

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF SORENTO CAPITAL BERHAD (“SORENTO CAPITAL” OR “COMPANY”) DATED 7 OCTOBER 2024 (“ELECTRONIC PROSPECTUS”)**

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

**Website**

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

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

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

Prospective investors should note that the Application Forms are not available in electronic format.

**Jurisdictional Disclaimer**

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. Bursa Securities, AIS and Sorento Capital have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

**Close of Application**

Applications for the IPO Shares will be accepted from **10:00 a.m. on 7 October 2024** and will close at **5:00 p.m. on 15 October 2024**. Any change to the timetable will be advertised by Sorento Capital in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia, and will make the relevant announcement through Bursa Securities.

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

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

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

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



SORENTO CAPITAL BERHAD

PROSPECTUS

# Sorento

CAPITAL BERHAD

SORENTO CAPITAL BERHAD

(REGISTRATION NO. 202301018305 (1512227-W))  
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT 2016)

No. 5, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan

General Enquiries +603 – 3082 9288 Email [sorento@sorento.com.my](mailto:sorento@sorento.com.my)

# PROSPECTUS

THIS PROSPECTUS IS DATED 7 OCTOBER 2024

## Sorento

CAPITAL BERHAD

SORENTO CAPITAL BERHAD

(REGISTRATION NO. 202301018305 (1512227-W))  
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT 2016)

**INITIAL PUBLIC OFFERING (“IPO”) OF 229,000,000 ORDINARY SHARES IN SORENTO CAPITAL BERHAD (“SORENTO CAPITAL” OR “COMPANY”) (“IPO SHARES”) IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED SHARE CAPITAL OF SORENTO CAPITAL ON THE ACE MARKET OF BURSA SECURITIES COMPRISING:**

- I. PUBLIC ISSUE OF 155,000,000 NEW ORDINARY SHARES IN SORENTO CAPITAL (“SHARES”) IN THE FOLLOWING MANNER:**
  - (A) 43,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
  - (B) 16,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF SORENTO CAPITAL GROUP; AND**
  - (C) 96,000,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY;**

**AND**

- II. OFFER FOR SALE OF UP TO 74,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT IN THE FOLLOWING MANNER:**
  - (A) 62,500,000 EXISTING SHARES MADE AVAILABLE TO SELECTED INVESTORS; AND**
  - (B) 11,500,000 EXISTING SHARES MADE AVAILABLE TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY;**

**AT AN IPO PRICE OF RM0.37 PER SHARE PAYABLE IN FULL UPON APPLICATION.**

*Principal Adviser, Sponsor, Underwriter and Placement Agent*



NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

BURSA SECURITIES HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES, AND THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

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

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” SET OUT IN SECTION 9 OF THIS PROSPECTUS.**

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

**THIS ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.**

## **RESPONSIBILITY STATEMENTS**

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

Alliance Islamic Bank Berhad, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

## **STATEMENTS OF DISCLAIMER**

Approval has been granted by Bursa Securities for the listing of and quotation for the securities being offered. Admission to the Official List of ACE Market of Bursa Securities is not to be taken as an indication of the merits of the offering, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

## **OTHER STATEMENTS**

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

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

Our Shares are classified as Shariah-compliant by the SAC (as defined in this Prospectus). This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

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

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

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our IPO Shares are issued/ offered in Malaysia solely based on the contents of this Prospectus. Our Directors, Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, our Promoters and our Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/ or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction which you may be subject to. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any other application made by you shall be illegal, unenforceable, voidable or void in any such country and jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

### **ELECTRONIC PROSPECTUS**

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

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

If you are in doubt as to validity or integrity of the Electronic Prospectus, you should immediately request a paper/ printed copy of this Prospectus from us, our Principal Adviser or our Issuing House.

In the event of any discrepancy arising between the contents of the Electronic Prospectus and the contents of the paper/ printed copy of this Prospectus for any reason whatsoever, the contents of the paper/ printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with Bursa Securities, will prevail.

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

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

Where an electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions or Participating Securities Firms, you are advised that:-

- (i) the Internet Participating Financial Institutions or Participating Securities Firms are liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institutions or Participating Securities Firms which may be viewed via your web browser or other relevant software;
- (ii) the Internet Participating Financial Institutions or Participating Securities Firms shall not be responsible in any way for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions or Participating Securities Firms and thereafter communicated or disseminated in any manner to you or other parties; and
- (iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

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

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**INDICATIVE TIMETABLE**

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The following events are intended to take place on the following tentative dates:-

| <b>Event(s)</b>  | <b>Tentative Date(s)</b> |
|--|--------------------------|
| Opening of the application period for our IPO                                | 7 October 2024           |
| Closing of the application period for our IPO                                | 15 October 2024          |
| Balloting of applications  | 18 October 2024          |
| Allotment of Issue Shares/ Transfer of Offer Shares to successful applicants | 25 October 2024          |
| Listing on the ACE Market of Bursa Securities                                | 28 October 2024          |

In the event there is any change to the indicative timetable above, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia and will also announce it on Bursa Securities' website accordingly.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to “our Company” or “Sorento Capital” in this Prospectus are to Sorento Capital Berhad, while references to “our Group” or “Sorento Capital Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Managing Director, Executive Director and our Key Senior Management as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “you” are to our prospective investors.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or two decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits) be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates or is exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report (as defined in this Prospectus) included in Section 8 of this Prospectus, prepared by Smith Zander (as defined in this Prospectus), an independent market researcher. We have appointed Smith Zander to provide an independent market and industry review. In compiling its data for the review, Smith Zander had relied on their research methodology, industry sources, published materials, their own private databases and direct contacts within the industry. We believe that the information on the industry and the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot assure you that the projections will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this document, the English version shall prevail.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

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**FORWARD-LOOKING STATEMENTS**

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This Prospectus includes forward-looking statements, which include all statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our Group’s control that could cause our actual results, performances or achievements to be materially different from future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:-

- (i) our business strategies, trends and competitive position;
- (ii) our plans and objectives for future operations;
- (iii) our future potential growth opportunities;
- (iv) our future financial position, earnings, cash flows and liquidity;
- (v) our ability to pay dividends; and
- (vi) the regulatory environment and the effects of future regulation.

Such forward-looking statements are based on numerous assumptions regarding our Group’s present and future business strategies and the environment in which we operate. Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:-

- (a) the general economic, business, social, political and investment environment in Malaysia and globally;
- (b) government policy, legislation and regulation;
- (c) interest rates, tax rates and exchange rates;
- (d) the competitive environment in the industry in which we operate;
- (e) reliance on approvals, licences and permits;
- (f) availability and fluctuations in prices of raw materials;
- (g) fixed and contingent obligations and commitments; and
- (h) any other factors beyond our control.

Additional factors that could cause our actual results, performances or achievements to differ materially include, but are not limited to those discussed in Section 9 – Risk Factors and Section 12.3 – Management’s Discussion and Analysis of Financial Conditions and Results of Operations of this Prospectus. We cannot assure you that the forward-looking statements in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the LPD and are made available only as at the LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).



## **DEFINITION**

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:-

### **COMPANIES WITHIN OUR GROUP**

|                                       |   |
|---------------------------------------|---|
| <b>BBSB</b>                           | : Beyond Bath Sdn Bhd (Registration No. 201401007432 (1083510-T))                             |
| <b>IBSB</b>                           | : Ideal Bath Sdn Bhd (Registration No. 201801038126 (1300157-D))                              |
| <b>MSB</b>                            | : Mocha Sdn Bhd (Registration No. 202301027110 (1521033-A)), a wholly-owned subsidiary of SSB |
| <b>NSSB</b>                           | : Nautical Sanitaryware Sdn Bhd (Registration No. 201401023343 (1099430-P))                   |
| <b>SSB</b>                            | : Sorento Sdn Bhd (Registration No. 200501017483 (694526-P))                                  |
| <b>Sorento Capital or Company</b>     | : Sorento Capital Berhad (Registration No. 202301018305 (1512227-W))                          |
| <b>Sorento Capital Group or Group</b> | : Sorento Capital and our Subsidiaries, collectively  |
| <b>Subsidiaries</b>                   | : BBSB, IBSB, MSB, NSSB and SSB, collectively   |

### **GENERAL**

|  |   |
|--|---|
| <b>ACE Market</b>  | : ACE Market of Bursa Securities  |
| <b>Acquisitions</b>  | : The acquisitions of BBSB, IBSB, NSSB and SSB, collectively  |
| <b>Act</b>   | : Companies Act 2016, as may be amended from time to time   |
| <b>ADA</b>   | : Authorised Depository Agent, a person appointed by Bursa Depository under the Rules of Bursa Depository                             |
| <b>AGM</b>   | : Annual General Meeting  |
| <b>AIS or Principal Adviser or Sponsor or Underwriter or Placement Agent</b> | : Alliance Islamic Bank Berhad (Registration No. 200701018870 (776882-V))   |
| <b>Application(s)</b>  | : The application(s) for our Issue Shares by way of Application Form, Electronic Share Application and/ or Internet Share Application |
| <b>Application Form(s)</b>   | : The printed application form(s) for the Application of our Issue Shares   |
| <b>ATM</b>   | : Automated Teller Machine  |
| <b>Board</b>   | : Board of Directors of Sorento Capital   |
| <b>Bursa Depository</b>  | : Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))  |
| <b>Bursa Securities</b>  | : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))   |

**DEFINITION (Cont'd)**

|                                     |   |
|-------------------------------------|---|
| <b>CCC</b>                          | : Certificate of completion and compliance  |
| <b>CDS</b>                          | : Central Depository System   |
| <b>CDS Account(s)</b>               | : Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor                        |
| <b>CIDB</b>                         | : Construction Industry Development Board   |
| <b>CIDB Act 1994</b>                | : Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, as may be amended from time to time   |
| <b>CMSA</b>                         | : Capital Markets and Services Act 2007, as may be amended from time to time  |
| <b>Constitution</b>                 | : The constitution of Sorento Capital   |
| <b>Depositor</b>                    | : A holder of a CDS Account   |
| <b>Director(s)</b>                  | : Director(s) of our Company and within the meaning given in Section 2 of the CMSA  |
| <b>Electronic Prospectus</b>        | : A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/ or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory) |
| <b>Electronic Share Application</b> | : An application for our Issue Shares through Participating Financial Institutions' ATM   |
| <b>Eligible Persons</b>             | : Eligible Directors, employees and persons who have contributed to the success of our Group, as further detailed in Section 4.1.2 (ii) of this Prospectus  |
| <b>EPF</b>                          | : Employees Provident Fund  |
| <b>EPS</b>                          | : Earnings per Share  |
| <b>Executive Director(s)</b>        | : Non-independent executive director(s) of Sorento Capital, namely Loo Chai Lai, Loo Jing Kai and Lee Chee Keong  |
| <b>FHSB</b>                         | : Fantastic Hectares Sdn Bhd (Registration No. 200701033931 (791960-X))   |
| <b>Financial Years Under Review</b> | : FYE 2021, FYE 2022, FYE 2023 and FYE 2024, collectively   |
| <b>FYE</b>                          | : Financial year ended/ ending 30 June, as the case may be  |
| <b>GP</b>                           | : Gross profit  |
| <b>GRS 2024</b>                     | : Guidelines for Registration of Suppliers (Revision 16) issued by the Industry Development & Audit Division of SPAN dated 1 January 2024, as may be amended from time to time                      |
| <b>IKRAM</b>                        | : IKRAM QA Services Sdn Bhd (Registration No. 199901004665 (479565-A))  |

**DEFINITION (Cont'd)**

|  |  |
|--|--|
| <b>IMR Report</b>  | : The independent market research report titled “Independent Market Research Report on the bathroom and kitchen sanitary ware industry in Malaysia” and dated 9 September 2024, prepared by Smith Zander, as set out in Section 8 of this Prospectus |
| <b>Internet Participating Financial Institution(s) or Participating Securities Firm(s)</b> | : Participating financial institution(s) or Participating Securities Firm(s) for the Internet Share Application, as listed in Section 15 of this Prospectus  |
| <b>Internet Share Application</b>  | : Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institution(s) or Participating Securities Firm(s)   |
| <b>IPO</b>   | : Initial public offering of our IPO Shares in conjunction with the listing of and quotation for our entire enlarged issued share capital on the ACE Market comprising the Public Issue  |
| <b>IPO Price</b>   | : The price of RM0.37 per IPO Share  |
| <b>IPO Share(s)</b>  | : The Issue Share(s) and Offer Share(s), collectively  |
| <b>Issue Share(s)</b>  | : 155,000,000 new Shares, representing approximately 18.02% of our enlarged issued share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus                                     |
| <b>Issuing House or Share Registrar</b>  | : Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))   |
| <b>KCBS</b>  | : Kedai Cat Boon Seng Sdn Bhd (Registration No. 199401004550 (290229-K))   |
| <b>LCL Success</b>   | : LCL Success Sdn Bhd (Registration No. 202401007057 (1552907-K))  |
| <b>Listing</b>   | : The admission of Sorento Capital to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM99,650,940 comprising 860,000,000 Shares on the ACE Market  |
| <b>Listing Requirements</b>  | : ACE Market Listing Requirements of Bursa Securities, as may be amended from time to time   |
| <b>LPD</b>   | : 9 September 2024, being the latest practicable date prior to the issuance of this Prospectus   |
| <b>Malaysian Public</b>  | : Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia   |
| <b>Market Day(s)</b>   | : Any day(s) on which Bursa Securities is open for trading of securities   |
| <b>MBS Home</b>  | : MBS Home Decorations Sdn Bhd (Registration No. 200701040362 (798394-U))  |
| <b>MBS Paints</b>  | : MBS Paints Sdn Bhd (Registration No. 199301023907 (278645-W))  |
| <b>MBS Tools</b>   | : MBS Tools Sdn Bhd (Registration No. 200701040363 (798395-V))   |
| <b>MFRS</b>  | : Malaysian Financial Reporting Standards  |

**DEFINITION (Cont'd)**

|   |   |  |
|---|---|--|
| <b>MITI</b>                                   | : | Ministry of Investment, Trade and Industry of Malaysia, as may be amended from time to time  |
| <b>NA</b>                                     | : | Net assets   |
| <b>NBV</b>                                    | : | Net book value   |
| <b>Offer for Sale</b>                         | : | Offer for sale of the Offer Shares at the IPO Price by the Offerors comprising:- <ul style="list-style-type: none"> <li>(i) 62,500,000 Offer Shares, representing 7.27% of our enlarged issued share capital, made available by way of private placement to selected investors; and</li> <li>(ii) 11,500,000 Offer Shares, representing 1.33% of our enlarged issued share capital, made available by way of private placement to selected Bumiputera investors approved by the MITI.</li> </ul> |
| <b>Offer Share(s)</b>                         | : | 74,000,000 existing Shares, representing approximately 8.60% of our enlarged issued share capital, which are to be offered pursuant to the Offer for Sale and subject to the terms and conditions of this Prospectus   |
| <b>Offeror or Selling Shareholder</b>         | : | Loo Chai Lai   |
| <b>Official List</b>                          | : | A list specifying all securities which have been admitted for listing on the ACE Market and not removed  |
| <b>Participating Financial Institution(s)</b> | : | Participating financial institution(s) for the Electronic Share Application, as listed in Section 15 of this Prospectus  |
| <b>Participating Securities Firm(s)</b>       | : | Participating securities firm(s) for the Internet Share Application, as listed in Section 15 of this Prospectus  |
| <b>PAT</b>                                    | : | Profit after taxation  |
| <b>PBT</b>                                    | : | Profit before taxation   |
| <b>PE Multiple</b>                            | : | Price earnings multiple  |
| <b>Pink Form Allocation</b>                   | : | The allocation of 16,000,000 Issue Shares to the Eligible Persons pursuant to the Public Issue   |
| <b>PPE</b>                                    | : | Property, plant and equipment  |
| <b>Prescribed Security(ies)</b>               | : | Security(ies) of a company that is(are) prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the SICDA and the Rules  |
| <b>Promoter(s)</b>                            | : | Loo Chai Lai and Loo Jing Kai, collectively  |
| <b>Prospectus</b>                             | : | This Prospectus dated 7 October 2024 in relation to the IPO  |
| <b>Prospectus Guidelines</b>                  | : | Prospectus Guidelines issued by the SC   |
| <b>PSM</b>                                    | : | PSM Home Centre Sdn Bhd (Registration No. 200301035519 (637940-P))   |

**DEFINITION (Cont'd)**

|                               |   |
|-------------------------------|---|
| <b>Public Issue</b>           | : Public issue of 155,000,000 new Shares at the IPO Price comprising:-<br><br>(i) 43,000,000 new Shares, representing 5.00% of our enlarged issued share capital, made available for application by the Malaysian Public;<br><br>(ii) 16,000,000 new Shares, representing 1.86% of our enlarged issued share capital, made available for application by the Eligible Persons; and<br><br>(iii) 96,000,000 new Shares, representing 11.16% of our enlarged issued share capital, made available by way of private placement to selected Bumiputera investors approved by the MITI. |
| <b>Record of Depositors</b>   | : A record provide by Bursa Depository to the Company under Chapter 34 of the Rules   |
| <b>Rules</b>                  | : Rules of Bursa Depository, as may be amended from time to time  |
| <b>SAC</b>                    | : Shariah Advisory Council of the SC  |
| <b>SC</b>                     | : Securities Commission Malaysia  |
| <b>Share Transfer</b>         | : Transfer by Loo Chai Lai and Loo Jing Kai of an aggregate of 516,000,000 Shares (representing 60.00% equity interests in Sorento Capital) to LCL Success, an investment holding company held by Loo Chai Lai and Loo Jing Kai during the prescribed period  |
| <b>SICDA</b>                  | : Securities Industry (Central Depositories) Act 1991, as may be amended from time to time  |
| <b>Smith Zander or IMR</b>    | : SMITH ZANDER INTERNATIONAL SDN BHD (Registration No. 201301028298 (1058128-V)), our independent market researcher   |
| <b>SPAN</b>                   | : National Water Services Commission (Suruhanjaya Perkhidmatan Air Negara)  |
| <b>Specified Shareholders</b> | : Shareholders whose shares are subject to moratorium, namely LCL Success, Loo Chai Lai, Loo Jing Kai, Loo Ai Cheng and Loo Jing Shun   |
| <b>Time IT</b>                | : Time IT In E (Penang) Sdn Bhd (Registration No. 200201019666 (587329-P))  |
| <b>Underwriting Agreement</b> | : The underwriting agreement dated 3 September 2024 entered into between our Company and AIS pursuant to our IPO  |
| <b>WSIA 2006</b>              | : Water Services Industry Act 2006, as may be amended from time to time, as may be amended from time to time  |
| <b>WSIR 2023</b>              | : Water Services Industry (Registration of Supplier) Rules 2023, as may be amended from time to time  |

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**DEFINITION (Cont'd)**

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**CURRENCIES AND UNITS**

|                   |   |   |
|-------------------|---|---|
| <b>RM and sen</b> | : | Ringgit Malaysia and sen, the lawful currency of Malaysia             |
| <b>RMB</b>        | : | Renminbi, the lawful currency of the People's Republic of China       |
| <b>USD</b>        | : | United States Dollar, the lawful currency of United States of America |
| <b>sq. ft.</b>    | : | Square feet   |
| <b>%</b>          | : | Per centum  |

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## GLOSSARY OF TECHNICAL TERMS

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This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of those terms:-

|                        |  |
|------------------------|--|
| Authorised distributor | : Companies that are engaged by brand principals to distribute products  |
| B2B                    | : Business-to-business or transactions between business to business  |
| B2C                    | : Business-to-consumer or transactions between business to individual end-consumer   |
| Brand principals       | : The owner of a brand. Brand principals have the right to use the brand and distribute and sell products under their brand  |
| SKU(s)                 | : Stock keeping unit(s), an identification of a particular product that is used in inventory management to measure the distinct types of items for sale. Each SKU is distinguished based on attributes such as brand, product category, size and colour    |
| Trading house          | : A trading house may act as the intermediary to purchase goods from overseas on behalf of its customers to facilitate transactions between a home country and foreign countries. This includes the arrangement of logistics services and custom clearance |

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## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

| Name                                    | Designation                        | Nationality | Address  |
|---|------------------------------------|-------------|--|
| Haji Ahmad Zakie Bin Haji Ahmad Shariff | Independent Non-Executive Chairman | Malaysian   | 17, Jalan Teratak U8/96A, Bukit Jelutong, 40150 Shah Alam, Selangor            |
| Loo Chai Lai                            | Managing Director                  | Malaysian   | 6, Solok Pasi, Off Jalan Batu Tiga, 41300 Klang, Selangor                      |
| Loo Jing Kai                            | Executive Director                 | Malaysian   | 6, Solok Pasi, Off Jalan Batu Tiga, 41300 Klang, Selangor                      |
| Lee Chee Keong                          | Executive Director                 | Malaysian   | PS13-19, Pelangi Sentral Persiaran Surian PJU 6, 47800 Petaling Jaya, Selangor |
| Christine Toh Hung Mei                  | Independent Non-Executive Director | Malaysian   | 171-04, Sri Wangsaria Condominium, Jalan Ara, 59100 Kuala Lumpur               |
| Yeap Soo Ching                          | Independent Non-Executive Director | Malaysian   | No. 52, Jalan BU 6/7, Bandar Utama, 47800 Petaling Jaya, Selangor              |
| Teh Lay Sim                             | Independent Non-Executive Director | Malaysian   | 40, Jalan SS 24/21, 47301 Petaling Jaya, Selangor                              |

### AUDIT AND RISK MANAGEMENT COMMITTEE

| Name                   | Designation | Directorship                       |
|------------------------|-------------|------------------------------------|
| Christine Toh Hung Mei | Chairperson | Independent Non-Executive Director |
| Yeap Soo Ching         | Member      | Independent Non-Executive Director |
| Teh Lay Sim            | Member      | Independent Non-Executive Director |

### NOMINATION COMMITTEE

| Name                   | Designation | Directorship                       |
|------------------------|-------------|------------------------------------|
| Teh Lay Sim            | Chairperson | Independent Non-Executive Director |
| Christine Toh Hung Mei | Member      | Independent Non-Executive Director |
| Yeap Soo Ching         | Member      | Independent Non-Executive Director |

### REMUNERATION COMMITTEE

| Name                   | Designation | Directorship                       |
|------------------------|-------------|------------------------------------|
| Yeap Soo Ching         | Chairperson | Independent Non-Executive Director |
| Christine Toh Hung Mei | Member      | Independent Non-Executive Director |
| Teh Lay Sim            | Member      | Independent Non-Executive Director |

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

- COMPANY SECRETARIES** : **Cospec Management Services Sdn Bhd**  
(Registration No.:199301023725 (278463-H))
- Third Floor, No. 73, 75, 77, 79 & 81  
Jalan SS21/60, Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan
- Telephone No. : (03) 7725 1777  
Facsimile No. : (03) 7722 3668  
Email : cms\_cospec@yahoo.com
- Tea Sor Hua  
SSM Practicing : 201908001272  
Certificate No.  
Professional : Malaysian Association of Company Secretaries  
Qualification ("MACS")  
(Membership No.: MACS 01324)
- Loo Hui Yan  
SSM Practicing : 202308000290  
Certificate No.  
Professional : Malaysian Institute of Chartered Secretaries and  
Qualification Administrators ("MAICSA")  
(Membership No.: MAICSA 7069314)
- REGISTERED OFFICE** : Third Floor, No. 77, 79 & 81  
Jalan SS21/60, Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan
- Telephone No. : (03) 7725 1777  
Facsimile No. : (03) 7722 3668  
Email : cms\_cospec@yahoo.com
- HEAD/ MANAGEMENT OFFICE** : No. 5, Jalan Astana 2/KU2  
Bandar Bukit Raja  
41050 Klang  
Selangor Darul Ehsan
- Telephone No. : (03) 3082 9288  
Email : sorento@sorento.com.my  
Website : www.sorento.com.my
- PRINCIPAL ADVISER,  
SPONSOR, UNDERWRITER  
AND PLACEMENT AGENT** : **Alliance Islamic Bank Berhad**  
(Registration No.: 200701018870 (776882-V))  
Level 3, Menara Multi-Purpose  
Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur
- Telephone No. : (03) 2604 3333

