

## 7. INDUSTRY OVERVIEW



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1 November 2021

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

Dear Sirs and Madam

### **Independent Assessment of the Active Fire Protection Industry in Malaysia**

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

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

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

Yours sincerely

Wong Wai Ling  
Director

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

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INDEPENDENT ASSESSMENT OF THE ACTIVE FIRE PROTECTION INDUSTRY IN MALAYSIA

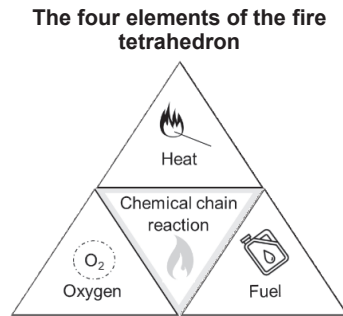
1. INTRODUCTION

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

2. INDUSTRY STRUCTURE

2.1 Fire elements

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



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

- The different classes of fire will require different agents to extinguish or suppress the fire. Unique Fire Group is involved in providing fire protection systems, equipment and accessories against all classes of fire except Class D fires.
- Fire can occur in open areas such as forest fire or built environments including within and around buildings, infrastructure, amenities and facilities. This report is only concerned with the destructive and unwanted fire in built environments.

2.2 Mitigating and eliminating effects of fire

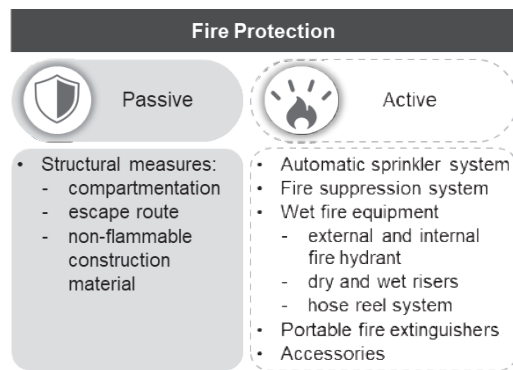
- Mitigating or eliminating the unwanted and destructive effects of fire include practising fire safety and prevention, and providing fire protection equipment.
- **Fire safety** is concerned with putting in place various precautionary measures to minimise the occurrence of a fire, and if a fire does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

7. INDUSTRY OVERVIEW (Cont'd)



- **Fire prevention** involves taking proactive steps to reduce fire hazards. Some of the ways include:
  - performing regular fire risk assessments, resolving deficiencies such as poorly maintained heating or electrical systems, and improper storage of flammable materials;
  - performing regular testing and maintenance of fire protection equipment to ensure they are functional at all times;
  - perform regular fire drills; and
  - educating building service providers and occupants on fire prevention practices and the operation of fire protection equipment.

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



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

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

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

7. INDUSTRY OVERVIEW (Cont'd)



hose with appropriate valves and fittings that are connected to a source of water, such as mains water supply, wet or dry riser system. Fire hose reels are usually located in prominent positions in each floor level along escape routes or beside exit doors or staircases.

- fire hoses, which works with wet or dry risers, and fire hydrants for use by fire fighters.
  - **portable fire extinguishers**, which are elementary firefighting equipment used during the initial outbreak of fire to prevent escalation into a full-scale fire. Portable fire extinguishers contain various types of extinguisher agents suitable for various classes of fire.
  - **accessories** are devices and systems that facilitate fire protection. They include fire alarm and detection devices and systems which can operate on a standalone basis or connected to monitoring stations as well as trigger an automatic response such as alerting the fire department, activating sprinklers or closing fire doors when smoke, heat or carbon monoxide are detected.
- Unique Fire Group is involved in the assembly, distribution and manufacture of active fire protection equipment, systems and accessories for built environments.

