020 following the SGP certification being obtained for such systems in 2018, which partly offset the lower sales of CO_2 fire suppression systems.

For the FYE 2020, revenue from our distribution activities decreased by RM2.50 million or 8.22% to RM27.92 million (FYE 2019: RM30.42 million) mainly due to lower revenue from the sales of fire suppression systems in particular the third party brand sprinkler systems as a result of the introduction of a new sprinkler product with competitive pricing in the market by other industry player during the FYE 2020.

For the FYE 2020, revenue from our manufacturing activities increased by RM0.43 million or 3.92% to RM11.39 million (FYE 2019: RM10.96 million) mainly due to our price competitiveness and value-added services provided to our customers such as the Bomba eFEIS registration.

For the FYE 2020, revenue from our other activities decreased by RM0.21 million or 15.91% to RM1.11 million (FYE 2019: RM1.32 million) mainly due to additional labour services which were charged to a customer in FYE 2019 for a one-off upgrading works conducted on fire suppression system.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our total revenue decreased by RM12.75 million or 16.73% to RM63.44 million (FYE 2020: RM76.19 million). The decrease in total revenue for the FYE 2021 was mainly attributable to the slow down in construction activities and general economy following the containment measures imposed by the Government during the COVID-19 pandemic in particular during the period from March 2020 to June 2020 where the nation was experiencing MCO for the first time and most business activities (except for those essential services which were allowed to operate by MITI) were at a standstill. As a result, our revenue for the assembly, distribution and manufacturing activities were affected as most of our customers are involved in the building construction and property development industries.

For the FYE 2021, as a consequence of the COVID-19 pandemic:

(i) the revenue from our assembly activities decreased by RM5.05 million or 14.12% to RM30.72 million (FYE 2020: RM35.77 million); and

(ii) the revenue from our distribution activities decreased by RM7.44 million or 26.65% to RM20.48 million (FYE 2020: RM27.92 million), as most construction projects were temporary suspended and restrictions on the supply of building materials amidst the containment measures imposed by the Government which caused deferment in the demand from our customers and the delivery of our products were rescheduled to a later date by our customers.

For the FYE 2021, the revenue from our manufacturing activities decreased marginally by RM0.25 million or 2.19% to RM11.14 million (FYE 2020: RM11.39 million). The lower amount of decrease in the revenue from our manufacturing activities as compared to our assembly and distribution activities was mainly due to the pent-up demand and fulfilment of the outstanding delivery for our fire extinguishers after the period of MCO 1.0.

For the FYE 2021, revenue from our other activities decreased by RM0.01 million or 0.90% to RM1.10 million (FYE 2020: RM1.11 million) mainly due to decrease in eFEIS applications made for and charged to customers.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our total revenue increased by RM7.80 million or 16.93% to RM53.87 million (FPE 2021: RM46.07 million). The increase was mainly attributable to the higher sales following the reopening of business activities nationwide in particular the construction and property development activities.

As a result of the resumption of construction and property development activities,

(i) the revenue from our assembly activities increased by RM3.83 million or 16.64% to RM26.84 million (FPE 2021: RM23.02 million);

(ii) the revenue from our distribution activities increased by RM1.30 million or 8.84% to RM16.00 million (FPE 2021: RM14.70 million); and

(iii) the revenue from our manufacturing activities increased by RM2.40 million or 31.62% to RM9.99 million (FPE 2021: RM7.59 million),

where all the products segments which include fire suppression systems, fire protection equipment and accessories also recorded an increase in sales mainly due to the clearance of backlog purchase orders in particular the delivery of fire extinguishers to the project sites and fulfilment of the confirmed orders following the resumption of economic sectors.

For the FPE 2022, the revenue from our other activities also increased by RM0.28 million or 36.84% to RM1.04 million (FPE 2021: RM0.76 million) mainly due to increase in eFEIS applications made for and charge to customers.

The Covid-19 pandemic and the consequential containment measures had affected the overall financial performance of our Group for the FYE 2020, FYE 2021 and FPE 2022. In 2020, real GDP of Malaysia declined by 5.5%. 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. However, the real GDP of the construction industry in 2021 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. *(Source: Industry Overview).*

To address the impact on our financial performance from the Covid-19 pandemic, our Group had also undertaken the following measures:

(i) increase our marketing team personnel in order to intensify the sales and marketing effort. As at the LPD, we had hired 2 additional marketing personnel;

(ii) adopt innovative marketing strategy by engaging M&E consultants directly to promote our Group's own brand and products; and

(iii) maintain the inventory level of our products to enhance the responsiveness towards our customers' orders.

The economy in Malaysia is forecasted with real GDP growth between 5.3% and 6.3% in 2022. It is also expected that the construction industry, which our business is dependent on, will recover in 2022 with a forecasted real GDP growth of 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: Industry Overview)*.

Based on the above, our Company expects that the overall financial performance of our Group will improve in the FYE 2022.

(b) Cost of sales, GP and GP margin

Our cost of sales comprises the following:

Material costs : Material costs are the main component of our cost of sales which accounted for RM52.40 million (or 92.62%), RM49.72 million (or 92.03%), RM42.81 million (or 91.57%), RM30.73 million (or 91.35%) and RM37.02 million (or 91.02%) of our total cost of sales for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

Our materials cost mainly consists of the following:

- input materials for our assembly and manufacturing activities such as empty cylinders, steel coils and sheets, dry powder, CO_2 and HFC-227ea, fire hose reels and fire hoses parts as well as other fire suppression systems parts and components that are used in our assembly and manufacturing activities.

- goods for distribution procured from suppliers and/or manufacturers for onwards sale or distribution to our customers such as the sprinkler systems, wet and dry riser systems and hydrants, wet chemical fire suppression systems and fire protection accessories.

The cost of purchase is net of rebates and payment discounts received from our suppliers. Such rebates and payments discounts are subject to us achieving certain key performance targets such as quantity purchased and meeting repayment schedule.

Direct expenses : Direct expenses accounted for RM3.08 million (or 5.44%), RM3.28 million (or 6.06%), RM3.02 million (or 6.47%), RM2.19 million (or 6.51%) and RM2.90 million (or 7.14%) of our total cost of sales for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

Our direct expenses mainly comprise salaries, wages allowances, bonuses and other workers' related expenses for the assembly and manufacturing line, packing expenses, Bomba certification fees for our assembly and manufactured products, QC, testing and inspection fees for our assembly and manufactured products.

Factory overheads : Factory overheads accounted for RM1.10 million (or 1.94%), RM1.03 million (or 1.91%), RM0.92 million (or 1.96%), RM0.72 million (or 2.14%) and RM0.75 million (or 1.84%) of our total cost of sales for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

Our factory overheads mainly comprise depreciation charges for machinery and equipment used for our assembly and manufacturing activities, upkeep of machinery and equipment, electricity and water charges.

The key factors affecting our cost of sales, GP and GP margin include the following:

- fluctuation in the prices of our input materials and goods for distribution and our ability to pass on the increase in cost to customers;
- our procurement strategy which would affect our costing and pricing strategy;
- our ability to maintain long-term relationships with our key suppliers and to secure wider range of active fire protection equipment at competitive prices and favourable terms to meet the demand and requirements of our customers; and
- our product sales mix composition as some product categories may have higher GP margin as compared to others.

Our Group recorded cost of sales of RM56.58 million, RM54.03 million, RM46.75 million, RM33.64 million and RM40.67 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively, and the corresponding GP recorded was RM23.12 million, RM22.16 million, RM16.69 million, RM12.43 million and RM13.21 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

(i) Analysis of cost of sales by cost components

A breakdown of our cost of sales by cost components is as follows:

	<------Audited		------Audited------		------>		Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
Cost components	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Material costs	52,401	92.62	49,724	92.03	42,812	91.57	30,730	91.35	37,014	91.02
Direct expenses	3,077	5.44	3,277	6.06	3,024	6.47	2,188	6.51	2,902	7.14
Factory overheads	1,100	1.94	1,031	1.91	917	1.96	720	2.14	749	1.84
Total cost of sales	**56,578**	**100.00**	**54,032**	**100.00**	**46,753**	**100.00**	**33,638**	**100.00**	**40,665**	**100.00**

11. FINANCIAL INFORMATION (Cont'd)

(ii) Analysis of cost of sales by business activities and products

A breakdown of our cost of sales by business activities and products is as follows:

	<----------Audited				---------->		Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
Business activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Assembly	**27,738**	**49.03**	**26,735**	**49.48**	**24,246**	**51.86**	**17,946**	**53.35**	**20,857**	**51.29**
- Fire suppression systems	16,581	29.31	15,875	29.38	15,887	33.98	11,958	35.55	13,119	32.26
- Fire protection equipment	11,157	19.72	10,860	20.10	8,359	17.88	5,988	17.80	7,738	19.03
Distribution	**20,425**	**36.10**	**19,119**	**35.39**	**14,171**	**30.31**	**10,051**	**29.88**	**11,432**	**28.11**
- Fire suppression systems	15,433	27.28	14,033	25.97	10,246	21.91	7,207	21.42	8,395	20.64
- Fire protection accessories	4,992	8.82	5,044	9.34	3,813	8.16	2,795	8.31	3,009	7.40
- Fire protection equipment	-	-	42	0.08	112	0.24	49	0.15	28	0.07
Manufacturing	**7,954**	**14.06**	**7,706**	**14.26**	**7,948**	**17.00**	**5,368**	**15.96**	**8,051**	**19.80**
- Fire protection equipment	7,954	14.06	7,706	14.26	7,948	17.00	5,368	15.96	8,051	19.80
Other activities	**461**	**0.81**	**472**	**0.87**	**388**	**0.83**	**273**	**0.81**	**325**	**0.80**
Total cost of sales	**56,578**	**100.00**	**54,032**	**100.00**	**46,753**	**100.00**	**33,638**	**100.00**	**40,665**	**100.00**

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our total cost of sales decreased by RM2.55 million or 4.51% to RM54.03 million (FYE 2019: RM56.58 million). The decrease in total cost of sales was in line with the decrease in the revenue for the FYE 2020.

The material costs decreased by RM2.68 million or 5.11% to RM49.72 million in the FYE 2020 (FYE 2019: RM52.40 million) mainly due to lower sales during the financial year. The direct expenses increased by RM0.20 million or 6.49% to RM3.28 million in the FYE 2020 (FYE 2019: RM3.08 million) mainly due to higher workers' salary and wages, additional workers were recruited in UDI to manage fire safety courses and seminars, higher Bomba e-FEIS registration and quality control expenses due to higher sales of our fire extinguishers during the FYE 2020. The factory overheads remained relatively stable in the FYE 2020.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our total cost of sales decreased by RM7.28 million or 13.47% to RM46.75 million (FYE 2020: RM54.03 million). The decrease in total cost of sales was in line with the decrease in the revenue for the FYE 2020 in view of the COVID-19 pandemic.

The material costs decreased by RM6.91 million or 13.90% to RM42.81 million in the FYE 2021 (FYE 2020: RM49.72 million) mainly due to the lower input materials used for assembly activities as well as goods for distribution sold during the FYE 2021. The direct expenses also decreased by RM0.26 million or 7.93% to RM3.02 million in the FYE 2021 (FYE 2020: RM3.28 million) mainly due to lower bonus and allowances for workers. The factory overheads decreased by RM0.11 million or 10.68% to RM0.92 million in the FYE 2021 (FYE 2020: RM1.03 million) mainly due to lower utilities expenses as a result of lower assembly activities.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our total cost of sales increased by RM7.03 million or 20.90% to RM40.67 million (FPE 2021: RM33.64 million). The increase in total cost of sales was in line with the increase in revenue and mainly attributable to the increase in material costs as well as direct expenses during the FPE 2022.

The material costs increased by RM6.28 million or 20.44% to RM37.01 million in the FPE 2022 (FPE 2021: RM30.73 million) mainly due to the increased steel prices and trading goods as well as higher purchase of input materials for our assembly and manufacturing activities during the FPE 2022. The direct expenses also increased by RM0.71 million or 32.42% to RM2.90 million in the FPE 2022 (FPE 2021: RM2.19 million) mainly due to higher quality control expenses, salary and SST reclassification. The factory overheads increased by RM0.03 million or 4.17% to RM0.75 million in the FPE 2022 (FPE 2021: RM0.72 million) mainly due to higher utilities expenses as a result of higher assembly and manufacturing activities.

11. FINANCIAL INFORMATION (Cont'd)

(iii) Analysis of GP and GP margins by business activities and products

The breakdown of our Group's GP by business activities and products are as follows:

	<-----Audited				----->		Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
Business activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Assembly	**9,262**	**40.06**	**9,038**	**40.79**	**6,479**	**38.82**	**5,074**	**40.83**	**5,988**	**45.34**
- Fire suppression systems	5,369	23.22	5,238	23.64	3,530	21.15	2,892	23.27	3,896	29.50
- Fire protection equipment	3,893	16.84	3,800	17.15	2,949	17.67	2,182	17.56	2,092	15.84
Distribution	**9,994**	**43.22**	**8,799**	**39.70**	**6,312**	**37.82**	**4,649**	**37.40**	**4,567**	**34.58**
- Fire suppression systems	7,915	34.23	6,658	30.04	4,493	26.92	3,315	26.67	3,312	25.08
- Fire protection accessories	2,079	8.99	2,124	9.58	1,737	10.41	1,272	10.23	1,182	8.95
- Fire protection equipment	-	-	17	0.08	82	0.49	62	0.50	73	0.55
Manufacturing	**3,003**	**12.99**	**3,686**	**16.63**	**3,187**	**19.09**	**2,218**	**17.85**	**1,935**	**14.66**
- Fire protection equipment	3,003	12.99	3,686	16.63	3,187	19.09	2,218	17.85	1,935	14.66
Other activities	**862**	**3.73**	**639**	**2.88**	**713**	**4.27**	**488**	**3.92**	**716**	**5.42**
Total GP	**23,121**	**100.00**	**22,162**	**100.00**	**16,691**	**100.00**	**12,429**	**100.00**	**13,206**	**100.00**

11. FINANCIAL INFORMATION (Cont'd)

The breakdown of our Group's GP margin by business activities and products are as follows:

GP Margin	FYE 2019 %	FYE 2020 %	FYE 2021 %	FPE 2021 %	FPE 2022 %
Assembly	**25.03**	**25.26**	**21.09**	**22.04**	**22.31**
- Fire suppression systems	24.46	24.81	18.18	19.47	22.90
- Fire protection equipment	25.87	25.92	26.08	26.71	21.28
Distribution	**32.85**	**31.52**	**30.82**	**31.63**	**28.55**
- Fire suppression systems	33.90	32.18	30.48	31.51	28.29
- Fire protection accessories	29.40	29.63	31.30	31.28	28.20
- Fire protection equipment	-	28.81	42.27	55.86	72.28
Manufacturing	**27.41**	**32.36**	**28.62**	**29.24**	**19.38**
- Fire protection equipment	27.41	32.36	28.62	29.24	19.38
Other activities	**65.15**	**57.52**	**64.76**	**64.13**	**68.78**
Overall GP Margin	**29.01**	**29.09**	**26.31**	**26.98**	**24.51**

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our GP decreased by RM0.96 million or 4.15% to RM22.16 million (FYE 2019: RM23.12 million). The decrease in the GP was in line with the lower sales recorded during the FYE 2020.

For the FYE 2020, we recorded a decrease in GP from our assembly activities by RM0.22 million or 2.38% to RM9.04 million (FYE 2019: RM9.26 million) which was in line with the decrease in the revenue from our assembly activities. We recorded a decrease in the GP from our distribution activities by RM1.19 million or 11.91% to RM8.80 million (FYE 2019: RM9.99 million) mainly due to lower GP from the sales of third party brand sprinkler systems which corresponded with the decline in such sales. As for the manufacturing activities, we recorded an increase in GP by RM0.69 million or 23.00% to RM3.69 million (FYE 2019: RM3.00 million) mainly due to higher sales of our own manufactured fire extinguishers.

Our overall GP margin improved marginally from 29.01% in the FYE 2019 to 29.09% in the FYE 2020 mainly due to the following:

(a) higher GP margin recorded from our assembly activities of 25.26% in the FYE 2020 (FYE 2019: 25.03%) which was mainly attributable to the higher sales of our self-assembly HFC fire suppression systems which was of higher GP margin; and

(b) higher GP margin recorded from our manufacturing activities of 32.36% in the FYE 2020 (FYE 2019: 27.41%) mainly due to lower cost of sales as we managed to source for more price competitive component parts and discounts received from our steel suppliers during the FYE 2020.

However, such an increase was partly offset by lower sales and GP made during the FYE 2020 from our distribution activities. Generally, the products that we distribute record higher GP margin as compared to our assembly and manufacturing activities, due to limited authorised distributors for certain brands and products in the market. The GP margin for our distribution activities decreased from 32.85% in the FYE 2019 to 31.52% in the FYE 2020 mainly due to lower GP margin for the third party sprinkler systems following some price adjustments made in order to remain competitive as a result of the introduction of a new sprinkler product with competitive pricing in the market by other industry player.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our GP decreased by RM5.47 million or 24.68% to RM16.69 million (FYE 2020: RM22.16 million). The decrease in the GP was in line with the lower overall sales recorded due to the COVID-19 pandemic during the FYE 2021.

Correspondingly, we recorded a decrease in the GP from:

(a) our assembly activities by RM2.56 million or 28.32% to RM6.48 million (FYE 2020: RM9.04 million);

(b) our distribution activities by RM2.49 million or 28.30% to RM6.31 million (FYE 2020: RM8.80 million); and

(c) our manufacturing activities by RM0.50 million or 13.55% to RM3.19 million (FYE 2020: RM3.69 million).

Our overall GP margin decreased from 29.09% in the FYE 2020 to 26.31% in the FYE 2021 mainly attributable to the following factors:

(a) lower GP margin recorded from our assembly activities of 21.09% in the FYE 2021 (FYE 2020: 25.26%) mainly due to the lower GP margin for the sales of our fire suppression systems as discounts were granted to certain key customers to encourage sales during the COVID-19 pandemic period;

(b) lower GP margin recorded from our distribution activities of 30.82% in the FYE 2021 (FYE 2020: 31.52%) mainly due to further price adjustment for our third party brand sprinkler systems to remain competitive during the FYE 2021;

(c) lower proportion GP contribution from our distribution activities which were generally of higher GP margin;

(d) lower GP margin for the manufacturing of fire extinguishers due to the sudden increase in steel prices which was not fully passed on to customers; and

(e) fixed productions overheads continued to be maintained during the MCO periods.

Our overall GP margin in the FYE 2021 had been affected by the Covid-19 pandemic, coupled with the sudden increase in steel prices. In addition to the monthly pricing strategy adopted, which is set out in Section 6.11 of this Prospectus, we also negotiate with our suppliers in advance to secure favourable pricing for the raw materials before fixing the selling price for our customers' orders. In addition, we procure the raw materials in bulk to negotiate for better discount and to fulfill the anticipated demand following the reopening of some economy sectors particularly the building construction and property development industry.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our GP increased by RM0.78 million or 6.28% to RM13.21 million (FPE 2021: RM12.43 million). The increase in the GP was in line with the higher sales recorded following the reopening of business activities nationwide.