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

**AUDITORS AND REPORTING ACCOUNTANTS : TGS TW PLT**  
(Registration No.: 202106000004 (LLP0026851-LCA) & AF002345)  
Unit E-16-2B  
Level 16, Icon Tower (East)  
No. 1, Jalan 1/68F  
Jalan Tun Razak  
50400 Kuala Lumpur

Telephone No. : (03) 9771 4326  
Partner-in-charge : Ooi Poh Lim  
Approval No. : 03087/10/2025J  
Professional Qualification : Chartered Accountant, Member of Malaysian Institute of Accountants (Membership No. 32145)

**LEGAL ADVISERS : David Lai and Tan**  
Level 8-3 & 8-4, Wisma Miramas  
No. 1, Jalan 2/109E  
Taman Desa, Jalan Klang Lama  
58100 Kuala Lumpur

Telephone No. : (03) 7972 7968

**INDEPENDENT MARKET RESEARCHER : SMITH ZANDER INTERNATIONAL SDN BHD**  
(Registration No.: 201301028298 (1058128-V))  
15-01, Level 15, Menara MBMR  
1, Jalan Syed Putra  
58000 Kuala Lumpur

Telephone No. : (03) 2732 7537  
Person-in-charge : Dennis Tan Tze Wen  
Qualification : Bachelor of Science  
Memorial University of Newfoundland,  
Canada

*(Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner)*

**ISSUING HOUSE AND SHARE REGISTRAR : 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

Telephone No. : (03) 2783 9299

**LISTING SOUGHT : ACE Market of Bursa Securities**

**SHARIAH STATUS : Approved by the SAC**

## 2. APPROVALS AND CONDITIONS

### 2.1 APPROVALS FROM RELEVANT AUTHORITIES

#### 2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 4 July 2024, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued share capital comprising 860,000,000 Shares on the ACE Market. The approval from Bursa Securities is subject to the following conditions:-

| No. | Details of conditions imposed   | Status of compliance |
|-----|---|----------------------|
| 1.  | Submission of the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository:<br><br>(i) Name of shareholders;<br><br>(ii) Number of shares; and<br><br>(iii) Date of expiry of the moratorium for each block of shares.   | To be complied.      |
| 2.  | Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;   | Complied.            |
| 3.  | Compliance on the Bumiputera equity requirements for public listed companies as approved/ exempted by the SC including any conditions imposed thereon;  | To be complied.      |
| 4.  | Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;  | To be complied.      |
| 5.  | Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Sorento Capital on the first day of Listing;   | To be complied.      |
| 6.  | In relation to the public offering to be undertaken by Sorento Capital, to announce at least two Market Days prior to the Listing, the result of the offering including the following:<br><br>(i) Level of subscription of public balloting and placement;<br><br>(ii) Basis of allotment/ allocation;<br><br>(iii) A table showing the distribution for placement tranche as per the format prescribed by Bursa Securities; and<br><br>(iv) Disclosure of placees who become substantial shareholders of Sorento Capital arising from the Public Issue, if any.<br><br>AIS must ensure that the overall distribution of Sorento Capital's securities is properly carried out to mitigate any disorderly trading in the secondary market; and | To be complied.      |
| 7.  | Sorento Capital/ AIS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Sorento Capital to the Official List.  | To be complied.      |

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

### 2.1.2 SC

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

The SC had, vide its letter dated 10 July 2024, approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirement for public listed companies, subject to the following conditions:-

| No. | Details of conditions imposed   | Status of compliance |
|-----|---|----------------------|
| 1.  | Sorento Capital is to allocate 12.50% of its enlarged number of issued shares to Bumiputera investors to be approved by the MITI in conjunction with the Listing; and | To be complied.      |
| 2.  | Sorento Capital is to make available at least 50.00% of the Shares offered to the Malaysian Public investors via balloting to Bumiputera public investors.            | To be complied.      |

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

| Category of shareholders                          | As at the LPD      |               | After our Listing          |               |
|---|--------------------|---------------|----------------------------|---------------|
|   | No. of Shares      | %             | No. of Shares              | %             |
| <b>Bumiputera</b>                                 |                    |               |                            |               |
| - Bumiputera investors to be approved by the MITI | -                  | -             | <sup>(1)</sup> 107,500,000 | 12.50         |
| - Bumiputera public investors via balloting       | -                  | -             | <sup>(1)</sup> 21,500,000  | 2.50          |
| <b>Total Bumiputera</b>                           | -                  | -             | <b>129,000,000</b>         | <b>15.00</b>  |
| Non-Bumiputera                                    | 705,000,000        | 100.00        | 731,000,000                | 85.00         |
| <b>Total Malaysian</b>                            | <b>705,000,000</b> | <b>100.00</b> | <b>860,000,000</b>         | <b>100.00</b> |
| Foreigner   | -                  | -             | -                          | -             |
| <b>Total</b>                                      | <b>705,000,000</b> | <b>100.00</b> | <b>860,000,000</b>         | <b>100.00</b> |

**Note:-**

(1) Assuming that all Shares allocated to Bumiputera investors to be approved by the MITI and Bumiputera public investors via balloting are fully subscribed.

### 2.1.3 SAC

The SAC had on 16 May 2024 classified our Shares as Shariah-compliant securities based on our audited combined financial statements for the FYE 2023.

In addition, the SAC had on 1 October 2024 classified our Shares as Shariah-compliant securities based on our latest audited combined financial statements for the FYE 2024.

### 2.1.4 MITI

The MITI had, vide its letter dated 20 June 2024, taken note of and has no objection to our Listing.

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**2. APPROVALS AND CONDITIONS (Cont'd)**

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**2.2 MORATORIUM ON OUR SHARES**

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:-

- (a) the moratorium applies to the entire shareholdings of our Specified Shareholders for a period of six months from the date of our admission to the Official List (“**First Six-Month Moratorium**”);
- (b) upon the expiry of the First 6-Month Moratorium, we must ensure that our Specified Shareholders’ aggregate shareholdings amounting to at least 45.00% of our total number of issued Shares (adjusted for any bonus issue or subdivision of shares) remain under moratorium for another period of six months (“**Second Six-Month Moratorium**”); and
- (c) upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight-line basis) of their Shares held under moratorium (“**Subsequent Moratorium Period**”).

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

Details of our Specified Shareholders and their Shares which will be subject to moratorium are as follows:-

| Name                         | Year 1 after Listing                                   |                  | Year 2 after Listing                                    |                  | Year 3 after Listing |                  |
|------------------------------|--|------------------|---|------------------|----------------------|------------------|
|                              | Moratorium shares under the First Six-Month Moratorium |                  | Moratorium shares under the Second Six-Month Moratorium |                  | Moratorium shares    |                  |
|                              | No. of Shares  | % <sup>(1)</sup> | No. of Shares   | % <sup>(1)</sup> | No. of Shares        | % <sup>(1)</sup> |
| LCL Success <sup>(2)</sup>   | 516,000,000  | 60.00            | 387,000,000   | 45.00            | 258,000,000          | 30.00            |
| Loo Chai Lai                 | 86,884,187   | 10.10            | -   | -                | -                    | -                |
| Loo Jing Kai                 | 19,216,370   | 2.24             | -   | -                | -                    | -                |
| Loo Ai Cheng <sup>(3)</sup>  | 2,702,700  | 0.31             | -   | -                | -                    | -                |
| Loo Jing Shun <sup>(3)</sup> | 50,000   | 0.01             | -   | -                | -                    | -                |
| <b>Total</b>                 | <b>624,853,257</b>                                     | <b>72.66</b>     | <b>387,000,000</b>                                      | <b>45.00</b>     | <b>258,000,000</b>   | <b>30.00</b>     |
|                              |  |                  |   |                  | <b>129,000,000</b>   | <b>15.00</b>     |

### Notes:-

- (1) Based on our enlarged issued share capital of 860,000,000 Shares after our IPO.
- (2) LCL Success is an investment holding company held by Loo Chai Lai and Loo Jing Kai with equity interest of 90.00% and 10.00% respectively. Please refer to Section 5.1.2(iii) of this Prospectus for further details on the shareholders of LCL Success.
- (3) Pursuant to the allocation under the Pink Form Allocation. Please refer to Section 4.1.2(ii) of this Prospectus for further details.

Our Specified Shareholders have provided written undertaking letters to Bursa Securities that they will not sell, transfer or assign their shareholdings under moratorium during the abovementioned moratorium period.

The above moratorium, which is fully acknowledged and accepted by our Specified Shareholders will be specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assign their shareholdings that contravenes with the aforesaid moratorium restrictions imposed.

### 3. PROSPECTUS SUMMARY

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

#### 3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

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

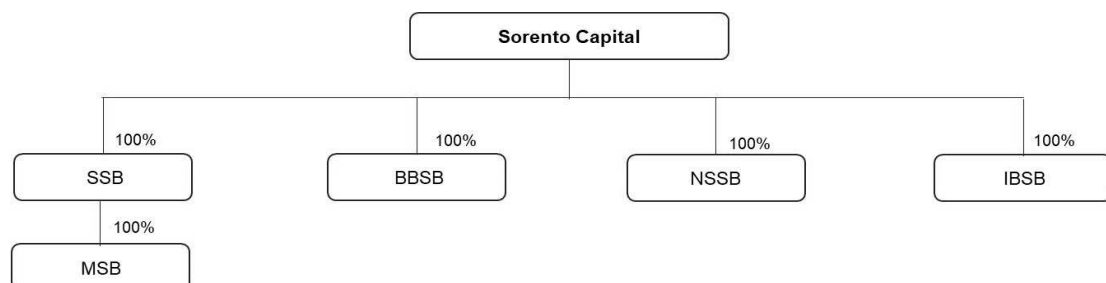
|   |   |
|---|---|
| <b>Number of Shares to be issued under the Public Issue</b>   | <b>155,000,000</b>                            |
| - Malaysian Public  | 43,000,000                                    |
| - Eligible Persons  | 16,000,000                                    |
| - Private placement to Bumiputera investors approved by the MITI  | 96,000,000                                    |
| <b>Number of Shares to be offered under the Offer for Sale</b>  | <b>74,000,000</b>                             |
| - Private placement to selected investors   | 62,500,000                                    |
| - Private placement to Bumiputera investors approved by the MITI  | 11,500,000                                    |
| Enlarged issued share capital upon Listing  | RM99,650,940 comprising<br>860,000,000 Shares |
| IPO Price   | RM0.37  |
| Market capitalisation upon the Listing (based on the IPO Price and our enlarged issued share capital after our IPO) | RM318,200,000                                 |

Further details of our IPO are set out in Section 4.1 of this Prospectus.

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders. Further details on moratorium on our Shares are set out in Section 2.2 of this Prospectus.

#### 3.2 HISTORY AND BUSINESS OF OUR GROUP

Our Company was incorporated in Malaysia under the Act on 17 May 2023 as a private limited company under the name of Sorento Capital Sdn Bhd. On 19 March 2024, our Company was converted into a public company and assumed the name of Sorento Capital Berhad. Our Company is principally an investment holding company. Our group structure as at the LPD is as follows:-



Through our Subsidiaries, we are principally involved in the marketing, distribution and sale of bathroom and kitchen sanitary wares. We have an extensive range of bathroom and kitchen sanitary ware products under our house brands, namely 'Sorento', which is our flagship brand, 'Mocha', 'Cabana' and 'i-Born'. We are also the authorised distributor for foreign third-party brand of bathroom and kitchen sanitary ware products, namely 'Bravat' branded sanitary wares (non-exclusive distributor) and 'Infinity' branded sanitary wares (exclusive distributor) in Malaysia.

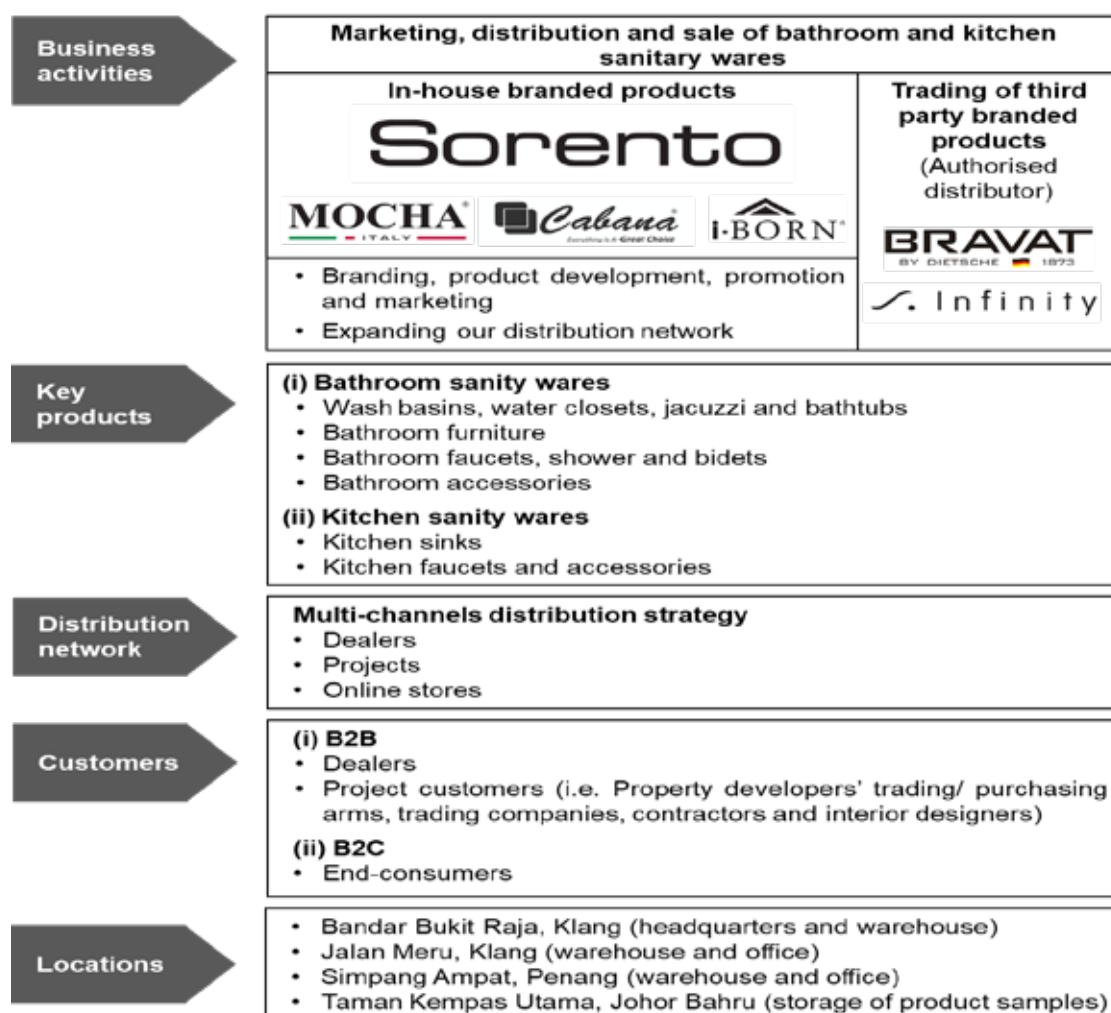
### 3. PROSPECTUS SUMMARY (Cont'd)

Our extensive range of bathroom and kitchen sanitary wares enable us to serve a wide range of customers as a one-stop bathroom and kitchen sanitary ware solution provider for residential and commercial use.

As at the LPD, approximately 80.07% which is 4,191 SKU of the products that we carry are our house brands. We focus on branding, product development, promotion and marketing of our house brands to enhance our brand presence and recognition in the market. Over the years, we have established a wide network of distribution channels which allow us to have wide customer reach comprising B2B customers and B2C customers.

We outsource the design and manufacturing of our house brands to approved third-party manufacturers. All the products that are manufactured by third-party manufacturers are in accordance with our requirements and are labelled under our house brands. This allows us to adopt an asset light operation and to focus our time, human resource and operations in product development, promotion and marketing of our house brands and expanding our distribution network. For third-party branded products, we purchase the products directly from our product principals.

The following diagram illustrates our Group's principal activities:-



Further details of our history, group structure and business model are set out in Sections 6 and 7 of this Prospectus, respectively.

### 3. PROSPECTUS SUMMARY (Cont'd)

All of our Group's revenue during the Financial Years Under Review is generated in Malaysia which is the principal market in which our Group operates. The breakdown of revenue by distribution channels is as follows:-

| Revenue by distribution channels | FYE 2021      |               | FYE 2022      |               | FYE 2023       |               | FYE 2024       |               |
|----------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|
|                                  | RM'000        | %             | RM'000        | %             | RM'000         | %             | RM'000         | %             |
| Dealers                          | 40,712        | 61.58         | 55,738        | 61.46         | 70,598         | 62.86         | 97,812         | 64.54         |
| Project-based sales              | 25,317        | 38.30         | 34,490        | 38.03         | 41,216         | 36.70         | 53,109         | 35.05         |
| Online                           | 78            | 0.12          | 460           | 0.51          | 497            | 0.44          | 624            | 0.41          |
| <b>Total</b>                     | <b>66,107</b> | <b>100.00</b> | <b>90,688</b> | <b>100.00</b> | <b>112,311</b> | <b>100.00</b> | <b>151,545</b> | <b>100.00</b> |

Further details of the breakdown of our revenue is set out in Section 12.3.2(i) of this Prospectus.

### 3.3 COMPETITIVE STRENGTHS

A summary of our Group's competitive strengths is set out below:-

- (i) We have an established history and proven track record in the bathroom and kitchen sanitary wares industry in Malaysia;
- (ii) We have an extensive product range as a one-stop bathroom and kitchen sanitary wares' solution provider for residential and commercial use;
- (iii) We have a wide customer base including dealers, project customers and end-consumers through direct online stores; and
- (iv) We have a team of experienced and hands-on key senior management personnel.

Further details of our Group's competitive strengths are set out in Section 7.5 of this Prospectus.

### 3.4 FUTURE PLANS AND STRATEGIES

A summary of our Group's future plans and strategies is set out below:-

- (i) **We intend to enhance our distribution reach to grow our market share by strengthening our support to existing dealers and expanding our network of dealers**

As part of our efforts to grow our market share in the bathroom and kitchen sanitary ware industry, we have established a dedicated team to manage the sales and marketing activities for our dealer segment. Our dealers provide us a wide reach to end-consumers, which will in turn enhance the visibility of our brands and products, and drive the growth of our market share and financial performance.

In the FYE 2024, we had a network of 664 dealers. We target to recruit approximately 200 new dealers throughout Malaysia over the next three years. In order to facilitate this plan and enhance our support for our existing dealers, we intend to implement the following initiatives over the next three years:-

- (a) continue to motivate sales efforts and performance through incentive trips for our dealers who meet the sales targets;

### 3. PROSPECTUS SUMMARY (Cont'd)

- (b) provide subsidy to existing and new dealers to facilitate the following enhancements and upgrades:-
  - (i) enhance personalised marketing collaborations with selected dealers;
  - (ii) provide subsidy to upgrade the product displays or storefront signage at selected dealers retail stores; and
  - (iii) provide subsidy for renovation cost and design ideas to set up or upgrade the display areas for our products at our selected dealers' stores;
- (c) provide subsidy to existing and new dealers that will sell our house brands exclusively at their stores; and
- (d) provide subsidy to existing and new dealers to operate 'Sorento' concept stores which will showcase our 'Sorento' products exclusively, focusing on higher-end product range.

**(ii) We intend to grow our revenue from project-based sales**

We will continue to grow our revenue from project-based sales, which will enhance our revenue and subsequently increase our market share in the bathroom and kitchen sanitary ware industry. Project sales would provide us with large volume orders and amplify our brand visibility within property projects, which will in turn enhance the growth of our financial performance and the sustainability of our Group. This approach fosters customers' awareness, and enables our brands to be more recognisable when customers seek similar products for their future purchases.

In addition to residential projects, we intend to increase our participation in other building segments such as affordable housing, hotels and offices, comprising new builds and renovation projects.

**(iii) We intend to enhance our brand recognition through investment in branding and marketing activities in Malaysia**

We intend to roll out a brand elevation initiative to uplift our brand positioning which include the development of our company profile, brand story, product videos and marketing materials. We aim to develop informative materials in the form of videos and infographics for better engagement.

Furthermore, we intend to establish an online resource library with a comprehensive database of product specifications, design concepts, product brochures as well as detailed product training videos, including installation guides and maintenance instructions. This library is accessible to our dealers only and designed to support dealers and our project sales personnel with easy accessibility and standardised marketing materials, ensuring a cohesive and professional representation across all sales channels.

Further details of our Group's future plans and strategies are set out in Section 7.6 of this Prospectus.

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

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**3.5 RISK FACTORS**

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial positions and performance. A summary of the key risk factors are set out below:-

- (i) Our house brands are critical to our success and the value of our brands and our reputation may be adversely affected by negative perception;
- (ii) We are dependent on our third-party manufacturers as we are not involved in any manufacturing activities;
- (iii) We are subject to risks on the maintenance or renewal of product certifications and approvals;
- (iv) We may be adversely affected by product defects caused by our third-party manufacturers or logistics service providers, which may lead to product liability claims;
- (v) We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group;
- (vi) The absence of contracts with customers may result in the fluctuation of our Group's financial performance;
- (vii) We may not be able to successfully implement our business strategies;
- (viii) Our profitability levels may be affected by higher operating costs;
- (ix) We are dependent on our Managing Director, Executive Directors and key senior management for the future growth and continuing success of our business;
- (x) We may be subject to excess inventory risk;
- (xi) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations; and
- (xii) We may be adversely affected by political, economic, legal and social conditions in Malaysia and China.

Please refer to Section 9 of this Prospectus for further details and the full list of risk factors which should be considered before investing in our Shares.

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

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#### 3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and key senior management are as follows:-

| <b>Name</b>                             | <b>Designation</b>                            |
|---|---|
| <b><u>Directors</u></b>                 |   |
| Haji Ahmad Zakie Bin Haji Ahmad Shariff | Independent Non-Executive Chairman            |
| Loo Chai Lai                            | Managing Director                             |
| Loo Jing Kai                            | Executive Director                            |
| Lee Chee Keong                          | Executive Director                            |
| Christine Toh Hung Mei                  | Independent Non-Executive Director            |
| Yeap Soo Ching                          | Independent Non-Executive Director            |
| Teh Lay Sim                             | Independent Non-Executive Director            |
| <b><u>Key senior management</u></b>     |   |
| Tan Gine Ngee                           | Chief Financial Officer                       |
| Loo Ai Cheng                            | Senior Manager - Warehouse & Customer Service |
| Ng Lai Heong                            | Regional Sales Manager                        |
| Lam Li Hua                              | Marketing Manager                             |

Further details of our Directors and key senior management are disclosed in Sections 5.2 and 5.4 of this Prospectus.