2.3 Types of fire extinguishing agents

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

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

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

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

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### 3. SOME KEY REGULATIONS AND STANDARDS GOVERNING THE INDUSTRY

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

- In Malaysia, the relevant fire safety regulations include, among others, the Fire Services Act 1988 and the Uniform Building By-Laws (UBBL) 1984. According to the Fire Services Act 1988, every designated premise except single private dwellings or public religious worship areas, requires a Fire Certificate (FC) that has to be renewed annually. Some examples of designated premises include offices with heights exceeding 30 metres or 10,000 square meters of total floor area and shops with over 3,000 square meters of total floor area. The FC is issued by the Fire and Rescue Department of Malaysia, also known as Bomba, to the premises after inspection to ensure there is adequate fire safety, prevention and protection, and firefighting facilities.
- UBBL 1984 is a subsidiary law under the Street, Drainage and Building Act 1974. It regulates the design and construction of buildings to establish uniform standards relating to fire safety as presented in Part 7 (fire requirements) and Part 8 (fire alarm, detection and extinguishment and firefighting access). In addition, there is a requirement to have a portable fire extinguisher in private dwellings and apartments and flats which fall under the prescribed categories that was subsequently incorporated into the UBBL of certain states by way of gazettes namely Selangor, Penang, Terengganu and Melaka in 2012, 2016, 2013 and 2019 respectively. According to the Road Transport Department Malaysia (JPJ), public service vehicles, such as buses, taxis, hire cars and e-hailing vehicles, are required to have fire extinguishers.

#### 3.2 Regulations governing fire protection products

- Fire protection products are required to be certified with Bomba before it can be installed in premises. Some of these fire protection products that require Bomba certification include, among others, fire extinguishers, fire suppression systems, fire hose reels, and smoke and heat detectors. As part of Bomba's certification process, the product has to be certified by testing laboratories that Bomba recognises including, among others, SIRIM Berhad, Underwriters Laboratories LLC, FM Approvals LLC or any testing laboratories recognised by the Department of Standards Malaysia.
- The Electronic Fire Extinguisher Inspection System (eFEIS) is a system established by Bomba to govern the usage and maintenance schedule of portable fire extinguishers in Malaysia. Every unit of portable fire extinguisher used in commercial premises is required to have an eFEIS barcode certificate attached to the cylinder based on the MS 1539. The service and maintenance of portable fire extinguishers are governed by Bomba and only authorised competent person is allowed to carry out such service. Based on the MS 1539, a portable fire extinguisher needs to be serviced annually, and it has to be discarded 10 years after the manufacturing date. Therefore, the barcode certificate has to be renewed yearly, with the condition that it is manufactured within 10 years and it is not condemned.

#### 3.3 Environmental regulations

- Malaysia is proactive in controlling the use of ozone-depleting substances. Hydrofluorocarbons (HFC), a group of chemicals mainly used as cooling agents or refrigerants, are currently used to replace chlorofluorocarbons (CFC) and hydrochlorofluorocarbons (HCFC) for fire extinguishing agents, as both CFC and HCFC deplete the ozone layer and have been phased out in Malaysia. However, Malaysia has ratified a United Nations agreement to phase out the use of HFC progressively as HFC contributes to global warming although HFC does not deplete the ozone layer. The HFC usage has to be reduced by 80% by 2045 with usage frozen at a baseline as of 1 January 2024. Alternatives to HFC include, among others, fluorinated ketones (FK-5-1-12 or C<sub>6</sub>F<sub>12</sub>O). Unique Fire Group has started to market FK5112 fire suppression system in the first half of 2021.

## 7. INDUSTRY OVERVIEW (Cont'd)



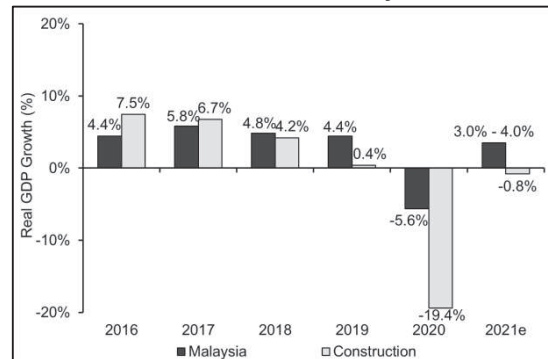
- The import and export of fire extinguishing agents, particularly HFC, are controlled by the Department of Environment (DOE), where all importers and exporters of HFC substances including HFC-227ea (heptafluoropropane or C<sub>3</sub>HF<sub>7</sub>), HFC-23 (trifluoromethane or CHF<sub>3</sub>) and HFC-125 (pentafluoroethane or CF<sub>3</sub>CHF<sub>2</sub>) must be registered with the DOE. The Group is registered with DOE as an importer and exporter of HFC products.