We recorded an increase in the GP from:

(a) the assembly activities by RM0.92 million or 18.15% to RM5.99 million (FPE 2021: RM5.07 million); and

(b) the other activities by RM0.23 million or 46.94% to RM0.72 million (FPE 2021: RM0.49 million).

However, such increase in the GP was partly offset by the decrease in the GP from the following:

(a) the distribution activities by RM0.08 million or 1.72% to RM4.57 million (FPE 2021: RM4.65 million); and

(b) the manufacturing activities by RM0.28 million or 12.61% to RM1.94 million (FPE 2021: RM2.22 million).

The overall GP margin decreased from 26.98% in the FPE 2021 to 24.51% in the FPE 2022 mainly attributable to the following factors:

(a) lower GP margin recorded from the distribution activities of 28.55% in the FPE 2022 (FPE 2021: 31.63%) mainly due to increase in the purchase price of goods for distribution which was not fully passed on to customers during the FPE 2022. The prices were offered to the customers prior to the increase of goods for distribution, nonetheless due to slow down in the construction industry as a result of the containment measures imposed by the Government arising from the COVID-19 pandemic, the delivery of goods were made only after the reopening of all economic sectors when the prices of the goods for distribution had increased;

(b) lower GP margin for the manufacturing of fire extinguishers recorded from the manufacturing activities of 19.38% in the FPE 2022 (FPE 2021: 29.24%) due to the increase in steel prices which was not fully passed on to customers as the purchase orders for the fire extinguishers were made prior to the increase of steel price and the delivery of manufacturing of fire extinguishers had absorbed the drastic price adjustments of steel; and

(c) lower proportion GP contribution from the distribution activities which were generally of higher GP margin.

(The rest of this page has been intentionally left blank)

11. FINANCIAL INFORMATION (Cont'd)

(c) Other income

Our Group recorded other income of RM1.73 million, RM0.53 million, RM0.67 million, RM0.52 million and RM1.09 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively. The breakdown of our other income is as follows:

	<------	------	Audited	------	------	------>	Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income	4	0.23	6	1.12	*	*	*	*	*	*
Gain on foreign exchange – unrealised	234	13.54	356	66.67	30	4.50	-	-	-	-
Gain on foreign exchange - realised	-	-	-	-	109	16.37	27	5.22	-	-
Gain on disposal of property, plant and equipment	231	13.37	51	9.55	-	-	16	3.09	468	43.13
Gain in disposal of right-of-use assets	-	-	-	-	52	7.81	-	-	353	32.54
Recovery of bad debts	-	-	118	22.10	202	30.33	202	39.07	24	2.21
Compensation received	1,245	72.05	2	0.37	1	0.15	1	0.19	1	0.09
Others [(1)]	14	0.81	1	0.19	272	40.84	271	52.43	239	22.03
Total	**1,728**	**100.00**	**534**	**100.00**	**666**	**100.00**	**517**	**100.00**	**1,085**	**100.00**

Note:

* Amount is less than RM500.

(1) Mainly comprise subsidy received from SOCSO (PERKESO) under the Prihatin Rakyat Economic Stimulus Package (PrihatinPKS+) Wage Subsidy Programme and sundry income.

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded a decrease in other income by RM1.20 million or 69.36% to RM0.53 million (FYE 2019: RM1.73 million). The decrease was mainly due to the following:

(i) one-off compensation received from overseas supplier of RM1.25 million claimed by our Group in the FYE 2019 as the result of non-performance of the machinery purchased; and

(ii) lower gain on disposal of property, plant and equipment of RM0.05 million in the FYE 2020 (FYE 2019: RM0.23 million).

Such decrease in other income was partly mitigated by the higher unrealised gain on foreign exchange of RM0.36 million in the FYE 2020 (FYE 2019: RM0.23 million) and the recovery of bad debts from our customer of RM0.12 million during the FYE 2020.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded an increase in other income by RM0.14 million or 26.42% to RM0.67 million (FYE 2020: RM0.53 million). The increase was mainly due to the following:

(i) wage subsidy received from SOCSO (PERKESO) under the Prihatin Rakyat Economic Stimulus Package (PrihatinPKS+) Wage Subsidy Programme of RM0.24 million in the FYE 2021;

(ii) gain on foreign exchange recognised of RM0.36 million in the FYE 2021; and

(iii) higher recovery of bad debts of RM0.20 million in the FYE 2021 (FYE 2020: RM0.12 million).

However, the increase in other income was partly mitigated by the lower unrealised gain on foreign exchange of RM0.03 million in the FYE 2021 (FYE 2020: RM0.36 million).

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded an increase in other income by RM0.57 million or 109.62% to RM1.09 million (FPE 2021: RM0.52 million).

The increase was primarily attributable to the gain on disposal of motor vehicles of RM0.82 million. However, it is offset by lower recovery of bad debts of RM0.02 million in the FPE 2022.

(The rest of this page has been intentionally left blank)

11. FINANCIAL INFORMATION (Cont'd)

(d) Administrative expenses

Our Group incurred administrative expenses of RM9.11 million, RM10.27 million and RM8.29 million, RM5.96 million and RM7.18 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively. The breakdown of our administrative expenses is as follows:

	<------Audited				------>		Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Directors' remuneration	1,027	11.28	1,658	16.15	1,753	21.13	1,301	21.82	1,614	22.49
Staff costs	2,910	31.96	3,297	32.11	2,512	30.28	1,821	30.57	1,930	26.89
Depreciation of property, plant and equipment, and right-of-use assets	1,575	17.30	1,368	13.32	1,069	12.89	762	12.79	571	7.96
Upkeep of property, plant and equipment	720	7.90	672	6.55	905	10.91	669	11.23	588	8.19
Professional fees	240	2.63	163	1.59	301	3.63	247	4.15	1,350	18.81
Insurance charges	180	1.98	180	1.75	151	1.82	140	2.35	189	2.63
GST and SST	296	3.25	560	5.45	380	4.58	244	4.10	3	0.04
Travelling expenses	353	3.88	409	3.98	244	2.94	180	3.02	178	2.48
Entertainment	173	1.90	282	2.75	97	1.17	64	1.07	31	0.42
Labour and hiring charges [(1)]	262	2.88	249	2.43	3	0.04	-	-	-	-
Others [(2)]	1,370	15.04	1,429	13.92	880	10.61	529	8.90	723	10.09
Total	**9,106**	**100.00**	**10,267**	**100.00**	**8,295**	**100.00**	**5,957**	**100.00**	**7,177**	**100.00**

Notes:

(1) Labour and hiring charges mainly relates to the outsourced labour charges for the installation work of fire protection system which was provided on an ad-hoc basis.

(2) Others mainly consist of bank charges, printing and stationery, permit and licence fees, quit rent and assessment, cleaning and security charges, sundry expenses and office utilities charges.

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded an increase in administrative expenses by RM1.16 million or 12.73% to RM10.27 million (FYE 2019: RM9.11 million). The increase in administrative expenses was mainly due to the following factors:

(i) increase in directors' remuneration by RM0.63 million mainly due to the appointment of 4 new directors in November 2018 and the remuneration of the 4 new directors for the full financial year was only reflected in FYE 2020;

(ii) increase in staff costs by RM0.39 million mainly due to increase in workforce by 10 employees to cater for the operations of UDI, overall salary increment and leave passage as employee benefits; and

(iii) increase in SST by RM0.26 million mainly due to higher SST incurred for the higher purchases of goods for distribution during the FYE 2020.

However, such increase in administrative expenses was partly mitigated by the decrease in depreciation charges and upkeep of property, plant and equipment of RM0.26 million.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded a decrease in administrative expenses by RM1.97 million or 19.18% to RM8.30 million (FYE 2020: RM10.27 million). The decrease in administrative expenses was mainly due to the following factors:

(i) decrease in staff costs by RM0.79 million due to reduce in workforce by 2 headcounts, lower bonus, reduction in staff benefits such as leave passage in view of the COVID-19 pandemic;

(ii) decrease in depreciation charges by RM0.30 million as some of the property, plant and equipment have been fully depreciated; and

(iii) decrease in travelling expenses by RM0.17 million due to less business activities during the MCO periods;

(iv) decrease in outsourced labour charges for installation work during the FYE 2021 which was on an ad-hoc basis. Our Group is not involved in the provision of installation works unless requested by our customers. In attending to such request, our Group will usually outsource to third party installers to carry out the works; and

(v) decrease in entertainment expenses by RM0.19 million and other expenses such as festive celebration expenses, printing and stationery expenses by RM0.55 million as part of our cost cutting measures in view of the COVID-19 pandemic

However, such decrease in administrative expenses was partly mitigated by the increase in upkeep of property, plant and equipment by RM0.23 million mainly due to the upgrade in ERP system and increase in legal and professional fees by RM0.14 million mainly due to listing expenses.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded an increase in administrative expenses by RM1.22 million or 20.47% to RM7.18 million (FPE 2021: RM5.96 million). The increase in administrative expenses was mainly due to the following factors:

(i) increase in directors' remuneration by RM0.31 million and staff costs by RM0.11 million due to annual salary revision made during the FPE 2022; and

(ii) increase in professional fees by RM1.10 million which is mainly related to the listing expenses.

However, such increase in administrative expenses was partly mitigated by the following:

(i) decrease in depreciation of property, plant and equipment and rights of use assets by RM0.19 million following the disposal of motor vehicles during the FPE 2022;

(ii) upkeep of property, plant and equipment by RM0.08 million mainly due to the decrease in expenses relating to the upgrade in enterprise resource planning system and decrease in expenses for maintenance of motor vehicles for the FPE 2022; and

(iii) decrease in SST paid for the FPE 2022.

(e) Selling and distribution expenses

Our Group incurred selling and distribution expenses of RM1.21 million, RM1.28 million, RM0.68 million, RM0.46 milion and RM0.78 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively. The breakdown of our selling and distribution expenses is as follows:

	<------------------------Audited		------------------------>				Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales commission	338	27.87	399	31.10	170	24.96	117	25.32	169	21.78
Transportation charges	587	48.39	578	45.05	461	67.70	297	64.29	361	46.52
Marketing expenses	217	17.89	70	5.46	38	5.58	35	7.58	85	10.95
Product certification fees	-	-	163	12.70	-	-	-	-	117	15.08
Others [(1)]	71	5.85	73	5.69	12	1.76	13	2.81	44	5.67
Total	**1,213**	**100.00**	**1,283**	**100.00**	**681**	**100.00**	**462**	**100.00**	**776**	**100.00**

Note:

(1) Mainly comprises photography and videography costs and website expenses.

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded a marginal increase in selling and distribution expenses of RM0.07 million or 5.79% to RM1.28 million (FYE 2019: RM1.21 million). The increase was mainly due to the product certification fees incurred to meet the requirement of the FM procedures for Kidde brand HFC filling machine which was partly mitigated by lower marketing expenses incurred for the online sales in the FYE 2020.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded a decrease in selling and distribution expenses of RM0.60 million or 46.88% to RM0.68 million (FYE 2020: RM1.28 million). The decrease was mainly due to lower sales commission for our staff due to the lower sales performance of our Group during the financial year and lower transportation charges in line with the lower sales and less travelling during the FYE 2021 amidst the COVID-19 pandemic.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded an increase in selling and distribution expenses of RM0.32 million or 69.57% to RM0.78 million (FPE 2021: RM0.46 million). The increase was mainly attributable to the product certification fees for Unique227 and Unique 5112 brands of HFC fire suppression systems and higher sales commission and transportation charges for the sales staff in line with higher sales activities and revenue.

(f) Finance costs

Our Group incurred finance costs of RM0.83 million, RM0.67 million, RM0.44 million, RM0.30 million and RM0.48 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively. The breakdown of our finance costs is as follows:

	<--------------------Audited------------------->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bank overdraft interest	59	7.10	161	24.14	12	2.72	10	3.30	6	1.26
Bankers' acceptance interest	29	3.49	3	0.45	35	7.94	-	-	109	22.95
Term loans interest	604	72.68	409	61.32	336	76.19	252	83.17	329	69.26
Hire purchase interest	88	10.59	-	-	-	-	-	-	-	-
Lease liabilities interest	-	-	52	7.79	16	3.63	9	2.97	11	2.32
Bank charges[(1)]	51	6.14	42	6.30	42	9.52	32	10.56	20	4.21
Total	**831**	**100.00**	**667**	**100.00**	**441**	**100.00**	**303**	**100.00**	**475**	**100.00**

Note:

(1) Mainly comprises bank commitment fees and letter of credit charges.

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded a decrease in finance costs of RM0.16 million or 19.28% to RM0.67 million (FYE 2019: RM0.83 million). The decrease in the finance costs was mainly due to advance payment made for the flexi-term loans during the FYE 2020. The flexi-term loan is obtained by our Group to finance the purchase of our existing Operational Facility in Shah Alam, Selangor, with redraw facilities whereby borrower is allowed to make advance payment on top of the monthly repayment schedule. Borrower is also allowed to withdraw such advance payment which is made on top of the monthly repayment schedule from time to time. As part of our Group's cash flow management strategy, the advance payment was made from the surplus cash available in order to reduce our Group's finance costs and withdrawal of such advance payment will be made as and when required by our Group.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded a decrease in finance costs of RM0.23 million or 34.33% to RM0.44 million (FYE 2020: RM0.67 million). The decrease in the finance costs was mainly due to lower utilisation of bank overdraft and advance payment made for the flexi-term loans and lower interest rates for term loans during the FYE 2021.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded an increase in finance costs of RM0.18 million or 60.00% to RM0.48 million (FPE 2021: RM0.30 million). The increase was mainly attributable to higher term loan interest and the utilisation of bankers' acceptance for the purchase of input materials.

(g) Other expenses

Our Group incurred other expenses of RM0.56 million, RM0.32 million, RM0.02 million and RM0.12 million for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. The breakdown of our expenses is as follows:

	<----------Audited				---------->		Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bad debts written off	360	64.63	-	-	-	-	-	-	2	1.74
Loss on foreign exchange – realised	197	35.37	318	100.00	-	-	-	-	109	94.78
Written off of intangible assets	-	-	-	-	19	100.0	-	-	-	-
Written off of property, plant and equipment	-	-	-	-	-	-	-	-	4	3.48
Total	**557**	**100.00**	**318**	**100.00**	**19**	**100.00**	**-**	**-**	**115**	**100.00**

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded a decrease in other expenses of RM0.24 million or 42.86% to RM0.32 million (FYE 2019: RM0.56 million). The decrease in other expenses was mainly due to bad debts written off amounting to RM0.36 million in relation to the outstanding trade receivables that were not recoverable in the FYE 2019. The bad debts written off is not related to our Group's major customer. It was resulted from several customers with insignificant contribution each. Up to the LPD, our Group does not enter into subsisting business relationship with any of these customers, save for a customer whom we managed to recover fully the bad debts amounted to RM0.02 million subsequently.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded a decrease in other expenses of RM0.30 million or 93.75% to RM0.02 million (FYE 2020: RM0.32 million). The decrease in the other expenses was mainly due to the realised loss on foreign exchange recorded in the FYE 2020 and the written off of intangible assets of RM0.02 million recorded in the FYE 2021 in relation to a software invested in UDI due to no future economic benefits are expected from its use.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded other expenses of RM0.12 million (FPE 2021: nil). The increase in other expenses was mainly the realised loss on foreign exchange due to the strengthening of USD during the FPE 2022.

(h) Net impairment losses on financial assets / (Reversal of impairment losses on financial assets)

Our Group recorded reversal of impairment losses on financial assets of RM0.27 million and RM0.32 million for the FYE 2019 and FPE 2022, respectively. Further, our Group incurred net impairment losses on financial assets of RM0.24 million for the FYE 2021. The breakdown of which is as follows:

	<-------------------------Audited				------------------------->		Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Impairment losses on trade receivables	-	-	-	-	239	100.00	-	-	-	-
(Reversal of impairment losses on trade receivables)	(267)	100.00	-	-	-	-	-	-	(324)	100.00
Total	**(267)**	**100.00**	**-**	**-**	**239**	**100.00**	**-**	**-**	**(324)**	**100.00**

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group does not have any impairment losses nor reversal of impairment losses on financial assets. Our Group recorded reversal of impairment losses on trade receivables of RM0.27 million for the FYE 2019 mainly due to lower assessment of expected credit loss in accordance with Malaysian Financial Reporting Standards ("**MFRS**") 9 after taking into consideration the loss given default and probability of default assigned, and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group incurred net impairment losses on trade receivables of RM0.24 million (FYE 2020: nil) due to higher assessment of expected credit loss in accordance with MFRS 9 after taking into consideration the impact of Covid-19 and MCO, global economy and longer trade receivables turnover period during the FYE 2021.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded reversal of impairment losses on trade receivables of RM0.32 million (FPE 2021: nil) due to lower assessment of expected credit loss in accordance with MFRS 9 after taking into consideration the loss given default and probability of default assigned, and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

(i) Income Tax Expense

The breakdown of our income tax expense is set out below:

	<--------------------Audited----------------->			Unaudited	Audited
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2021**	**FPE 2022**
Income tax expense (RM'000)	3,464	2,677	2,358	1,583	1,661
Effective tax rate (%)	25.83	26.35	30.70	25.43	27.35
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

Our Group's effective tax rate was 25.83%, 26.35%, 30.70%, 25.43% and 27.35% for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively.

Our effective tax rate for the FYE 2019 was 25.83% and higher than the statutory tax rate mainly due to under provision of deferred tax in the previous financial year and non-deductible expense which include among others, professional and legal expenses, entertainment and travelling expenses. However, such higher tax expense was partly offset with the non-taxable income mainly arising from the compensation received from the machinery supplier during the FYE 2019 and overprovision of tax expense in the previous financial year.

Our effective tax rate for the FYE 2020 was 26.35% and higher than the statutory tax rate mainly due to non-deductible expense which included among others, inventories written down, professional and legal expenses, entertainment and travelling expenses.

Our effective tax rate for the FYE 2021 was 30.70% and higher than the statutory tax rate mainly due to under provision of tax expense in the previous financial year and the non-deductible expense which included among others, impairment loss on trade receivables, inventories written down, professional and legal expenses, entertainment and travelling expenses.

Our effective tax rate for the FPE 2021 was 25.43% and higher than the statutory tax rate mainly due to under provision of tax expense in the previous financial year and the non-deductible expense which include among others, professional and legal expenses, entertainment and travelling expenses.

Our effective tax rate for the FPE 2022 was 27.35% and higher than the statutory tax rate mainly due to non-deductible expense which include among others, the professional and legal expenses in relation to the listing exercise, entertainment and travelling expenses.

(j) PBT, PBT margin, PAT and PAT margin

Our Group recorded PBT of RM13.41 million, RM10.16 million, RM7.68 million, RM6.22 million and RM6.07 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively. In addition, we recorded PAT of RM9.95 million, RM7.48 million, RM5.32 million, RM4.64 million and RM4.41 million for the FYE 2019, FYE 2020, FYE 2021, FPE 2021 and FPE 2022, respectively. The decrease in our PBT and PAT for the FYE 2019 to FYE 2021, FPE 2021 and FPE 2022 was mainly due to lower GP recorded.