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### 3. PROSPECTUS SUMMARY (Cont'd)

#### 3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS OF OUR GROUP

The details of our Promoters and/ or substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:-

| Name  | Nationality/<br>Country of<br>incorporation | <sup>(1)</sup> Before our IPO and as at the LPD |                      | <sup>(2)</sup> After our IPO |                      |
|---|---|---|----------------------|------------------------------|----------------------|
|   |   | Indirect  |                      | Indirect                     |                      |
|   |   | No. of Shares                                   | %                    | No. of Shares                | %                    |
|   |   | Direct  |                      | Direct                       |                      |
|   |   | No. of Shares                                   | %                    | No. of Shares                | %                    |
| <b>Promoters and substantial shareholders</b> |   |   |                      |                              |                      |
| Loo Chai Lai                                  | Malaysian                                   | 625,284,187                                     | 88.70                | 86,884,187                   | 10.10                |
| Loo Jing Kai                                  | Malaysian                                   | 70,816,370                                      | 10.04                | 19,216,370                   | 2.24                 |
|   |   |   | <sup>(3)</sup> 10.04 | 535,266,370                  | <sup>(4)</sup> 62.24 |
| <b>Substantial shareholder</b>                |   |   |                      |                              |                      |
| LCL Success <sup>(5)</sup>                    | Malaysia                                    | -   | -                    | 516,000,000                  | 60.00                |

**Notes:-**

- (1) Based on our issued share capital of 705,000,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 860,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his son, Loo Jing Kai's interest in our Company.
- (4) Deemed interested by virtue of his direct shareholding in LCL Success pursuant to Section 8(4) of the Act and his sons, Loo Jing Kai's and Loo Jing Shun's (assuming full subscription of the Issue Shares allocated to him under the Pink Form Allocation) interest in our Company pursuant to Section 59(1)(c) of the Act.
- (5) LCL Success is an investment holding company held by Loo Chai Lai and Loo Jing Kai with equity interest of 90.00% and 10.00% respectively. Please refer to Section 5.1.2(iii) for further details on the shareholders of LCL Success.

Further details of our Promoters and substantial shareholders and their shareholdings in our Company as well as moratorium imposed on their Shares are disclosed in Sections 5.1 and 2.2 of this Prospectus, respectively.



### 3. PROSPECTUS SUMMARY (Cont'd)

#### 3.8 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM57.35 million in the following manner:-

| Details   | RM'000        | %             | Estimated timeframe for use of proceeds from the date of Listing |
|---|---------------|---------------|--|
| Branding and promotional marketing                                | 6,000         | 10.46         | Within 36 months   |
| Expansion of dealer network and enhancement of distribution reach | 6,000         | 10.46         | Within 36 months   |
| Repayment of bank borrowings                                      | 9,000         | 15.69         | Within 12 months   |
| Working capital for purchase of inventories                       | 31,350        | 54.67         | Within 24 months   |
| Estimated listing expenses  | 5,000         | 8.72          | Within one month   |
| <b>Total</b>  | <b>57,350</b> | <b>100.00</b> |  |

There is no minimum subscription level in terms of the proceeds to be raised from our IPO.

Further details of the use of proceeds from our Public Issue are set out in Section 4.4 of this Prospectus.

#### 3.9 FINANCIAL HIGHLIGHTS

The key financial highlights based on the historical audited combined financial statements of our Group for the Financial Years Under Review are set out below:-

|   | Audited FYE |          |          |          |
|---|-------------|----------|----------|----------|
|   | 2021        | 2022     | 2023     | 2024     |
|   | RM'000      | RM'000   | RM'000   | RM'000   |
| Revenue   | 66,107      | 90,688   | 112,311  | 151,545  |
| Cost of sales   | (45,318)    | (58,174) | (58,894) | (87,069) |
| GP  | 20,789      | 32,514   | 53,417   | 64,476   |
| PBT   | 9,923       | 16,968   | 33,121   | 32,565   |
| PAT   | 7,777       | 12,742   | 24,930   | 24,429   |
| Total assets  | 53,204      | 67,453   | 77,789   | 142,125  |
| Total equity  | 24,205      | 32,586   | 50,301   | 65,732   |
| Total liabilities   | 28,999      | 34,867   | 27,488   | 76,393   |
| GP margin <sup>(1)</sup> (%)                                    | 31.45       | 35.85    | 47.56    | 42.55    |
| PBT margin <sup>(2)</sup> (%)                                   | 15.01       | 18.71    | 29.49    | 21.49    |
| PAT margin <sup>(3)</sup> (%)                                   | 11.76       | 14.05    | 22.20    | 16.12    |
| Effective tax rate (%)  | 21.63       | 24.91    | 24.73    | 24.98    |
| Average trade receivables turnover period <sup>(4)</sup> (days) | 91          | 92       | 89       | 79       |
| Average trade payables turnover period <sup>(5)</sup> (days)    | 183         | 147      | 105      | 29       |
| Average inventories turnover period <sup>(6)</sup> (days)       | 109         | 122      | 145      | 116      |
| Current ratio <sup>(7)</sup> (times)                            | 1.75        | 1.89     | 2.90     | 2.64     |
| Gearing ratio <sup>(8)</sup> (times)                            | 0.11        | 0.30     | 0.25     | 0.29     |

### 3. PROSPECTUS SUMMARY (Cont'd)

#### 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) Computed based on average trade receivables of the respective financial years over the revenue of the respective financial years, multiplied by 365 days
- (5) 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
- (6) Computed based on average inventories of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days
- (7) Computed based on current assets divided by current liabilities
- (8) Computed based on total interest-bearing borrowings (excluding lease liabilities on right-of-use assets) divided by total equity

#### Cash flow

|  | FYE 2021       | FYE 2022     | FYE 2023      | FYE 2024      |
|--|----------------|--------------|---------------|---------------|
|  | RM'000         | RM'000       | RM'000        | RM'000        |
| Net cash (used in)/ from operating activities                            | (2,600)        | 254          | 10,619        | 6,487         |
| Net cash from/ (used in) investing activities                            | 103            | (4,303)      | (999)         | (3,608)       |
| Net cash (used in)/ from financing activities                            | (1,708)        | 4,790        | (4,765)       | (3,715)       |
| <b>Net (decrease)/ increase in cash and cash equivalents</b>             | <b>(4,205)</b> | <b>741</b>   | <b>4,855</b>  | <b>(836)</b>  |
| <b>Cash and cash equivalents at the beginning of the financial years</b> | <b>11,670</b>  | <b>7,465</b> | <b>8,207</b>  | <b>13,026</b> |
| Effect of exchange translation differences on cash and cash equivalents  | *              | 1            | (36)          | (6)           |
| <b>Cash and cash equivalents at the end of the financial years</b>       | <b>7,465</b>   | <b>8,207</b> | <b>13,026</b> | <b>12,184</b> |

For the FYE 2021, our net cash used in operating activities was RM2.60 million mainly due to the increase in payment to our trade suppliers in conjunction with the higher purchase of inventories to fulfil the anticipated higher market demand.

For the FYE 2024, we recorded a net decrease in cash and cash equivalent of RM0.84 million despite the positive operating cash flow. This was attributable to:-

- (i) net cash used in investing activities mainly for the acquisitions of PPE and intangible assets, being the intellectual property rights for our 'Mocha' brand; and
- (ii) net cash used in financing activities mainly for the repayment of borrowings and dividend payment, which was partially offset by new drawdown of bankers' acceptance and invoice financing.

Further details of our Group's financial information are set out in Section 12 of this Prospectus.

### 3.10 INTERRUPTIONS TO BUSINESS AND OPERATIONS

#### (a) Impact on our business operations

Our business and operations were temporarily suspended from 18 March 2020 to 4 May 2020 due to the imposition of the 1<sup>st</sup> MCO. Thereafter, our Group was allowed to operate while complying with MITI's SOP such as reducing workforce capacity. The reduction of workforce capacity as per MITI's SOP during this period did not result in material adverse impact to our business and operations.

### 3. PROSPECTUS SUMMARY (Cont'd)

#### (b) Impact on sales, delivery and receipt of supplies

For the FYE 2021, our sales of products were slightly affected due to the slowdown in demand as construction and renovation activities were disrupted by the SOPs that were implemented during the pandemic. Between June 2020 and July 2020, we experienced port closure and congestion in Malaysia which resulted in extended period required to store our goods at the port, which caused us to incur RM112,256.00 for storage and demurrage charges. Nevertheless, there was no material impact to our revenue as we recorded an increase in revenue in FYE 2021.

Save for the temporary disruptions to our business operations as disclosed above, there was no material impact on the delivery of our products, receipt of supplies, and the collectability of our trade receivables. There was no material impact to our business cash flows, liquidity, financial position and financial performance for the Financial Years Under Review.

Further details on the interruptions to our business and operations is set out in Section 7.15 of this Prospectus.

#### 3.11 DIVIDEND POLICY

Our Company 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.

During the Financial Years Under Review, we declared and paid the following dividends:-

|   | <b>2021</b>   | <b>2022</b>   | <b>2023</b>   | <b>2024</b>   |
|---|---------------|---------------|---------------|---------------|
|   | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
| PAT attributable to the owners of our Company | 7,777         | 12,742        | 24,930        | 24,429        |
| Dividends declared                            | 4,233         | 4,361         | 7,216         | 8,998         |
| Dividend paid                                 | 4,233         | 4,361         | 7,216         | 5,999         |
| Dividend payout ratio (%)                     | 54.43         | 34.23         | 28.94         | 36.83         |

Our Group had declared total dividends amounting to approximately RM9.00 million for the FYE 2024, of which approximately RM6.00 million was paid in FYE 2024. The remaining RM3.00 million was paid in first quarter of FYE 2025. The dividends are funded via internally generated funds. The dividends to be paid after the FYE 2024 are not expected to affect the execution and implementation of our future plans or strategies moving forward.

Further details on our Group's dividend policy are set out in Section 12.8 of this Prospectus.

#### 4. DETAILS OF OUR IPO

##### 4.1 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated or transferred in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.1.5 of this Prospectus.

Our IPO consists of the Public Issue and the Offer for Sale, totalling up to 229,000,000 IPO Shares, representing approximately 26.62% of our enlarged total number of 860,000,000 Shares after our IPO.

##### 4.1.1 Acquisitions

###### (i) Acquisition of SSB

On 18 March 2024, our Company had entered into a conditional share sale agreement with Loo Chai Lai and Loo Jing Kai for the acquisition of the entire issued share capital of SSB comprising 250,000 ordinary shares in SSB for a purchase consideration of RM35,119,020. The purchase consideration was fully satisfied via the issuance and allotment of 585,317,000 new Shares at an issue price of RM0.06 per Share to the vendors in the following manner:-

| <b>Vendors</b> | <b>No. of ordinary shares acquired</b> | <b>%</b>      | <b>No. of Shares issued</b> | <b>%</b>      |
|----------------|--|---------------|-----------------------------|---------------|
| Loo Chai Lai   | 225,000                                | 90.00         | 526,785,300                 | 90.00         |
| Loo Jing Kai   | 25,000                                 | 10.00         | 58,531,700                  | 10.00         |
| <b>Total</b>   | <b>250,000</b>                         | <b>100.00</b> | <b>585,317,000</b>          | <b>100.00</b> |

The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the adjusted audited NA of SSB of RM35,119,024, calculated based on the audited NA of SSB as at 30 June 2023 of RM43,119,024 and after accounting for the pre-IPO dividend of approximately RM8.00 million by SSB for the FYE 2024. The acquisition of SSB was completed on 19 August 2024.

###### (ii) Acquisition of BBSB

On 18 March 2024, our Company had entered into a conditional share sale agreement with Loo Chai Lai, Loo Jing Kai and Lee Chee Keong for the acquisition of the entire issued share capital of BBSB comprising 30,000 ordinary shares in BBSB for a purchase consideration of RM5,633,370. The purchase consideration was fully satisfied via the issuance and allotment of 93,889,500 new Shares at an issue price of RM0.06 per Share to the vendors in the following manner:-

| <b>Vendors</b> | <b>No. of ordinary shares acquired</b> | <b>%</b>      | <b>No. of Shares issued</b> | <b>%</b>      |
|----------------|--|---------------|-----------------------------|---------------|
| Loo Chai Lai   | 24,500                                 | 81.67         | 76,676,425                  | 81.67         |
| Loo Jing Kai   | 3,000                                  | 10.00         | 9,388,950                   | 10.00         |
| Lee Chee Keong | 2,500                                  | 8.33          | 7,824,125                   | 8.33          |
| <b>Total</b>   | <b>30,000</b>                          | <b>100.00</b> | <b>93,889,500</b>           | <b>100.00</b> |

The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of BBSB as at 30 June 2023 of RM5,633,370. The acquisition of BBSB was completed on 19 August 2024.

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

##### (iii) Acquisition of NSSB

On 18 March 2024, our Company had entered into a conditional share sale agreement with Loo Chai Lai and Loo Jing Kai for the acquisition of the entire issued share capital of NSSB comprising 100,000 ordinary shares in NSSB for a purchase consideration of RM1,168,026. The purchase consideration was fully satisfied via the issuance and allotment of 19,467,100 new Shares at an issue price of RM0.06 per Share to the vendors in the following manner:-

| Vendors      | No. of ordinary shares acquired | %             | No. of Shares issued | %             |
|--------------|---------------------------------|---------------|----------------------|---------------|
| Loo Chai Lai | 90,000                          | 90.00         | 17,520,390           | 90.00         |
| Loo Jing Kai | 10,000                          | 10.00         | 1,946,710            | 10.00         |
| <b>Total</b> | <b>100,000</b>                  | <b>100.00</b> | <b>19,467,100</b>    | <b>100.00</b> |

The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of NSSB as at 30 June 2023 of RM1,168,067. The acquisition of NSSB was completed on 19 August 2024.

##### (iv) Acquisition of IBSB

On 18 March 2024, our Company had entered into a conditional share sale agreement with Loo Chai Lai, Loo Jing Kai and Lee Chee Keong for the acquisition of the entire issued share capital of IBSB comprising 1,000 ordinary shares in IBSB for a purchase consideration of RM379,524. The purchase consideration was fully satisfied via the issuance and allotment of 6,325,400 new Shares at an issue price of RM0.06 per Share in the following manner:-

| Vendors        | No. of ordinary shares acquired | %             | No. of Shares issued | %             |
|----------------|---------------------------------|---------------|----------------------|---------------|
| Loo Chai Lai   | 680                             | 68.00         | 4,301,272            | 68.00         |
| Loo Jing Kai   | 150                             | 15.00         | 948,810              | 15.00         |
| Lee Chee Keong | 170                             | 17.00         | 1,075,318            | 17.00         |
| <b>Total</b>   | <b>1,000</b>                    | <b>100.00</b> | <b>6,325,400</b>     | <b>100.00</b> |

The purchase consideration was arrived at on willing buyer-willing seller basis after taking into consideration the audited NA of IBSB as at 30 June 2023 of RM379,524. The acquisition of IBSB was completed on 19 August 2024.

Upon completion of the Acquisitions, the issued share capital of our Company increased from RM1,000 comprising 1,000 Shares to RM42,300,940 comprising 705,000,000 Shares. Our group structure after the Acquisitions is set out in Section 6.1.3 of this Prospectus.

#### 4.1.2 Public Issue

Our Public Issue involves the offering of 155,000,000 new Shares, representing approximately 18.02% of our enlarged issued share capital upon Listing, at the IPO Price and will be allocated in the following manner:-

##### (i) Malaysian Public via balloting

43,000,000 Issue Shares, representing 5.00% of our enlarged issued share capital, will be made available for application by the Malaysian Public via balloting, of which 50.00% will be set aside for application by Bumiputera investors.

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

##### (ii) Eligible Persons

16,000,000 Issue Shares, representing 1.86% of our enlarged issued share capital, will be reserved for application by the Eligible Persons in the follow manner:-

| Eligible Persons  | No. of persons   | Aggregate no. of Issue Shares allocated |
|---|------------------|---|
| Our Directors <sup>(1)</sup>  | 4                | 1,000,000                               |
| Eligible employees of our Group <sup>(2)</sup>                          | Up to 160        | 12,000,000                              |
| Persons who have contributed to the success of our Group <sup>(3)</sup> | Up to 40         | 3,000,000                               |
| <b>Total</b>  | <b>Up to 204</b> | <b>16,000,000</b>                       |

##### Notes:-

- (1) The criteria of allocation to our eligible Directors is based on, among others, their respective roles and responsibilities in our Group.
- (2) The criteria of allocation to the eligible employees of our Group (as approved by our Board) is based on, among others, the following factors:-
  - (i) The employee must be a full-time confirmed employee and on the payroll of our Group; and
  - (ii) The number of Issue Shares allocated to the eligible employees is based on their position, length of service, performance and their past contribution to our Group as well as other factors deemed relevant by our Board.
- (3) The number of Issue Shares to be allocated to the persons who have contributed to the success of our Group comprising our business contacts, suppliers and customers, shall be based on, among others, their length of business relationship with our Group and their contribution to our Group and as approved by our Board.

The number of Issue Shares to be allocated to our Directors is set out below:-

| Name                                    | Designation                        | No. of Shares    |
|---|------------------------------------|------------------|
| Haji Ahmad Zakie Bin Haji Ahmad Shariff | Independent Non-Executive Chairman | 250,000          |
| Christine Toh Hung Mei                  | Independent Non-Executive Director | 250,000          |
| Yeat Soo Ching                          | Independent Non-Executive Director | 250,000          |
| Teh Lay Sim                             | Independent Non-Executive Director | 250,000          |
| <b>Total</b>                            |                                    | <b>1,000,000</b> |

The number of Issue Shares to be allocated to our key senior management is set out below:-

| Name          | Designation                                   | No. of Shares    |
|---------------|---|------------------|
| Tan Gine Ngee | Chief Financial Officer                       | 2,702,700        |
| Loo Ai Cheng  | Senior Manager - Warehouse & Customer Service | 2,702,700        |
| Ng Lai Heong  | Regional Sales Manager                        | 811,000          |
| Lam Li Hua    | Marketing Manager                             | 135,000          |
| <b>Total</b>  |   | <b>6,351,400</b> |

In addition, Loo Jing Shun, our Assistant Sales & Marketing Manager and a person connected to our substantial shareholders and Executive Directors, Loo Chai Lai and Loo Jing Kai, has been allocated 50,000 Issue Shares under the Pink Form Allocation.

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

To the best of our knowledge and belief:-

- (a) save for the Pink Form Allocation for application by Eligible Persons, none of our substantial shareholders, Directors or key senior management have indicated to our Company that they intend to subscribe for our IPO Shares; and
- (b) there are no persons who have indicated to us that they intend to subscribe for more than 5.00% of our IPO Shares.

#### (iii) Private placement to selected Bumiputera investors approved by the MITI

96,000,000 Issue Shares, representing 11.16% of our enlarged issued share capital, will be made available for application via private placement to Bumiputera investors approved by the MITI.

#### 4.1.3 Offer for Sale

The Selling Shareholder will offer up to 74,000,000 existing Shares for sale, representing up to approximately 8.60% of our enlarged issued share capital, at the IPO Price via private placement in the following manner:-

- (i) 62,500,000 Offer Shares, representing approximately 7.27% of our enlarged issued share capital, will be made available to selected investors; and
- (ii) 11,500,000 Offer Shares, representing 1.33% of our enlarged issued share capital, will be made available to Bumiputera investors approved by the MITI.

The details of our Selling Shareholder are set out below:-

| Name and address   | Nature of relationship with our Group | Shareholdings after the Acquisitions |       | Shares offered pursuant to the Offer for Sale |       |       | Shareholdings after the Offer for Sale <sup>(3)</sup> |       |
|--|---------------------------------------|--------------------------------------|-------|---|-------|-------|---|-------|
|  |                                       | No. of Shares                        | (1) % | No. of Shares                                 | (1) % | (2) % | No. of Shares   | (2) % |
| Loo Chai Lai<br>6, Solok Pasi,<br>Off Jalan Batu<br>Tiga, 41300<br>Klang, Selangor | Promoter and substantial shareholder  | 625,284,187                          | 88.70 | 74,000,000                                    | 10.50 | 8.60  | 551,284,187   | 64.10 |

#### Notes:-

- (1) Based on our issued share capital of 705,000,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 860,000,000 Shares after our IPO.
- (3) Shareholdings before the Share Transfer.

#### 4.1.4 Share Transfer

LCL Success is an investment holding company held by Loo Chai Lai and Loo Jing Kai with equity interest of 90.00% and 10.00% respectively. Further details of LCL Success are set out in Section 5.10 of this Prospectus.

During the prescribed period (one day after the launching date of the Prospectus up to a period of 30 days), Loo Chai Lai and Loo Jing Kai will transfer their respective shareholdings amounting to 516,000,000 Shares to LCL Success in conjunction with the IPO.

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

Upon Listing, LCL Success will hold 60.00% of our enlarged issued share capital. Further details of the Share Transfer are set out below:-

| Shareholders | No. of Shares in Sorento before Share Transfer | ( <sup>1</sup> ) % | No. of Shares to be transferred | ( <sup>1</sup> ) % | No. of Shares in Sorento after Share Transfer | ( <sup>1</sup> ) % |
|--------------|--|--------------------|---------------------------------|--------------------|---|--------------------|
| Loo Chai Lai | 551,284,187                                    | 64.10              | 464,400,000                     | 54.00              | 86,884,187                                    | 10.10              |
| Loo Jing Kai | 70,816,370                                     | 8.23               | 51,600,000                      | 6.00               | 19,216,370                                    | 2.24               |
| <b>Total</b> | <b>622,100,557</b>                             | <b>72.33</b>       | <b>516,000,000</b>              | <b>60.00</b>       | <b>106,100,557</b>                            | <b>12.33</b>       |

**Note:-**

(1) Based on our enlarged share capital of 860,000,000 Shares after our IPO.

##### 4.1.5 Clawback and reallocation

The allocation of our IPO Shares shall be subject to the following clawback and reallocation provisions:-

##### (i) Issue Shares to selected Bumiputera investors approved by the MITI

If our IPO Shares allocated to identified Bumiputera investors approved by the MITI ("**MITI Tranche**") are under-subscribed, such IPO Shares which are not taken up will be made available for subscription by Malaysian institutional investors.

After such reallocation, if the MITI Tranche is still under-subscribed and there is a corresponding over-subscription for our IPO Shares by Bumiputera investors under the Public Issue, our IPO Shares will be clawed back from the MITI Tranche and allocated to the Bumiputera investors under the Public Issue via balloting,

Thereafter, the remaining portion will be made available for:-

- (a) other Malaysian Public, if there is an over-subscription for our IPO Shares by the Malaysian Public under the Public Issue; or
- (b) application by way of private placement to selected investors to be identified.

##### (ii) Issue Shares for the Malaysian Public via balloting

Any Issue Shares not subscribed by the Malaysian Public will be made available for application to the following:-

- (a) firstly, by the Eligible Persons (excluding the eligible Directors) under the Pink Form Allocation as described in Section 4.1.2 (iii) of this Prospectus;
- (b) secondly, by way of private placement to selected investors; and
- (c) lastly, subscription by our Underwriter based on the terms of the Underwriting Agreement.