### 4. SUPPLY AND DEMAND CONDITIONS

#### 4.1 Malaysia's economic activities

- Active fire protection equipment providers are dependent on the general well-being of the economy as well as activities in the construction industry which includes building construction, civil engineering and specialised construction. New buildings in residential, commercial, industrial, infrastructure and public amenities and facilities will contribute to the demand for active fire protection systems and equipment.
- Real gross domestic product (GDP) indicates the value of all finished goods and services made within a country or sector without the impact of price inflation.

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



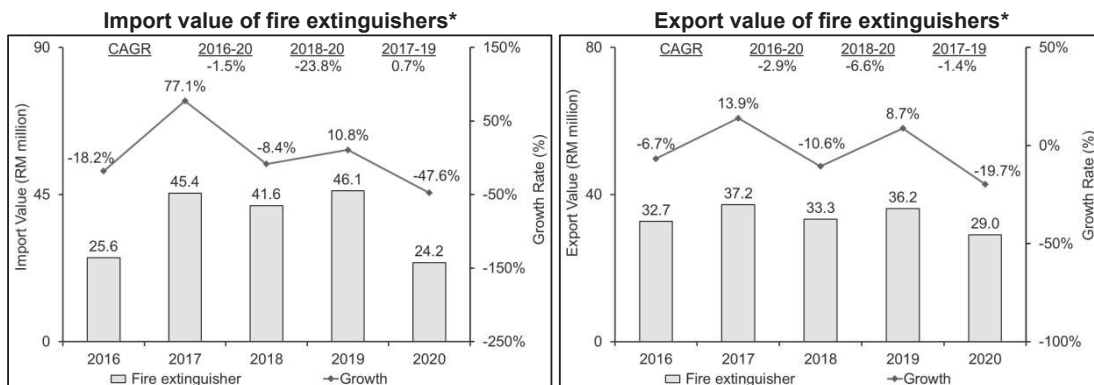
(Source: Department of Statistics Malaysia, DOSM; Ministry of Finance, MoF)

- In 2020, real GDP of Malaysia declined by 5.6%, mainly due to weak external demand conditions as well as restricted production and consumption activities resulting from containment measures arising from the COVID-19 pandemic. In the first quarter (Q1) of 2021, Malaysia's real GDP recorded a decline of 0.5% compared to Q1 2020, before it expanded and grew by 16.1% in the second quarter (Q2) 2021 compared to Q2 2020. The growth was attributed to the low base effect, recovery in external demand and the gradual reopening of economic sectors amid various containment measures implemented (Source: MoF).
- On a seasonally adjusted quarter-to-quarter basis, Malaysia's economy declined by 2.0% in Q2 2021 compared to Q1 2021 due to the containment measures implemented under Phase 1 of the National Recovery Plan (NRP) (Source: BNM). Overall, the economy in Malaysia is estimated to grow within the range of 3.0% to 4.0% in 2021 with a forecasted real GDP growth between 5.5% and 6.5% in 2022 (Source: MoF).
- Meanwhile, the real GDP of the construction industry declined by 19.4% in 2020 due to the reduced work capacity in compliance to containment measures, labour shortages contributed by international border closures, supply chain disruptions and site shutdowns following the COVID-19 pandemic. In Q1 2021, the construction industry improved with a smaller decline of 10.4% compared to Q1 2020, before it expanded with a growth of 40.3% in Q2 2021 supported by an improvement in specialised construction activities, non-residential buildings and residential buildings subsectors (Source: MoF).
- However, on a seasonally adjusted, quarter-to-quarter basis, the construction industry declined by 3.2% in Q2 2021 compared to Q1 2021, as only essential construction projects were allowed to operate at a reduced capacity during Phase 1 of the NRP (Source: BNM). The real GDP of the construction industry is estimated to decline by 0.8% in 2021 with a forecasted real GDP growth of 11.5% in 2022 (Source: MoF).