	<------------------Audited	-------------------	------------------->	Unaudited	Audited
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2021**	**FPE 2022**
PBT (RM'000)	13,409	10,161	7,682	6,224	6,072
PAT (RM'000)	9,945	7,484	5,324	4,641	4,411
PBT margin (%)	16.82	13.34	12.11	13.51	11.27
PAT margin (%)	12.48	9.82	8.39	10.07	8.19

Commentary:

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded a decrease in PBT by RM3.25 million or 24.24% to RM10.16 million (FYE 2019: RM13.41 million) and a decrease in PAT by RM2.47 million or 24.82% to RM7.48 million (FYE 2019: RM9.95 million). The decrease in both PBT and PAT was mainly due to lower GP recorded as explained in Section 11.3.2(b) above as well as a decrease in other income by RM1.20 million recorded in the FYE 2020, higher administrative expenses incurred and higher effective tax rate incurred for the FYE 2020. As a result, our PBT margin decreased from 16.82% for the FYE 2019 to 13.34% for the FYE 2020. Correspondingly, our PAT margin also decreased from 12.48% for the FYE 2019 to 9.82% for the FYE 2020.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded a decrease in PBT by RM2.48 million or 24.41% to RM7.68 million (FYE 2020: RM10.16 million) and a decrease in PAT by RM2.16 million or 28.88% to RM5.32 million (FYE 2020: RM7.48 million). The decrease in both PBT and PAT was mainly due to lower GP and GP margin recorded as explained in Section 11.3.2(b) above. As a result and coupled with the higher effective tax rate recorded for the FYE 2021, our PBT margin decreased from 13.34% for the FYE 2020 to 12.11% for the FYE 2021. Correspondingly our PAT margin also decreased from 9.82% for the FYE 2020 to 8.39% for the FYE 2021.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded a decrease in PBT of RM0.12 million or 1.93% to RM6.10 million (FPE 2021: RM6.22 million) and decrease in PAT of RM0.23 million or 4.96% to RM4.41 million for the FPE 2022 (FPE 2021: RM4.64 million). The decrease in both PBT and PAT were mainly due to higher administrative expenses in relation to the professional fees incurred for the listing exercise. As a result, our PBT margin decreased from 13.51% for the FPE 2021 to 11.27% for the FPE 2022 while the PAT margin decreased from 10.07% for the FPE 2021 to 8.19% for the FPE 2022.

11.3.3 Significant factors materially affecting our operations and financial results

Our business operations and financial conditions have been and will continue to be affected by factors including, but not limited to, the following:

(a) Demand and supply condition

Our business, performance and results of operations are dependent on the demand and supply condition of the active fire protection equipment industry in Malaysia. The demand for our active fire protection equipment is dependent on the economic activities and conditions, the performance of the building construction and property development industries 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 as well as the regulatory framework in Malaysia which specified that every designated premises (except for single private dwellings and public religious worship areas) must have adequate fire safety, prevention and protection, and fire-fighting facilities. In addition, the requirement to have a portable fire extinguisher in private dwellings and apartments and flats that fall under the prescribed categories 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.

As such, any slowdown or adverse development in the Malaysian and global economy as well as the prolonged recovery of the building construction and property development industries will limit the demand for our products and our business growth opportunities, and thus adversely affecting our financial performances. The increase in the public awareness of the fire safety and changes in the regulatory framework in Malaysia where the implementation of stringent regulations for fire protection in buildings, are expected to fuel the demand for our active fire protection equipment.

Please refer to Sections 7 and 8 of this Prospectus for further details on the demand and supply conditions in relation to the active fire protection equipment industry in Malaysia and the associated risk factors.

(b) Fluctuation in the prices of our input materials and goods for distribution

Materials cost for our assembly, manufacturing and distribution activities are the main component of our cost of sales, representing more than 90% of our cost of sales for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022. Such input materials which we use for our assembly and manufacturing activities and the goods for our distribution mainly comprise parts and components made of steel which are subject to fluctuations according to the global commodity prices. The value of purchases of input materials with parts and components made mainly of steel constitutes approximately 38.02%, 39.24%, 40.16% and 42.98% of our total cost of sales for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

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. Please refer to Section 4.3 of the Industry Overview in this Prospectus for further details on the global steel conditions and prices.

Hence, any fluctuations in the prices of our input materials and goods for distribution would affect our cost of sales as well as our financial performance.

Nevertheless, we constantly monitor the movement of the commodity prices and ensure our suppliers regularly keep us informed of the demand and supply condition and price trends in order for us to plan ahead for our procurement decision and pricing strategy to pass on any increase in our cost of sales to customers. Please refer to Section 8.1.5 of this Prospectus for further details on the risk factors.

(c) Competition

Our Group is operating as an assembler, manufacturer and distributor of active fire protection systems, equipment and accessories for built environment and thus we are subject to competition from other operations who are involved in the assembly, distribution and manufacturing of active fire protection equipment in terms of pricing, branding, range, specification and quality of products offered, customers service and others. According to the IMR and as at 3 June 2022, there were 241 industry operators registered with the Malaysian Fire Protection Association, of which 142 members were involved in the active fire protection equipment related activities.

Nevertheless, our competitive advantages and key strengths have enabled us to compete effectively in the industry that we are operating in, which include the following:

(i) we have an established track record of approximately 25 years as a provider of fire protection systems, equipment and accessories which will serve as a platform to grow our business;

(ii) we have our brands of fire protection systems, equipment and accessories to cultivate customer loyalty and brand recognition;

(iii) we are an assembler and manufacturer of our brands of fire protection systems and equipment;

(iv) we market a range of fire protection systems, equipment and accessories to meet the diverse needs of our customers;

(v) we are an authorised distributor of third-party brands of fire protection systems, equipment and accessories;

(vi) our fire protection systems, equipment and accessories are used in diverse sectors which will provide us with business growth and opportunities;

(vii) the fire protection systems, equipment and accessories that we assemble, distribute and manufacture are critical products mandated by various regulatory bodies; and

(viii) we have experienced Directors and key management team to grow our business.

We will continue to take measures to maintain our competitiveness through our competitive advantages and key strengths set out in Section 6.1.2 of this Prospectus. However, there is no assurance that our business, performance and results of operations will not be materially and adversely affected if we are unable to do so. Please refer to Sections 7 and 8 of this Prospectus for further details on the competitive analysis on the assembly, distribution and manufacturing of active fire protection equipment in Malaysia and the associated risk factors.

(d) Impact of COVID-19 outbreak and MCOs on business, results of operations and/or financial performance of our Group

As our business was deemed as essential services as prescribed by MITI, we were allowed to operate subject to complying the relevant SOP and guidelines issued by MITI during the various MCO periods. Save and except for the period of MCO 1.0 which took effect from 18 March 2020 until 3 May 2020 and the EMCO in Selangor which took effect on 3 July 2021 until 16 July 2021 in which we temporary closed our operations, we conducted our business operations as normal according to the established SOP and guidelines.

However, our customers mainly comprise the M&E contractors, FPS contractors, and FPS maintenance service providers, majority of which are operating or involved in the building construction and property development industries, where they are engaged as part of new building construction and remodelling or renovations. Our customers have and/or are encountering certain extent of disruptions or delay in their projects due to the containment measures arising from the COVID-19 pandemic. In relation thereto, we experienced slowdown in new orders and reschedule of delivery of our products by customers which adversely affected the demand for our products and sales during the FYE 2021.

There can be no assurance that the COVID-19 pandemic, MCO and/or any social and economic restrictive measures to be imposed by the Government may be prolonged or may worsen in the future which may consequently result in interruptions to our Group's business and operations and thus have a material adverse impact on our results of operations and financial performance. Please refer to Section 8.1.2 of this Prospectus for further details on the risks pertaining to the COVID-19 pandemic.

(e) Impact of interest rates

As at 31 December 2021, our Group's total borrowings of RM16.22 million consist of term loans, lease liabilities and bankers' acceptances at the interest rates ranging from 3.29% to 6.64% per annum. The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	As at 31 March			As at 31 December
	2019 RM'000	2020 RM'000	2021 RM'000	2021 RM'000
Effects on PAT				
Increase of 77 basis points (2020: 65 basis points and 2019: 2 basis points)	(2)	(64)	(97)	(94)
Decrease of 77 basis points (2020: 65 basis points and 2019: 2 basis points)	2	64	97	94

77 basis point was a reasonably possible change in the interest rate for bank borrowings, by taking in consideration the historical change of BLR of Bank Negara Malaysia in 1 year time as shown below:

	December 2020 %	December 2021 %	Variance %
BLR	6.26	5.49	- 0.77

Our Group's objective in managing our interest rate expenses is to ensure an acceptable level of exposure to interest rate fluctuations. As at the LPD, our borrowings have fixed and determinable payments. Save for the lease liabilities, which are charged on a fixed rate, the interest rates for our term loans and bankers' acceptances are based on the prevailing bank's base lending rate or cost of funds plus or minus a margin agreed upon by our bankers when the respective loans and financings were granted.

There is no material impact from the fluctuations in interest rates on our profits for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022. However, any hikes in interest rates would raise the cost of borrowings which may have an adverse effect on our financial performance. The sensitivity analysis for interest rate risk is set out in the Accountants' Report under Section 12 of this Prospectus.

(f) Impact of foreign exchange

Our sales are primarily denominated in RM and USD whilst our purchases are transacted primarily in RM, USD and SGD. As such, we are exposed to foreign currency risk and any unfavourable foreign currency exchange rate fluctuation may materially affect our business operations and financial performance.

For information purposes, the breakdown of our revenue and purchases transacted in RM and other currencies for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 are summarised as follows:

	<---------------------------------Audited--------------------------------->							
	FYE 2019		**FYE 2020**		**FYE 2021**		**FPE 2022**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'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**

The impact of foreign exchange fluctuations on our financial performance, which arose due to timing differences between our suppliers' invoices and actual payments to our suppliers, are as follows:

	<-----------------Audited---------------->			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
Net gain/(loss) on foreign exchange (RM'000)	(197)	(318)	109	109
As a percentage of PBT (%)	(1.47)	(3.13)	1.42	1.80

We closely monitor the movement of the USD against RM to manage our foreign exchange currency risks and if the need arises, we may enter into hedging arrangement to minimise the impact of such risk.

We have not incurred any material losses arising from foreign currency translation for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022.

(g) Impact of inflation

There was no material impact of inflation on our Group's financial results for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022. Nevertheless, there can be no assurance that future inflation would not have a material impact on our business and performance.

(h) Impact of government/economic/fiscal/monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 8.2.2 of this Prospectus. Save as disclosed in Sections 7, 8 and 11 of this Prospectus, there are no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022.

11.3.4 Liquidity and capital resources

Our operations are funded through cash generated from our operating activities, credit extended by our suppliers, credit facilities granted by financial institutions as well as our existing cash and bank balances.

As at 31 December 2021, our Group has cash and bank balances of RM4.15 million, available credit facilities of RM16.50 million, of which RM12.35 million has yet to be utilised and working capital of RM39.53 million, being the difference between current assets of RM54.92 million and current liabilities of RM15.39 million.

Based on the above and after taking into consideration of our funding requirements for our committed capital expenditure, existing level of cash and bank balances, expected cash flows to be generated from our operations, credit facilities available, the impact of COVID-19 and MCO on our operations, dividends declared and paid up to the FPE 2022 and the estimated net proceeds from the Public Issue, our Board confirms that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

Cash flow

The table below sets out the summary of our Group's historical audited combined statements of cash flows for the Financial Years Under Review:

	<------------------------Audited---------------------->			
	FYE 2019 RM'000	**FYE 2020 RM'000**	**FYE 2021 RM'000**	**FPE 2022 RM'000**
Net cash from operating activities	15,263	4,927	11,243	1,223
Net cash (for)/from investing activities	(635)	(346)	(46)	465
Net cash for financing activities	(12,003)	(4,480)	(9,577)	(1,229)
Net increase in cash and cash equivalents	**2,625**	**101**	**1,620**	**459**
Cash and cash equivalents at beginning of the financial years	**(653)**	**1,972**	**2,073**	**3,693**
Cash and cash equivalents at end of the financial years	**1,972**	**2,073**	**3,693**	**4,152**

There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances, subject to availability of distributable reserves and compliance with financial covenants.

Commentary:

NET CASH FROM OPERATING ACTIVITIES

FYE 2019

For the FYE 2019, our operating cash flows before working capital changes were RM16.06 million. After adjusting for the following key items, our net cash from operating activities was RM15.26 million:

(i) increase in inventories by RM0.13 million due to higher purchases of goods for distribution which was partly offset by the decrease in finished goods and input materials;

(ii) decrease in trade and other receivables by RM2.95 million mainly due to improving collection from customers following the implementation of more stringent credit policy;

(iii) decrease in trade and other payables by RM0.31 million due to prompt repayment to our suppliers; and

(iv) payment of income tax of RM3.31 million.

FYE 2020

For the FYE 2020, our operating cash flows before working capital changes were RM12.61 million. After adjusting for the following key items, our net cash from operating activities was RM4.93 million:

(i) increase in inventories by RM3.34 million due to higher purchases of goods for distribution following the notification by our suppliers of their intention to revise the selling prices;

(ii) decrease in trade and other receivables by RM0.76 million mainly due to prompt repayment from our customers;

(iii) decrease in trade and other payables by RM1.83 million mainly due to prompt repayment to our suppliers in line with the better collection during the FYE 2020; and

(iv) payment of income tax of RM3.27 million.

FYE 2021

For the FYE 2021, our operating cash flows before working capital changes were RM9.67 million. After adjusting for the following key items, our net cash from operating activities was RM11.24 million:

(i) increase in inventories by RM0.98 million due to higher purchases of input materials and goods for distribution in anticipation for the price hike;

(ii) increase in trade and other receivables by RM0.30 million mainly due to the delay in payment by our customers amidst the COVID-19 pandemic and higher prepayment made for overseas supplier to lock in the price for input materials which was recorded as other receivables;

(iii) increase in trade and other payables by RM5.03 million which was due to higher credit purchases of input materials and goods for distribution closer to the end of the FYE 2021; and

(iv) payment of income tax of RM2.18 million.

FPE 2022

For the FPE 2022, our operating cash flows before working capital changes were RM6.36 million. After adjusting for the following key items, the net cash from operating activities was RM1.22 million:

(i) increase in inventories by RM3.17 million mainly due to higher sales following the resumption of the business activities in accordance with the various phases of NRPs;

(ii) increase in trade and other receivables by RM1.69 million mainly due to higher sales following the increase in purchase orders for the FPE 2022;

(iii) increase in trade and other payables by RM1.35 million mainly due to increase in purchase of input materials and goods for distribution from both local and overseas suppliers; and

(iv) payment of income tax of RM1.63 million.

NET CASH FOR INVESTING ACTIVITIES

FYE 2019

Our Group recorded net cash for investing activities of RM0.64 million for the FYE 2019. This was mainly attributed to the purchases of motor vehicles, machinery and equipment amounted to RM0.93 million which was partly offset with the proceeds from the disposal of motor vehicles of RM0.29 million. The machinery and equipment comprise, among others, ultraviolet printer, refilling and related accessories and ERP system software. The purchase of motor vehicles was to replace the old vehicle fleet for Directors and management.

FYE 2020

Our Group recorded net cash for investing activities of RM0.35 million for the FYE 2020. This was mainly attributed to the purchases of motor vehicle, machinery and equipment amounted to RM0.40 million which was partly offset with the proceeds from the disposal of a motor vehicle amounted to RM0.05 million. The machinery and equipment comprise, among others, IT hardware and software, office accessories and other firefighting testing and related accessories. The purchase of motor vehicles was to replace the old vehicle fleet for Directors and management.

FYE 2021

Our Group recorded net cash for investing activities of RM0.05 million for the FYE 2021. This was mainly attributed to the purchases of warehouse equipment, equipment and furniture and fittings amounted to RM0.23 million and addition of motor vehicle amounted to RM0.20 million which was partly offset with the proceeds from the disposal of motor vehicles amounted to RM 0.38 million. The warehouse equipment comprises, among others, machines for the assembly and other general manufacturing usage whereas the equipment comprises multifunction printer and other computer accessories. The purchase of motor vehicles was to replace the old vehicle fleet for Directors and management.

FPE 2022

Our Group recorded net cash from investing activities of RM0.47 million for the FPE 2022. This was mainly attributed to the proceeds from the disposal of property, plant and equipment amounted to RM0.47 million and the proceeds from the disposal of right-of-use assets amounted to RM0.62 million, both of which are old vehicle fleet for Directors and management. This was partly offset with the purchases of warehouse equipment, equipment, furniture and fittings and minor renovation amounted to RM0.62 million. The warehouse equipment comprises, among others, testing instruments and material handling equipment whereas the equipment comprises office accessories and computer hardware and software.

NET CASH FOR FINANCING ACTIVITIES

FYE 2019

Our Group recorded net cash for financing activities of RM12.00 million mainly due to the following:

(i) payment of interest expense of RM0.78 million;

(ii) repayment of bankers' acceptance which was used to finance the overseas purchases of input materials, hire purchase obligations mainly in respect of the financing for motor vehicles and term loan instalments for the purchase of land and construction of our existing Operational Facility in Shah Alam, Selangor of RM4.78 million;

(iii) net advance payment made to the flexi-term loans of RM2.00 million; and

(iv) dividend payment of RM4.58 million in respect of the FYE 2019.

The outflow was partly offset by the proceeds from issuance of shares of RM0.10 million in UDI and advances from directors of RM0.04 million to fund the initial operations of UDI.

FYE 2020

Our Group recorded net cash for financing activities of RM4.48 million mainly due to the following:

(i) payment of interest expense of RM0.63 million;

(ii) repayment of bankers' acceptance which was used to finance the overseas purchases of input materials, lease liabilities for motor vehicles and term loan instalments for the purchase of land and construction of our existing Operational Facility in Shah Alam, Selangor of RM2.35 million;

(iii) dividend payment of RM5.18 million in respect of the FYE 2020; and

(iv) repayment of advances from director of RM0.05 million granted in the FYE 2019. Henceforth, the advances are fully repaid.

The outflow was partly offset by the proceeds from issuance of shares of RM0.20 million in UDI and net withdrawal of RM3.53 million from the advance payment made to the flexi-term loan in the previous financial years.

FYE 2021

Our Group recorded net cash for financing activities of RM9.58 million mainly due to the following:

(i) payment of interest expense of RM0.40 million;

(ii) repayment of lease liabilities for motor vehicles and term loan instalments for the purchase of land and construction of our existing Operational Facility in Shah Alam, Selangor of RM0.83 million; and

(iii) dividend payment of RM1.00 million in respect of the FYE 2020 and RM11.50 million in respect of the FYE 2021.

The outflow was partly offset by the proceeds from issuance of shares of RM0.15 million in UDI and drawdown of bankers' acceptance of RM4.00 million to finance the overseas purchases of input materials.

FPE 2022

Our Group recorded net cash for financing activities of RM1.23 million mainly due to the following:

(i) payment of interest expense of RM0.45 million;

(ii) payment of bankers' acceptance of RM0.13 million;

(iii) repayment of lease liabilities for motor vehicles of RM0.26 million; and

(iv) repayment of term loan instalments for the purchase of land and construction of our existing Operational Facility in Shah Alam of RM0.39 million.