##### (iii) Pink Form Shares for our Eligible Persons

Any IPO Shares not taken up by the respective Eligible Persons based on their predetermined allocations shall be allocated in the following priority:-

- (a) firstly, to other Eligible Persons (excluding the eligible Directors);
- (b) secondly, to the Malaysian Public under the Public Issue;



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

- (c) thirdly, by way of private placement to selected investors; and
- (d) lastly, underwritten by our Underwriter based on the terms of the Underwriting Agreement.

Notwithstanding the above, in the event there is an under-subscription for our IPO Shares, the subscriptions received for our IPO Shares will first be applied towards subscribing in full the Issue Shares under the Public Issue. Thereafter, any additional subscription for our IPO Shares will be allocated from the Offer Shares offered by the Selling Shareholder under the Offer for Sale. Any remaining Offer Shares not subscribed for after the aforementioned allocation will be retained by the Selling Shareholder. For the avoidance of doubt, the Public Issue will take priority over the Offer for Sale in the event of an under-subscription of our IPO Shares.

The allocation of our IPO Shares shall take into account the desirability of distributing our Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of our Company to meet the public spread requirements and to establish a liquid and adequate market for our Shares. Applicants will be selected on a fair and equitable manner.

There is no over-allotment or “greenshoe” option that will result in an increase in the amount of our Issue Shares.

##### 4.1.6 Minimum subscription level

There is no minimum subscription level in terms of the proceeds to be raised from our IPO. However, in order to comply with the public shareholding spread requirements of the Listing Requirements, the minimum subscription level in terms of number of IPO Shares will be the number of Shares required to be held by the public shareholders for our Company.

Under the Listing Requirements, we are required to have a minimum of 25.00% of our Shares held by at least 200 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the above requirement is not met, we may not be able to proceed with our Listing. Please refer to Section 9.3.3 of this Prospectus for further details in the event there is a delay in or cancellation of our Listing.

##### 4.1.7 Share Capital

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

|  | <b>No. of Shares</b> | <b>RM</b>         |
|--|----------------------|-------------------|
| Issued share capital after the Acquisitions          | 705,000,000          | 42,300,940        |
| New Shares to be issued pursuant to the Public Issue | 155,000,000          | 57,350,000        |
| <b>Enlarged issued share capital upon Listing</b>    | <b>860,000,000</b>   | <b>99,650,940</b> |

##### 4.1.8 Classes of shares and ranking

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

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

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

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

Subject to special rights attaching to any Share which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed among the members in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney. On a show of hands, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have one vote. On a poll, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have one vote for each Share held. A proxy may but need not be a shareholder of our Company.

#### 4.2 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors and AIS who act as our Principal Adviser, Sponsor, Underwriter and Placement Agent, had determined and agreed upon the IPO Price after taking into consideration the following factors:-

- (i) our Group's strong financial performance, demonstrated by the growth of our revenue at a compound annual growth rate ("CAGR") of 31.85% from RM66.11 million for the FYE 2021 to RM151.55 million for the FYE 2024. Our PAT has also increased at a CAGR of 46.44% from RM7.78 million to RM24.43 million over the same period. Our financial performance is set out in Sections 12 and 13 of this Prospectus;
- (ii) Our EPS of approximately RM0.028, computed based on our PAT of RM24.43 million for the FYE 2024 and our enlarged number of issued Shares of 860,000,000 Shares upon Listing translating to a PE Multiple of 13.21 times based on our IPO Price;
- (iii) our competitive strengths as set out in Section 7.5 of this Prospectus; and
- (iv) our future plan and strategies as set out in Section 7.6 of this Prospectus.

You should note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 9 of this Prospectus before deciding to invest in our Shares.

#### 4.3 DILUTION

Dilution is the amount by which the IPO Price to be paid by investors for our IPO Shares exceeds our pro forma combined NA per Share after our IPO.

The following table illustrates such dilution on a per Share basis:-

|   |            | <u>RM</u> |
|---|------------|-----------|
| IPO Price   | (A)        | 0.37      |
| Pro forma combined NA per Share as at 30 June 2024 before our Public Issue                    | (B)        | 0.09      |
| Pro forma combined NA per Share as at 30 June 2024 after our Public Issue                     | (C)        | 0.14      |
| Increase in combined NA per Share attributable to our existing shareholders                   | (C-B)      | 0.05      |
| Dilution in pro forma combined NA per Share to new investors                                  | (A-C)      | 0.23      |
| Dilution in pro forma combined NA per Share to new investors as a percentage of the IPO Price | (A-C)/ (A) | 62.16%    |

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

Save as disclosed below, there has been no substantial disparity between our IPO Price and the effective cash cost to our Promoters, Directors, substantial shareholders, key senior management and/ or persons connected to them for any of our Shares acquired by them in any transaction from the date of incorporation up to the LPD:-

| Name   | No. of Shares held before our IPO | Total consideration RM | Effective cost per Share RM |
|--|-----------------------------------|------------------------|-----------------------------|
| <b>Promoters, Directors and substantial shareholders</b> |                                   |                        |                             |
| Loo Chai Lai   | <sup>(1)</sup> 625,284,187        | 37,517,803             | 0.06                        |
| Loo Jing Kai   | <sup>(2)</sup> 70,816,370         | 4,249,171              | 0.06                        |
| <b>Director</b>  |                                   |                        |                             |
| Lee Chee Keong   | <sup>(3)</sup> 8,899,443          | 533,966                | 0.06                        |

**Notes:-**

- (1) Being Shares issued pursuant to the Acquisitions and 800 subscriber shares issued upon incorporation of our Company.
- (2) Being Shares issued pursuant to the Acquisitions and 200 subscriber shares issued upon incorporation of our Company.
- (3) Being Shares issued pursuant to the Acquisitions.

As at the date of this Prospectus, save for the Pink Form Allocation, there is no outstanding right granted to anyone to acquire our Shares. The Pink Form Allocation is based on our IPO Price.

#### 4.4 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM57.35 million in the following manner:-

| Details   | RM'000        | %             | Estimated timeframe for use of proceeds from the date of Listing |
|---|---------------|---------------|--|
| Branding and promotional marketing                                | 6,000         | 10.46         | Within 36 months   |
| Expansion of dealer network and enhancement of distribution reach | 6,000         | 10.46         | Within 36 months   |
| Repayment of bank borrowings                                      | 9,000         | 15.69         | Within 12 months   |
| Working capital for purchase of inventories                       | 31,350        | 54.67         | Within 24 months   |
| Estimated listing expenses  | 5,000         | 8.72          | Within one month   |
| <b>Total</b>  | <b>57,350</b> | <b>100.00</b> |  |

Pending the eventual use of proceeds raised from the Public Issue, the proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institution. Any interests derived from the short-term deposits and/ or any gains arising from the money market instruments with licensed financial institution will also be allocated for the working capital of our Group.

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

Our Company will not receive any proceeds from the Offer for Sale. Based on the IPO Price, the gross proceeds from the Offer for Sale of up to RM27.38 million will accrue entirely to the Selling Shareholder. The Selling Shareholder will bear his own expenses including placement fee as well as other miscellaneous fees (if any) in respect of the Offer for Sale which are estimated to be approximately RM0.56 million.

Further details on the use of the gross proceeds from our Public Issue are set out below.

##### 4.4.1 Branding and promotional marketing

We intend to use RM6.00 million or 10.46% of the gross proceeds from the Public Issue to fund our branding and promotional marketing initiatives.

The estimated breakdown of the allocation of the proceeds for our branding and promotional marketing initiatives are set out below:-

| No. | Details  | RM'000              |
|-----|--|---------------------|
| 1.  | Promotional activities and events including product demonstration and launch events, brand awareness campaigns   | 3,500               |
| 2.  | Content marketing including advertising via websites, social media marketing, making of videos, search engine marketing, print advertisements, billboard advertising, printing of flyers, brochures and catalogues | 1,500               |
| 3.  | Participation in industry events and tradeshow which provide an avenue for the Group to connect with prospective suppliers and customers as well as keep abreast of the latest market trends                       | 1,000               |
|     | <b>Total</b>   | <b><u>6,000</u></b> |

Depending on our business strategy, financial condition and other market conditions, we may revise and reschedule the planned branding and promotional marketing activities set out above and adjust the budget and allocation of funds for a particular planned expenditure.

If at any point in time after our Listing, the actual use of proceeds towards any planned expenditure item above is lower than the amount estimated, the excess may (subject to the same first being available for use to other branding and promotional marketing activities) be used for purchasing inventories of our Group.

However, in the event the allocated proceeds are insufficient for our branding and promotional marketing activities, our Group will fund any shortfall via internally generated funds and/ or bank borrowings.

##### 4.4.2 Expansion of dealer network and enhancement of distribution reach

We have allocated RM6.00 million or 10.46% of the gross proceeds from the Public Issue for the enhancement of our distribution network.

As part of our future plans and strategies, we intend to enhance our distribution network, comprising existing and new dealers. In the FYE 2024, we had a network of 664 dealers. We target to recruit approximately 200 new dealers throughout Malaysia over the next three years. In order to facilitate this plan and enhance our support for our existing dealers, we intend to provide subsidies to existing and new dealers for the following:

- (i) provide subsidy to existing and new dealers to enhance and upgrade the selected dealers' retail stores;
- (ii) provide subsidy to existing and new dealers that will sell our house brands exclusively at their stores; and

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

- (iii) provide subsidy to existing and new dealers to operate Sorento concept stores which will showcase our 'Sorento' products exclusively, focusing on higher-end product range.

In identifying dealers who are eligible to receive the subsidies, we prioritise dealers with stores at locations where we intend to strengthen our position, capture more market share or establish our position in a new market. The type of subsidy to be provided can only be determined when the dealers are selected and will be based on their individual needs.

The terms and conditions of receiving the subsidy include achieving certain sales targets, and maintaining the signage and racking provided for branding and product display of our products only. This ensures that the subsidy provided is not only channelled to facilitate the setup of our dealers' stores but also serves as an incentive for our dealers to actively promote and sell our products.

Further details of the selection criteria for the subsidies and terms and conditions of the subsidies are set out in Section 7.6.1 of this Prospectus.

Our total estimated budget for the enhancement of our distribution network, comprising existing and new dealers, is approximately RM20.00 million, which will be funded via a combination of the proceeds raised and internally-generated funds. We plan to utilise RM6.00 million from our IPO proceeds within 36 months from the date of our Listing to partially fund this enhancement plan.

The RM20.00 million subsidies to be provided to our existing and new dealers will be used for the following purposes:-

| <b>Nature of subsidy</b>   | <b>Subsidy per store (RM)</b> |
|--|-------------------------------|
| To upgrade the product displays or storefront signage, renovation cost and design ideas to set up or upgrade the display areas for our products at existing and new dealers stores | 10,000 – 80,000               |
| Subsidy for renovation and fit-out cost for existing and new dealers who sell our house brands exclusively at their stores   | 80,000 – 150,000              |
| Subsidy for renovation and fit-out cost and/ or supply of display units for existing and new dealers to facilitate the setting up of the concept stores                            | 300,000 – 500,000             |

We are unable to determine the number of dealers which we will subsidise, as the exact cost of renovation and fit-out for each store cannot be ascertained as at the LPD. This cost can only be determined as and when the existing and new dealers are selected for renovation and fit-out of their stores based on the size of the stores and forecast sales return.

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

##### 4.4.3 Repayment of bank borrowings

As at the LPD, our Group's outstanding borrowings amounted to approximately RM23.26 million.

We intend to use RM9.00 million or 15.69% of the gross proceeds from the Public Issue to partially repay our borrowings as follows:-

| Financial institution               | Types of facility/  | Purpose   | Interest rate<br>%   | Maturity date  | Balance as at the LPD<br>RM'000 | Proposed repayment<br>RM'000 |
|-------------------------------------|---------------------|---|--|--|---------------------------------|------------------------------|
| Public Bank Berhad                  | Fixed loan          | Part finance the acquisition of a property in Penang which is currently used as our warehouse and office. | 4.42<br><br>(i.e. 2.30% below the bank's base lending rate as at the LPD of 6.72% per annum) | November 2041  | 2,335                           | 2,327                        |
| United Overseas Bank (Malaysia) Bhd | Banker's acceptance | Purchase of inventory   | 4.19% - 4.36%  | Revolving tenure of 150 days from the date of drawdown | 13,756                          | 6,673                        |
| <b>Total</b>                        |                     |   |  |  | <b>16,091</b>                   | <b>9,000</b>                 |

The fixed loan granted by Public Bank Berhad was fully disbursed on 8 November 2021. Based on the terms of financing, a settlement of the fixed loan within three years from the date of the first drawdown of the facility will give rise to an early settlement fee of RM0.05 million, being 2.00% of the approved loan amount of RM2.55 million. Depending on the actual timing of the repayment, the said period may have lapsed at the time of the repayment of the loan and in such an event, the Group will not incur any early settlement fee.

The repayment of the fixed loan is expected to result in interest savings of approximately RM0.10 million per annum based on the interest rate of 4.42% per annum as shown above. The actual interest savings may vary depending on the then applicable interest rates.

With the repayment of the banker's acceptance, we expect to improve our liquidity position in the future. However, the repayment of the banker's acceptance will not result in interest savings as the interest cost has been incurred upfront.

As set out in Section 12.9 of this Prospectus, the proposed repayment of bank borrowings will also contribute to a lower gearing level from 0.29 times as at 30 June 2024 to 0.09 times (based on the total borrowings of RM10.22 million and pro forma shareholders' fund of RM118.08 million of our Group upon utilisation of proceeds raised from the IPO).

In the event the actual principal balance of the borrowings at the point of repayment is less than the amount allocated for the repayment, we will re-allocate the excess amount to working capital.

##### 4.4.4 Working capital for purchase of inventories

We anticipate the need for more inventory to support our existing and future growth. Pursuant thereto and in tandem with the anticipated growth in line with our business expansion, we have earmarked approximately RM31.35 million or approximately 54.67% of the gross proceeds from the Public Issue to replenish our inventory of bathroom and kitchen sanitary ware products.

Our total purchase of inventories during the FYE 2021, FYE 2022, FYE 2023 and FYE 2024 amounted to RM49.16 million, RM49.66 million, RM54.12 million and RM76.07 million, respectively.

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

##### 4.4.5 Estimated listing expenses

The estimated fees and expenses for our IPO and Listing to be borne by us are approximately RM5.00 million comprising the following:-

|   | <u>RM'000</u>       |
|---|---------------------|
| Professional fees <sup>(1)</sup>                        | 2,720               |
| Fees to authorities                                     | 100                 |
| Brokerage, underwriting commission and placement fees   | 1,420               |
| Miscellaneous expenses and contingencies <sup>(2)</sup> | 760                 |
| <b>Total</b>  | <b><u>5,000</u></b> |

**Notes:-**

- (1) Includes advisory fees for, among others, Principal Adviser, legal advisers, Reporting Accountants, Tax advisers, IMR, Independent Internal Control Consultant, and Issuing House.
- (2) Includes any other incidental charges or related expenses in connection with our IPO, such as translation services, printing and advertising expenses, applicable service tax and IPO event expenses.

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

Where applicable and if required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds.

#### 4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

##### 4.5.1 Brokerage fee

We will bear the brokerage fee at the rate of 1.00% of the IPO Price in respect of successful Applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/ or the Issuing House.

##### 4.5.2 Underwriting commission

Our Underwriter has agreed to underwrite 43,000,000 Issue Shares offered to Malaysian Public via balloting under the Public Issue and 16,000,000 Pink Form Allocation. We will pay our Underwriter an underwriting commission at the rate of 2.25% of the total value of the Issue Shares to be underwritten based on the IPO Price.

##### 4.5.3 Placement fee

Our Placement Agent has agreed to place out 96,000,000 Issue Shares allocated by way of private placement and 74,000,000 Offer Shares to selected investors including Bumiputera investors approved by the MITI at a placement fee and selling commission of up to 2.00% of the total value of the IPO Shares successfully placed out by the Placement Agent at the IPO Price.

The placement fee to be incurred on the sale of the Offer Shares will be fully borne by the Offeror.

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

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**4.6 DETAILS OF THE UNDERWRITING AGREEMENT**

On 3 September 2024, we have entered into the Underwriting Agreement with our Underwriter to underwrite 59,000,000 Issue Shares ("**Underwritten Shares**"), on the terms and subject to the conditions as set out in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:-

- (i) The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon, among others-
  - (a) all necessary approvals have been obtained, remain valid and have not been revoked or amended;
  - (b) There having been, as at any time after the date of the Underwriting Agreement up to and including the last date for receipt of application and payment for the subscription to the Issue Shares or such other later date as our Company and the Underwriter may agree upon ("**Closing Date**"), no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the Listing and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement if they are repeated on and as of the Closing Date;
  - (c) The issue, offering and subscription of our IPO Shares in accordance with the provisions of the Underwriting Agreement and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
  - (d) The Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
  - (e) The delivery to the Underwriter prior to the date of registration of the Prospectus of a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors and the shareholders in general meeting approving this Agreement, the Prospectus, the issue and offer of our IPO Shares, our Listing and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus;
  - (f) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
  - (g) The Underwriter being satisfied that our Company will, following completion of our IPO be admitted to the Official List and its issued share capital listed and quoted on the ACE Market without undue delay.



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

- (ii) The Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of our Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
- (a) There is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice, after notice of such breach shall be given to our Company or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our IPO and Listing, or the distribution of our Issue Shares; or
  - (b) There is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to us, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of our IPO and Listing, or the distribution of our Issue Shares; or
  - (c) There shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition, or operation of our Group; or
  - (d) There shall have occurred, happened or come into effect any of the following circumstances:
    - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
    - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/ or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/ or materially prejudice the business or the operations of our Group and the success of our IPO and Listing, or the distribution of our Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
    - (iii) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
      - (1) on or after the date of the Underwriting Agreement; and
      - (2) prior to the allotment of the Issue Shares

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

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- lower than 90% of the level of the Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 Market Days; or
- (iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
  - (e) There is failure on the part of our Company to perform any of our obligations contained in the Underwriting Agreement; or
  - (f) Any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
  - (g) Any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement; or
  - (h) Our Listing does not take place within three months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Underwriter; or
  - (i) The imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of IPO and Listing, or the distribution or sale of our Issue Shares.
- (iii) Upon such notice(s) being given under Paragraph (ii) above, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination (including the refund of full amount of such subscription monies paid to our Company for such portion of the Underwritten Shares), for the payment of any taxes, duties or levies, underwriting commission as stated in the Underwriting Agreement, or such outstanding fees pursuant to the Underwriting Agreement, and for any antecedent breach, and its undertaking to indemnify the Underwriter pursuant to the provisions of the Underwriting Agreement.

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

### 5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Shareholdings of our Promoters and substantial shareholders

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

| Name  | Nationality/<br>Country of<br>incorporation | Before our IPO and as at the LPD <sup>(1)</sup> |       |               |                      | After our IPO <sup>(2)</sup> |       |               |                      |
|---|---|---|-------|---------------|----------------------|------------------------------|-------|---------------|----------------------|
|   |   | Direct  |       | Indirect      |                      | Direct                       |       | Indirect      |                      |
|   |   | No. of Shares                                   | %     | No. of Shares | %                    | No. of Shares                | %     | No. of Shares | %                    |
| <b>Promoters and substantial shareholders</b> |   |   |       |               |                      |                              |       |               |                      |
| Loo Chai Lai                                  | Malaysian                                   | 625,284,187                                     | 88.70 | 70,816,370    | <sup>(3)</sup> 10.04 | 86,884,187                   | 10.10 | 535,266,370   | <sup>(4)</sup> 62.24 |
| Loo Jing Kai                                  | Malaysian                                   | 70,816,370                                      | 10.04 | -             | -                    | 19,216,370                   | 2.24  | -             | -                    |
| <b>Substantial shareholder</b>                |   |   |       |               |                      |                              |       |               |                      |
| LCL Success <sup>(5)</sup>                    | Malaysia                                    | -   | -     | -             | -                    | 516,000,000                  | 60.00 | -             | -                    |

#### Notes:-

- (1) Based on our issued share capital of 705,000,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 860,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his son, Loo Jing Kai's interest in our Company.
- (4) Deemed interested by virtue of his direct shareholding in LCL Success pursuant to Section 8(4) of the Act and his sons, Loo Jing Kai's and Loo Jing Shun's (assuming full subscription of the Issue Shares allocated to him under the Pink Form Allocation) interest in our Company pursuant to Section 59(1)(c) of the Act.
- (5) LCL Success is an investment holding company held by Loo Chai Lai and Loo Jing Kai with equity interest of 90.00% and 10.00% respectively. Please refer to Section 5.1.2(iii) for further details on the shareholders of LCL Success.

Save for our Promoters and substantial shareholders, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, our Promoters and substantial shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between our Company and our shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of our Company.

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

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**5.1.2 Profiles of our Promoters and substantial shareholders****(i) Loo Chai Lai**

*Promoter, Specified Shareholder, substantial shareholder and Managing Director*

Loo Chai Lai, Malaysian aged 60, is the Promoter, Specified Shareholder, substantial shareholder and Managing Director of our Group. He was appointed to our Board on 17 May 2023.

He completed his high school education at Sekolah Menengah Kebangsaan Sultan Abdul Samad, Klang in 1982.

He took a two-year break to explore different career opportunities before he began his career in Boon Seng Paint Merchant, a family-owned business as a Sales Executive in 1984. He set up MBS Paints (previously known as MBS Paints and Tools Sdn Bhd) in 1993 where he was responsible for the overall management. In the following year, he also set up KCBS where he was involved in sales and marketing. He remains a shareholder and director of MBS Paints and KCBS.

In 2003, he founded PSM, which is principally involved in trading of paints, painting accessories, sanitary, kitchen accessories and hardware. He was primarily responsible for the overall management and day-to-day operating activities of the company. In 2024, he resigned as the director of PSM and disposed of his shares in PSM to a third party.

In 2005, he founded SSB together with his brother, Loo Chai Sing. He was responsible for the overall management and day-to-day operating activities of SSB. Loo Chai Sing subsequently resigned as a director in 2020 and disposed all of his shareholdings in SSB to Loo Chai Lai and Loo Jing Kai in 2021. Loo Chai Lai was instrumental in growing our business operations by expanding our customer base and establishing our brand presence in Malaysia.

As our Group's Managing Director, he will continue to be responsible for overseeing our Group's overall finance, business operations and business development strategies. We will continue to leverage on his 40 years of experience in home improvement and renovation industry with 21 years of experience in the bathroom and kitchen sanitary wares industry to chart our Group's future business direction.

**(ii) Loo Jing Kai**

*Promoter, Specified Shareholder, substantial shareholder and Executive Director*

Loo Jing Kai, a Malaysian aged 29, is the Promoter, Specified Shareholder, substantial shareholder and Executive Director of our Group. He was appointed to our Board on 17 May 2023.

He graduated with Bachelor of Business (International Business) from the Queensland University of Technology in 2017.

He began his career in 2017 as a Sales Executive in PSM. He was responsible for assisting walk-in customers at the showroom, promoting company's products and providing after sale service. In 2019, he was promoted to Sales Manager and was responsible for monitoring the daily and monthly sales performance of the company. In 2020, he was appointed as the director for PSM. In 2024, he resigned as the director and disposed of his shares in PSM to a third party.

In 2020, Loo Jing Kai joined SSB as the Sales Manager. He was responsible for monitoring the operations and the sales of the products as well as the collection of payments. In the same year, he was also appointed as the director of SSB. In 2021, he became the shareholder of SSB following the exit of Loo Chai Sing from SSB.