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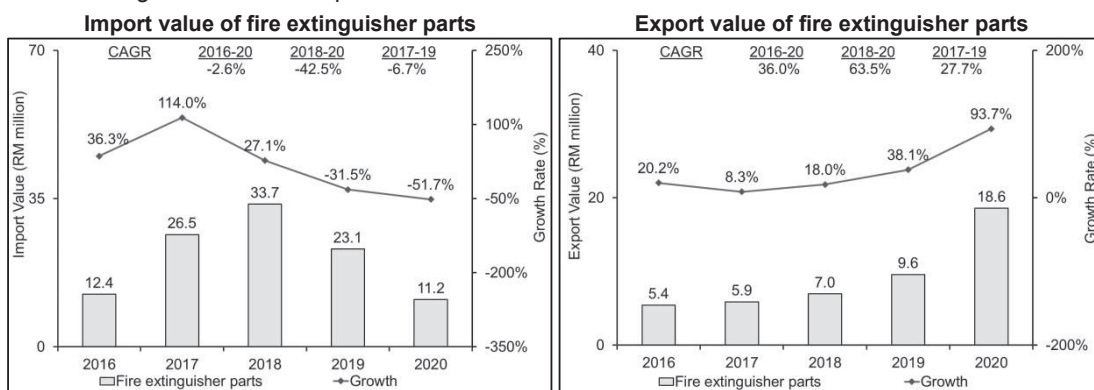


4.2 Malaysia's import and export of fire extinguishers and parts



\* Whether or not filled (Source: DOSM)

- In 2020, imports and exports of fire extinguishers fell by 47.6% and 19.7% respectively. The decline was mainly due to measures taken domestically and globally to contain the impact of the COVID-19 pandemic that affected trade, demand, supply chain and production activities. In 2020, fire extinguishers were mainly imported from China, which accounted for 46.9% of the total import, whereas exports were mainly to Korea, Vietnam and Singapore which accounted for 17.1%, 14.4% and 11.6% of the total exports respectively. Import value of fire extinguishers declined by 28.9% from RM6.5 million in Q1 2021 to RM4.6 million in Q2 2021. Meanwhile, in Q2 2021, export value of fire extinguishers which amounted to RM8.7 million, grew by a marginal 0.7% as compared to Q1 2021.



(Source: DOSM)

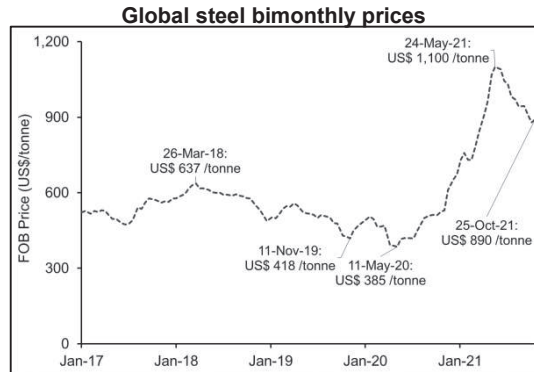
- In 2020, imports of fire extinguisher parts which amounted to RM11.2 million, declined by 51.7% compared to 2019. In 2020, exports which amounted to RM18.6 million, increased by 93.7% compared to 2019. The growth in exports was mainly contributed by exports to Singapore which amounted to RM11.7 million in the first half of 2020. Import value of fire extinguisher parts grew by 38.3% from RM1.5 million in Q1 2021 to RM2.1 million in Q2 2021. Export value of fire extinguisher parts grew by 9.2% from RM1.3 million in Q1 2021 to RM1.4 million in Q2 2021.
- The main rationales that Malaysia imports and exports fire extinguishers at the same time are as follows:
  - Domestic manufacturers import to provide a wider range of fire extinguishers for their customers. They usually will not source from other domestic manufacturers who are deemed their competitors;
  - Some importers are distributors of foreign brands and products to compete against domestic manufacturers and suppliers; and
  - Some manufacturers also export their products to expand their business to other countries.

7. INDUSTRY OVERVIEW (Cont'd)



4.3 Global steel conditions and prices

- Steel is one of the input materials used in the manufacture of active fire protection systems and equipment. Between 2017 and 2019, global steel prices ranged between US\$418/tonne and US\$637/tonne, with an average price of US\$538/tonne. In 2020, global steel prices dipped to their lowest since 2017 at US\$385/tonne on 11 May 2020. Since then, global steel prices have been increasing and reached an all-time high of US\$1,100/tonne on 24 May 2021, before subsequently falling to US\$890/tonne on 25 October 2021.