11.3.5 Borrowings

As at 31 December 2021, our total outstanding borrowings amounted to RM16.22 million comprising lease liabilities, bankers' acceptance and term loans, can be analysed further as follows:

Type of borrowings	Purpose	Tenure	Interest rates (per annum)	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Lease liabilities	To purchase motor vehicles and leasing of right-of-use assets, i.e. lease of hostel for staff accommodation	1 to 3 years	4.06% to 4.79%	114	101	215
Bankers' acceptance	To finance the overseas purchases of input materials	120 days	3.29%-3.59%	4,055	-	4,055
Term loans	To finance purchase of land and construction of our existing Operational Facility in Shah Alam, Selangor	8 to 13 years	BLR ^ – 1.80%	993	10,961	11,954
Bank overdraft	To finance working capital for repayment to the overseas suppliers	Repayable on demand	5.95% to 6.64%	-	-	-
Total borrowings				5,162	11,062	16,224
Gearing ratio as at 31 December 2021 (times)*						0.29

Note:

^ Bank's Base Lending Rate prescribed by the bank from time to time, currently at 5.47%

* Computed based on total borrowings over our pro forma shareholders' equity (after the Acquisition of UFI and UDI but before the Public Issue and use of proceeds) as at 31 December 2021 of RM55.01 million.

The maturity profile of our total outstanding borrowings as at 31 December 2021 is set out below:

	RM'000
Under 1 year	5,162
1 to 5 years	4,042
More than 5 years	7,020
Total borrowings	**16,224**

As at the LPD, all our bank borrowings are secured, interest bearing and denominated in RM. Our credit facilities are secured by legal charge over certain property, plant and equipment of our Group and/or joint and several guarantees by certain of our Directors of which would be replaced with our Company's corporate guarantees after our Listing. We have not defaulted on any payment of either principal sum and/or interest in relation to our borrowings during the FYE 2019, FYE 2020, FYE 2021 and FPE 2022. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities.

The banking facilities available to our Group include bankers' acceptance, bank overdraft, lease liabilities and term loan, which are generally used for working capital purposes, purchase of motor vehicles and land and buildings.

As at the LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank borrowings, which can materially affect our business operations, financial position or results of operations or the investment by holders of securities in our Group.

11.3.6 Type of financial instruments used

As at the LPD, save for bank borrowings as disclosed in Section 11.3.5 of this Prospectus, we do not use any other financial instruments.

For clarity purposes, the financial instruments of our Group which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and cash equivalents, and trade and other receivables, as well as financial liabilities such as borrowings, lease obligations and trade and other payables. These are shown in the combined statements of financial position of our Group.

As at the LPD, we do not use any financial instrument for hedging purposes.

11.3.7 Treasury policies and objectives

We finance our operations through internally generated funds as well as external sources of funds, such as shareholders' funds, credit term from suppliers as well as credit facilities from financial institutions.

The primary objective of our financial management and treasury policies is to maintain sufficient working capital at all times and ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain its debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

Our Group has not entered into any interest rate swap to hedge against fluctuations in interest rates. Our Group manage its exposure to interest rate movements by obtaining the most favourable interest rates availably and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

11.3.8 Material commitment

As at the LPD, our Board confirms that there are no material commitment which upon becoming enforceable, may have a material impact on the financial position of our Group.

11.3.9 Material contingent liabilities

As at the LPD, our Board is not aware of any contingent liabilities, which upon becoming enforceable may have a material impact on the financial performance and position of our Group.

11.3.10 Material litigation

As at the LPD, our Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on the financial position or business of our Group.

11.4 KEY FINANCIAL RATIOS

The key financial ratios of our Group are as follows:

	<----------Audited	----------	---------->	
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
Average trade receivables turnover period (days)	112	112	132	120
Average trade payables turnover period (days)	25	17	32	49
Average inventories turnover period (days)	111	126	161	153
Current ratio (times)	5.11	7.91	3.42	3.57
Gearing ratio (times)	0.22	0.24	0.34	0.29

Trade receivables

A summary of our trade receivables is set out below:

	<----------Audited	----------	---------->	
	FYE 2019 RM'000	**FYE 2020 RM'000**	**FYE 2021 RM'000**	**FPE 2022 RM'000**
Revenue (1)	79,699	76,194	63,444	53,871
Average trade receivables (2)	24,333	23,182	22,940	23,565
Average trade receivables turnover period (days)	112(3)	112(3)	132(3)	120(4)

Notes:

(1) The percentage of sales revenue under cash term and credit term are as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022
Cash Term	*	0.62%	0.14%	0.06%
Credit Term	100.0%	99.38%	99.86%	99.94%

(2) Average trade receivables was derived based on the average sum of the opening balances and closing balances of net trade receivables of the respective financial years/periods.

(3) Computed based on net average trade receivables of the respective financial years over the revenue of the respective financial years, multiplied by 365 days.

(4) Computed based on net average trade receivables of the respective financial period over the revenue of the respective financial period, multiplied by 274 days.

* Negligible

The credit period granted to our customers ranges from 7 days to 120 days from the date of invoice. Other credit terms to our customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as the business relationship with our customers, the customers' payment history, creditworthiness and transaction volume as well as any reasons resulting in our customers unable to pay within the normal credit period while new customers are subject to our credit verification and assessment process.

Our average trade receivables turnover period stood at 112 days for the FYE 2019 and FYE 2020 which fell within our normal credit period. For the FYE 2021, our average trade receivables turnover period increased to 132 days mainly due to delay in payment from certain customers which include 2 of our major customers, namely Potential Systems Sdn Bhd and Kejuruteraan Cekap Selaju Sdn Bhd, amid the COVID-19 pandemic period. Subsequently for the FPE 2022, our average trade receivables period improved to 120 days mainly due to improvement in the collection following the proactive efforts undertaken by the management and more prudent credit control adopted.

As at 31 December 2021, the net trade receivables of our Group amounted to RM24.32 million, the ageing analysis in respect of trade receivables are analysed as follows:

	Within credit period	<-----------Exceed credit period by--------->				
		1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	15,411	4,507	1,147	531	3,110	24,706
Less: Impairment losses	(166)	(48)	(41)	(31)	(104)	(390)
Net trade receivables	**15,245**	**4,459**	**1,106**	**500**	**3,006**	**24,316**
% of total net trade receivables	62.69	18.34	4.55	2.06	12.36	100.00
Subsequent collections up to the LPD	10,816	4,018	1,106	362	2,460	18,762
Outstanding net trade receivables	4,429	441	-	138	546	5,554

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.

As part of our credit control policy, we closely monitor our ageing report and assess the collectability of trade receivables on an individual customer basis regularly. For any trade receivables which have exceeded the normal credit period granted by more than 30 days, we will follow up with calls and send reminders and where appropriate, provide for specific impairment on those trade receivables where recoverability is uncertain based on our dealings with the customers.

We are in the process of collecting the remaining amount of RM5.56 million. Notwithstanding the above, our Board is of the opinion that the remaining outstanding net trade receivables are recoverable and no further impairment of trade receivables is required after taking into consideration these customers' credentials and financial standings, our relationship with them and historical payment track record where they have never defaulted on payment throughout our business relationship with them which span over more than five (5) years. In addition, we have not encountered any major disputes with our customers. With respect to overdue debts, we have generally been able to collect the outstanding amount eventually.

Trade payables

A summary of our trade payables is set out below:

	<-------Audited		------->
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000
Cost of sales	56,578	54,032	46,753	40,665
Average trade payables [(1)]	3,837	2,499	4,019	7,272
Average trade payables turnover period (days)	25[(2)]	17[(2)]	32[(2)]	49[(3)]

Notes:

(1) Average trade payables was derived based on the average sum of the opening balances and closing balances of trade payables of the respective financial years/period.

(2) Computed based on average trade payables of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days.

(3) Computed based on average trade payables of the respective financial period over the cost of sales of the respective financial period, multiplied by 274 days.

The normal credit period extended by our suppliers ranges from 30 days to 60 days.

Our average trade payables turnover period for the FYE 2019 to FYE 2021 and FPE 2022 range from 17 days to 49 days which fell within the credit period extended by our suppliers to us. It is our practice to make prompt payments to our suppliers in order to safeguard the continuity of supplies at more favourable terms and pricing.

As compared to FYE 2020 with FYE 2019, the average trade payables turnover for the FYE 2020 is lower due to payment made to one of our major suppliers in March 2020 in accordance with the credit terms given, resulting in lower trade payables balance and eventually lower trade payable period for the FYE 2020. As compared to FPE 2022 with FYE 2021, the average trade payables turnover for the FPE 2022 is higher due to the increase in trade payables with the purchase of input materials and goods for distribution to clear the backlog purchase orders following the resumption of economic sectors. Nonetheless, it is still within the credit period extended by our suppliers to us and we would ensure the prompt payment to be made in view of our commitment over a long term relationship with our suppliers.

As at 31 December 2021, the trade payables of our Group amounted to RM7.70 million, the ageing of which are analysed as follows:

	Within credit period	<-----Exceed credit period by			----->	Total
		1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	7,700	1	-	-	-	7,701
% of total trade payables	99.99	0.01	-	-	-	100.00
Subsequent payments up to the LPD	7,700	1	-	-	-	7,701
Outstanding trade payables	-	-	-	-	-	-

Note:

* Less than RM1,000.

As at the LPD, we have settled all of our outstanding trade payables. There is no dispute in respect of our trade payables and no legal action has been initiated by our suppliers to demand for payment from us during the FYE 2019 to FYE 2021 and FPE 2022.

Inventories

A summary of our inventories is set out below:

	<--------------------Audited-------------------->			
	FYE 2019 RM'000	**FYE 2020 RM'000**	**FYE 2021 RM'000**	**FPE 2022 RM'000**
Cost of sales	56,578	54,032	46,753	40,665
Average inventories (1)	17,077	18,614	20,585	22,668
Average inventories turnover period (days)	111(2)	126(2)	161(2)	1533)

Notes:

(1) Average inventories was derived based on the average sum of the opening balances and closing balances of inventories of the respective financial years/period.

(2) Computed based on average inventories of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days.

(3) Computed based on average inventories of the respective financial period over the cost of sales of the respective financial period, multiplied by 274 days.

Our inventories comprised the following:

	<---------------------------Audited--------------------------->			
	FYE 2019 RM'000	**FYE 2020 RM'000**	**FYE 2021 RM'000**	**FPE 2022 RM'000**
Raw materials (1)	4,691	3,864	5,414	8,390
Work-in-progress (2)	-	136	189	1,211
Finished goods (3)	3,028	3,044	4,007	2,625
Trading goods (4)	9,421	13,044	10,617	11,313
Goods-in-transit (5)	-	-	854	715
Total inventories	**17,140**	**20,088**	**21,081**	**24,254**

Notes:

(1) Raw materials consist mainly of input materials such as empty cylinders, steel coils and sheets, dry power, CO_2 and HFC-227ea, fire hose reel and fire hoses parts as well as other fire suppression systems parts and components that are used in our assembly and manufacturing activities.

(2) Work-in-progress inventories are partially completed materials within the assembly and manufacturing cycle.

(3) Finished goods consist of goods that have completed the assembly and manufacturing process which have yet to be sold or distributed to the customers such as the fire suppression systems, fire extinguishers and fire hose reel, etc.

(4) Trading goods consist of goods procured from suppliers and/or manufacturers for onwards sale or distribution to our customers such as the sprinkler systems, wet and dry risers systems and hydrants, wet chemical fire suppression systems and fire protection accessories.

(5) Goods-in-transit refers to trading goods that have been shipped by the suppliers but have yet to reach our warehouse based on the freight on board basis.

Our inventories are measured at the lower of cost and net realisable value. Due to the nature of our business and being the assembler and manufacturer as well as brand owner, it is our policy to maintain an adequate level of raw materials to reduce the risk of disruption to our assembly and manufacturing operations and certain buffer or level of finished and trading goods to ensure availability of stocks and varieties of products to meet our customers' demand at all times and delivery lead time requirements. In addition, Our Group will generally stock up more raw materials and trading goods during the period prior to the Chinese New Year period which usually falls in the month of January and February each year and thus resulting in higher inventories level during our financial year end.

Our average inventories turnover period for the FYE 2019 was 111 days and increased to 126 days in the FYE 2020 mainly due to higher purchases of trading goods following the notification by our suppliers of their intention to increase the selling prices. Our average inventories turnover period further increased to 161 days in the FYE 2021 and this was mainly attributable to the strategic decision made by our management for our inventory planning in anticipation for the price hike and revision in raw materials and trading goods prices, as well as to cater for the expected increase in demand for our products upon the gradual reopening of the business activities nationwide after the improving COVID-19 situation. For the FPE 2022, our average inventories turnover period decreased to 153 days, mainly attributable to the higher sales recorded and the corresponding higher cost of sales which has improved the overall inventories turnover.

Our inventories have long shelf life and the trend and models do not change frequently. Nevertheless, it is our Group's policy to assess the impairment of our slow moving inventories annually as follows:

(i) 50% impairment for goods with stock aged more than 3 years;

(ii) 75% impairment for goods with stock aged more than 4 years; and

(iii) 100% impairment for goods with stock aged more than 5 years.

Refer to the above impairment guideline, goods with movement more than 25% (annual quantity) will not classified for impairment assessment. We perform quarterly physical stock count on selected products as well as a full stock count annually to identify inconsistency in terms of quantity to the inventory system and slow moving inventories. Provisions will be made on slow moving inventories based on the abovementioned impairment policy. Our Group had written down RM0.39 million and RM0.05 million of slow moving inventories for the FYE 2020 and FYE 2021, respectively.

In addition, damaged and/or non-sellable inventories will be written-off in accordance with our inventory management policy. Damaged inventories are goods that are unrepairable upon quality assurance's verification while non-sellable inventories are goods that are obsolete and not expected to be sold in the future. There was no inventory written off for the FYE 2019, FYE 2020 and FPE 2022. For the FYE 2021, our Group had written off RM0.33 million of non-sellable inventories.

Current ratio

A summary of our current ratio is set out below:

	<-----Audited			----->
	As at 31 March 2019 RM'000	**As at 31 March 2020 RM'000**	**As at 31 March 2021 RM'000**	**As at 31 December 2021 RM'000**
Current assets	43,578	46,338	49,245	54,917
Current liabilities	8,523	5,857	14,400	15,385
Current ratio (times)	5.11	7.91	3.42	3.57

Current ratio measures the liquidity position of our Group to meet our short-term obligations. The liquidity position of our Group has been manageable and maintained relatively healthy as reflected in the current ratio for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022.

Our current ratio increased from 5.11 times as at 31 March 2019 to 7.91 times as at 31 March 2020. This was mainly attributable to the higher inventories level while we recorded lower outstanding trade payables as at 31 March 2020.

Our current ratio decreased from 7.91 times as at 31 March 2020 to 3.42 times as at 31 March 2021. This was mainly attributable to higher outstanding trade payables and short term borrowings to finance the purchase of inventories as well as dividend payout during the FYE 2021.

Our current ratio increased from 3.42 times as at 31 March 2021 to 3.57 times as at 31 December 2021. This was mainly attributable to the higher inventories, trade and other receivables and cash and bank balances recorded as at 31 December 2021.

Gearing ratio

A summary of our gearing ratio is set out below:

	<-----Audited			----->
	As at 31 March 2019 RM'000	**As at 31 March 2020 RM'000**	**As at 31 March 2021 RM'000**	**As at 31 December 2021 RM'000**
Total borrowings	12,329	13,504	16,976	16,224
Shareholders' equity	55,119	56,625	50,599	55,010
Gearing ratio (times)	0.22	0.24	0.34	0.29

Our gearing ratio increased slightly from 0.22 times as at 31 March 2019 to 0.24 times as at 31 March 2020 mainly due to net withdrawal of advance payment made to the flexi-term loans for operational use. It is our Group's cash flow management strategy to make advance payments for the flexi-term loans when there is surplus cash available in order to reduce our finance costs. When cash is required from time to time, we will withdraw from such advance payments.

Our gearing ratio increased from 0.24 times as at 31 March 2020 to 0.34 times as at 31 March 2021 mainly due to higher utilisation of bankers' acceptance for the purchase of inventories from overseas and lower shareholders' equity following the dividend payout during the FYE 2021.

Our gearing ratio decreased from 0.34 times as at 31 March 2021 to 0.29 times as at 31 December 2021 mainly due to lower long term and short term borrowings and higher retained profits as at 31 December 2021.

11.5 TREND INFORMATION

As at the LPD, to the best of the knowledge and belief of our Board, the financial conditions and operations of our Group have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position, operations liquidity and capital resources, other than those discussed in this section and in Sections 6 and 8 of this Prospectus;

(b) material commitment for capital expenditure save as disclosed in Section 11.3.8 of this Prospectus;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save for those that had been disclosed in this section and in Sections 6 and 8 of this Prospectus;

(d) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save for those that had been discussed in this section and in Sections 6 and 8 of this Prospectus; and

(e) known circumstances, trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save for those that had been disclosed in this section and in Sections 6 and 8 of this Prospectus.

11.6 ORDER BOOK

Due to the nature of our business which is involved in the assembly, distribution and manufacture of active fire protection systems, equipment and accessories for built environment, our Group does not maintain an order book. We generate our revenue as and when we deliver our products based on purchase orders received.

11.7 SIGNIFICANT CHANGES

Save for the prolonged COVID-19 pandemic and as disclosed in this Prospectus, there are no significant changes that have occurred, which may have a material effect on our financial position and results subsequent to the FPE 2022 and up to the LPD. Please refer to Section 6.17 of this Prospectus for further details on the impact of the prolonged COVID-19 pandemic on our business and financial performance.

11.8 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Notwithstanding the above, our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration, among others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:

(i) the availability of adequate reserves and cash flows. As an investment holding company, our income, and therefore our ability to pay dividends, depends on the dividends or other distributions received from our subsidiaries;

(ii) our operating cash flow requirements and financing commitments;

(iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;

(iv) our Company is solvent as the Act requires;

(v) any material impact of tax laws and other regulatory requirements; and

(vi) prior written consent from financial institutions, where required.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value. Save for certain financial covenants which UFI is subject to, there is no dividend restriction being imposed on our Group currently.

In addition, our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board. We will also need to obtain our shareholders' approval for any final dividend for the year. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

Dividend payments, capital gains and profits from dealing in our Shares will not be subject to Malaysian taxation (not applicable to entities including companies with trading of shares as their principal business activity). No withholding tax is imposed on the above transactions. Potential investors are advised to consult their professional tax advisors if they are in any doubt as to the taxation implication of subscribing, holding or disposing of and dealing in our Shares.

The dividends declared and paid for the past FYE 2019, FYE 2020, FYE 2021 and FPE 2022 are as follows:

	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividends declared	4,577	6,178	11,500	-
Dividends paid	4,577	5,178	* 12,500	-

Note:

* Dividend paid in the FYE 2021 included RM1.00 million dividend declared in the FYE 2020 but paid out in the FYE 2021.

Save for the above, there are no dividends declared and paid for the past FYE 2019 to FYE 2021 and FPE 2022, and up to the Listing.

11.9 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
52 Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka
Malaysia
Main +6 06 2825 995
Fax +6 06 2836 449
www.crowe.my

03 JUN 2022

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

Dear Sirs

UNIQUE FIRE HOLDINGS BERHAD ("UNIQUE FIRE" or "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

We have completed our assurance engagement to report on the compilation of Pro Forma Statements of Financial Position of Unique Fire and its subsidiaries (the "Group") as at 31 December 2021 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company for inclusion in the Prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of Unique Fire on the ACE Market of Bursa Securities ("Bursa Securities") ("the Listing").