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


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As our Group's Executive Director, he is responsible for overseeing the sales and purchasing as well as warehouse and customer service functions of our Group.

**(iii) LCL Success**  
*Specified Shareholder and substantial shareholder*

LCL Success was incorporated in Malaysia under the Act on 21 February 2024 as a private limited company. As at the LPD, the issued share capital of LCL Success is RM100 comprising 100 ordinary shares. LCL Success is principally an investment holding company.

As at the LPD, the directors and shareholders of LCL Success and their respective shareholdings in LCL Success are as follows:-

| Name         | Nationality | Direct        |       | Indirect          |       |
|--------------|-------------|---------------|-------|-------------------|-------|
|              |             | No. of Shares | %     | No. of Shares     | %     |
| Loo Chai Lai | Malaysia    | 90            | 90.00 | <sup>(1)</sup> 10 | 10.00 |
| Loo Jing Kai | Malaysia    | 10            | 10.00 | -                 | -     |

**Note:-**

(1) Deemed interested by virtue of his son, Loo Jing Kai's interest in LCL Success.

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

**5.1.3 Changes in our Promoters' and substantial shareholder's shareholdings in our Company**

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since our incorporation up to after our Share Transfer and IPO are as follows:-

| Name  | As at the date of incorporation <sup>(1)</sup> |       |               | After the Acquisitions and as at the LPD <sup>(2)</sup> |       |                           |
|---|--|-------|---------------|---|-------|---------------------------|
|   | Direct   |       | Indirect      | Direct  |       | Indirect                  |
|   | No. of Shares                                  | %     | No. of Shares | No. of Shares   | %     | No. of Shares             |
| <b>Promoter and substantial shareholder</b> |  |       |               |   |       |                           |
| Loo Chai Lai                                | 800  | 80.00 | 200           | <sup>(4)</sup> 625,284,187                              | 88.70 | <sup>(4)</sup> 70,816,370 |
| Loo Jing Kai                                | 200  | 20.00 | -             | 70,816,370  | 10.04 | -                         |

**After our Share Transfer and IPO <sup>(3)</sup>**

| Name  | Direct        |       | Indirect      |                      |
|---|---------------|-------|---------------|----------------------|
|   | No. of Shares | %     | No. of Shares | %                    |
| <b>Promoter and substantial shareholder</b> |               |       |               |                      |
| Loo Chai Lai                                | 86,884,187    | 10.10 | 535,266,370   | <sup>(5)</sup> 62.24 |
| Loo Jing Kai                                | 19,216,370    | 2.24  | -             | -                    |
| <b>Substantial shareholder</b>              |               |       |               |                      |
| LCL Success <sup>(6)</sup>                  | 516,000,000   | 60.00 | -             | -                    |

**Notes:-**

- (1) Based on our issued share capital of 1,000 Shares as at the date of incorporation of our Company.
- (2) Based on our issued share capital of 705,000,000 Shares after the Acquisitions but before our IPO.
- (3) Based on our enlarged issued share capital of 860,000,000 Shares after our IPO.
- (4) Deemed interested by virtue of his son, Loo Jing Kai's interest in our Company,
- (5) Deemed interested by virtue of his direct shareholding in LCL Success pursuant to Section 8(4) of the Act and his sons, Loo Jing Kai's and Loo Jing Shun's (assuming full subscription of the Issue Shares allocated to him under the Pink Form Allocation) interest in our Company pursuant to Section 59(1)(c) of the Act.
- (6) LCL Success is an investment holding company held by Loo Chai Lai and Loo Jing Kai with equity interest of 90.00% and 10.00% respectively. Please refer to Section 5.1.2(iii) for further details on the shareholders of LCL Success.

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

### 5.1.4 Benefits paid or intended to be paid or given to our Promoters and substantial shareholders

Save for the issuance of our Shares as set out in Section 6.1.2 of this Prospectus, the dividends paid or to be paid to our Promoters and substantial shareholders as set out in Section 12.8 of this Prospectus, and the benefits paid or proposed to be paid to our Promoters and substantial shareholders who are also our Executive Directors as set out in Section 5.2.5 of this Prospectus for services rendered to our Group in all capabilities, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the two years preceding the date of this Prospectus.

The details of the dividends paid to our Promoters and substantial shareholders for the FYE 2023 and FYE 2024 are set out below:-

|                                     | FYE 2022     | FYE 2023     | FYE 2024     |
|-------------------------------------|--------------|--------------|--------------|
| Promoters/ substantial shareholders | RM'000       | RM'000       | RM'000       |
| Loo Chai Lai                        | 3,336        | 6,176        | 8,015        |
| Loo Jing Kai                        | 436          | 732          | 900          |
| <b>Total</b>                        | <b>3,772</b> | <b>6,908</b> | <b>8,915</b> |

## 5.2 BOARD OF DIRECTORS

### 5.2.1 Particulars of our Directors

Our Board comprises the following members:-

| Name                                    | Age | Nationality | Date of appointment | Designation                        |               |
|---|-----|-------------|---------------------|------------------------------------|---------------|
| Haji Ahmad Zakie Bin Haji Ahmad Shariff | 67  | Malaysian   | 25 March 2024       | Independent Chairman               | Non-Executive |
| Loo Chai Lai                            | 60  | Malaysian   | 17 May 2023         | Managing Director                  |               |
| Loo Jing Kai                            | 29  | Malaysian   | 17 May 2023         | Executive Director                 |               |
| Lee Chee Keong                          | 44  | Malaysian   | 25 March 2024       | Executive Director                 |               |
| Christine Toh Hung Mei                  | 43  | Malaysian   | 25 March 2024       | Independent Non-Executive Director |               |
| Yeap Soo Ching                          | 48  | Malaysian   | 25 March 2024       | Independent Non-Executive Director |               |
| Teh Lay Sim                             | 49  | Malaysian   | 25 March 2024       | Independent Non-Executive Director |               |

None of our Directors represent any corporate shareholder on our Board. For details on the association of family relationship between our Promoters, Directors and key senior management, please refer to Section 5.6 of this Prospectus.

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

### 5.2.2 Profiles of Directors

The profiles of our Directors, Loo Chai Lai and Loo Jing Kai are set out in Section 5.1.2 above. The profiles of our other Directors are set out below:-

(i) **Haji Ahmad Zakie Bin Haji Ahmad Shariff**  
*Independent Non-Executive Chairman*

Haji Ahmad Zakie Bin Haji Ahmad Shariff, a Malaysian, aged 67, is the Independent Non-Executive Chairman of our Group. He was appointed to our Board on 25 March 2024.

He graduated with a Bachelor of Economics from Universiti Kebangsaan Malaysia in 1980 and Master of Accounting Science from University of Illinois, Urbana-Champaign, United States of America in 1983.

He began his career as a lecturer in accounting with the Faculty of Business Management of University Kebangsaan Malaysia in 1983. He left the role in 1990 and joined Rashid Hussain Securities, a stockbroking firm, as Equity Analyst in the same year. He left Rashid Hussain Securities in 1991. He then joined UMBC Securities Sdn Bhd, a stockbroking firm, as Senior Analyst in 1991 and left in the same year. In 1992, he joined JB Securities Sdn Bhd, a stockbroking firm, as a Research Manager. He left the role in 1993 to join Capitalcorp Securities Sdn Bhd, a stockbroking firm, as Vice President of Research. He left Capitalcorp Securities Sdn Bhd in 1994 and joined Smith Zain Securities Sdn Bhd, a stockbroking firm, as an International Sales Dealer. He left the role in 1995 to join Shapadu Corporation Sdn Bhd, a company involved in the management and investment holding, as an Assistant General Manager. He left the role in 1996 and in the same year, he joined PTB Asset Management Sdn Bhd (*which was then a subsidiary of Permodalan Terengganu Berhad*) as the Chief Executive Officer where he was responsible for the day-to-day operations of the company and left in 2000. In 2000, he joined SJ Securities Sdn Bhd, a company involved in the business of dealing in securities and acting as securities and share brokers, as the Executive Director (Operations) where he was responsible for its day-to-day operations and left in 2005.

In 2005, he joined UEM Group Berhad, a company involved in project design, management and contracting in the fields of civil, electrical and mechanical engineering, the undertaking of turnkey projects, corporate and advisory support services and training services and investment holding, as the Director of Corporate Affairs where he was responsible for its human capital development including overseeing the operation of Kolej Yayasan UEM, which is part of UEM Group Berhad. He left UEM Group Berhad in 2010 to join Malayan Banking Berhad, a company involved in commercial banking and related financial services, as the Head of Organizational Learning Division where he was responsible for the training and talent enhancement needs of the group and left the company in 2011. He joined FA Securities Sdn Bhd, a stockbroking firm, as Chief Executive Officer from 2011 to 2012 where he was responsible for overseeing the overall operations of the company.

In 2012, he joined the Federation of Investment Managers Malaysia an organization that regulates the marketing and distribution of unit trust schemes and private retirement schemes, as the Chief Executive Officer where he was responsible for its day-to-day operations and left the company in 2013. In the same year, he was appointed by the Menteri Pengajian Tinggi Malaysia as a member of the Board of Directors of Universiti Malaysia Pahang and subsequently retired in 2019. In 2014, he joined Perbadanan Menteri Besar Kelantan, a government linked corporation in charge of the state's strategic and assets, as a Chief Executive Officer where he was responsible for the business turnaround for some of the subsidiaries owned by Perbadanan Menteri Besar Kelantan until 2016. In 2015, he was also appointed by the Menteri Pengajian Tinggi Malaysia as a member of the Board of Directors of Universiti Kebangsaan Malaysia until 2017.

Presently, he is also an Adjunct Professor at the Graduate Business School of Universiti Kebangsaan Malaysia since 2020. He is also the director of various private limited companies as well as the Independent Non-Executive Director of LFE Corporation Berhad since 2023.



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

(ii) **Lee Chee Keong**  
*Executive Director*

Lee Chee Keong, a Malaysian, aged 44, is the Executive Director of our Group. He was appointed to our Board on 25 March 2024.

He graduated with a Bachelor of Engineering (Mechanical and Production Engineering) and Graduate Diploma in Technopreneurship and Innovation Program from Nanyang Technological University, Singapore in 2003.

In 2004, he began his career as a Project Engineer in Hi-P (Shanghai) Housing Appliance Co Ltd, a company involved in manufacturing and distribution of housing appliances, where he was responsible for managing project development, which includes amongst others, costing, process flow and manufacturing until he left in 2006. In the same year, he then joined Venture Electronics Shanghai Co. Ltd, a company involved in manufacturing and distribution of electronic components as a Project Lead where he was responsible for managing business units in relation to manufacturing of electronic products and components.

He left the company in 2008 to join Acumen Engineering (Shanghai) Co. Ltd, a company involved in wholesale and distribution of chemicals and allied products as a Sales Manager where he was responsible for overseeing the overall business operations of the company in China. In 2009, he left Acumen Engineering (Shanghai) Co. Ltd and joined Superpak Shanghai Co. Ltd, a company involved in packaging solution as an Assistant General Manager where he was responsible for managing the day-to-day operating activities of the company until he left in 2012.

In 2012, he joined Movtec Sdn Bhd (presently known as Warehouz Collection Sdn Bhd), a company involved in the dealing of electronic products as a Sales Manager. In 2013, he resigned as the Sales Manager but remained as the director and shareholder of the same company until it was dissolved in 2017. In 2013, he joined Bath Deco Marketing Sdn Bhd, a company involved in wholesale and retail of bathroom furnishings as a Sales Manager where he was responsible for the sales and marketing activities of the company and left the company in December 2013.

In 2014, he joined BBSB as a Sales Manager where he was responsible for the sales and marketing of the company's products. He was appointed a director of BBSB in 2017 and became its shareholder in 2020. In 2018, he became the director and shareholder of IBSB, assuming the same responsibilities as BBSB. In 2024, he disposed of all of his shares in BBSB and IBSB to Sorento Capital as part of the Acquisitions.

In 2019, he was also appointed as the director and shareholder of Pro Bath Sdn Bhd where he was responsible for the sales and marketing of the company. Pro Bath Sdn Bhd was struck off in 2023.

As our Group's Executive Director, he is responsible for our Group's project-based sales and marketing.

(iii) **Christine Toh Hung Mei**  
*Independent Non-Executive Director*

Christine Toh Hung Mei, Malaysian, aged 43, is the Independent Non-Executive Director of our Group. She was appointed to our Board on 25 March 2024.

She graduated from Monash University with a Bachelor of Commerce and Bachelor of Business Systems in 2004. She obtained a Bachelor of Laws (Hons) from University of London (External) in 2012 and completed her Certificate of Legal Practice in 2013. She was registered as a Chartered Accountant under the Malaysian Institute of Accountants in 2023. She is also a Fellow of the Chartered Institute of Arbitrators.

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

After graduating from Monash University in 2004, she took a two-year break before she began her career in 2006 with BDO McCabe Lo Ltd in Hong Kong, a company involved in business and corporate advisory services, as an Associate. She left BDO McCabe Lo Ltd and joined BDO Binder in Malaysia, an audit firm, as an Assistant Manager in 2008 where she focused on external audit. In 2009, she joined BDO Consulting Sdn Bhd, a company involved in management consultants, as an Assistant Manager where she was in charge of internal audit for listed companies and left the company in 2010.

In 2010, she joined Prestar Precision Tube Sdn Bhd, a company involved in the manufacturing and supply of precision steel pipes and tubes, as an Assistant Accounts Manager where she was responsible for submission of financial reports, preparing annual budgets and assisting in the company's internal and external reporting requirements. During her tenure with BDO Binder, she was also studying for her Bachelor of Laws on a part time basis. Upon obtaining her Bachelor of Laws in 2012, she left Prestar Precision Tube Sdn Bhd and commenced her pupillage at a law firm, Vin & Isaac Lee in 2013. She was called to the Malaysian Bar in 2014 and thereafter continued as an Associate in Vin & Isaac Lee. She left Vin & Isaac Lee in 2016 to join Mah Weng Kwai & Associates, a law firm, as a Legal Assistant and was promoted to Senior Associate in 2018 before being made a Partner in 2019. In 2023, she left Mah Weng Kwai & Associates to set up her firm, Christine Toh & Co where she currently holds the position of Managing Partner. Her primary practice areas include construction disputes, matrimonial disputes and general litigation.

She is also the director of various private limited companies as well as Independent Non-Executive Director of HE Group Berhad since 2023 and WTEC Group Berhad since 2024.

### (iv) **Teh Lay Sim**

*Independent Non-Executive Director*

Teh Lay Sim, a Malaysian, aged 49, is an Independent Non-Executive Director of our Group. She was appointed to our Group on 25 March 2024.

She graduated from the University of Sydney with Bachelor of Science (Architecture) in 1998 and Bachelor of Architecture in 2004.

She began her career with Natcon Kumagai Joint Venture, company involved in construction and completion of superstructural works for Mandarin-Oriental Hotel as an Interior Design Coordinator in 1998 where she was responsible for the co-ordination, scheduling, planning and site supervision of the architectural and interior fit-outs. She left the company in 2000, to join Sunway Construction Berhad, a company involved in building and civil engineering works with capabilities in turnkey, design and build construction as a Design Coordinator where she was responsible for overseeing and coordinating all technical and design matters for design & build and build-operate-turkey projects. Sunway Construction Berhad was delisted from the Official List of Bursa Securities in 2004 and assumed its present name of Sunway Construction Sdn Bhd and a wholly-owned subsidiary of Sunway Construction Group Berhad. In 2007, she was promoted to Manager. She left Sunway Construction Berhad in year 2008 to join SA Architects Sdn Bhd, a company involved in architectural and consultancy services as an Associate where she was responsible for managing and overseeing the design and execution of projects.

In 2012, she left SA Architects Sdn Bhd and founded Arkitek L. Teh. She has been with the firm since 2012 and currently holds the position of Principal. She is in charge of managing the employees, the direction of the architecture practice of the firm which includes among others, overseeing all technical and design matters for the projects undertaken by the firm as well as its day-to-day operations.

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

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**(v) Yeat Soo Ching**  
*Independent Non-Executive Director*

Yeat Soo Ching, a Malaysian aged 48, is an Independent Non-Executive Director of our Group. She was appointed to our Board on 25 March 2024.

She graduated from the University of Sheffield, the United Kingdom with a Bachelor of Law in 1998 and was called to the Malaysia Bar in 2000.

She began her career with Messrs Cheang & Ariff, a law firm, as a legal associate in 2000 and was subsequently made a partner in 2007, a position she still holds. She practices in the areas of corporate and securities laws as well as banking and finance. She has advised companies on capital market transactions including fund raising exercises such as initial public offerings, rights issues and private placements. She has also been advising general partners of private equity/ venture capital funds on the setting up of funds in Malaysia and offshore. Her banking and financing experience includes acting for lenders and major corporations on various domestic and international financing transactions.

She is presently an Independent Non-Executive Director in Cnergenz Berhad.

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

### 5.2.3 Shareholdings of our Directors

The direct and indirect shareholdings of our Directors as at the LPD and after the IPO are as follows:-

| Name                                    | Before our IPO and as at LPD <sup>(1)</sup> |       |               | After our IPO <sup>(2)(3)</sup> |       |                      |
|---|---|-------|---------------|---------------------------------|-------|----------------------|
|   | Direct                                      |       | Indirect      | Direct                          |       | Indirect             |
|   | No. of Shares                               | %     | No. of Shares | No. of Shares                   | %     | No. of Shares        |
| Haji Ahmad Zakie Bin Haji Ahmad Shariff | -   | -     | -             | 250,000                         | 0.03  | -                    |
| Loo Chai Lai                            | 625,284,187                                 | 88.70 | 70,816,370    | 86,884,187                      | 10.10 | 535,266,370          |
| Loo Jing Kai                            | 70,816,370                                  | 10.04 | -             | 19,216,370                      | 2.24  | <sup>(5)</sup> 62.24 |
| Lee Chee Keong                          | 8,899,443                                   | 1.26  | -             | 8,899,443                       | 1.03  | -                    |
| Christine Toh Hung Mei                  | -   | -     | -             | 250,000                         | 0.03  | -                    |
| Teh Lay Sim                             | -   | -     | -             | 250,000                         | 0.03  | -                    |
| Yeat Soo Ching                          | -   | -     | -             | 250,000                         | 0.03  | -                    |

#### Notes:-

- (1) Based on our issued share capital of 705,000,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 860,000,000 Shares after our IPO.
- (3) Assuming our Directors will fully subscribe for their respective allocations under the Pink Form Allocation.
- (4) Deemed interested by virtue of his son, Loo Jing Kai's interest in our Company.
- (5) Deemed interested by virtue of his direct shareholding in LCL Success pursuant to Section 8(4) of the Act and his sons, Loo Jing Kai's and Loo Jing Shun's (assuming full subscription of the Issue Shares allocated to him under the Pink Form Allocation) interest in our Company pursuant to Section 59(1)(c) of the Act.

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

**5.2.4 Principal business activities performed by our Directors outside our Group for the past five years**

Save as disclosed below, none of our Directors have any principal business activities and directorships in any other corporations outside of our Group, as at the LPD ("Present Involvement") and in the past five years preceding the LPD ("Past Involvement");:-

**(i) Haji Ahmad Zakie Bin Haji Ahmad Shariff**

| Name of company                                 | Principal activities   | Position held            | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|---|--|--------------------------|----------------------------|---------------------------|-------------------|---------------------|
| <u>Present involvement</u><br>Kiaratics Sdn Bhd | General consultants; general trading; investment holdings <sup>(1)</sup>   | Shareholder              | -                          | -                         | 25.00             | -                   |
| Showme Eduwav Berhad                            | Pre-primary education (private)/ kindergarten; others education; primary education (private)   | Shareholder              | -                          | -                         | 0.05              | -                   |
| Satwa Berhad                                    | Other business support service activities; stores specialised in retail sale of pharmaceuticals, medical and orthopaedic goods; general medical services | Shareholder              | -                          | -                         | 0.13              | -                   |
| Saracorp Sdn Bhd                                | Providing project management services and general contractor   | Director and Shareholder | 3 May 2021                 | -                         | 25.51             | -                   |
| Bahtera Perkasa Sdn Bhd                         | Investment advisory services; buying, selling, renting and operating of self-owned or leased real estate – land; other management consultancy activities | Director and Shareholder | 22 January 2024            | -                         | 20.00             | -                   |
| Lagenda Tunjong Sdn Bhd                         | Property developer   | Director                 | 23 February 2021           | -                         | -                 | -                   |
| Phillip Capital Sdn Bhd                         | Licensed future broker for its client and to execute proprietary trades in futures contracts and options   | Director                 | 1 May 2022                 | -                         | -                 | -                   |

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

| Name of company                              | Principal activities   | Position held                      | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|--|--|------------------------------------|----------------------------|---------------------------|-------------------|---------------------|
| LFE Corporation Berhad                       | Investment holding <sup>(2)</sup>  | Independent Non-Executive Director | 30 August 2023             | -                         | -                 | -                   |
| <b>Past Involvement</b><br>Gana Asli Sdn Bhd | Activities of holding companies <sup>(3)</sup>   | Director and Shareholder           | 1 September 2008           | 20 May 2024               | 30.00             | -                   |
| Biotek Dinamik Sdn Bhd                       | Wholesale of fertilizers and agrochemical products   | Director                           | 3 April 2019               | 1 July 2024               | -                 | -                   |
| Future Asset Management (Malaysia) Sdn Bhd   | Other financial service activities, except insurance/takaful and pension funding <sup>(4)</sup>  | Director                           | 1 November 2017            | -                         | -                 | -                   |
| UMP Advanced Education Sdn Bhd               | Education, training, general trading   | Director                           | 2 October 2013             | 7 October 2019            | -                 | -                   |
| Invest Kelantan Berhad                       | To carry on the business of a one-stop centre that facilitates and promotes investment; to provide incentives as well as information to potential investors to invest in Kelantan in order to encourage the economic growth of Kelantan <sup>(5)</sup> | Director                           | 22 March 2016              | -                         | -                 | -                   |
| Kuber Venture Berhad                         | Investment holdings <sup>(6)</sup>   | Director                           | 3 July 2018                | 28 July 2020              | -                 | -                   |
| Saracorp Resources Berhad                    | Investment holding company, general contractors, housing developers, general traders   | Director                           | 2 July 2019                | 30 January 2020           | -                 | -                   |
| UMP Holdings Sdn Bhd                         | Manage and undertake business relating to the gathering and distribution of knowledge, consultancy services, developer   | Director                           | 15 November 2019           | 15 November 2021          | -                 | -                   |

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

| Name of company         | Principal activities   | Position held | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|-------------------------|--|---------------|----------------------------|---------------------------|-------------------|---------------------|
| Bluechart Power Sdn Bhd | Investment holdings <sup>(7)</sup>   | Director      | 17 August 2020             | 7 April 2021              | -                 | -                   |
| UMP Technology Sdn Bhd  | General trading & agriculture, pharmaceutical, cosmetics & health products, consultancy services | Director      | 21 April 2021              | 24 December 2021          | -                 | -                   |
| Widuri Intisar Sdn Bhd  | Trusts, funds and similar financial entities; assets/ portfolio management                       | Director      | 1 April 2022               | 12 September 2022         | -                 | -                   |

**Notes:-**

- (1) As at the LPD, Kiarafics Sdn Bhd is currently dormant and does not have any active investments in any company.
- (2) LFE Corporation Berhad is an investment holding company and its subsidiaries are involved in among others, provision of specialised engineering services, distribution of consumer electronics products, providing consultant and installation service, property development and construction and project management.
- (3) Gana Asli Sdn Bhd has not commenced any business operation as at 30 November 2022.
- (4) Future Asset Management (Malaysia) Sdn. Bhd has been dissolved and has been struck off on 16 September 2022.
- (5) Invest Kelantan Berhad has been dissolved and has been struck off on 3 April 2023.
- (6) Kuber Venture Berhad is an investment holding company in shares.
- (7) Bluechart Power Sdn Bhd is currently dormant and does not have any active investments in any company.