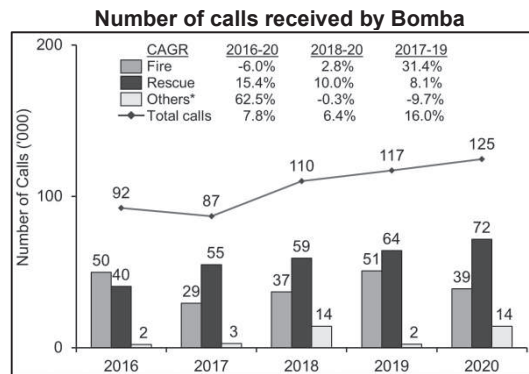
(Source: Vital Factor analysis)

- The increase in steel prices between May 2020 and May 2021 was mainly driven by an increase in steel demand contributed by the recovery of the global automotive market. Furthermore, steel production in 2020 was initially halted or delayed as construction and manufacturing industries were closed or operated on reduced capacity, which resulted in historically low inventories of steel. In addition, there were shortages of iron ore due to supply chain disruptions. However, since June 2021 and up to October 2021, steel prices have started to decline.

5. DEMAND DEPENDENCIES

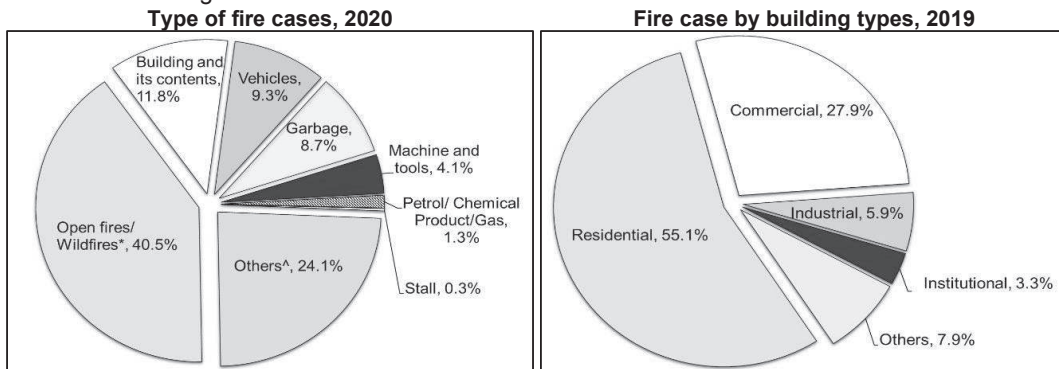
5.1 Fire incidences

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



\* Others include special services and false calls (Source: Ministry of Housing and Local Government, KPKT)

- In 2020, fire cases within buildings accounted for 11.8% of total fire cases, amounting to 4,599 cases.
- In 2019, residential and commercial premises collectively accounted for 83.0% of fire cases within buildings.



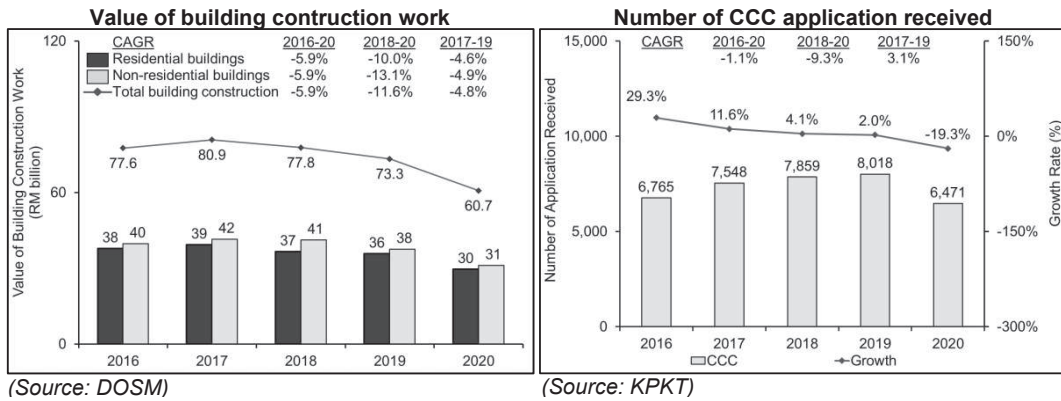
Note: Latest available data. \* Includes farm, forest, bush and weed fires; ^ Includes planes, helicopter, ship, ferry, boat and others not elsewhere specified (Source: KPKT; Vital Factor analysis)