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Statements of Financial Position are described in the notes thereon to the Pro Forma Statements of Financial Position. The Pro Forma Statements of Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Statements of Financial Position issued by the Malaysian Institute of Accountants.

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 31 December 2021. As part of this process, information about the Group's financial position has been extracted by the Board of Directors of the Company from the Group's audited combined statements of financial position as at 31 December 2021.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Statements of Financial Position on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Crowe

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Statements of Financial Position.

The purpose of the Pro Forma Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

Crowe

REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Financial Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involving performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Financial Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose of inclusion in the Prospectus of Unique Fire, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Piong Yew Peng
03070/06/2023 J
Chartered Accountant

Melaka
03 JUN 2022

Appendix A

UNIQUE FIRE HOLDINGS BERHAD
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	NOTE	As At 31.12.2021* RM'000	Adjustment For Acquisition of UFI and UDI RM'000	Pro Forma I After Acquisition of UFI and UDI RM'000	Adjustment For Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Adjustment for Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
ASSETS								
NON-CURRENT ASSET								
Property, plant and equipment		26,484	-	26,484	-	26,484	-	26,484
Right-of-use assets		432	-	432	-	432	-	432
		26,916		26,916		26,916		26,916
CURRENT ASSETS								
Inventories		24,254	-	24,254	-	24,254	-	24,254
Trade and other receivables		26,511	-	26,511	-	26,511	-	26,511
Cash and bank balances	6.1	4,152	-	4,152	21,775	25,927	(3,400)	22,527
		54,917		54,917		76,692		73,292
TOTAL ASSETS		81,833		81,833		103,608		100,208
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6.2	#	50,599	50,599	21,775	72,374	(1,077)	71,297
Invested capital	6.3	9,455	(9,455)	-	-	-	-	-
Merger reserve	6.4	-	(41,144)	(41,144)	-	(41,144)	-	(41,144)
Retained profits	6.5	45,555		45,555	-	45,555	(2,323)	43,232
TOTAL EQUITY		55,010		55,010		76,785		73,385

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial year ended 31 December 2021.
(#) – Amount is less than RM500.

Initialed For Identification Purposes Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Page 1

Appendix A

UNIQUE FIRE HOLDINGS BERHAD
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

	NOTE	As At 31.12.2021* RM'000	Adjustment For Acquisition of UFI and UDI RM'000	Pro Forma I After Acquisition of UFI and UDI RM'000	Adjustment For Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Adjustment for Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
NON-CURRENT LIABILITIES								
Lease liabilities		101	-	101	-	101	-	101
Long-term borrowings		10,961	-	10,961	-	10,961	-	10,961
Deferred tax liabilities		376	-	376	-	376	-	376
		11,438		11,438		11,438		11,438
CURRENT LIABILITIES								
Trade and other payables		9,687	-	9,687	-	9,687	-	9,687
Lease liabilities		114	-	114	-	114	-	114
Short-term borrowings		5,048	-	5,048	-	5,048	-	5,048
Current tax liabilities		536	-	536	-	536	-	536
		15,385		15,385		15,385		15,385
TOTAL LIABILITIES		26,823		26,823		26,823		26,823
TOTAL EQUITY AND LIABILITIES		81,833		81,833		103,608		100,208
Number of ordinary shares ('000)		4		316,250		400,000		400,000
Net assets ("NA") attributable to owners of the Company (RM'000)		55,010		55,010		76,785		73,385
NA per ordinary share (RM)		13,752.50		0.17		0.19		0.18

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial year ended 31 December 2021.

Initialed For Identification Purposes Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Page 2

Appendix A

UNIQUE FIRE HOLDINGS BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

1. ABBREVIATIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:-

Abbreviations

Unique Fire or the Company	Unique Fire Holdings Berhad Registration No: 202101013602 (1413901-D)
Unique Fire Group or the Group	Unique Fire, UFI and UDI, collectively
UFI	Unique Fire Industry Sdn. Bhd. Registration No: 199701003235 (418731-U)
UDI	Unique Digital Innovation Sdn. Bhd. Registration No: 201801000171 (1262183-U)
Listing	Admission of Unique Fire to the Official List of Bursa Securities and listing of and quotation for the entire enlarged issued share capital of Unique Fire on the ACE Market of Bursa Securities
Unique Fire Shares or Shares	Ordinary shares in Unique Fire
RM and Sen	Ringgit Malaysia and sen, respectively

2. INTRODUCTION

The Pro Forma Statements of Financial Position as at 31 December 2021 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

Initialed For Identification Purposes Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Appendix A

UNIQUE FIRE HOLDINGS BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

3. BASIS OF PREPARATION

The Pro Forma Statements of Financial Position as at 31 December 2021 is prepared based on the audited combined financial statements of the Group as at 31 December 2021, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The combined financial statements used in the preparation of these Pro Forma Statements of Financial Position were not subject to any audit qualification or emphasis of matter.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for proofing-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination has been effected throughout the current and previous financial years. The assets combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the differences between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserves or merger deficit.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs.

The Pro Forma Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of events and transactions set out in Note 5 to the Pro Forma Statements of Financial Position had the events occurred or transactions been undertaken on 31 December 2021. The Pro Forma Statements of Financial Position are not necessarily indicative of the financial positions that would have been attained had the Listing actually occurred at the respective dates.

Initialed For Identification Purposes Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Appendix A

UNIQUE FIRE HOLDINGS BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

4. LISTING SCHEME

In conjunction with, and as an integral part of the Listing, Unique Fire intends to undertake the following:-

4.1 Acquisition of UFI and UDI

(i) Acquisition of UFI

Unique Fire had on 26 August 2021, entered into conditional shares sale agreement with Liew Sen Hoi, Lim Show Ching, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon to acquire the equity interest in UFI:-

	Equity Interest (%)	Purchase Consideration RM	No. of shares issued by Unique Fire
UFI	100	50,529,280	315,808,000

The purchase consideration of UFI was arrived on a willing-buyer willing-seller basis, after taking into consideration the audited net assets of UFI as at 31 March 2021. The acquisition was completed on 27 May 2022 and UFI became wholly-owned subsidiary of Unique Fire.

(ii) Acquisition of UDI

Unique Fire had on 26 August 2021, entered into conditional shares sale agreement with Liew Sen Hoi, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon to acquire the equity interest in UDI:-

	Equity Interest (%)	Purchase Consideration RM	No. of shares issued by Unique Fire
UDI	100	70,080	438,000

The purchase consideration of UDI was arrived on a willing-buyer willing-seller basis, after taking into consideration the audited net assets of UDI as at 31 March 2021. The acquisition was completed on 27 May 2022 and UDI became wholly-owned subsidiaries of Unique Fire.

Appendix A

UNIQUE FIRE HOLDINGS BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

4. LISTING SCHEME (CONT'D)

In conjunction with, and as an integral part of the Listing, Unique Fire intends to undertake the following:- (cont'd):-

4.2 Public Issue

The Public Issue of 83,750,000 new Shares, representing approximately 20.94% of the enlarged issued share capital of Unique Fire at an issue price of RM0.26 per Share allocated in the following manner:-

- 20,000,000 new Shares will be made available for application by the Malaysian Public by way of balloting;
- 8,000,000 new Shares will be made available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
- 5,750,000 new Shares will be made available for application by way of private placement to selected investors; and
- 50,000,000 new Shares will be made available for application by way of placement to identified Bumiputera investors approved by MITI.

4.3 Offer for Sale

Offer for sale of 30,000,000 existing Shares at an issue price of RM0.26 per Share by the Offeror by way of private placement to selected investors.

4.4 Share Transfer to Unique Go Sdn Bhd ("UGSB")

Transfer by the promoters, namely Liew Sen Hoi, Lim Show Ching, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon (save for UGSB) of an aggregate of 252,000,000 Shares to UG, an investment holding company held by the Promoters (save for UGSB), during the prescription period.

4.5 Listing

The admission of Unique Fire to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of Unique Fire of RM72,374,760 comprising 400,000,000 Shares on the ACE Market of Bursa Securities.

Initialed For Identification Purposes Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

UNIQUE FIRE HOLDINGS BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

5.1 Pro Forma I

Pro Forma I incorporates the effects of Acquisition of UFI and UDI set out in Note 4.1 to the Pro Forma Statements of Financial Position.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and Public Issue set out in Note 4.2 to the Pro Forma Statements of Financial Position.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from Public Issue. The proceeds from the Public Issue will be utlised as follows:-

Purposes	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Expansion of manufacturing facilities #	2,500	11.48	Within 36 months
Expansion of geographical coverage #	6,000	27.55	Within 24 months
Expansion of operational capabilities #	5,300	24.34	Within 24 months
Working capital	4,575	21.01	Within 12 months
Estimated listing expenses *^	3,400	15.62	Within 3 months
	21,775	100.00	

Notes:-

\# *These utilisation of proceeds are not adjusted in the Pro Forma III to the Pro Forma Statements of Financial Position as they are not factually supportable and hence, they are remained in the cash and bank balances.*

* *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital*

^ *The estimated listing expenses of RM1,077,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,323,000 that attributable to Listing will be expensed off to profit or loss.*

Initialed For Identification Purposes Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

UNIQUE FIRE HOLDINGS BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

6.1 Cash and bank balances

	RM'000
As at 31 December 2021	4,152
Add: Allotment of shares in Unique Fire	#
As per Pro Forma I	4,152
Add: Proceeds from public issue	21,775
As per Pro Forma II	25,927
Less: Estimated listing expenses	(3,400)
As per Pro Forma III	22,527

Note:-
 # Amount is less than RM500.

6.2 Share capital

	Number of Ordinary Shares '000	Amount of Share Capital RM'000
As at 31 December 2021	4	#
Add: Acquisition of UFI	315,808	50,529
Add: Acquisition of UDI	438	70
As per Pro Forma I	316,250	50,599
Add: Public Issue	83,750	21,775
As per Pro Forma II	400,000	72,374
Less: Estimated listing expenses ^	-	(1,077)
As per Pro Forma III	400,000	71,297

Note:-
 # Amount is less than RM500.

^ The estimated listing expenses of RM1,077,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,323,000 that attributable to Listing will be expensed off to profit or loss.

Initialed For Identification Purposes Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Appendix A

UNIQUE FIRE HOLDINGS BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)

6.3 Invested Capital

	RM'000
As at 31 December 2021	9,455
Less: Acquisition of UFI	(9,005)
Less: Acquisition of UDI	(450)
As per Pro Forma I, II and III	-

6.4 Merger reserve

	RM'000
As at 31 December 2021	-
Add: Acquisition of UFI	(41,524)
Add: Acquisition of UDI	380
As per Pro Forma I, II and III	(41,144)

6.5 Retained profits

	RM'000
As at 31 December 2021/As per Pro Forma I and II	45,555
Less: Estimated listing expenses ^	(2,323)
As per Pro Forma III	43,232

Note:-

^ *The estimated listing expenses of RM1,077,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,323,000 that attributable to Listing will be expensed off to profit or loss.*

Initialed For Identification Purposes Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Appendix A

UNIQUE FIRE HOLDINGS BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 03 JUN 2022

On behalf of the Board of Directors,

Liew Sen Hoi **Liew Kang Yee**

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
52 Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka
Malaysia
Main +6 06 2825 995
Fax +6 06 2836 449
www.crowe.my

0 3 JUN 2022

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

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF UNIQUE FIRE HOLDINGS BERHAD ("UNIQUE FIRE" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group"). The financial information comprise:-

i) The combined statements of financial position as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 December 2021, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended ("FYE") 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and for 9-months financial period ended ("FPE") 31 December 2021, as set out in pages 5 to 11; and
ii) Notes to the combined financial statements, including a summary of significant accounting policies and other explanatory information, as set out in pages 12 to 75.

This historical financial information has been prepared for inclusion in the prospectus of Unique Fire in connection with the listing of and quotation for the entire enlarged issued share capital of Unique Fire on the ACE Market of Bursa Securities ("Bursa Securities"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 December 2021 and of their financial performance and their cash flows for each of the FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 31 December 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Crowe

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code*"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

Crowe

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe

OTHER MATTER

The comparative information in respect to the combined statements of profit or loss and other comprehensive income, combined statements of cash flows and related notes to the combined financial statements for the FPE 31 December 2020 has not been audited.

The significant event during the FPE 31 December 2021 has been disclosed in Note 29 to the combined financial statements.

The significant events subsequent to the end of the FPE 31 December 2021 have been disclosed in Note 30 to the combined financial statements.

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the Prospectus of Unique Fire in connection with the listing of and quotation for the entire enlarged issued share capital of Unique Fire on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report contrary to the aforesaid purpose.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Piong Yew Peng
03070/06/2023 J
Chartered Accountant

Melaka

0 3 JUN 2022

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF FINANCIAL POSITION

	NOTE	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
		Audited			
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	30,356	27,403	26,581	26,484
Right-of-use assets	6	-	1,377	963	432
Intangible assets		-	19	-	-
		30,356	28,799	27,544	26,916
CURRENT ASSETS					
Inventories	7	17,140	20,088	21,081	24,254
Trade and other receivables	8	24,466	24,177	24,471	26,511
Cash and bank balances		1,972	2,073	3,693	4,152
		43,578	46,338	49,245	54,917
TOTAL ASSETS		73,934	75,137	76,789	81,833
EQUITY AND LIABILITIES					
EQUITY					
Share capital	9	-	-	-	*
Invested capital	9	9,105	9,305	9,455	9,455
Retained profits		46,014	47,320	41,144	45,555
TOTAL EQUITY		55,119	56,625	50,599	55,010
NON-CURRENT LIABILITIES					
Lease liabilities	10	-	144	171	101
Long-term borrowings	11	9,885	12,222	11,345	10,961
Deferred tax liabilities	12	407	289	274	376
		10,292	12,655	11,790	11,438
CURRENT LIABILITIES					
Trade and other payables	13	5,132	4,301	8,332	9,687
Amount due to a director	14	52	-	-	-
Lease liabilities	10	-	449	279	114
Short-term borrowings	15	2,444	689	5,181	5,048
Current tax liabilities		895	418	608	536
		8,523	5,857	14,400	15,385
TOTAL LIABILITIES		18,815	18,512	26,190	26,823
TOTAL EQUITY AND LIABILITIES		73,934	75,137	76,789	81,833
Number of ordinary shares ('000) #		316,250	316,250	316,250	316,250
Net assets ("NA") attributable to owners of the Company (RM'000)		55,119	56,625	50,599	55,010
NA per ordinary share attributable to owners of the Company (sen)		17.43	17.91	16.00	17.39

Note :
(#) – It is assumed to be the number of ordinary shares after the Acquisition of UFI and UDI but before the public issue.

(*) – Amount is less than RM500.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	Audited 1.4.2018 to 31.3.2019 RM'000	Audited 1.4.2019 to 31.3.2020 RM'000	Audited 1.4.2020 to 31.3.2021 RM'000	Unaudited 1.4.2020 to 31.12.2020 RM'000	Audited 1.4.2021 to 31.12.2021 RM'000
REVENUE	18	79,699	76,194	63,444	46,067	53,871
COST OF SALES		(56,578)	(54,032)	(46,753)	(33,638)	(40,665)
GROSS PROFIT ("GP")		23,121	22,162	16,691	12,429	13,206
OTHER INCOME		1,728	534	666	517	1,085
		24,849	22,696	17,357	12,946	14,291
ADMINISTRATIVE EXPENSES		(9,106)	(10,267)	(8,295)	(5,957)	(7,177)
SELLING AND DISTRIBUTION EXPENSES		(1,213)	(1,283)	(681)	(462)	(776)
FINANCE COST		(831)	(667)	(441)	(303)	(475)
OTHER EXPENSES		(557)	(318)	(19)	-	(115)
NET REVERSAL OF IMPAIRMENT LOSSES/ (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	19	267	-	(239)	-	324
PROFIT BEFORE TAXATION ("PBT")	20	13,409	10,161	7,682	6,224	6,072
INCOME TAX EXPENSE	21	(3,464)	(2,677)	(2,358)	(1,583)	(1,661)
PROFIT AFTER TAXATION ("PAT")		9,945	7,484	5,324	4,641	4,411
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		9,945	7,484	5,324	4,641	4,411

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	NOTE	Audited 1.4.2018 to 31.3.2019	Audited 1.4.2019 to 31.3.2020	Audited 1.4.2020 to 31.3.2021	Unaudited 1.4.2020 to 31.12.2020	Audited 1.4.2021 to 31.12.2021
GP Margin (%)		29.01	29.09	26.31	26.98	24.51
PBT Margin (%)		16.82	13.34	12.11	13.51	11.27
PAT Margin (%)		12.48	9.82	8.39	10.07	8.19
Effective tax rate (%)		25.83	26.35	30.70	25.43	27.35
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)		16,486	12,782	9,757	7,756	7,549
Number of ordinary shares ('000) #		316,250	316,250	316,250	316,250	316,250
Basic and diluted earnings per share ("EPS") (sen)	22	3.14	2.37	1.68	1.47	1.39

Note :
(#) – It is assumed to be the number of ordinary shares after the Acquisition of UFI and UDI but before the public issue.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF CHANGES IN EQUITY

Audited	NOTE	Share Capital RM'000	Invested Capital RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.4.2018		-	9,005	40,646	49,651
Profit after taxation/Total comprehensive income for the financial year		-	-	9,945	9,945
Issuance of shares	9	-	100	-	100
Dividend paid	23	-	-	(4,577)	(4,577)
Balance at 31.3.2019/1.4.2019		-	9,105	46,014	55,119
Profit after taxation/Total comprehensive income for the financial year		-	-	7,484	7,484
Issuance of shares	9	-	200	-	200
Dividend paid	23	-	-	(6,178)	(6,178)
Balance at 31.3.2020/1.4.2020		-	9,305	47,320	56,625
Profit after taxation/Total comprehensive income for the financial year		-	-	5,324	5,324
Issuance of shares	9	-	150	-	150
Dividends paid	23	-	-	(11,500)	(11,500)
Balance at 31.3.2021/1.4.2021		-	9,455	41,144	50,599
Issuance of shares		*	-	-	*
Profit after taxation/Total comprehensive income for the financial period		-	-	4,411	4,411
Balance at 31.12.2021		*	9,455	45,555	55,010

(*) – Amount is less than RM500.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF CASH FLOWS

	NOTE	Audited 1.4.2018 to 31.3.2019 RM'000	Audited 1.4.2019 to 31.3.2020 RM'000	Audited 1.4.2020 to 31.3.2021 RM'000	Unaudited 1.4.2020 to 31.12.2020 RM'000	Audited 1.4.2021 to 31.12.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation		13,409	10,161	7,682	6,224	6,072
Adjustment for:-						
Amortisation of intangible assets		-	1	-	2	-
Bad debts written off		360	-	-	-	-
Depreciation of property, plant and equipment		2,250	1,341	1,050	789	716
Depreciation of right-of-use assets		-	618	584	438	286
Impairment losses on trade receivables		-	-	239	-	-
Interest expense on lease liabilities		-	52	16	9	11
Other interest expenses		780	573	383	262	444
Inventories written down		-	392	48	-	-
Interest income		(4)	(6)	*	*	*
Gain on disposal of property, plant and equipment		(231)	(51)	-	-	(468)
Gain on disposal of right-of-use assets		-	-	(52)	(16)	(353)
Gain on foreign exchange - unrealised		(234)	(356)	(30)	-	-
Property, plant and equipment written off		-	*	-	-	4
Recovery of bad debts		-	(118)	(202)	(202)	(24)
Reversal of impairment loss on trade receivables		(267)	-	-	-	(324)
Reversal of inventories written down		-	-	(60)	-	-
Written off of intangible assets		-	-	19	-	-
Operating income before working capital changes		16,063	12,607	9,677	7,506	6,364
BALANCE CARRIED FORWARD		16,063	12,607	9,677	7,506	6,364