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

| (ii) | Loo Chai Lai                          |  |                          |  |                           |                   |                     |  |  |  |  |  |  |
|------|---------------------------------------|--|--------------------------|--|---------------------------|-------------------|---------------------|--|--|--|--|--|--|
|      | Name of company                       | Principal activities   | Position held            | Date appointed as Director   | Date resigned as Director | Direct interest % | Indirect interest % |  |  |  |  |  |  |
|      | <u>Present involvement</u><br>KCBS    | Trading of paints and hardware   | Director and Shareholder | 21 February 1994   | -                         | 53.00             | -                   |  |  |  |  |  |  |
|      | FHSB                                  | Investment holding <sup>(1)</sup>  | Director and Shareholder | 27 July 2011   | -                         | 100.00            | -                   |  |  |  |  |  |  |
|      | Time IT                               | Property investment, investment holding, general trading <sup>(2)</sup>  | Director and Shareholder | 8 April 2013   | -                         | 98.00             | -                   |  |  |  |  |  |  |
|      | MBS Paints                            | Trading of paints and hardware, trading of home furnishing and household utensils, general trading, investment holding | Director and Shareholder | 3 July 2023 (Previously appointed on 16 October 1993 and resigned on 18 December 2020) | -                         | 100.00            | -                   |  |  |  |  |  |  |
|      | MBS Tools                             | Trading of hardware and tools  | Director and Shareholder | 3 July 2023 (Previously appointed on 5 December 2007 and resigned on 18 December 2020) | -                         | 100.00            | -                   |  |  |  |  |  |  |
|      | MBS Home                              | Trading of home decorative items and sanitary wares <sup>(3)</sup>   | Director and Shareholder | 3 July 2023 (Previously appointed on 5 December 2007 and resigned on 18 December 2020) | -                         | 1.00              | (4) 99.00           |  |  |  |  |  |  |
|      | Colourcon Painting Specialist Sdn Bhd | Specialist painting works  | Director and Shareholder | 28 September 1995  | -                         | 40.00             | -                   |  |  |  |  |  |  |



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

| Name of company                | Principal activities  | Position held            | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|--------------------------------|---|--------------------------|----------------------------|---------------------------|-------------------|---------------------|
| LCL Paints & Hardware Sdn Bhd  | Wholesale of paints and varnish; wholesale of a variety of goods without any particular specialization; wholesale of construction materials   | Director and Shareholder | 30 August 2023             | -                         | 90.00             | -                   |
| LCL Success                    | Activities of holding companies <sup>(6)</sup>  | Director and Shareholder | 21 February 2024           | -                         | 90.00             | (6)10.00            |
| Logisticspac Global Sdn Bhd    | Investment holding company <sup>(7)</sup>   | Director                 | 20 March 2023              | -                         | -                 | (6) 50.00           |
| <b>Past Involvement</b>        |   |                          |                            |                           |                   |                     |
| Atlas Dynamics Sdn Bhd         | Labour supply and related renewal services  | Director                 | 7 March 1997               | 19 March 2022             | -                 | -                   |
| SRT Bathware Sdn Bhd           | Retail of bathroom wares, bathroom utensils, bathroom equipment and related products <sup>(8)</sup>   | Director and Shareholder | 30 December 2010           | -                         | 70.00             | -                   |
| Boon Seng Resources Sdn Bhd    | Investment holding, general trading <sup>(10)</sup>   | Director and Shareholder | 21 February 2011           | -                         | 100.00            | -                   |
| Topyear Logistics Sdn Bhd      | Investment holding company <sup>(11)</sup>  | Director                 | 7 March 2014               | 18 December 2020          | -                 | -                   |
| Pro Bath Sdn Bhd               | Wholesale of household appliances; wholesale of sanitary installation and equipment; wholesale of other construction materials, hardware, plumbing and heating equipment and supplies <sup>(12)</sup> | Director and Shareholder | 29 January 2019            | -                         | 68.00             | -                   |
| Sorento East Sdn Bhd           | Retail sale of household appliances <sup>(13)</sup>   | Director and Shareholder | 25 April 2019              | -                         | 100.00            | -                   |
| GBI Building Materials Sdn Bhd | Wholesale of construction materials   | Director                 | 29 July 2019               | 14 December 2023          | -                 | -                   |

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

| Name of company  | Principal activities  | Position held            | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|--|---|--------------------------|----------------------------|---------------------------|-------------------|---------------------|
| The Acrylic Factory Sdn Bhd (Formerly known as GBI Certified Products Sdn Bhd) | Other construction installation; wholesale of paints and varnish; wholesale of construction materials | Director                 | 13 December 2021           | 9 October 2023            | 40.00             | -                   |
| Pernama GBI Network Sdn Bhd  | Wholesale of paints and varnish; wholesale of construction materials; other construction installation | Director                 | 8 February 2022            | 8 December 2023           | -                 | -                   |
| PSM  | Trading of paints, painting accessories, sanitary, kitchen accessories and hardware <sup>(14)</sup>   | Director and Shareholder | 24 December 2003           | 15 March 2024             | 60.00             | 20.00               |

**Notes:-**

- (1) As at the LPD, FHBS is an investment holding company involved in real estate activities with own or leased property.
- (2) As at the LPD, Time IT is a property investment, investment holding, general trading company involved in real estate activities with own or leased property and wholesale of a variety of goods without any particular specialisation.
- (3) MBS Home has ceased operation since October 2023. The shareholders of MBS Home are MBS Paints and Loo Chai Lai and have provided their undertaking letters dated 1 October 2023 that they will undertake all necessary actions to wind up and/ or strike off MBS Home.
- (4) Deemed interest by virtue of his shareholding in MBS Paints pursuant to Section 8(4) of the Act.
- (5) LCL Success is our substantial shareholder. Please refer to Section 5.1.2(iii) for further details on LCL Success.
- (6) Deemed interest by virtue of his son, Loo Jing Kai's shareholding in the company.
- (7) As at the LPD, Logisticpac Global Sdn Bhd is an investment holding company involved in property investment.
- (8) Deemed interest by virtue of his shareholding in FHBS pursuant to Section 8(4) of the Act.
- (9) SRT Bathware Sdn Bhd has been dissolved and has been struck off on 13 April 2022
- (10) Boon Seng Resources Sdn Bhd has been wound up and has been struck off on 3 October 2023.
- (11) Topyear Logistics Sdn Bhd is an investment holding company involved in real estate activities with own or leased property.
- (12) Pro Bath Sdn Bhd has been dissolved and has been struck off 13 December 2023.
- (13) Sorento East Sdn Bhd has been dissolved and has been struck off on 15 June 2020.
- (14) PSM has been disposed of to a third party on 14 February 2024. The disposal was completed on 14 May 2024.

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

| (iii) | Loo Jing Kai | Name of company  | Principal activities   | Position held            | Date appointed as Director | Date resigned as Director | Interest          |                     |
|-------|--------------|--|--|--------------------------|----------------------------|---------------------------|-------------------|---------------------|
|       |              |  |  |                          |                            |                           | Direct interest % | Indirect interest % |
|       |              | <b><u>Present involvement</u></b><br>KCBS              | Trading of paints and hardware   | Director                 | 25 January 2021            | -                         | -                 | -                   |
|       |              | Time IT  | Property investment, investment holding, general trading <sup>(1)</sup>  | Director                 | 11 November 2021           | -                         | -                 | -                   |
|       |              | MBS Paints   | Trading of paints and hardware, trading of home furnishing and household utensils, general trading, investment holding | Director                 | 3 July 2023                | -                         | -                 | -                   |
|       |              | MBS Tools  | Trading of hardware and tools  | Director                 | 3 July 2023                | -                         | -                 | -                   |
|       |              | MBS Home   | Trading of home decorative items and sanitary wares <sup>(2)</sup>   | Director                 | 3 July 2023                | -                         | -                 | -                   |
|       |              | FHSB   | Investment holding <sup>(3)</sup>  | Director                 | 18 December 2020           | -                         | -                 | -                   |
|       |              | YLF F&B Enterprise                                     | Online advertising & marketing, dealing & supplies in hardware, household products                                     | Sole Proprietor          | 8 February 2023            | -                         | -                 | -                   |
|       |              | LCL Success  | Activities of holding companies <sup>(4)</sup>   | Director and Shareholder | 21 February 2024           | -                         | 10.00             | -                   |
|       |              | <b><u>Past Involvement</u></b><br>Sorento East Sdn Bhd | Retail sale of household appliances <sup>(5)</sup>   | Director                 | 25 April 2019              | -                         | -                 | -                   |
|       |              | YLF F&B Enterprise                                     | Food and beverages   | Sole Proprietor          | 29 August 2019             | 28 August 2021            | -                 | -                   |

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

| Name of company             | Principal activities   | Position held            | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|-----------------------------|--|--------------------------|----------------------------|---------------------------|-------------------|---------------------|
| Pro Bath Sdn Bhd            | Wholesale of household appliances; wholesale of sanitary installation and equipment; wholesale of other construction materials, hardware, plumbing and heating equipment and supplies <sup>(6)</sup> | Shareholder              | 29 January 2019            | -                         | 15.00             | -                   |
| Boon Seng Resources Sdn Bhd | Investment holding, general trading <sup>(7)</sup>   | Director                 | 18 December 2020           | -                         | -                 | -                   |
| SRT Bathware Sdn Bhd        | Retail of bathroom wares, bathroom utensils, bathroom equipment and related products <sup>(8)</sup>  | Director and Shareholder | 18 December 2020           | -                         | -                 | -                   |
| PSM Homeware Enterprise     | Supplies & dealing in hardware, household products & building material   | Sole Proprietor          | 28 May 2021                | 28 May 2022               | -                 | -                   |
| PSM                         | Trading of paints, painting accessories, sanitary, kitchen accessories and hardware <sup>(9)</sup>   | Director and Shareholder | 18 December 2020           | 15 March 2024             | 10.00             | -                   |

**Notes:-**

- (1) As at the LPD, Time IT is a property investment, investment holding, general trading company involved in real estate activities with own or leased property and wholesale of a variety of goods without any particular specialisation.
- (2) MBS Home has ceased operation since October 2023. The shareholders of MBS Home are MBS Paints and Loo Chai Lai and have provided their undertaking letters dated 1 October 2023 that they will undertake all necessary actions to wind up and/ or strike off MBS Home.
- (3) As at the LPD, FH5B is an investment holding company involved in real estate activities with own or leased property.
- (4) LCL Success is our substantial shareholder. Please refer to Section 5.1.2(iii) of this Prospectus for further details on LCL Success.
- (5) Sorento East Sdn has been dissolved and has been struck off on 15 June 2020.
- (6) Pro Bath Sdn Bhd has been dissolved and has been struck off 13 December 2023.
- (7) Boon Seng Resources Sdn Bhd has been wound up and has been struck off on 3 October 2023.
- (8) SRT Bathware Sdn Bhd has been dissolved and has been struck off on 13 April 2022.
- (9) PSM has been disposed of to a third party on 14 February 2024. The disposal was completed on 14 May 2024.

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

**(iv) Lee Chee Keong**

Lee Chee Keong does not have any principal business activities or directorships outside our Group as at the LPD.

| Name of company                             | Principal activities   | Position held | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|---|--|---------------|----------------------------|---------------------------|-------------------|---------------------|
| <u>Past Involvement</u><br>Pro Bath Sdn Bhd | Wholesale of household appliances; wholesale of sanitary installation and equipment; wholesale of other construction materials, hardware, plumbing and heating equipment and supplies <sup>(1)</sup> | Director      | 29 January 2019            | -                         | -                 | -                   |

**Note:-**

(1) Pro Bath Sdn Bhd has been dissolved and struck off on 13 December 2023.

**(v) Christine Toh Hung Mei**

| Name of company                                     | Principal activities  | Position held          | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|---|---|------------------------|----------------------------|---------------------------|-------------------|---------------------|
| <u>Present involvement</u><br>Platinum Leap Sdn Bhd | Investment holding company in shares of a company principally involved as contractors and subcontractors of all kinds of constructional works | Director / shareholder | 1 February 2018            | -                         | 10.00             | -                   |
| Tall Innovations Sdn Bhd                            | Contractors and subcontractors of all kinds of constructional works   | Director               | 30 September 2020          | -                         | -                 | -                   |

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

| Name of company                                      | Principal activities  | Position held                      | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
|--|---|------------------------------------|----------------------------|---------------------------|-------------------|---------------------|
| HE Group Berhad                                      | Provision of power distribution systems, other building systems and works, hook-up and retrofitting of electrical equipment and trading   | Independent Non-Executive Director | 26 May 2023                | -                         | -                 | -                   |
| Christine Toh & Co                                   | Law firm  | Managing Partner                   | 2 May 2023                 | -                         | -                 | -                   |
| WTEC Group Berhad                                    | Manufacturing and trading of foam and non-foam products   | Independent Non-Executive Director | 19 August 2024             | -                         | -                 | -                   |
| <b><u>Past involvement</u></b><br>Tall Group Berhad  | Activities of holding companies (shares)  | Director                           | 1 December 2018            | 25 October 2019           | -                 | -                   |
| <b>(vi) Yeat Soo Ching</b>                           |   |                                    |                            |                           |                   |                     |
| Name of company                                      | Principal activities  | Position held                      | Date appointed as Director | Date resigned as Director | Direct interest % | Indirect interest % |
| <b><u>Present involvement</u></b><br>Cnergenz Berhad | Activities of holding companies (1)   | Independent Non-Executive Director | 23 September 2021          | -                         | 0.06              | -                   |
| Cheang & Ariff                                       | Law firm  | Partner                            | 1 January 2007             | -                         | -                 | -                   |
| <b>Note:-</b>  | (1) Cnergenz Berhad is an investment holding company and its subsidiary is involved in provision of integrated solutions for Surface-Mount Technology ("SMT") manufacturing line, sales of related SMT machines, equipment, spare parts and consumables, and the provision of related repair, maintenance and other support services. |                                    |                            |                           |                   |                     |

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

(vii) Teh Lay Sim

| Name of company   | Principal activities               | Position held   | Date appointed as Director | Date resigned as Director | Direct interest<br>% | Indirect interest<br>% |
|---|------------------------------------|-----------------|----------------------------|---------------------------|----------------------|------------------------|
| <b>Present involvement</b><br>Arkitek L. Teh <sup>(1)</sup> | Architectural consultancy practice | Sole Proprietor | 9 April 2012               | -                         | -                    | -                      |

**Note:-**

(1) Incorporated under Architects Act 1967 on 9 April 2012.

The involvement of our Directors in other principal business activities outside of our group will not affect their commitment and responsibilities to our Group in their respective roles as our Directors, as:-

- (a) our Non-Executive Directors are not involved in the day-to-day operations of our Group. Their involvement in other business activities outside our Group will not affect their contributions to our Group as the principal activities of those companies are not similar to our Group's business; and
- (b) our Managing Director and Executive Directors are not involved in the day-to-day operations of other business activities outside our Group. Their involvement, if any, will not affect their ability to perform their roles and responsibilities as well as their contribution to our Group.

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

**5.2.5 Remuneration and material benefits in-kind of our Directors**

The aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 2024 and FYE 2025 are as follows:-

|   | Salary<br>RM'000 | Directors' fees<br>RM'000 | Bonuses <sup>(2)</sup><br>RM'000 | Commission<br>RM'000 | Statutory<br>Contributions<br>RM'000 | Benefits<br>in-kind<br>RM'000 | Total<br>RM'000 |
|---|------------------|---------------------------|----------------------------------|----------------------|--------------------------------------|-------------------------------|-----------------|
| <b>FYE 2024 (Paid)</b>                  |                  |                           |                                  |                      |                                      |                               |                 |
| Haji Ahmad Zakie Bin Haji Ahmad Shariff | -                | (1) -                     | -                                | -                    | -                                    | (1) -                         | (1) -           |
| Loo Chai Lai                            | 1,488            | 360                       | -                                | -                    | 181                                  | 9                             | 2,038           |
| Loo Jing Kai                            | 408              | -                         | -                                | 9                    | 51                                   | -                             | 468             |
| Lee Chee Keong                          | 345              | -                         | -                                | -                    | 43                                   | 17                            | 405             |
| Christine Toh Hung Mei                  | -                | (1) -                     | -                                | -                    | -                                    | (1) -                         | (1) -           |
| Yeat Soo Ching                          | -                | (1) -                     | -                                | -                    | -                                    | (1) -                         | (1) -           |
| Teh Lay Sim                             | -                | (1) -                     | -                                | -                    | -                                    | (1) -                         | (1) -           |
| <b>FYE 2025 (Proposed)</b>              |                  |                           |                                  |                      |                                      |                               |                 |
| Haji Ahmad Zakie Bin Haji Ahmad Shariff | -                | 72                        | -                                | -                    | -                                    | 4                             | 76              |
| Loo Chai Lai                            | 1,800            | -                         | -                                | -                    | 217                                  | 28                            | 2,045           |
| Loo Jing Kai                            | 420              | -                         | -                                | -                    | 52                                   | -                             | 472             |
| Lee Chee Keong                          | 348              | -                         | -                                | -                    | 43                                   | 17                            | 408             |
| Christine Toh Hung Mei                  | -                | 36                        | -                                | -                    | -                                    | 4                             | 40              |
| Yeat Soo Ching                          | -                | 36                        | -                                | -                    | -                                    | 4                             | 40              |
| Teh Lay Sim                             | -                | 36                        | -                                | -                    | -                                    | 4                             | 40              |

**Notes:-**

- (1) Our Independent Non-Executive Directors were appointed to our Board on 25 March 2024. The Director's fees and meeting allowances to our Independent Non-Executive Directors will only be payable upon our Listing.
- (2) There were no bonuses paid in the FYE 2024. The bonuses for the FYE 2025, if any, will be determined at a later date based on our Group's and the individual's performance.



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

### 5.3 BOARD PRACTICES

#### 5.3.1 Directors' terms of office

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

| Director                                | Designation                        | Date of appointment | Date of expiration of the current term of office | No. of years and months in office |
|---|------------------------------------|---------------------|--|-----------------------------------|
| Haji Ahmad Zakie Bin Haji Ahmad Shariff | Independent Non-Executive Chairman | 25 March 2024       | At our second AGM to be held in 2025             | Less than one year                |
| Loo Chai Lai                            | Managing Director                  | 17 May 2023         | At our second AGM to be held in 2025             | Less than one year                |
| Loo Jing Kai                            | Executive Director                 | 17 May 2023         | At our third AGM to be held in 2026              | Less than one year                |
| Lee Chee Keong                          | Executive Director                 | 25 March 2024       | At our fourth AGM to be held in 2027             | Less than one year                |
| Christine Toh Hung Mei                  | Independent Non-Executive Director | 25 March 2024       | At our third AGM to be held in 2026              | Less than one year                |
| Yeat Soo Ching                          | Independent Non-Executive Director | 25 March 2024       | At our fourth AGM to be held in 2027             | Less than one year                |
| Teh Lay Sim                             | Independent Non-Executive Director | 25 March 2024       | At our fourth AGM to be held in 2027             | Less than one year                |

In accordance with our Company's Constitution, all Directors shall retire from office at the first AGM and an election of Directors shall take place every year. At every subsequent AGM, one-third (1/3) of the Directors for the time being or if their number is not three or a multiple of three, then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election, provided that all Directors shall retire from office once at least in every three years. A retiring Director shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

#### 5.3.2 Audit and Risk Management Committee ("ARMC")

Our ARMC shall solely comprise Independent Non-Executive Directors. Our ARMC was established on 25 March 2024 and its members are appointed by our Board. Our ARMC comprises the following members:-

| Name                   | Designation | Directorship                       |
|------------------------|-------------|------------------------------------|
| Christine Toh Hung Mei | Chairperson | Independent Non-Executive Director |
| Yeat Soo Ching         | Member      | Independent Non-Executive Director |
| Teh Lay Sim            | Member      | Independent Non-Executive Director |

The main functions of our ARMC as stated in its terms of reference includes, among others, the following:-

- (i) to consider any matters concerning the appointment and re-appointment, the audit and non-audit fees and any questions of resignation or dismissal of external auditors, and further ensure the suitability, objectivity and independence of external auditors;

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

- (ii) to review with the external auditors:-
  - (a) their audit plan, scope and nature of the audit of our Group;
  - (b) their evaluation and findings of the system of risk management and internal controls;
  - (c) their audit reports on financial statements;
  - (d) the management letter and management's response with regard to problems and reservations arising from their audits;
  - (e) the coordination of audits where more than one audit firm is involved; and
  - (f) any other matters that the external auditors may wish to discuss (in the absence of management where necessary).
- (iii) to ensure coordination between the external auditors and the internal auditors;
- (iv) to review and assess the adequacy of the scope, functions, competency, experience and resources of the internal audit functions of which the internal auditors should report directly to the ARMC and to ensure the internal auditors are independent and objective and have the relevant qualifications and be responsible for assuring the ARMC that the internal controls are operating effectively;
- (v) to review the internal audit plan, processes, the results of internal audit assessments, investigations undertaken and whether or not appropriate action is taken on the recommendations made;
- (vi) to review the adequacy and effectiveness of our Group's internal control systems, anti-corruption and whistle-blowing as evaluated, identified and reported by our management, internal or external auditors as well as to review whether actions taken to ratify the same are appropriate or timely;
- (vii) to review the quarterly results and year-end financial statements of our Group before the approval by our Board;
- (viii) to prepare the ARMC Report at the end of each financial year for inclusion in the annual report of our Company;
- (ix) to ensure that the Board establishes a comprehensive framework/policy to identify, evaluate, approve and report related party transactions;
- (x) to assess all the disclosed conflicts by our Directors and key senior management, to evaluate their nature, significance and potential impact on our Group;
- (xi) to assist our Board to effectively discharge its risk oversight responsibilities by monitoring and overseeing our Group's risk management and processes in identifying, evaluating, monitoring and managing significant risks within our Group;
- (xii) to review our Group's risk management policy and implementation of the risk management framework;
- (xiii) to report promptly to Bursa Securities on any matter which has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- (xiv) to verify the allocation of options under a share issuance scheme or the allocation of shares according to any incentive plan for employees of our Group, if any;
- (xv) to review and conduct an annual performance evaluation of the internal and external auditors in respect of each financial year under review; and
- (xvi) to carry out such other functions or assignments as may be delegated by our Board from time to time.

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

The recommendations of our ARMC are subject to the approval of our Board.