7. INDUSTRY OVERVIEW (Cont'd)

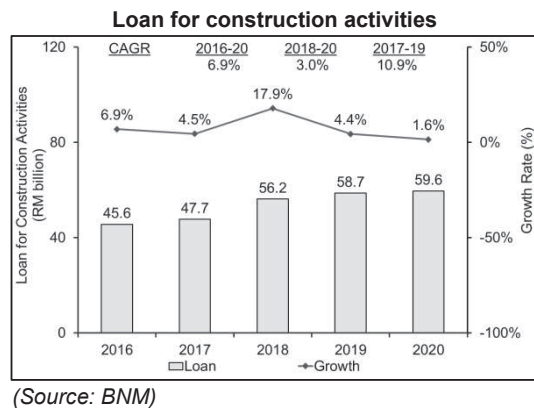


5.2 Performance of building construction and property development industries



- Active fire protection systems and equipment are dependent on the building construction industry including new buildings, as well as remodelling or renovations. Before COVID-19 pandemic, the value of building construction work declined at an average annual rate of 4.8% between 2017 and 2019 mainly due to fewer and smaller new projects amid the commercial property glut and elevated level of unsold residential properties (Source: BNM). In 2020, the value of building construction work continued to decline by 17.2%, compared to 2019. In Q2 2021, the value of building construction work amounted to RM14.3 billion which grew by 27.8% compared to Q2 2020.
- Certificate of Completion and Compliance (CCC) of buildings will only be issued after certified fire systems and/or equipment are installed. Between 2016 and 2020, the number of CCC applications received by local governments declined at an average annual rate of 1.1% mainly due to fewer completed projects amid the decline in building construction. In 2020, the number of CCC applications declined by 19.3% as construction work was disrupted due to the containment measures implemented in Malaysia.

- The performance of the construction industry is dependent on the availability of loans to fund construction activities. Availability of loans is dependent on factors such as liquidity in the market, financial institutions' internal lending policies, the Government and BNM's policies and guidelines. Between 2016 and 2020, loans for construction activities including buildings and civil engineering construction grew at a CAGR of 6.9% to provide liquidity for companies to carry out construction work. As at 30 September 2021, loans for construction activities amounted to RM60.9 billion.



- The property development industry is associated with the building construction industry. As such, the future supply of properties can be used as one of the indicators for the future construction of buildings which will drive demand for fire protection equipment. Future supply includes incoming supply which comprises units where construction works are in progress but CCC or temporary certificate of fitness for occupation has not been issued, and planned supply comprises units with building plan approvals but have not commenced construction as yet.

## 7. INDUSTRY OVERVIEW (Cont'd)



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

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

	High-rise Residential <sup>(1)</sup> (units)			High-rise Commercial <sup>(2)</sup> (units)			Industrial (units)		
	Incoming	Planned	Future <sup>(3)</sup>	Incoming	Planned	Future <sup>(3)</sup>	Incoming	Planned	Future <sup>(3)</sup>
2016	307,996	228,652	536,648	172,152	116,266	288,418	6,901	7,514	14,415
2017	201,870	195,739	397,609	175,411	152,998	328,409	5,675	7,513	13,188
2018	199,231	194,235	393,466	113,418	209,919	323,337	4,917	7,057	11,974
2019	199,451	190,708	390,159	147,405	198,724	346,129	4,343	7,169	11,512
2020	192,066	183,101	375,167	164,871	182,242	347,113	4,354	6,828	11,182
CAGR(2016-20)	-11.1%	-5.4%	-8.6%	-1.1%	11.9%	4.7%	-10.9%	-2.4%	-6.2%
CAGR(2018-20)	-1.8%	-2.9%	-2.4%	20.6%	-6.8%	3.6%	-5.9%	-1.6%	-3.4%
CAGR(2017-19)	-0.6%	-1.3%	-0.9%	-8.3%	14.0%	2.7%	-12.5%	-2.3%	-6.6%
Q1 21	191,075	183,275	374,350	178,895	180,263	359,158	4,411	6,671	11,082
Q2 21	183,827	189,401	373,228	188,165	177,744	365,909	4,388	6,731	11,119

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

- As at the end of Q2 2021, the future supply of high-rise residential properties, high-rise commercial properties and industrial properties recorded -5.1%, 2.0% and -1.3% respectively compared to Q2 2020. On a quarter-to-quarter basis, the future supply of high-rise residential properties, high-rise commercial properties and industrial premises recorded -0.3%, 1.9% and 0.3% respectively compared to Q1 2021.