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	NOTE	Audited 1.4.2018 to 31.3.2019 RM'000	Audited 1.4.2019 to 31.3.2020 RM'000	Audited 1.4.2020 to 31.3.2021 RM'000	Unaudited 1.4.2020 to 31.12.2020 RM'000	Audited 1.4.2021 to 31.12.2021 RM'000
BALANCE BOUGHT FORWARD		16,063	12,607	9,677	7,506	6,364
Increase in inventories		(127)	(3,340)	(981)	(1,049)	(3,173)
Decrease/(Increase) in trade and other receivables		2,950	763	(301)	(651)	(1,692)
(Decrease)/Increase in trade and other payables		(308)	(1,831)	5,031	3,366	1,355
CASH FROM OPERATIONS		18,578	8,199	13,426	9,172	2,854
Income tax paid		(3,315)	(3,272)	(2,183)	(1,461)	(1,631)
NET CASH FROM OPERATING ACTIVITIES		15,263	4,927	11,243	7,711	1,223
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES						
Interest received		4	6	*	*	*
Purchase of plant and equipment	24(a)	(928)	(395)	(228)	(149)	(623)
Addition of intangible assets		-	(8)	-	-	-
Addition of right-of-use assets	24(a)	-	-	(198)	(198)	-
Proceeds from disposal of plant and equipment		289	51	-	-	468
Proceeds from disposal of right-of-use assets		-	-	380	160	620
NET CASH (FOR)/ FROM INVESTING ACTIVITIES		(635)	(346)	(46)	(187)	465

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	NOTE	Audited 1.4.2018 to 31.3.2019 RM'000	Audited 1.4.2019 to 31.3.2020 RM'000	Audited 1.4.2020 to 31.3.2021 RM'000	Unaudited 1.4.2020 to 31.12.2020 RM'000	Audited 1.4.2021 to 31.12.2021 RM'000
CASH FLOW FOR FINANCING ACTIVITIES						
Proceeds from issuance of shares		100	200	150	150	*
Interest paid	24(b)	(780)	(625)	(399)	(271)	(455)
Dividends paid	23	(4,577)	(5,178)	(12,500)	-	-
Net (repayment)/ drawdown of bankers' acceptance	24(b)	(3,132)	(576)	3,995	(189)	(129)
Repayment of hire purchase obligations	24(b)	(828)	-	-	-	-
Repayment of lease liabilities	24(b)	-	(752)	(443)	(260)	(257)
Net (advanced payment of)/withdrawal from term loans	24(b)	(2,000)	3,527	-	(7,800)	-
Repayment of term loan instalments	24(b)	(829)	(1,024)	(380)	(106)	(388)
(Repayment to)/ Advances from directors	24(b)	43	(52)	-	-	-
NET CASH FOR FINANCING ACTIVITIES		(12,003)	(4,480)	(9,577)	(8,476)	(1,229)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,625	101	1,620	(952)	459
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(653)	1,972	2,073	2,073	3,693
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		1,972	2,073	3,693	1,121	4,152

Note :
(*) – Amount is less than RM500.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. ABBREVIATIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

Abbreviations

Unique Fire or the Company	Unique Fire Holdings Berhad Registration No: 202101013602 (1413901-D)
Unique Fire Group or the Group	Unique Fire, UFI, and UDI collectively
UFI	Unique Fire Industry Sdn. Bhd. Registration No: 199701003235 (418731-U)
UDI	Unique Digital Innovation Sdn. Bhd. Registration No: 201801000171 (1262183-U)
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
MPERS	Malaysian Private Entity Reporting Standard
FPE	Financial Period Ended
FYE	Financial Year Ended
Unique Fire Shares or Shares	Ordinary shares in Unique Fire
RM and Sen	Ringgit Malaysia and sen, respectively
CA 2016	Companies Act 2016

2. GENERAL INFORMATION

2.1 INCORPORATION AND PRINCIPAL ACTIVITIES

Unique Fire Holdings Sdn. Bhd. was incorporated in Malaysia under the Companies Act 2016 on 13 April 2021 as a private limited company. Subsequently on 8 September 2021, the Company was converted to a public limited company under the name of Unique Fire Holdings Berhad.

For the purpose of listing the Company on the ACE Market of Bursa Securities, the Company undertook the acquisition of subsidiaries as disclosed in Note 2.2(a) to the combined financial statements.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

2. GENERAL INFORMATION (CONT'D)

2.1 INCORPORATION AND PRINCIPAL ACTIVITIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of subsidiary	Date and place of incorporation	Effective equity interest %	Issued share capital RM	Principal activities
UFI	27 January 1997 Malaysia	100	9,004,500	Assembly, manufacture and distribution of active fire protection systems, equipment and accessories for built environment.
UDI	2 January 2018 Malaysia	100	450,000	Distribution of custom graphics designed fire extinguishers, other active fire protection systems, equipment and accessories and related services.

2.2 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of Unique Fire on the ACE Market of Bursa Securities ("the Listing Scheme"), Unique Fire intends to undertake the following:-

(a) Acquisition of UFI and UDI

(i) Acquisition of UFI

The Company entered into a conditional shares sale agreement with Liew Sen Hoi, Lim Show Ching, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon on 26 August 2021 to acquire the entire equity interest in UFI of RM9,004,500 comprising 9,004,500 ordinary shares for a total purchase consideration of RM50,529,280, to be satisfied by the issuance of 315,808,000 new Shares at an issue price of RM0.16 per Share.

The Acquisition of UFI was completed on 27 May 2022 and consolidated using merger method of accounting.

(ii) Acquisition of UDI

The Company entered into a conditional shares sale agreement with Liew Sen Hoi, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon on 26 August 2021 to acquire the entire equity interest in UDI of RM450,000 comprising 450,000 ordinary shares for a total purchase consideration of RM70,080, to be satisfied by the issuance of 438,000 new Shares at an issue price of RM0.16 per Share.

The Acquisition of UDI was completed on 27 May 2022 and consolidated using merger method of accounting.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

2. GENERAL INFORMATION (CONT'D)

2.2 LISTING SCHEME (CONT'D)

(b) Public Issue

The Public Issue of 83,750,000 new Shares, representing approximately 20.94% of the enlarged issued share capital of Unique Fire at an issue price of RM0.26 per Share allocated in the following manner:-

- 20,000,000 new Shares made available for application by the Malaysian Public;
- 8,000,000 new Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;
- 5,750,000 new Shares made available by way of private placement to selected investors; and
- 50,000,000 new Shares made available by way of private placement to identified Bumiputera investors approved by The Ministry of International Trade and Industry ("MITI").

(c) Offer for Sale

30,000,000 existing Shares, representing approximately 7.50% of the enlarged issued share capital of Unique Fire, are offered to selected investors by way of private placement at an issue price of RM0.26 per Share.

(d) Share Transfer to Unique Go Sdn Bhd ("UGSB")

Transfer by the promoters, namely Liew Sen Hoi, Lim Show Ching, Liew Kang Leong, Liew Kang Yee, Liew Kang Chin and Liew Kang Boon (save for UGSB) of an aggregate of 252,000,000 Shares to UGSB, an investment holding company held by the Promoters (save for UGSB), during the prescription period.

(e) Listing

The admission of Unique Fire to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of Unique Fire of RM72,374,760 comprising 400,000,000 Shares on the ACE Market of Bursa Securities.

2.3 SHARE CAPITAL

As at the date of this report, the share capital of Unique Fire is RM50,599,760 comprising 316,250,000 shares.

The details of the changes in the issued share capital of Unique Fire since its incorporation are as follows:-

Date of allotment	No of shares allotted	Cumulative no of shares allotted	Consideration	Cumulative issued share capital RM
13 April 2021	2,000	2,000	Cash	200
23 July 2021	2,000	4,000	Cash	400
27 May 2022	315,808,000	315,812,000	Acquisition of UFI	50,529,680
27 May 2022	438,000	316,250,000	Acquisition of UDI	50,599,760
Upon listing	83,750,000	400,000,000	Public issue	72,374,760

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. DIVIDENDS

No dividend has been declared by Unique Fire since the date of its incorporation.

Details of dividends paid by the subsidiary company, UFI during the financial years under review are as follows:

	Paid on	Type of dividend	Dividend rate (Sen/Share)	Net amount (RM'000)
FYE 31 March 2019	6 April 2018	Interim single tier tax exempt dividend	14.45	1,301
	17 September 2018	Interim single tier tax exempt dividend	11.95	1,076
	28 September 2018	Interim single tier tax exempt dividend	17.77	1,600
	23 January 2019	Interim single tier tax exempt dividend	6.66	600
				4,577
FYE 31 March 2020	28 August 2019	Interim single tier tax exempt dividend	20.96	1,888
	25 February 2020	Interim single tier tax exempt dividend	19.88	1,790
	31 March 2020	Interim single tier tax exempt dividend	16.66	1,500
	10 December 2020	Interim single tier tax exempt dividend	11.11	1,000
				6,178
FYE 31 March 2021	2 February 2021	Interim single tier tax exempt dividend	33.32	3,000
	23 February 2021	Interim single tier tax exempt dividend	33.32	3,000
	17 March 2021	Interim single tier tax exempt dividend	44.42	4,000
	30 March 2021	Interim single tier tax exempt dividend	16.66	1,500
				11,500

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

For the purposes of inclusion of combined financial statements in the prospectus of Unique Fire in connection with the Listing, the combined financial statements comprise the combined statements of financial position as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 December 2021, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the FYE 31 March 2019, FYE 31 March 2020, FYE 31 March 2021 and FPE 31 December 2021.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

These combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the financial statements for the relevant financial years as follows:

Company	Relevant financial years/periods	Accounting standards applied	Auditors
Unique Fire	FPE from 13 April 2021 (date of incorporation) to 31 December 2021	MFRS	Crowe Malaysia PLT
UFI	FYE 31 March 2019	MFRS	PT Wong & Co.
	FYE 31 March 2020	MFRS	Crowe Malaysia PLT
	FYE 31 March 2021	MFRS	Crowe Malaysia PLT
	FPE from 1 April 2021 to 31 December 2021	MFRS	Crowe Malaysia PLT
UDI	FPE from 2 January 2018 (date of incorporation) to 31 December 2018	MPERS	PT Wong & Co.
	FYE 31 December 2019	MPERS	PT Wong & Co.
	FPE from 1 January 2020 to 31 March 2021	MFRS	Crowe Malaysia PLT
	FPE from 1 April 2021 to 31 December 2021	MFRS	Crowe Malaysia PLT

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

The financial statements of UFI for FYE 31 March 2019 have been re-audited by Crowe Malaysia PLT, prepared in accordance with MFRS and International Financial Reporting Standards for inclusion in the prospectus to be issued by Unique Fire in connection with the Listing and should not be relied upon for any other purpose.

The separate statutory financial statements of UDI for FPE 31 December 2018, FYE 31 December 2019 and FPE 31 March 2021 were re-prepared by their directors to comply with MFRSs and realigned to FYE 31 March 2019, FYE 31 March 2020 and FYE 31 March 2021. The financial statements of UDI for FPE 31 December 2018 and FYE 31 December 2019 were re-audited by Crowe Malaysia PLT for the purpose of inclusion in the prospectus to be issued by Unique Fire in connection with the Listing and should not be relied upon for any other purpose.

The audited financial statements of Unique Fire, UFI and UDI were not subject to any modified audit opinions.

4.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the combined financial statements of the Group upon their initial application.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets, liabilities, within the next financial year other than as disclosed below:-

i. Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii. Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables.

iii. Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

iv. Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgement Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the combined financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(b) Basis of Combination

The Group resulting from the acquisition of UFI and UDI, as disclosed in Note 2.2 above, comprises entities under common control. Accordingly, the combined financial statements have been accounted for using principles of merger accounting.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intragroup transactions, balances, income and expenses are eliminated on combination. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Combination (Cont'd)

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

However, an acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties. Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited combined financial statements of the Group.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Combination (Cont'd)

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the combined statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The combined financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies (Cont'd)

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into RM on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(d) Financial Instruments

Financial assets and financial liabilities are recognised in the combined statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the combined statements of financial position are disclosed in the individual policy statement associated with each item.

i. Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

i. Financial Assets (Cont'd)

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

i. Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

ii. Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

ii. Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

iii. Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

iv. Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Machinery	20%
Warehouse equipment	20%
Equipment	20%
Furniture and fittings	10%
Motor vehicles	20%
Renovation	20%
Electrical fittings	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined as follow:-

Motor vehicles	20%
Hostel	50%

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases (Cont'd)

Accounting Policies Applied Until 31 March 2019

Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the combined statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(h) Impairment

i. Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

i. Impairment of Financial Assets (Cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

ii. Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks5 specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method, and comprises the purchase price, conversion costs and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the costs of materials, labours and appropriate proportion of production overhead.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Employee Benefits

i. Short-term Benefits

Wages, salaries, paid annual leave, and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

ii. Defined Contributions Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(k) Income Taxes

i. Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

ii. Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Income Taxes (Cont'd)

ii. Deferred Tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(l) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(n) Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the combined profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the combined profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(p) Revenue From Contracts With Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue From Contracts With Customers (Cont'd)

i. Sale of goods (Cont'd)

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(q) Other Operating Income

i. Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

ii. Rental Income

Rental income is accounted for on a straight-line method over the lease term.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Audited *Carrying Amount*	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 1 April 2018	10,108	16,555	462	257	201	542	2,665	383	88	31,261
Additions (Note 24(a))	-	-	320	88	185	75	705	30	-	1,403
Disposals	-	-	-	-	-	-	(58)	-	-	(58)
Depreciation charges (Note 20)	-	(340)	(336)	(97)	(119)	(113)	(1,081)	(151)	(13)	(2,250)
At 31 March 2019	10,108	16,215	446	248	267	504	2,231	262	75	30,356

Audited *Carrying Amount*	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 1 April 2019										
- As previously reported	10,108	16,215	446	248	267	504	2,231	262	75	30,356
- Initial application of MFRS 16	-	-	-	-	-	-	(1,995)	-	-	(1,995)
As restated	10,108	16,215	446	248	267	504	236	262	75	28,361
Additions (Note 24(a))	-	-	13	50	191	4	137	-	-	395
Transfer to intangible assets	-	-	-	-	(12)	-	-	-	-	(12)
Write off	-	-	-	-	*	-	-	-	-	*
Depreciation charges (Note 20)	-	(536)	(144)	(107)	(138)	(113)	(203)	(86)	(14)	(1,341)
At 31 March 2020	10,108	15,679	315	191	308	395	170	176	61	27,403

Note :
(*) – Amount is less than RM500

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Audited *Carrying Amount*	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 1 April 2020	10,108	15,679	315	191	308	395	170	176	61	27,403
Additions (Note 24(a))	-	-	-	107	73	31	-	17	-	228
Depreciation charges (Note 20)	-	(365)	(145)	(110)	(124)	(115)	(88)	(89)	(14)	(1,050)
At 31 March 2021	10,108	15,314	170	188	257	311	82	104	47	26,581

Audited	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
At 1 April 2021	10,108	15,314	170	188	257	311	82	104	47	26,581
Additions (Note 24(a))	-	-	61	88	150	29	-	295	-	623
Disposals	-	-	-	-	-	-	*	-	-	*
Written off	-	-	*	(4)	-	-	-	-	-	(4)
Depreciation charges (Note 20)	-	(274)	(84)	(73)	(86)	(87)	(21)	(81)	(10)	(716)
At 31 December 2021	10,108	15,040	147	199	321	253	61	318	37	26,484

Audited At 31 March 2019	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
Cost	10,108	18,261	6,168	485	1,336	1,158	6,270	853	160	44,799
Accumulated depreciation	-	(2,046)	(5,722)	(237)	(1,069)	(654)	(4,039)	(591)	(85)	(14,443)
Carrying amount	10,108	16,215	446	248	267	504	2,231	262	75	30,356

Note :
(*) – Amount is less than RM500

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Audited At 31 March 2020	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
Cost	10,108	18,261	6,181	535	1,448	1,126	3,194	853	160	41,866
Accumulated depreciation	-	(2,582)	(5,866)	(344)	(1,140)	(731)	(3,024)	(677)	(99)	(14,463)
Carrying amount	10,108	15,679	315	191	308	395	170	176	61	27,403

Audited At 31 March 2021	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
Cost	10,108	18,261	6,181	642	1,495	1,151	3,194	870	160	42,062
Accumulated depreciation	-	(2,947)	(6,011)	(454)	(1,238)	(840)	(3,112)	(766)	(113)	(15,481)
Carrying amount	10,108	15,314	170	188	257	311	82	104	47	26,581

Audited At 31 December 2021	Freehold land RM'000	Buildings RM'000	Machinery RM'000	Warehouse equipment RM'000	Equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Electrical fittings RM'000	Total RM'000
Cost	10,108	18,261	5,030	715	1,626	1,169	1,839	1,165	160	40,073
Accumulated depreciation	-	(3,221)	(4,883)	(516)	(1,305)	(916)	(1,778)	(847)	(123)	(13,589)
Carrying amount	10,108	15,040	147	199	321	253	61	318	37	26,484

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) In the previous financial year, the following asset was acquired under hire purchase terms:-

Carrying Amount	Audited As at 31 March 2019 RM'000
Motor vehicles	2,115

This leased asset has been pledged as security for the related finance lease liability of the Group as disclosed in Note 16 to the combined financial statements.

(b) The carrying amount of assets held in trust by a director are as follow:-

	Audited			
Carrying Amount	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Motor vehicles	571	60	-	-

(c) The carrying amount of property, plant and equipment pledged to licensed bank for banking facilities extended to the Group as disclosed in Note 17 to the combined financial statements is as follows:-

	Audited			
Carrying Amount	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Freehold land	10,108	10,108	10,108	10,108
Buildings	16,215	15,679	15,314	15,040
	26,323	25,787	25,422	25,148

6. RIGHT-OF-USE ASSETS

Audited

Carrying Amount	Motor vehicles RM'000
At 1 April 2019	
- As previously reported	-
- Initial application of MFRS 16	1,995
As restated	1,995
Depreciation charges (Note 20)	(618)
At 31 March 2020	1,377

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF-USE ASSETS (CONT'D)

Audited

Carrying Amount	Motor vehicles RM'000
At 1 April 2020	1,377
Additions (Note 24(a))	498
Disposals	(328)
Depreciation charges (Note 20)	(584)
At 31 March 2021	963

Audited

Carrying Amount	Motor vehicles RM'000	Hostel RM'000	Total RM'000
At 1 April 2021	963	-	963
Additions (Note 24(b))	-	22	22
Disposals	(267)	-	(267)
Depreciation charges (Note 20)	(280)	(6)	(286)
At 31 December 2021	416	16	432

Audited

At 31 March 2020	Motor vehicles RM'000
Cost	3,090
Accumulated depreciation	(1,713)
Carrying amount	1,377

Audited

At 31 March 2021	Motor vehicles RM'000
Cost	2,921
Accumulated depreciation	(1,958)
Carrying amount	963

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF-USE ASSETS (CONT'D)

Audited

At 31 December 2021	Motor vehicles RM'000	Hostel RM'000	Total RM'000
Cost	1,866	22	1,888
Accumulated depreciation	(1,450)	(6)	(1,456)
Carrying amount	416	16	432

The comparative information for the FYE 2019 is not presented as the Group has applied MFRS 16 using the modified retrospective approach with effect from 1 April 2019 as disclosed in Note 28 to the combined financial statements.