### 5.3.3 Nomination Committee

Our Nomination Committee was established on 25 March 2024 and its members are appointed by our Board. Our Nomination Committee comprises the following members:-

| <b>Name</b>            | <b>Designation</b> | <b>Directorship</b>                |
|------------------------|--------------------|------------------------------------|
| Teh Lay Sim            | Chairperson        | Independent Non-Executive Director |
| Christine Toh Hung Mei | Member             | Independent Non-Executive Director |
| Yeap Soo Ching         | Member             | Independent Non-Executive Director |

The main function of our Nomination Committee's duties and responsibilities as stated in its terms of reference includes, among others, include the following:-

- (i) to review, assess, and recommend suitable candidates for appointment as Directors of our Company, as well as retiring Directors seeking re-election at the AGM. When making recommendations to our Board regarding directorship or re-appointment, the Nomination Committee must consider the "Fit and Proper Criteria" outlined in our Company's Directors' Fit and Proper Policy. These criteria include, but are not limited to:-
  - (a) diversity in skills, knowledge, expertise, experience, age, cultural background and gender;
  - (b) competence and professionalism;
  - (c) character and integrity;
  - (d) time and commitment;
  - (e) any business interest or relationship that may result in a conflict of interest that could affect the execution of the role; and
  - (f) in the case of candidates for the position of Independent Director, the committee shall also evaluate the candidates' ability to discharge such responsibilities / functions as expected from the Independent Director.
- (ii) to ensure there is a gender-diverse Board and the committee may seek out independent sources to identify qualified candidates for our Board;
- (iii) to evaluate the necessary mix of skills, experience, core competencies, and diversity (including age, cultural background, and gender) of our Board and our Board Committees. Nomination Committee will assess the contribution and performance of each Director to ensure our Board and its Committees operate effectively and efficiently;
- (iv) to review the size, structure, balance, and composition of our Board and our Board Committees to ensure optimal performance;
- (v) to identify and review the core competencies, skills and other qualities including but not limited to the skills, knowledge, experience and diversity required by each of the Non-Executive Directors, that are essential to contribute towards the effectiveness and balance of our Board;
- (vi) to review and evaluate the contributions made by each member of our Board, including the Independent Non-Executive Directors and the Chairman of our Board, as well as the Managing Director and Executive Directors;
- (vii) to assess each Director's ability to contribute to our Board's decision-making process and ensure that our Board operates actively, efficiently, and effectively in all its decision-making;

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

- (viii) to conduct an annual review of the term of office and performance of the ARMC and each of its members. The review will assess whether the Committee and its members have fulfilled their duties in accordance with their terms of reference;
- (ix) to evaluate annually the effectiveness of our Board and our Board Committees as a whole for assessing the contribution to the effectiveness of the decision-making process of our Board;
- (x) to review and assess annually the independence of the Independent Non-Executive Directors of our Company;
- (xi) to review, consider and make recommendations regarding the continuation in office of Independent Non-Executive Directors who have served for more than nine years;
- (xii) to oversee the development of succession planning of our Board and key senior management;
- (xiii) to assess and recommend the re-election of Directors who are due to retire in accordance with our Company's Constitution;
- (xiv) to remain up-to-date and fully informed about strategic issues and commercial changes that impact our Company and the market in which it operates; and
- (xv) to carry out such other functions or assignments as may be delegated by our Board from time to time.

The Director concerned shall abstain from deliberation and voting on his/her own respective re-election.

**5.3.4 Remuneration Committee**

Our Remuneration Committee was established on 25 March 2024 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:-

| <b>Name</b>            | <b>Designation</b> | <b>Directorship</b>                |
|------------------------|--------------------|------------------------------------|
| Yeat Soo Ching         | Chairperson        | Independent Non-Executive Director |
| Christine Toh Hung Mei | Member             | Independent Non-Executive Director |
| Teh Lay Sim            | Member             | Independent Non-Executive Director |

The main function of our Remuneration Committee as stated in its terms of reference includes, among others, the following:-

- (i) to review and recommend to our Board the appropriate remuneration packages for all Directors of our Company, with or without professional advice;
- (ii) to review and recommend fees and benefits payable to our Directors;
- (iii) to assist our Board in formulating policies and guidelines for the composition of various components of remuneration such as basic salary, bonus, and other benefits for our Directors and key senior management;
- (iv) to ensure that remuneration packages and benefits for our Directors and key senior management of our Company align with our Company's business strategies, long-term objectives, and remuneration policy, as well as comply with all laws, rules, regulations, and guidelines set by relevant authorities and our Board;

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

- (v) to develop and administer a fair and transparent procedure for setting policy on the remuneration of our Directors and key senior management, which considers the demands, complexities, and performance of our Company, as well as the skills and experience required;
- (vi) to implement our Board's remuneration policy and procedures in a transparent process, including reviewing and recommending matters related to the remuneration of our Board and key senior management;
- (vii) to ensure that the level of remuneration packages is fair and appropriate according to the industry, general market sentiments, or conditions, and our Company's operating results, as well as the our Director or key senior management's merit, qualification, competence, and individual performance;
- (viii) to ensure that appropriate rewards, benefits, compensation, and remuneration are offered to retain Directors, and structuring remuneration packages to link rewards to individual performance; and
- (ix) to carry out any other functions delegated by our Board that would benefit our Company and ensure the effective discharge of the Remuneration Committee's duties and responsibilities.

The Director(s) concerned shall abstain from deliberation and voting on his/ her own respective remuneration.

### 5.4 KEY SENIOR MANAGEMENT

#### 5.4.1 Particulars of key senior management

| <u>Name</u>   | <u>Age</u> | <u>Designation</u>                            |
|---------------|------------|---|
| Tan Gine Ngee | 47         | Chief Financial Officer                       |
| Loo Ai Cheng  | 58         | Senior Manager - Warehouse & Customer Service |
| Ng Lai Heong  | 55         | Regional Sales Manager                        |
| Lam Li Hua    | 40         | Marketing Manager                             |

#### 5.4.2 Profiles of key senior management

The profiles of the key senior management of our Group are as follows:-

**(i) Tan Gine Ngee**  
*Chief Financial Officer*

Tan Gine Ngee, a Malaysian, aged 47, is the Chief Financial Officer of our Group.

He graduated with a Bachelor of Science in Accounting and Finance from the University of London in 1999. He is a member of the Malaysian Institute of Accountants since 2006.

He began his career as a Graduate Audit Trainee in K.S. Soon & Company, an audit firm in 2000, where he was responsible for the field audits, drafting of audit reports, assisted in the computation of taxes, estimated financials, and preparation of the annual accounts for clients and left the company in 2001. In 2001, he joined TimeCom Holdings Sdn Bhd, a company involved in construction, system integration and supply of computer hardware and software as an Accounts Executive and was responsible for overseeing group accounts preparation which includes monitoring the group consolidation of account.

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

In 2001, he left TimeCom Holdings Sdn Bhd and joined MBS Paints & Tools Sdn Bhd (currently known as MBS Paints) as an Accounts Executive where he was responsible for overseeing the full set of account and audit coordination. In 2005, he was promoted to Accounts Manager in the same company where he was responsible for overseeing the accounts and human resources departments, and monitoring inter alia, the cash flow, projections, financial reporting and analysis. In 2015, he was further promoted to Group Financial Controller. His responsibilities included overseeing the group accounts and compliance of accounting standards and framework, as well as to monitor the policy and procedures in order to improve the internal control.

Following a transfer of recruitment, he was transferred from MBS Paints to SSB in 2021 and his role remained as Group Financial Controller assuming the same responsibilities as his role in MBS Paints. In 2023, he was further promoted to the role of Chief Financial Officer of SSB where he is responsible for, amongst others, the preparation of our Group's financial and accounting reporting and managing the accounts department's day-to-day functions which includes inter alia, the management of cash flows and budget for our Group.

### (ii) **Loo Ai Cheng**

*Specified Shareholder and Senior Manager - Warehouse & Customer Service*

Loo Ai Cheng, a Malaysian, aged 58, is the Senior Manager for warehouse and customer service of our Group.

She graduated with a Diploma in Commerce and Economic from Meijo University in Nagoya Japan in 1993.

She began her career as a General Clerk in Kilang Plastic Winloy Sdn Bhd in 1985, a company involved in manufacturing of plastics bags where she was responsible for administration and general clerk related work. She left Kilang Plastic Winloy Sdn Bhd in 1990 to pursue her Diploma in Commerce and Economic. In 1993, she joined Sato Chemifa (M) Sdn Bhd, a manufacturer of plastic films and bags company, as a Production Administration Clerk and was responsible for the maintenance of production/ manufacturing records in the company. In 1995, she left to join Terasaki Electric (M) Sdn Bhd, a company involved in trading and installation of electrical switchboard apparatus, electronic equipment, engineering equipment and the assembling of circuit breakers as a Purchasing Administration Clerk where she was responsible for warehouse inventory records and maintaining purchasing records and left the company in 1997.

In 1998, she joined MBS Paints as an Administrative Executive and was responsible for customer service. In 2005, she was promoted to Warehouse Manager and was responsible for overseeing the warehouse management.

She left MBS Paints and joined SSB in 2017 as a Warehouse Manager. Her responsibilities include warehouse management and customer service related matters which includes among others, organising deliveries, storage and dispatches of goods in warehouse and she also oversees daily warehouse operations while controlling and managing inventory and logistics and supervising the customer service department in the company. In 2023, she was promoted to her current position and her responsibilities remained the same.

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

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**(iii) Ng Lai Heong**  
*Regional Sales Manager*

Ng Lai Heong, a Malaysian, aged 55, is the Regional Sales Manager of our Group.

She completed her high school education at Tsun Jin High School in Kuala Lumpur in 1987.

She began her career as a coffee shop assistant in Lai Heong Coffeeshop in 1988, which is a family-operated business where she was responsible for handling customer orders and served as a cashier until 1990. In 1991, she joined Hup Hing Sdn Bhd, a company involved in buying, selling, fabricating spare parts and equipment in industries as an Assistant Manager where she was responsible for building and leading a sales team, developing revenue-driving strategies and formulating sales plans until she left the company in 1995. In 1996, she joined Homewish Sanitarywares Sdn Bhd, a company involved in sales and distribution of sanitary ware & bathroom accessories as a Sales Manager, assuming the same responsibilities as her role in Hup Hing Sdn Bhd until she left the company in 2007. In 2008, she joined Agrow Corporation Sdn Bhd, a company involved in buying, selling, fabricating spare parts and equipment in industries as a Sales Manager, assuming the same responsibilities as the previous companies and left the company in 2019.

In 2019, she joined SSB, assuming the position of Regional Sales Manager. Her responsibilities include building and leading a sales team, developing revenue-driving strategies and formulating sales plans.

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

**(iv) Lam Li Hua**  
*Marketing Manager*

Lam Li Hua, a Malaysian, aged 40, is the Marketing Manager of our Group.

She graduated with both Diploma in Advertising and Diploma in Marketing Communications from Institute Advertising, Communication and Technology (IACT) College in 2005.

She began her career with Mellooi Creation Sdn Bhd, a company involved in fashion designing, manufacturing and trading of apparels and accessories in 2005 as a Marketing and Business Development Executive and was subsequently promoted in 2007 to Senior Executive in Marketing and Business Development. She was responsible for marketing planning and execution and development of advertising and promotional spending for the retail stores. She left Mellooi Creation Sdn Bhd in 2007 to join Signature Cabinet Sdn Bhd (a subsidiary of Signature International Berhad), a company involved in designing, marketing and distribution of kitchen systems in the same year as a Brand Manager where she was responsible for brand strategy conceptualisation including planning and execution for kitchen cabinet and living solutions. She left to join MGBI Malaysia Sdn Bhd, a company involved in engineering services relating to design and verification of railway signaling systems in 2014 as a General Manager and was responsible for managing the company's railway project in Malaysia which includes inter alia, project management and recruitment related matters. She left to join EQ Solutions Sdn Bhd, a company involved in internet marketing, public relations, events, advertising, trading, training and consultancy, media production, creative designing in 2018, as an Account Manager where she was responsible in managing public relation activities, digital marketing campaigns and events for their clients. In 2019, she left EQ Solutions Sdn Bhd and joined H Trends Bathroom Centre Sdn Bhd (currently known as Dilooma Sdn Bhd), a company involved in dealers, wholesale of bathroom accessories, sanitaryware, kitchenware and other related products as a Marketing Manager. She was responsible for developing strategies, planning and execution of sales and marketing activities to achieve sales target until she left the company in 2021. She was on sabbatical leave until 2023 before continuing her career in SSB.

In January 2023, she joined SSB as the Marketing Manager where she is responsible for marketing management which includes strategising, planning and execution for both offline and online platforms for our Group.

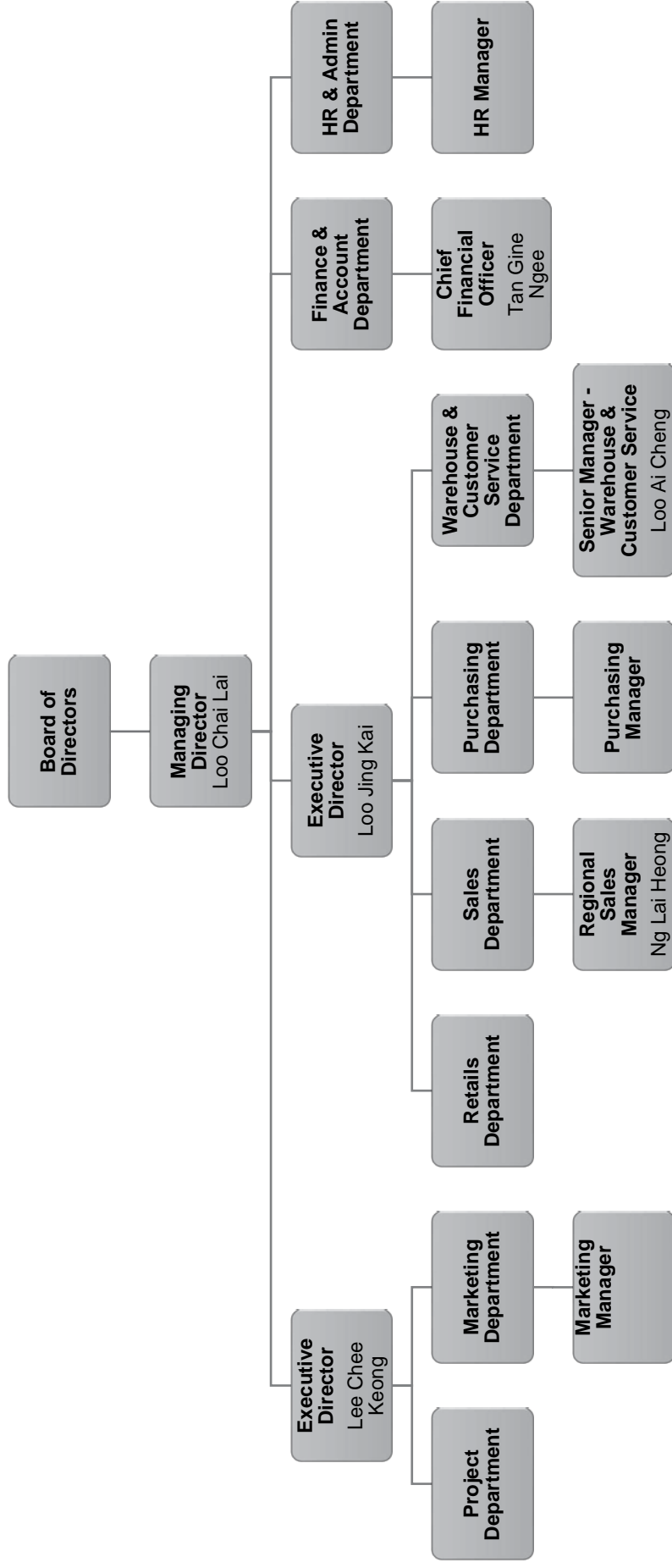
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**5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.4.3 Management Reporting Structure**

Our management reporting structure is as follows:-



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

**5.4.4 Shareholdings of our key senior management**

The following table sets forth the direct and indirect shareholdings of our Key Senior Management before and after our IPO, assuming each of our key senior management will subscribe for their respective Pink Form Allocation:-

| Key senior management | Nationality | Before our IPO |          | After our IPO <sup>(1)(2)</sup> |          |
|-----------------------|-------------|----------------|----------|---------------------------------|----------|
|                       |             | Direct         | Indirect | Direct                          | Indirect |
|                       |             | No. of Shares  | %        | No. of Shares                   | %        |
| Tan Gine Ngee         | Malaysian   | -              | -        | 2,702,700                       | 0.31     |
| Loo Ai Cheng          | Malaysian   | -              | -        | 2,702,700                       | 0.31     |
| Ng Lai Heong          | Malaysian   | -              | -        | 811,000                         | 0.09     |
| Lam Li Hua            | Malaysian   | -              | -        | 135,000                         | 0.02     |

**Notes:-**

- (1) Based on our enlarged issued share capital of 860,000,000 Shares after our IPO.  
 (2) Assuming our key senior management will fully subscribe for their respective allocation under the Pink Form Allocation.

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

**5.4.5 Principal business activities performed by our key senior management outside our Group for the past five years**

Save as disclosed below, none of our key senior management has any principal business activities, directorships and shareholdings outside of our Group as at the LPD and in the past five years preceding the LPD:-

**(i) Loo Ai Cheng**

Saved as disclosed below, Loo Ai Cheng does not have any principal business activities, directorships and shareholdings outside of our Group as at the LPD and in the past five years preceding the LPD.

| <b>Name of company</b> | <b>Principal activities</b>    | <b>Position held</b> | <b>Date appointed as Director</b> | <b>Date resigned as Director</b> | <b>Direct interest %</b> | <b>Indirect interest %</b> |
|------------------------|--------------------------------|----------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------|
| KCBS                   | Trading of paints and hardware | Shareholder          | -                                 | -                                | 2.00                     | -                          |

**(ii) Lam Li Hua**

Saved as disclosed below, Lam Li Hua does not have any principal business activities, directorships and shareholdings outside of our Group as at the LPD and in the past five years preceding the LPD.

| <b>Name of company</b> | <b>Principal activities</b>  | <b>Position held</b> | <b>Date appointed as Director</b> | <b>Date resigned as Director</b> | <b>Direct interest %</b> | <b>Indirect interest %</b> |
|------------------------|--|----------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------|
| Evobiz Trading         | Sales and service of home renovation, electrical and furniture items | Sole Proprietor      | 4 December 2019                   | 3 December 2020                  | Nil                      | Nil                        |
| Branyiz Services       | Marketing, branding, business management consultancy                 | Sole Proprietor      | 24 December 2020                  | 23 December 2022                 | Nil                      | Nil                        |

**Past Involvement**

| <b>Name of company</b> | <b>Principal activities</b>  | <b>Position held</b> | <b>Date appointed as Director</b> | <b>Date resigned as Director</b> | <b>Direct interest %</b> | <b>Indirect interest %</b> |
|------------------------|--|----------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------|
| Evobiz Trading         | Sales and service of home renovation, electrical and furniture items | Sole Proprietor      | 4 December 2019                   | 3 December 2020                  | Nil                      | Nil                        |
| Branyiz Services       | Marketing, branding, business management consultancy                 | Sole Proprietor      | 24 December 2020                  | 23 December 2022                 | Nil                      | Nil                        |

The involvement of our key senior management mentioned above in other principal business activities outside of our Group will not affect their commitment and responsibilities to our Group as they are not involved in the day-to-day operations of other business activities outside our Group. Their involvement, if any, will not affect their ability to perform their roles and responsibilities as well as their contribution to our Group.

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

### 5.4.6 Remuneration and material benefits in-kind of our key senior management

The aggregate remuneration and material benefits in-kind paid and proposed to be paid to our key senior management for services rendered to our Group in all capacities for the FYE 2024 and FYE 2025 are as follows:-

| Key senior management | Remuneration band <sup>(1)</sup> |  |
|-----------------------|----------------------------------|--|
|                       | FYE 2024 (Paid)<br>RM'000        | FYE 2025 (Proposed) <sup>(2)</sup><br>RM'000 |
| Tan Gine Ngee         | 500 - 550                        | 400-450                                      |
| Loo Ai Cheng          | 350 – 400                        | 300-350                                      |
| Ng Lai Heong          | 300 – 350                        | 200-250                                      |
| Lam Li Hua            | 200 – 250                        | 200-250                                      |

**Notes:**

- (1) The remuneration for the key senior management includes salaries, bonuses, allowances and other emoluments (such as employer's contribution to EPF, Social Security Organisation ("**SOCSO**"), also known as PERKESO (Pertubuhan Keselamatan Sosial) and Employment Insurance Scheme).
- (2) The bonuses for the FYE 2025, if any, will be determined at a later date based on the Group's and individual's performance.

## 5.5 DECLARATIONS BY EACH PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Our Promoters, Directors and key senior management have confirmed that, as at the LPD, he or she is not and has not been involved in any of the following events (whether within or outside Malaysia) save as disclosed below:-

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

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

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**5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS**

As at the LPD, save as disclosed below, there is no family relationship and/ or association between any of our Promoters, substantial shareholders, Directors and key senior management:-

| <b>Name</b>  | <b>Position in our Company</b>                           | <b>Relationship</b>                                      |
|--------------|--|--|
| Loo Chai Lai | Promoter, substantial shareholder and Managing Director  | Father of Loo Jing Kai and brother of Loo Ai Cheng       |
| Loo Jing Kai | Promoter, substantial shareholder and Executive Director | Son of Loo Chai Lai and nephew of Loo Ai Cheng           |
| Loo Ai Cheng | Senior Manager - Warehouse & Customer Service            | Sister of Loo Chai Lai and paternal aunt of Loo Jing Kai |

**5.7 EXISTING OR PROPOSED SERVICE AGREEMENTS**

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or any member of our key senior management with our Group.

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## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON OUR GROUP

#### 6.1.1 OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 17 May 2023 as a private limited company under the name of Sorento Capital Sdn Bhd and was subsequently converted to a public company on 19 March 2024.

Our principal activity is investment holding while the principal activities of our subsidiaries, namely, SSB, BBSB, IBSB, NSSB and MSB are as disclosed in Section 6.2 of this Prospectus.

#### 6.1.2 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

As at the LPD, our issued share capital is RM1,000 comprising 1,000 Shares.

The details of the changes in our issued share capital since incorporation up to the LPD are as follows:-

| <b>Date of allotment</b> | <b>No. of Shares</b> | <b>Nature of transaction</b>             | <b>Consideration RM</b> | <b>Cumulative issued share capital RM</b> | <b>Cumulative no. of Shares</b> |
|--------------------------|----------------------|--|-------------------------|---|---------------------------------|
| 17 May 2023              | 1,000                | Subscribers' shares                      | 1,000                   | 1,000                                     | 1,000                           |
| 19 August 2024           | 704,999,000          | Otherwise than cash for the Acquisitions | 42,299,940              | 42,300,940                                | 705,000,000                     |

Upon completion of our Public Issue, our issued share capital will increase to RM99,650,940 comprising 860,000,000 Shares.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital in respect of our Shares. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the allotments as tabulated above.

As at the LPD, we are not involved in any winding-up, receivership or similar proceedings.