## 6. COMPETITIVE LANDSCAPE

- As of 4 October 2021, it was estimated that there were 241 members registered with the Malaysian Fire Protection Association (MFPA), of which 142 members were involved in the active fire protection sector, 24 members were involved in the passive fire protection sector and 75 members were involved in other activities. Not all fire protection operators are registered with MFPA.
- Below is a list of manufacturers and/or assemblers of active fire protection equipment and/or systems sorted in descending order of group/company revenue. This list is used to provide an indication and is not exhaustive.

Name	FYE <sup>(1)</sup>	Grp/Co. Rev <sup>(2)</sup> (RM mil)	Seg Rev (RM mil)	Grp/Co. GP <sup>(2)</sup> (RM mil)	Grp/Co. GP Margin <sup>(2)</sup>	Grp/Co. NP <sup>(2)</sup> (RM mil)	Grp/Co. NP Margin <sup>(2)</sup>
FITTERS Diversified Bhd <sup>(3)</sup>	Dec-20	215.7	98.1	12.6	5.8%	-16.2	-7.5%
Steel Recon Industries S/B <sup>(4)</sup>	Dec-20	116.8	-	36.1	30.9%	13.8	11.8%
Eversafe Extinguisher S/B	Mar-20	65.3	-	23.8	36.5%	1.2	1.8%
<b>Unique Fire Group</b>	<b>Mar-21</b>	<b>63.4</b>	<b>-</b>	<b>16.7</b>	<b>26.3%</b>	<b>5.3</b>	<b>8.4%</b>
VIC Engineering S/B <sup>(5)</sup>	Dec-20	26.6	-	10.4	39.2%	4.4	16.5%
Fire Fighter Group <sup>(6)</sup>	Dec-20	24.8	-	12.4	50.0%	4.0	16.3%

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

(1) Latest available audited financial information from annual reports or Companies Commission of Malaysia and Unique Fire Group.

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

(3) Listed on Bursa Securities. Segment revenue is for fire services division comprising sales of fire materials and equipment, rendering of services and construction contract services. Group revenue

## 7. INDUSTRY OVERVIEW (Cont'd)



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

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

## 7. MARKET SIZE AND SHARE

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

## 8. INDUSTRY CONSIDERATION FACTORS

- The factors of demand for active fire protection equipment are contributed by the general well-being of the economy, performance of the construction and property development industries and the regulatory framework in Malaysia. In Q2 2021, on a quarter-to-quarter seasonally adjusted basis, real GDP of Malaysia's economy and the construction sector recorded -2.0% and -3.2% respectively compared to Q1 2021 (*Source: BNM*). On a quarter-to-quarter basis, as at the end of Q2 2021, the future supply of high-rise residential, high-rise commercial and industrial units recorded -0.3%, 1.9% and 0.3% respectively compared to Q1 2021.
- Any regulatory changes that increase the existing requirement for fire protection equipment, such as the requirement for more types of residential homes or motor vehicles to have fire extinguishers, will facilitate the demand for active fire protection industry. Furthermore, the requirement that portable fire extinguishers have to be scrapped 10 years after the manufacturing date would also facilitate the replacement market for hand portable fire extinguishers. For further details on the regulatory requirements, please refer to Section 3 of this Industry Overview.
- The performance of the active fire protection industry is dependent upon, among others, the recovery of Malaysia's economy as well as the global economies from the COVID-19 pandemic. In addition to the eight economic stimulus packages provided by the Malaysian government which amounted to RM530 billion, a further RM332.1 billion has been allocated to drive the recovery of the economy as indicated in the Budget 2022. Any resurgence of COVID-19 cases and reimposition of containment measures will weigh on the growth of the economy. Overall, the economy in Malaysia is estimated to grow within the range of 3.0% to 4.0% in 2021 with a forecasted real GDP growth between 5.5% and 6.5% in 2022 (*Source: MoF*).
- Other considerations which will drive demand include growing public awareness of fire safety, recovery in the construction industry as well as the implementation of stringent regulations for fire protection in buildings. Although the real GDP of the construction industry is estimated to decline by 0.8% in 2021, it is expected that the construction industry will recover in 2022 with a forecasted real GDP growth of 11.5%. (*Source: MoF*).