(a) The Group leases certain motor vehicles of which the leasing activities are summarised below:-

Motor vehicles	The Group has leased its motor vehicle under hire purchase arrangements with lease terms ranging from 2 to 3 (31.3.2021 – 3 and 31.3.2020 – 3) years. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount. The lease bear effective interest rates ranging from 4.06% to 4.79% (31.3.2021 – 3.78% to 8.35% and 31.3.2020 – 3.78% to 8.35%).
Hostel	The Group has leased a hostel (31.3.2021 – Nil and 31.3.2020 – Nil) for a period of 2 (31.3.2021 – Nil and 31.3.2020 – Nil) years with an option to renew the lease after the date.

(b) The carrying amount of right-of-use assets held in trust by a director are as follow:-

	Audited		
Carrying Amount	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Motor vehicles	243	474	324

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

7. INVENTORIES

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Raw materials	4,691	3,864	5,414	8,390
Work-in-progress	-	136	189	1,211
Finished goods	3,028	3,044	4,007	2,625
Trading goods	9,421	13,044	10,617	11,313
Goods-in-transit	-	-	854	715
	17,140	20,088	21,081	24,254

	Audited			
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2021 to 31.12.2021 RM'000
Recognised in profit or loss:-				
Inventories recognised as cost of sales	56,578	53,640	46,765	40,665
Amount written down to net realisable value	-	392	48	-
Reversal of inventories written down	-	-	(60)	-

8. TRADE AND OTHER RECEIVABLES

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Trade receivables	23,772	23,541	23,527	24,706
Less: Allowance for impairment losses	(475)	(475)	(714)	(390)
	23,297	23,066	22,813	24,316
Other receivables	366	28	43	104
Goods and services tax receivables	8	8	-	-
Deposits	89	92	92	95
Prepayments	706	983	1,523	1,996
	1,169	1,111	1,658	2,195
Total trade and other receivables	24,466	24,177	24,471	26,511

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

8. TRADE AND OTHER RECEIVABLES (CONT'D)

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Allowance for impairment losses:-				
At 1 April	742	475	475	714
Addition during the financial year (Note 19)	-	-	239	-
Reversal during the financial year (Note 19)	(267)	-	-	(324)
At 31 March/31 December	475	475	714	390

The Group's normal trade credit terms range from 7 to 120 (31.3.2021 – 7 to 120; 31.3.2020 – 7 to 120 and 31.3.2019 – 7 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

9. SHARE CAPITAL AND INVESTED CAPITAL

(a) Share capital

	Audited			
	31.3.2019	31.3.2020	31.3.2021	31.12.2021
		NUMBER OF SHARES ('000)		
ISSUED AND FULLY PAID-UP:				
Ordinary Shares				
At 1 April/date of incorporation	-	-	-	2
Issuance of new shares for cash	-	-	-	2
At 31 March/31 December	-	-	-	4

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
ISSUED AND FULLY PAID-UP:				
Ordinary Shares				
At 1 April/date of incorporation	-	-	-	(1)
Issuance of new shares for cash	-	-	-	(1)
At 31 March/31 December	-	-	-	(2)

Note :
(1) – Denote RM200
(2) – Denote RM400

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

9. SHARE CAPITAL AND INVESTED CAPITAL (CONT'D)

(b) Invested capital

	Audited			
	31.3.2019	31.3.2020	31.3.2021	31.12.2021
		NUMBER OF SHARES ('000)		
ISSUED AND FULLY PAID-UP:				
Ordinary Shares				
At 1 April	9,005	9,105	9,305	9,455
Issuance of new shares for cash	100	200	150	-
At 31 March/31 December	9,105	9,305	9,455	9,455

	Audited			
	31.3.2019	31.3.2020	31.3.2021	31.12.2021
	RM'000	RM'000	RM'000	RM'000
ISSUED AND FULLY PAID-UP:				
Ordinary Shares				
At 1 April	9,005	9,105	9,305	9,455
Issuance of new shares for cash	100	200	150	-
At 31 March/31 December	9,105	9,305	9,455	9,455

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group, and are entitled to one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.

(ii) For the purpose of this report, the total number of ordinary shares as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 December 2021 represent the aggregate number of issued and fully paid-up ordinary shares of all combining entities within the Group.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

10. LEASE LIABILITIES

	Audited		
	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
At 1 July			
- As previously reported	-	593	450
- Initial application of MFRS 16	1,345	-	-
As restated	1,345	593	450
Addition (Note 24(c))	-	300	22
Interest expense recognised in profit or loss	52	16	11
Repayment of principal	(752)	(443)	(257)
Repayment of interest expense	(52)	(16)	(11)
	593	450	215

	Audited		
	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Analysed by:			
Current liabilities	449	279	114
Non-current liabilities	144	171	101
	593	450	215

The comparative information for the FYE 31 March 2019 is not presented as the Group has applied MFRS 16 using the modified retrospective approach with effect from 1 April 2019 as disclosed in Note 28 to the combined financial statements.

11. LONG-TERM BORROWINGS

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Hire purchase payable (Note 16)	593	-	-	-
Term loans (Note 17)	9,292	12,222	11,345	10,961
	9,885	12,222	11,345	10,961

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

12. DEFERRED TAX (ASSETS)/LIABILITIES

Audited **31.3.2019**	At 1 April 2018 RM'000	Recognised in Profit or Loss (Note 21) RM'000	At 31 March 2019 RM'000
Deferred Tax Liabilities			
Property, plant and equipment	113	408	521
Deferred Tax Assets			
Impairment loss on trade receivables	(178)	64	(114)
	(65)	472	407

Audited **31.3.2020**	At 1 April 2019 RM'000	Recognised in Profit or Loss (Note 21) RM'000	At 31 March 2020 RM'000
Deferred Tax Liabilities			
Property, plant and equipment	521	(24)	497
Deferred Tax Assets			
Impairment loss on trade receivables	(114)	-	(114)
Provisions	-	(94)	(94)
	407	(118)	289

Audited **31.3.2021**	At 1 April 2020 RM'000	Recognised in Profit or Loss (Note 21) RM'000	At 31 March 2021 RM'000
Deferred Tax Liabilities			
Property, plant and equipment	497	(40)	457
Deferred Tax Assets			
Impairment loss on trade receivables	(114)	(57)	(171)
Provisions	(94)	82	(12)
	289	(15)	274

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

12. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

Audited	At 1 April 2021 RM'000	Recognised in Profit or Loss (Note 21) RM'000	At 31 December 2021 RM'000
31.12.2021			
Deferred Tax Liabilities			
Property, plant and equipment	457	25	482
Deferred Tax Assets			
Impairment loss on trade receivables	(171)	77	(94)
Provisions	(12)	-	(12)
	274	102	376

13. TRADE AND OTHER PAYABLES

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Trade payables	3,804	1,194	6,843	7,701
Other payables	1,249	1,477	776	1,296
Accruals	79	630	713	690
Dividend payable	-	1,000	-	-
	1,328	3,107	1,489	1,986
	5,132	4,301	8,332	9,687

The normal trade credit terms granted to the Group range from 30 to 60 (31.3.2021 – 30 to 60; 31.3.2020 – 30 to 60 and 31.3.2019 – 30 to 60) days.

14. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represents unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

15. SHORT-TERM BORROWINGS

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Bankers' acceptance	765	189	4,184	4,055
Hire purchase (Note 16)	752	-	-	-
Term loans (Note 17)	927	500	997	993
	2,444	689	5,181	5,048

The weighted average effective interest rates at the end of the reporting period for borrowings were as follows:-

	Audited			
	31.3.2019 %	31.3.2020 %	31.3.2021 %	31.12.2021 %
Bankers' acceptance	4.84	4.64	3.41	3.35
Term loans (Note 17)	5.05	5.02	4.27	4.15

The bankers' acceptance are secured in the same manner as the term loans as disclosed in Note 17 to the combined financial statements.

16. HIRE PURCHASE PAYABLE

Audited

	As at 31 March 2019 RM'000
Minimum hire purchase payments:	
- not later than 1 year	804
- later than 1 year but not later than 5 years	608
	1,412
Less: Future finance charges	(67)
Present value of hire purchase payable	1,345

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

16. HIRE PURCHASE PAYABLE (CONT'D)

Audited

	As at 31 March 2019 RM'000
Analysed by:-	
Current liabilities (Note 15)	752
Non-current liabilities (Note 11)	593
	1,345

(a) The hire purchase payables have been presented as 'lease liabilities' as shown in Note 10 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) The hire purchase payables of the Group are secured by the Group's motor vehicle under finance lease as disclosed in Note 5 to the combined financial statements. The hire purchase arrangements were expiring from 1 to 3 years.

(c) In previous financial year, the hire purchase payable of the Group at the end of the reporting period bore effective interest rates ranging from of 1.98% to 4.46% per annum. The interest rate is fixed at the inception of the hire purchase arrangement.

17. TERM LOANS

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Current liabilities (Note 15)	927	500	997	993
Non-current liabilities (Note 11)	9,292	12,222	11,345	10,961
	10,219	12,722	12,342	11,954

(a) The term loans are secured by the following:-
  (i) by legal charge over certain property, plant and equipment of the Group as disclosed in Note 5 to the combined financial statements; and
  (ii) joint and several guarantee by certain directors of the Group.

(b) This floating-rate term loans bore effective interest rate of 4.15% (31.3.2021 – 4.27%; 31.3.2020 – 5.02% and 31.3.2019 – 5.05%) per annum.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

18. REVENUE

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Revenue recognised at a point in time					
Assembly	37,000	35,773	30,725	23,020	26,845
Distribution	30,419	27,918	20,483	14,700	15,999
Manufacturing	10,957	11,392	11,135	7,586	9,986
Others	1,323	1,111	1,101	761	1,041
	79,699	76,194	63,444	46,067	53,871

19. NET (REVERSAL OF IMPAIRMENT LOSSES)/IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Impairment losses					
- Trade receivables (Note 8)	-	-	239	-	-
Reversal of impairment loss:					
- Trade receivables (Note 8)	(267)	-	-	-	(324)
	(267)	-	239	-	(324)

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

20. PROFIT BEFORE TAXATION

	Audited	Audited	Audited	Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Profit before taxation is arrived at after charging/(crediting):					
Amortisation of intangible assets	-	1	-	2	-
Auditors' remuneration:-					
- current year	24	44	45	-	48
- under provision in prior year	-	1	-	-	-
Bad debts written off	360	-	-	-	2
Depreciation of property, plant and equipment (Note 5)	2,250	1,341	1,050	789	716
Depreciation of right-of-use assets (Note 6)	-	618	584	438	286
Interest expenses on financial liabilities not at fair value through profit or loss:-					
- bank overdraft	59	161	12	10	6
- bankers' acceptance	29	3	35	-	109
- hire purchase	88	-	-	-	-
- term loans	604	409	336	252	329
Interest expense on lease liabilities	-	52	16	9	11
Property, plant and equipment written off	-	*	-	-	4
Inventories written down	-	392	48	-	-
Lease expenses:-					
- short term lease	-	-	1	1	-
- low-value assets	-	29	29	22	22
Listing expenses	-	-	-	-	1,211
Staff costs	4,981	5,263	4,931	3,545	3,759
Written off of intangible assets	-	-	19	-	-
Total interest income on financial assets measured at amortised cost	(4)	(6)	*	*	*
Compensation received	(1,245)	(2)	(1)	(1)	(1)

Note :
(*) – Amount is less than RM500

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

20. PROFIT BEFORE TAXATION (CONT'D)

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Profit before taxation is arrived at after charging/(crediting) (Cont'd):					
Loss/(Gain) on foreign exchange:-					
- realised	197	318	(109)	(27)	109
- unrealised	(234)	(356)	(30)	-	-
Gain on disposal of property, plant and equipment	(231)	(51)	-	-	(468)
Gain on disposal of right-of-use assets	-	-	(52)	(16)	(353)
Recovery of bad debts	-	(118)	(202)	(202)	(24)
Rental income	*	(1)	(1)	(1)	(1)
Reversal of inventories written down	-	-	(60)	-	-

Note :
(*) – Amount is less than RM500

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

21. INCOME TAX EXPENSE

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Current tax expenses	3,215	2,795	2,167	1,583	1,555
(Over)/Under provision in the previous financial year	(223)	*	206	-	4
	2,992	2,795	2,373	1,583	1,559
Deferred tax (Note 12):					
- Origination or reversal of temporary differences	1	(22)	34	-	102
- Under/(Over) provision in the previous financial year	471	(96)	(49)	-	-
	472	(118)	(15)	-	102
Total income tax expense	3,464	2,677	2,358	1,583	1,661

Note :
(*) – Amount is less than RM500

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

21. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group is as follows:-

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Profit before taxation	13,409	10,161	7,682	6,224	6,072
Tax at the statutory tax rate of 24%	3,218	2,439	1,844	1,494	1,457
Tax effects of:-					
Non-taxable income	(445)	(126)	(16)	(3)	(168)
Non-deductible expenses	426	422	363	86	366
Effect of change in corporate income tax rate	2	3	1	-	-
(Over)/Under provision in previous financial year	(223)	*	206	-	4
Under/(Over) provision of deferred tax in previous financial year	471	(96)	(49)	-	-
Deferred tax assets not recognised during the year	15	35	9	6	2
	3,464	2,677	2,358	1,583	1,661

Note :
(*) – Amount is less than RM500

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

22. EARNINGS PER SHARE

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Profit attributable to owners of the Company	9,945	7,484	5,324	4,641	4,411
Number of ordinary shares ('000) #	316,250	316,250	316,250	316,250	316,250
Basic and diluted earnings per share (sen)	3.14	2.37	1.68	1.47	1.39

Note :
(#) – It is assumed to be the number of ordinary shares before public issue.

23. DIVIDENDS

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
In respect of the financial year ended 31 March 2019	4,577	-	-	-
In respect of the financial year ended 31 March 2020	-	6,178	-	-
In respect of the financial year ended 31 March 2021	-	-	11,500	-
	4,577	6,178	11,500	-

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Property, plant and equipment					
Cost of property, plant and equipment purchased (Note 5)	1,403	395	228	149	623
Less: Amount financed through hire purchase (Note 16 and 24(b))	(475)	-	-	-	-
	928	395	228	149	623

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Right-of-use assets					
Cost of right-of-use assets acquired (Note 6)	-	-	498	498	22
Less: Addition of new lease liabilities (Note 10 and 24(b))	-	-	(300)	(300)	(22)
	-	-	198	198	-

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

Audited	Bank Overdraft^ RM'000	Bankers' Acceptance RM'000	Hire Purchase RM'000	Term Loans RM'000	Amount Owing to a Director RM'000	Total RM'000
31.3.2019						
At 1 April	-	3,897	1,698	13,048	9	18,652
Changes in Financing Cash Flows						
Advances from a director	-	-	-	-	43	43
Net advanced payment of term loan	-	-	-	(2,000)	-	(2,000)
Repayment of borrowing principal	-	(3,132)	(828)	(829)	-	(4,789)
Repayment of borrowing interests	(59)	(29)	(88)	(604)	-	(780)
Non-cash Changes						
Interest expense recognised in profit or loss (Note 20)	59	29	88	604	-	780
New hire purchase (Note 24(a))	-	-	475	-	-	475
At 31 March	-	765	1,345	10,219	52	12,381

Note:
(^) - Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Bank Overdraft^ RM'000	Bankers' Acceptance RM'000	Hire Purchase RM'000	Lease Liabilities RM'000	Term Loans RM'000	Amount Owing to a Director RM'000	Total RM'000
31.3.2020							
At 1 April, as previously reported	-	765	1,345	-	10,219	52	12,381
Effects on adoption of MFRS 16	-	-	(1,345)	1,345	-	-	-
At 1 April, as restated	-	765	-	1,345	10,219	52	12,381
Changes in Financing Cash Flows							
Net withdrawal from term loans	-	-	-	-	3,527	-	3,527
Repayment of principal	-	(576)	-	(752)	(1,024)	-	(2,352)
Repayment of interests	(161)	(3)	-	(52)	(409)	-	(625)
Repayment to a director	-	-	-	-	-	(52)	(52)
Non-cash Changes							
Interest expense recognised in profit or loss (Note 20)	161	3	-	52	409	-	625
At 31 March	-	189	-	593	12,722	-	13,504

Note:
(^) - Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Bank Overdraft^ RM'000	Bankers' Acceptance RM'000	Lease Liabilities RM'000	Term Loans RM'000	Total RM'000
31.3.2021					
At 1 April	-	189	593	12,722	13,504
Changes in Financing Cash Flows					
Proceeds from drawdown	-	3,995	-	-	3,995
Repayment of principal	-	-	(443)	(380)	(823)
Repayment of interests	(12)	(35)	(16)	(336)	(399)
Non-cash Changes					
Interest expense recognised in profit or loss (Note 20)	12	35	16	336	399
Acquisition of new lease (Note 10 and 24(a))	-	-	300	-	300
At 31 March	-	4,184	450	12,342	16,976

Note:
(^) - Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Unaudited	Bank Overdraft^ RM'000	Bankers' Acceptance RM'000	Lease Liabilities RM'000	Term Loans RM'000	Total RM'000
31.12.2020					
At 1 April	-	189	593	12,722	13,504
Changes in Financing Cash Flows					
Net advanced payment of term loans	-	-	-	(7,800)	(7,800)
Repayment of principal	-	(189)	(260)	(106)	(555)
Repayment of interests	(10)	-	(9)	(252)	(271)
Non-cash Changes					
Interest expense recognised in profit or loss (Note 20)	10	-	9	252	271
Acquisition of new lease (Note 10 and 24(a))	-	-	300	-	300
At 31 December	-	-	633	4,816	5,449

Note:
(^) - Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Audited	Bank Overdraft^ RM'000	Bankers' Acceptance RM'000	Lease Liabilities RM'000	Term Loans RM'000	Total RM'000
31.12.2021					
At 1 April	-	4,184	450	12,342	16,976
Changes in Financing Cash Flows					
Repayment of principal	-	(129)	(257)	(388)	(774)
Repayment of interests	(6)	(109)	(11)	(329)	(455)
Non-cash Changes					
Interest expense recognised in profit or loss (Note 20)	6	109	11	329	455
Acquisition of new lease (Note 10 and 24(a))	-	-	22	-	22
At 31 December	-	4,055	215	11,954	16,224

Note:
(^) - Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	Audited		Unaudited	Audited
	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Payment of short-term leases	-	1	1	-
Payment of low-value assets	29	29	22	22
Interest paid on lease liabilities	52	16	9	11
Payment of lease liabilities	752	443	260	257
	833	489	292	290

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

25. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties for the relevant reporting:-

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Directors of the Group					
Sales of motor vehicles	-	-	-	-	730

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

25. RELATED PARTY DISCLOSURES (CONT'D)

(c) Significant Related Party Transactions and Balances (cont'd)

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties for the relevant reporting (cont'd):-

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Company in which a director of the Group has a substantial financial interest					
Sales of goods	-	122	117	83	5

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

(d) Key management personnel compensation

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
<u>Directors of the Group</u>					
Short-term employee benefits:-					
- salaries and other benefits	767	1,099	1,075	821	957
Defined contribution benefits	26	57	62	45	61
	793	1,156	1,137	866	1,018
<u>Directors of the Subsidiaries</u>					
Short-term employee benefits:-					
- salaries and other benefits	214	451	558	394	536
Defined contribution benefits	20	51	58	41	60
	234	502	616	435	596
Total	1,027	1,658	1,753	1,301	1,614

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

26. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely assembly, manufacture and distribution of active fire protection systems, equipment and accessories for built environment and distribution of custom graphics designed fire extinguishers, other active fire protection systems, equipment and accessories and related services sector in Malaysia.

