

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 Under Review and up to the LPD:

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

9. RELATED PARTY TRANSACTIONS (Cont'd)

Transacting parties and nature of relationship	Nature of transaction and purpose	Transaction value			From 1 April 2021 to LPD ⁽¹⁾ RM'000
		FYE			
		2019 RM'000	2020 RM'000	2021 RM'000	
3 UFI and Cfyre Protection Sdn Bhd (“Cfyre”)	Supply of products by UFI to Cfyre	-	122	117	19 ⁽²⁾
<p>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.</p>			(0.16% of our Group's revenue)	(0.18% of our Group's revenue)	

Note:

- (1) The percentage is not able to be ascertained as at the LPD as the Group's audited financial statements for 1 April 2021 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.

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.

9. RELATED PARTY TRANSACTIONS (Cont'd)

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.

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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 Under Review and as at the LPD:

Transacting parties and nature of relationship	Nature of transaction and purpose	Outstanding amount			
		As at 31 March			As at the LPD RM'000 ⁽¹⁾
		2019 RM'000	2020 RM'000	2021 RM'000	
1. UFI and Liew Sen Hoi, Lim Show Ching, Marcus Liew, and Ryan Liew who are directors and substantial shareholders of our subsidiary UFI	Liew Sen Hoi, Lim Show Ching, 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
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 as at 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	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

Transacting parties and nature of relationship	Nature of transaction and purpose	Outstanding amount			
		As at 31 March			As at the LPD RM'000 ⁽¹⁾
		2019 RM'000	2020 RM'000	2021 RM'000	
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
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
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

Note:

- (1) In respect of the existing personal guarantees which our Promoters Liew Sen Hoi, Lim Show Ching, 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 28 December 2021, 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.

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