Major Customers

There is no single customer that contributed 10% or more to the Group's revenue.

27. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

27.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

United States Dollar

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Financial Asset				
Cash and bank balances	-	692	758	416
Financial Liabilities				
Trade and other payables	(2,038)	(939)	(4,734)	(3,281)
Currency exposure	(2,038)	(247)	(3,976)	(2,865)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of each reporting period, with all other variables held constant:-

	Audited			
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2021 to 31.12.2021 RM'000
Effects on Profit After Taxation				
USD/RM – strengthened by 3% (31.3.2021: 8%; 31.3.2020: 5% and 31.3.2019: 5%)	(77)	(9)	(242)	(65)
USD/RM – weakened by 3% (31.3.2021: 8%; 31.3.2020: 5% and 31.3.2019: 5%)	77	9	242	65

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings is carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 15 and 17 to the combined financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of each reporting period, with all other variables held constant:-

	Audited			
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2021 to 31.12.2021 RM'000
Effects on Profit After Taxation				
Increase of 77 (31.3.2021: 77; 31.3.2020: 65 and 31.3.2019: 2) basis points	(2)	(64)	(97)	(94)
Decrease of 77 (31.3.2021: 77; 31.3.2020: 65 and 31.3.2019: 2) basis points	2	64	97	94

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (31.3.2021 – 1; 31.3.2020 – 1 and 31.3.2019 – Nil) customer which constituted approximately 11% (31.3.2021 – 12%; 31.3.2020 – 11% and 31.3.2019 – Nil) of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach in measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The Group considers any receivables having financial difficulty and with significant balances and outstanding for more than 1 year overdue are deemed to have higher credit risk and are monitored individually.

The expected loss rates based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.3.2019			
Current (not past due)	19,253	(385)	18,868
1 to 30 days past due	2,910	(58)	2,852
31 to 60 days past due	990	(20)	970
61 to 90 days past due	254	(5)	249
91 to 120 days past due	39	(1)	38
More than 121 days past due	326	(6)	320
Trade receivables	23,772	(475)	23,297

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.3.2020			
Current (not past due)	16,567	(385)	16,182
1 to 30 days past due	3,086	(58)	3,028
31 to 60 days past due	1,540	(20)	1,520
61 to 90 days past due	970	(5)	965
91 to 120 days past due	898	(1)	897
More than 121 days past due	480	(6)	474
Trade receivables	23,541	(475)	23,066

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 are summarised below (Cont'd):-

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.3.2021			
Current (not past due)	13,739	(144)	13,595
1 to 30 days past due	2,244	(83)	2,161
31 to 60 days past due	3,035	(101)	2,934
61 to 90 days past due	862	(55)	807
91 to 120 days past due	664	(51)	613
More than 121 days past due	2,983	(280)	2,703
Trade receivables	23,527	(714)	22,813

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.12.2021			
Current (not past due)	15,685	(21)	15,664
1 to 30 days past due	4,385	(20)	4,365
31 to 60 days past due	1,056	(9)	1,047
61 to 90 days past due	539	(6)	533
91 to 120 days past due	350	(9)	341
More than 121 days past due	2,691	(325)	2,366
Trade receivables	24,706	(390)	24,316

The movements in the loss allowances in respect of trade receivables are disclosed in Note 8 to the combined financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Audited	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.3.2019						
Non-derivative Financial Liabilities						
Hire purchase payable	5.24	1,345	1,412	804	608	-
Term loans	5.05	10,219	12,402	1,449	5,315	5,638
Bankers' acceptance	4.84	765	765	765	-	-
Trade and other payables	-	5,132	5,132	5,132	-	-
		17,461	19,711	8,150	5,923	5,638

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

Audited	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.3.2020						
Non-derivative Financial Liabilities						
Lease liabilities	5.17	593	608	462	146	-
Term loans	5.02	12,722	16,457	1,433	7,167	7,857
Bankers' acceptance	4.64	189	189	189	-	-
Trade and other payables	-	4,301	4,301	4,301	-	-
		17,805	21,555	6,385	7,313	7,857

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

Audited	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.3.2021						
Non-derivative Financial Liabilities						
Lease liabilities	4.49	450	468	291	177	-
Term loan	4.27	12,342	15,741	1,433	7,167	7,141
Bankers' acceptance	3.41	4,184	4,184	4,184	-	-
Trade and other payables	-	8,332	8,332	8,332	-	-
		25,308	28,725	14,240	7,344	7,141

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

Audited	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.12.2021						
Non-derivative Financial Liabilities						
Lease liabilities	4.14	215	223	120	103	-
Term loan	4.15	11,954	15,024	1,433	7,167	6,424
Bankers' acceptance	3.35	4,055	4,055	4,055	-	-
Trade and other payables	-	9,687	9,687	9,687	-	-
		25,911	28,989	15,295	7,270	6,424

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debts, loans and borrowings from financial institutions less cash and bank balances. Capital includes equity attributable to the owners of the Group. The debt-to-equity ratio at the end of the reporting period was as follows:-

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Term loans	10,219	12,722	12,342	11,954
Bankers' acceptance	765	189	4,184	4,055
Hire purchase payable	1,345	-	-	-
Lease liabilities	-	593	450	215
	12,329	13,504	16,976	16,224
Less: Cash and bank balances	(1,972)	(2,073)	(3,693)	(4,152)
Net debt	10,357	11,431	13,283	12,072
Total equity	55,119	56,625	50,599	55,010
Debt-to-equity ratio	0.19	0.20	0.26	0.22

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Audited			
	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.12.2021 RM'000
Financial assets				
Amortised Cost				
Trade and other receivables (Note 8)	23,663	23,094	22,856	24,420
Cash and bank balances	1,972	2,073	3,693	4,152
	25,635	25,167	26,549	28,572
Financial liabilities				
Amortised Cost				
Amount due to a director (Note 14)	52	-	-	-
Trade and other payables (Note 13)	5,132	4,301	8,332	9,687
Hire purchase payable (Note 16)	1,345	-	-	-
Lease liabilities (Note 10)	-	593	450	215
Term loans (Note 17)	10,219	12,722	12,342	11,954
Bankers' acceptance (Note 15)	765	189	4,184	4,055
	17,513	17,805	25,308	25,911

27.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	Audited			Unaudited	Audited
	1.4.2018 to 31.3.2019 RM'000	1.4.2019 to 31.3.2020 RM'000	1.4.2020 to 31.3.2021 RM'000	1.4.2020 to 31.12.2020 RM'000	1.4.2021 to 31.12.2021 RM'000
Financial assets					
Amortised Cost					
Net (losses)/ gains recognised in profit or loss	(52)	44	102	229	238
Financial liabilities					
Amortised Cost					
Net losses recognised in profit or loss	(780)	(625)	(399)	(271)	(455)

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group that are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
31.3.2019					
Financial Liabilities					
Hire purchase	-	1,345	-	1,345	1,345
Term loans:					
Floating rate	-	10,219	-	10,219	10,219
31.3.2020					
Financial Liabilities					
Term loans:					
Floating rate	-	12,722	-	12,722	12,722
31.3.2021					
Financial Liabilities					
Term loans:					
Floating rate	-	12,342	-	12,342	12,342
31.12.2021					
Financial Liabilities					
Term loans:					
Floating rate	-	11,954	-	11,954	11,954

Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of the Group's term loan that carries floating interest rates approximated its carrying amount as it is repriced to market interest rate on or near the reporting date.

(ii) The fair value of hire purchase payable that carries fixed interest rates is determined by discounting the relevant future contractual cash flows using current market interest rate for similar instrument at the end of the reporting period. The interest rate used to discount the estimated cash flows is as follows:-

	As at 31 March 2019 %
Hire purchase payable	1.98 – 4.46

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

28. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 retrospectively from 1 April 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At 1 April 2019, for leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 April 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 April 2019 other than the reclassification of certain balances in the Group's statement of financial position on that date.

29. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the category of the COVID-19 pandemic. The Group operations were temporarily closed down since 18 March 2020 and resumed operations at normal workforce capacity from 4 May 2020.

The Group received two written approvals from Ministry of International Trade and Industry to operate during phase 1 of the National Recovery Plan ("NRP") with 60% workforce capacity and operations as the Group's involvement in manufacturing and distribution of active fire protection systems, equipment and accessories is considered as an essential service. The first written approval was dated 30 May 2021 and the second written approval was dated 5 July 2021. On 3 July 2021, the Group operations were temporarily closed down due to Enhanced Movement Control Order ("EMCO") had been imposed in the area of the principal place of business. The Group resumed operations with a 60% workforce on 17 July 2021. The Group then returned to normal workforce capacity commencing from 23 August 2021.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

30. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are as disclosed in Note 2.2 to the combined financial statements.

UNIQUE FIRE HOLDINGS BERHAD
Registration No: 202101013602 (1413901-D)

STATEMENT BY DIRECTORS

We, Liew Sen Hoi and Liew Kang Yee, being two of the Directors of Unique Fire Holdings Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 5 to 75 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 December 2021 and of their financial performance, and their cash flows for the relevant reporting periods ended on those dates.

Signed in accordance with a resolution of the directors dated 03 JUN 2022

On behalf of the Board of Directors,

Liew Sen Hoi **Liew Kang Yee**

13. ADDITIONAL INFORMATION

13.1 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Company's Constitution which complies with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined or the context otherwise requires:

(i) Remuneration, voting and borrowing powers of Directors

(a) Directors' Remuneration

Clause 21.4 Remuneration

The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

(1) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
(2) salaries payable to executive Directors may not include a commission on or percentage of profits or turnover;
(3) fees payable to Directors and any benefits payable to Directors shall be subject to annual shareholder's approval by an Ordinary Resolution at a meeting of Members; and
(4) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 22.3 Remuneration of Managing Director

The remuneration of a Managing Director shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement."

(b) Voting and borrowing powers of Directors

Clause 23.1 Powers and Duties of Directors

The business and affairs of the Company shall be managed by, or under the direction of the Directors who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by law or by this Constitution required to be exercised or done by the Company in meeting of Members, but the exercise of all such powers shall be subject to and in accordance with the provisions of any law and of this Constitution and shall also be subject to and in accordance with any resolution made by the Company in meeting of Members, provided that no resolution so passed shall invalidate any prior act of the Directors which would have been valid if such resolution had not been made. The general powers by this Clause shall not be limited or restricted by any special authority or power given to the Directors by any other Clauses.

Clause 23.2 Directors' Borrowing Powers

(1) The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.

(2) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.

(3) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

(4) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.

Clause 23.3 Guarantee

The Directors may exercise all the powers of the Company to guarantee payment of money payable under contract obligations of any subsidiary company or companies with or without securities.

Clause 23.6 Power to execute cheques and receipts

All cheques, promissory notes, drafts, bills of exchange, other negotiable or transferable instruments and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manners the Directors shall determine by resolution from time to time.

Clause 23.7 Directors' power to appoint attorney of the Company

The Directors may from time to time by power of attorney under the Seal appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Board to be the attorney/attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

Clause 25.1 Directors may establish committees, etc

The Directors may establish any committees, local boards or agencies, comprising of one (1) or more persons, for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be the member or members of any such committee or local board, or any managers or agents, and may fix their remuneration, and may delegate to any such committee, local board, manager or agent any of these powers, authorities and discretion vested in the Directors, with power to sub-delegate, and may authorise the members of any such committee or local board, or any of them, to fix any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit and the Directors may remove any person or persons so appointed, and may annul or vary any such delegation, but no person or persons dealing in good faith without notice of any such annulment or variation shall be affected thereby.

The Company may pass a resolution of the committee either by way of a circular resolution or at a meeting of committee.

Clause 24.7 Proceedings of meeting

A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by the Directors generally. Subject to this Constitution, questions arising at any meeting of the Directors shall be decided by a majority of votes of the Directors present and each Director having one (1) vote and determination by a majority of Directors shall for all purposes deemed as a decision from the Board.

Clause 24.8 Chairman's casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a decision of the Board. Where at the meeting only two (2) Directors form the quorum and only such quorum is present at the meeting or only two (2) Directors are competent to vote on a question at issue, the chairman of the meeting shall not have a casting vote.

Clause 23.11 Declaration of interest by a director

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Clause otherwise provided and subject always to the Act and/or Listing Requirements, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested. The Directors will not be considered as interested in the following circumstances:

(a) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; or
(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
(c) any contract by him to subscribe for or underwrite share; or debentures of the Company; or

(d) any contract or arrangement with any other company in which he is interested only as a director or other officer or creditor of or as a shareholder in or beneficially interested in the Shares of the Company."

(ii) Changes to Share Capital

Clause 15.1 Company may alter its capital in certain ways

Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

(a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;

(b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;

(c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;

(d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and

(e) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of Shares into any other class of Shares.

Clause 15.2 Power to reduce capital

The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

Clause 15.3 Purchase of own Shares

Subject to the provisions of the Act and/or the Applicable Laws, the Company may, with the sanction of an Ordinary Resolution of the Members in meeting of Members, purchase its own Shares and make payment in respect of the purchase and/or give financial assistance to any person for the purpose of purchasing its own Shares on such date(s), terms and manner as may be determined from time to time by the Directors. Any Shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and/or the Applicable Laws. The provision of Clauses 15.1 and 15.2 hereof shall not affect the power of the Company to cancel any Shares or reduce its share capital pursuant to any exercise of the Company's power under this Clause.

Clause 16.1 Increase of share capital

The Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation of new Shares, such new capital to be of such amount and to be divided into Shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the Company by the resolution authorising such increase may direct.

Clause 17 Variation of Rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be two (2) Members at least holding or represented by proxy at least one-third (1/3) of the issued shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary."

(iii) Transfer of securities

Clause 11.2 Transfer of Securities

The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Securities."

(iv) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

As at the date of this Prospectus, we only have one (1) class of shares, being ordinary shares, all of which rank equally with each other. There are no special rights attached to our Shares. Please refer to Section 4.1 of this Prospectus for a summary of the rights of our shareholders relating to voting, dividend and liquidation in respect of our Shares.

13.2 SHARE CAPITAL

(i) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.

(ii) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation.

(iii) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocation.

(iv) Save as disclosed in Sections 4.1.1, 6.1.3, 6.2.1 and 6.2.2 of this Prospectus, no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the three (3) years preceding the date of this Prospectus.

(v) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

Save for the clauses below which have been reproduced below from our Company's Constitution, there is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares:

Clause 18.7(c) Record of Depositors

Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a Member entitled to attend any meeting of Members and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

Clause 20.7 Members in default

No Member shall be entitled to be present or to vote at any meeting of Members or to exercise any privilege as a Member nor be counted as one of the quorums unless all calls or other sums immediately payable by him in respect of Shares in the Company have been paid."

13.4 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year and up to the LPD:

(i) public take-over offers by third parties in respect of our Group's shares; and

(ii) public take-over offers by us in respect of other company's shares.

13.5 EXCHANGE CONTROLS

Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

13.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

13.7 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

(i) the Shares Sale Agreement dated 26 August 2021 entered between the shareholders of UFI, namely Liew Sen Hoi, Lim Show Ching, Dato' Marcus Liew, Ryan Liew, Roy Liew, and Ray Liew (collectively, as vendors) and Unique Fire (as purchaser) in relation to the Acquisition of UFI. Please refer to Section 4.1.1(a) of this Prospectus for further details;

(ii) the Shares Sale Agreement dated 26 August 2021 entered between the shareholders of UDI, namely Liew Sen Hoi, Dato' Marcus Liew, Ryan Liew, Roy Liew, and Ray Liew (collectively, as vendors) and Unique Fire (as purchaser) in relation to the Acquisition of UDI. Please refer to Section 4.1.1(b) of this Prospectus for further details; and

(iii) the Underwriting Agreement.

13.8 CONSENTS

(i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, Solicitors to our Company, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

(ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position as at 31 December 2021 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

(iii) The written consent of the IMR for the inclusion in this Prospectus of its name and Industry Overview in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

13.9 RESPONSIBILITY STATEMENTS

(i) AIS acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our IPO.

(ii) This Prospectus has been seen and approved by our Directors, Promoters and Offeror, and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

13.10 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six (6) months from the date of this Prospectus:

(i) our Constitution;

(ii) the Industry Overview referred to in Section 7 of this Prospectus;

(iii) the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position of our Group as at 31 December 2021 referred to in Section 11.9 of this Prospectus;

(iv) the Accountants' Report as included in Section 12 of this Prospectus;

(v) the material contracts referred to in Section 13.7 of this Prospectus;

(vi) the letters of consent referred to in Section 13.8 of this Prospectus;

(vii) the audited financial statements of Unique Fire for the financial period from 13 April 2021 (date if incorporation) to 31 December 2021;

(viii) the audited financial statements of UFI for the FYE 2019, FYE 2020, FYE 2021 and FPE 31 December 2022; and

(ix) the audited financial statements of UDI for the FPE 31 December 2018, FYE 31 December 2019, FPE 31 March 2021 and FPE 31 December 2022.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR ISSUE SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in this Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 29 JUNE 2022

CLOSING OF THE APPLICATION PERIOD: 22 JULY 2022

Applications for the Issue Shares will open and close at the time and dates stated above.

In the event there is any change to the time and dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

14.2 METHODS OF APPLICATIONS

14.2.1 Application for our Issue Shares by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by eligible Directors, employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

14.2.2 Application by selected investors via placement

Types of Application	Application method
Applications by:	
Selected investors and Bumiputera investors approved by the MITI	The Placement Agent will contact the selected investors and Bumiputera investors approved by the MITI directly. They should follow the Placement Agent's instructions.

Selected investors and Bumiputera investors approved by the MITI may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

14.3 ELIGIBILITY

14.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

14.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or

(b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and

(iii) You must submit Applications by using only one of the following methods:-

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

14.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Directors, employees and persons who have contributed to the success of our Group may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, our Issuing House, AIBB, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

14.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.26 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 724"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 22 July 2022 or by such other time and date specified in any change to the date and time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

14.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

14.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Our Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 14.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

14.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at https://tiih.online within 1 business day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and / or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1(b) of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement.

14.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your application monies (without interest) will be refunded to you in the following manner.

14.9.1 For applications by way of Application Forms

(i) The application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

14.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) Oure Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions or Internet Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions will credit the application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

14.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) Our Issue Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our Issue Shares offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

14.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of Application	**Parties to direct the enquiries**
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, 1 business Day after the balloting date.

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

(The rest of this page has been intentionally left blank)