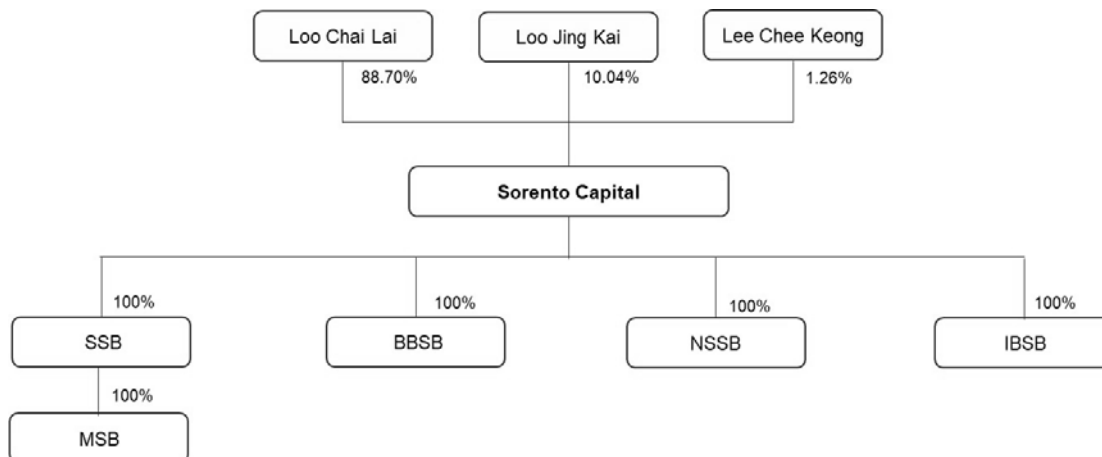
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## 6. INFORMATION ON OUR GROUP (Cont'd)

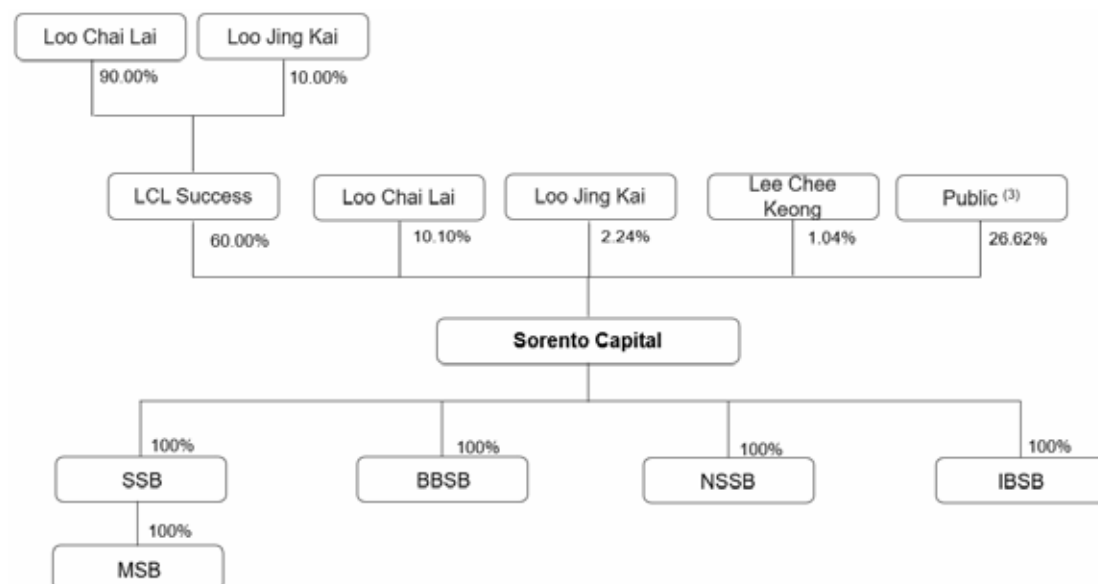
### 6.1.3 OUR GROUP STRUCTURE

Our Group's structure as at the LPD and after our IPO is as follows:-

#### (i) After the Acquisitions but prior to our IPO <sup>(1)</sup>



#### (ii) After our IPO <sup>(2)</sup>



#### Notes:-

- (1) Based on the issued share capital of 705,000,000 Shares after the completion of the Acquisitions but before our IPO.
- (2) Based on the enlarged issued share capital of 860,000,000 Shares after our IPO.
- (3) Assuming all the eligible Directors, and Loo Ai Cheng and Loo Jing Shun who are both the Specified Shareholders will subscribe for their respective Pink Form allocations, the public shareholding will be 26.19%.

As at the LPD, our Group does not have any joint venture or associates.

Further details on our Subsidiaries are set out in Section 6.2 of this Prospectus.

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

### 6.2 INFORMATION ON OUR SUBSIDIARIES

Our Subsidiaries as at the LPD are set out below:-

| Company Name             | Date/ Place of incorporation | Principal place of business | Effective equity interest (%) | Principal activities  |
|--------------------------|------------------------------|-----------------------------|-------------------------------|---|
| SSB                      | 17 June 2005 / Malaysia      | Malaysia                    | 100.00                        | Wholesale of sanitary, kitchen and bathroom wares, bathroom utensils, equipment and accessories   |
| BBSB                     | 5 March 2014/ Malaysia       | Malaysia                    | 100.00                        | Trading of bathroom wares, bathroom utensils, bathroom equipment and related products   |
| NSSB                     | 27 June 2014/ Malaysia       | Malaysia                    | 100.00                        | Trading of sanitary wares and bathroom accessories  |
| IBSB                     | 18 October 2018/ Malaysia    | Malaysia                    | 100.00                        | Trading of sanitary ware, tiling and building materials   |
| <b>Subsidiary of SSB</b> |                              |                             |                               |   |
| MSB                      | 14 July 2023/ Malaysia       | Malaysia                    | 100.00                        | Wholesale and trading of sanitary and bathroom wares, bathroom utensils, equipment and accessories, hardware and kitchen wares and household appliances |

#### 6.2.1 Information on SSB

##### (i) Background and history

SSB was incorporated on 17 June 2005 in Malaysia under the Companies Act 1965 as a private limited company under the name of SSB and is deemed registered under the Act.

##### (ii) Principal place of business

The principal place of business of SSB is at No. 5, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor and No. 13, Lorong Beringin 2, Taman Industri Beringin, 14100 Simpang Ampat, Pulau Pinang.



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

### (iii) Share capital

As at the LPD, the issued share capital of SSB is RM250,000 comprising 250,000 ordinary shares.

The changes in SSB's issued share capital since incorporation are as follows:-

| <u>Date of allotment</u> | <u>No. of ordinary shares allotted</u> | <u>Consideration</u> | <u>Cumulative no. of shares</u> | <u>Cumulative share capital RM</u> |
|--------------------------|--|----------------------|---------------------------------|------------------------------------|
| 17 June 2005             | 2                                      | Cash                 | 2                               | 2                                  |
| 19 December 2006         | 199,998                                | Cash                 | 200,000                         | 200,000                            |
| 13 June 2017             | 50,000                                 | Cash                 | 250,000                         | 250,000                            |

As at the LPD, SSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

### (iv) Shareholders and directors

SSB is a wholly-owned subsidiary of our Company and the directors of SSB are Loo Chai Lai and Loo Jing Kai.

### (v) Subsidiary, associate or joint venture company

As at the LPD, MSB is a wholly-owned subsidiary of SSB. Other than MSB, SSB does not have any other subsidiary, associate or joint venture company.

## 6.2.2 Information on BBSB

### (i) Background and history

BBSB was incorporated on 5 March 2014 in Malaysia under the Companies Act 1965 as a private limited company under the name of Sorento Bathware Sdn Bhd and is deemed registered under the Act. It assumed its present name on 11 September 2014.

### (ii) Principal place of business

The principal place of business of BBSB is at No. 5, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor.

### (iii) Share capital

As at the LPD, the issued share capital of BBSB is RM30,000 comprising 30,000 ordinary shares.

The changes in BBSB's issued share capital since incorporation are as follows:-

| <u>Date of allotment</u> | <u>No. of ordinary shares allotted</u> | <u>Consideration</u> | <u>Cumulative no. of shares</u> | <u>Cumulative share capital RM</u> |
|--------------------------|--|----------------------|---------------------------------|------------------------------------|
| 5 March 2014             | 2                                      | Cash                 | 2                               | 2                                  |
| 8 January 2018           | 98                                     | Cash                 | 100                             | 100                                |
| 2 November 2020          | 29,900                                 | Cash                 | 30,000                          | 30,000                             |

As at the LPD, BBSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

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

### (iv) Shareholders and directors

BBSB is a wholly-owned subsidiary of our Company and the directors of BBSB are Loo Chai Lai, Loo Jing Kai and Lee Chee Keong.

### (v) Subsidiary, associate or joint venture company

As at the LPD, BBSB does not have any subsidiary, associate or joint venture company.

### 6.2.3 Information on NSSB

#### (i) Background and history

NSSB was incorporated on 27 June 2014 in Malaysia under the Companies Act 1965 as a private limited company under the name of NSSB and is deemed registered under the Act.

#### (ii) Principal place of business

The principal place of business of NSSB is at No. 5, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor.

#### (iii) Share capital

As at the LPD, the issued share capital of NSSB is RM100,000 comprising 100,000 ordinary shares.

The changes in NSSB's issued share capital since incorporation up to the LPD are as follows:-

| <u>Date of allotment</u> | <u>No. of ordinary shares allotted</u> | <u>Consideration</u> | <u>Cumulative no. of shares</u> | <u>Cumulative share capital RM</u> |
|--------------------------|--|----------------------|---------------------------------|------------------------------------|
| 27 June 2014             | 2                                      | Cash                 | 2                               | 2                                  |
| 15 September 2014        | 99,998                                 | Cash                 | 100,000                         | 100,000                            |

As at the LPD, NSSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

### (iv) Shareholders and directors

NSSB is a wholly-owned subsidiary of our Company and the directors of NSSB are Loo Chai Lai and Loo Jing Kai.

### (v) Subsidiary, associate or joint venture company

As at the LPD, NSSB does not have any subsidiary, associate or joint venture company.

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


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**6.2.4 Information on IBSB****(i) Background and history**

IBSB was incorporated on 18 October 2018 in Malaysia under the Act as a private limited company under the name of IBSB.

**(ii) Principal place of business**

The principal place of business of IBSB is at No. 5, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor.

**(iii) Share capital**

As at the LPD, the issued share capital of IBSB is RM1,000 comprising 1,000 ordinary shares. There have been no changes to the issued share capital of IBSB since incorporation of IBSB.

As at the LPD, IBSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

**(iv) Shareholders and directors**

IBSB is a wholly-owned subsidiary of our Company and the directors of IBSB are Loo Chai Lai and Lee Chee Keong.

**(v) Subsidiary, associate or joint venture company**

As at the LPD, IBSB does not have any subsidiary, associate or joint venture company.

**6.2.5 Information on MSB****(i) Background and history**

MSB was incorporated on 14 July 2023 in Malaysia under the Act as a private limited company under the name of MSB.

**(ii) Principal place of business**

The principal place of business of MSB is at No.5, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor.

**(iii) Share capital**

As at the LPD, the issued share capital of MSB is RM1,000 comprising 1,000 ordinary shares. There have been no changes to the issued share capital of MSB since incorporation of MSB.

As at the LPD, MSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

**(iv) Shareholders and directors**

As at the LPD, MSB is a wholly-owned subsidiary of SSB and the directors of MSB are Loo Chai Lai and Loo Jing Kai.

**(v) Subsidiary, associate or joint venture company**

As at the LPD, MSB does not have any subsidiary, associate or joint venture company.

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

### 6.3 CAPITAL EXPENDITURES AND DIVESTITURES

#### 6.3.1 Capital Expenditures

Save as disclosed below, there are no capital expenditures made by us within or outside Malaysia for the Financial Years Under Review and up to the LPD:-

| Capital expenditures        | Audited FYE    |                |                |                | Unaudited                              |
|-----------------------------|----------------|----------------|----------------|----------------|--|
|                             | 2021<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2024<br>RM'000 | 1 July 2024 up<br>to the LPD<br>RM'000 |
| Freehold land and building  | 68             | 3,854          | 233            | -              | -                                      |
| Renovation                  | 108            | 152            | 390            | 258            | 627                                    |
| Intangible assets           | -              | -              | -              | 2,000          | -                                      |
| Leasehold land and building | 361            | -              | -              | -              | -                                      |
| Leased premises             | -              | -              | -              | 40,284         | 53                                     |
| Computer and software       | 121            | 26             | 61             | 98             | 21                                     |
| Capital work in progress    | -              | 183            | 229            | 64             | -                                      |
| Furniture and fittings      | 280            | 135            | 99             | 390            | 7                                      |
| Motor vehicle               | 201            | 274            | 487            | 2,520          | -                                      |
| Office equipment            | 871            | 35             | 80             | 161            | 8                                      |
| Showroom                    | -              | -              | -              | 54             | -                                      |
| Signboard                   | -              | 11             | 6              | 4              | -                                      |
| <b>Total</b>                | <b>2,010</b>   | <b>4,670</b>   | <b>1,585</b>   | <b>45,833</b>  | <b>716</b>                             |

Our capital expenditures were primarily funded via a combination of bank borrowings and/ or internally generated funds.

During the FYE 2021, our capital expenditure incurred was mainly in relation to the purchase of:-

- (i) office equipment amounting to RM0.87 million mainly comprise the purchase of air conditioners and electrical products;
- (ii) leasehold land and building amounting to RM0.36 million comprise the acquisition a single storey semi-detached house located in Marang, Terengganu; and
- (iii) furniture and fittings amounting to RM0.28 million mainly comprise the purchases of pallet and storage racking systems.

During the FYE 2022, our capital expenditure incurred was mainly in relation to the following:-

- (i) freehold land and building amounting to RM3.85 million, mainly for the acquisition of a property located at No. 13, Lorong Beringin 2, Taman Industri Beringin, 14100 Simpang Ampat, Pulau Pinang ("**Penang Facility**") which is currently being used as a warehouse and office;
- (ii) purchase of one unit motor vehicle amounting to RM0.27 million; and
- (iii) capital work in progress amounting to RM0.18 relating to software development.

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

During the FYE 2023, our capital expenditure incurred was mainly in relation to the following:-

- (i) motor vehicle amounting to RM0.49 million, mainly comprise the purchases of two units of motor vehicles;
- (ii) renovation costs amounting to RM0.39 million, mainly for our rented head office and warehouse located at No. 5, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor ("**Bukit Raja Facility**") which is currently being used as our head office and warehouse; and
- (iii) freehold land and building amounting to RM0.23 million comprise the progressive payment for two apartment units located in Kenwingston Platz, Setapak and The Birch, Jalan Ipoh.

During the FYE 2024, our capital expenditure incurred was mainly in relation to the following:-

- (i) lease premises, namely Bukit Raja Facility and Jalan Meru Facility, which are classified as right-of-use assets, amounting to RM40.28 million. Please refer to Section 6.4.2 of this Prospectus for further details of these properties;
- (ii) purchase of motor vehicles amounting to RM2.52 million comprised, among others, eight units of forklift, one unit of van and six units of lorries; and
- (iii) acquisition of the intellectual property rights for 'Mocha' brand amounting to RM2.00 million through our indirect subsidiary, MSB. Further details of the acquisition are set out in Section 7.1 and Section 10.1 of this Prospectus.

From 1 July 2024 up to the LPD, our capital expenditure incurred was mainly in relation to the following:-

- (i) renovation costs amounting to RM0.63 million for the improvement of fire protection systems on Bukit Raja Facility;
- (ii) leasing of a store in Johor Bahru, which is classified as right-of-use asset, amounting to RM0.05 million. Please refer to Section 6.4.2 of this Prospectus for further details of the property; and
- (iii) purchase of computer and software amounting to RM0.02 million.

### 6.3.2 Divestitures

Save as disclosed below, there are no divestitures made by us within or outside Malaysia for the Financial Years Under Review and up to the LPD:-

|                             | Audited FYE  |            |            |            | Unaudited                 |
|-----------------------------|--------------|------------|------------|------------|---------------------------|
|                             | 2021         | 2022       | 2023       | 2024       | 1 July 2024 up to the LPD |
| Divestitures                | RM'000       | RM'000     | RM'000     | RM'000     | RM'000                    |
| Freehold land and building  | 1,467        | -          | -          | -          | -                         |
| Leasehold land and building | -            | -          | 361        | -          | -                         |
| Furniture and fittings      | -            | 208        | -          | 2          | -                         |
| Motor vehicle               | -            | 39         | 41         | 128        | 30                        |
| Office equipment            | -            | *          | 2          | 2          | -                         |
| <b>Total</b>                | <b>1,467</b> | <b>247</b> | <b>404</b> | <b>132</b> | <b>30</b>                 |

Note:-

\* Less than RM1,000.

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

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During the FYE 2021, our divestitures of freehold land and building comprising the disposal of a 2-storey link semi-detached house located in Shah Alam, Selangor Darul Ehsan.

During the FYE 2022, our divestitures are mainly on furniture and fittings comprising the disposal of old racking systems of our Group.

During the FYE 2023, our divestitures are mainly on leasehold land and building comprising the disposal of a single storey semi-detached house located in Marang, Terengganu.

During the FYE 2024, our divestitures are mainly on motor vehicles comprising the disposal of two units of forklift and one unit of company car.

From 1 July 2024 up to the LPD, our divestitures comprised the disposal of one unit lorry.

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

**6.4 MATERIAL PROPERTIES**

**6.4.1 Owned properties**

| No. | Registered / Beneficial owner | Property address/<br>Title details  | Description / Existing use  | Approximate land area/<br>built-up area | Other details   | Encumbrances of property  | Date of CF / CCC | NBV as at 30 June 2024<br>RM'000 |
|-----|-------------------------------|---|---|---|---|---|------------------|----------------------------------|
| 1.  | SSB                           | <b>Property address:</b><br>No. 13, Lorong Beringin 2, Taman Industri Beringin, 14100 Simpang Ampat, Pulau Pinang | <b>Description:</b><br>Semi Detached Factory on the ground floor with a Corporate Office on the first and second floors | 10,505 sq. ft./<br>6,826 sq. ft.        | <b>Category of land use</b><br>NIL<br><br><b>Tenure of property</b><br>Freehold<br><br><b>Express Condition</b><br>The land comprised in the title:-<br><br>shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Collector's right of way; and<br><br>subject to the implied condition the land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs; and;<br><br>the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land | Property charged by SSB to Public Bank Berhad under the presentation no. 0799SC20210241 16 registered on 14 October 2021. | 22 June 2020     | 3,428                            |

6. INFORMATION ON OUR GROUP (Cont'd)

| Registered / Beneficial No. owner | Property address/<br>Title details   | Description / Existing use  | Approximate land area/<br>built-up area | Other details  | Encumbrances of property  | Date of CF / CCC | NBV as at 30 June 2024<br>RM'000 |
|-----------------------------------|--|---|---|--|---|------------------|----------------------------------|
| 2                                 | BBSB<br><u>Property address:</u><br>C-36-01,<br>Kenwingston<br>Platz, No. 81,<br>Jalan Gombak,<br>53000 Kuala Lumpur, Wilayah Persekutuan  | <u>Description:</u><br>Service Apartment<br><br><u>Existing use:</u><br>Vacant, for sale <sup>(1)</sup> | 659 sq. ft./<br>650 sq. ft.             | <u>Category of land use</u><br>Nil<br><br><u>Tenure of property</u><br>Freehold<br><br><u>Express Condition</u><br>Nil | Property assigned by BBSB to Public Bank Berhad via a deed of assignment (by way of security) dated 26 September 2020 duly stamped on 30 September 2020 | 5 January 2023   | 356                              |
|                                   | <u>Title details:</u><br>Geran Mukim 2623/ M1C/ 37/ 774 (No. Bangunan M1C, No. Tingkat 37, No. Petak 774), No. Petak Aksesori A87, Lot 201827, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur |   |   |  |   |                  |                                  |



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

| Registered / Beneficial No. owner | Property address/ Title details   | Description / Existing use  | Approximate land area/ built-up area | Other details   | Encumbrances of property | Date of CF / CCC | NBV as at 30 June 2024 RM'000 |
|-----------------------------------|---|---|--------------------------------------|---|--------------------------|------------------|-------------------------------|
| 3                                 | <b>Property address:</b><br>B-09-03, Residensi Sentul Barat, 35, Jalan Kasipillay, Off Jalan Ipoh, 51200, WP Kuala Lumpur | <b>Description:</b><br>Apartment Suite<br><br><b>Existing use:</b><br>Vacant, for sale <sup>(2)</sup> | 667 sq. ft./<br>668 sq. ft.          | <b>Category of land use</b><br>Building<br><br><b>Tenure of property</b><br>Freehold<br><br><b>Express Condition</b><br>Suite Apartment | Nil                      | 29 November 2022 | 368                           |

**Title details:**

**Strata Title:**

Geran 80528/M1B/10/3 34, (No Bangunan, M1B, No. Tingkat 10, No. Petak 334), No. Petak No. Petak Akseori A679, Lot 80012 Seksyen 83, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur

**Notes:-**

- (1) The property is currently for sale and will be disposed of depending on the property price and market condition.
- (2) BBSB intends to enter into a sale and purchase agreement with a third party for the disposal of this property by end September 2024. We expect to complete the disposal by December 2024.

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

**6.4.2 Properties rented or leased**

| No. Landlord                              | Tenant (s)               | Property address/Title details   | Existing use                                 | Approximate land area/<br>built-up area | Date of CF/CCC    | Period of tenancy  | Annual rental RM'000 |
|---|--------------------------|--|--|---|-------------------|--|----------------------|
| 1. Time IT                                | SSB                      | <b>Property Address:</b><br>Lot 5074, Off 5 1/2 Miles, Jalan Meru, 41050 Klang, Selangor Darul Ehsan<br><b>Title details:</b><br>Master title Geran Mukim 2459, Lot 5074, Tempat 4 <sup>th</sup> Mile Sungei Binjai Road, Mukim Kapar, Daerah Klang, Negeri Selangor ("Jalan Meru Facility") | <b>Existing use:</b><br>Warehouse and office | 130,684 sq. ft./ 65,804 sq. ft.         | 15 September 2004 | 1 June 2023 to 31 May 2024<br><br>1 June 2024 to 31 May 2027 | 1,080                |
| 2. FHSB                                   | SSB, BBSB, NSSB and IBSB | <b>Property Address:</b><br>No. 5 (Block B) Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan<br><b>Title details:</b><br>HSD 139752, PT 69179, Mukim Kapar, Daerah Klang, Negeri Selangor  | <b>Existing Use:</b><br>Warehouse and office | 170,887 sq. ft./ 68,540 sq. ft.         | February 2022     | 17 February 2024 to 28 February 2027                         | 2,520                |
| 3. G & B Waterproofing Specialist Sdn Bhd | SSB                      | <b>Property Address:</b><br>No. 34, Jalan Kempas Utama 2/4, Taman Kempas Utama, 81200 Johor Bahru, Johor<br><b>Title details:</b><br>GRN 456209, Lot 143184, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor  | <b>Existing Use:</b><br>Store                | 1,916 sq. ft./ 1,540 sq. ft.            | February 2015     | 12 September 2024 to 31 August 2025                          | 28                   |

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

**Fire certificates**

Time IT and FHSB ("Landlords") are companies controlled by Loo Chai Lai, the Promoter, Specified Shareholder, Substantial Shareholder and Managing Director of our Group. Both the Jalan Meru Facility and Bukit Raja Facility had not been issued with the fire certificates. The applications to obtain the fire certificates have been submitted by the Landlords to the Fire and Rescue Department Malaysia on 11 March 2024. The Landlords have subsequently procured the fire certificates for Jalan Meru Facility and Bukit Raja Facility on 29 March 2024 which is valid from 25 March 2024 to 24 March 2025. Our Group will not be incurring any cost to obtain the fire certificates for the Jalan Meru Facility and the Bukit Raja Facility as it is the responsibility of the Landlords to obtain such fire certificates pursuant to the Fire Services Act 1988 and as agreed in the tenancy agreements of the Jalan Meru Facility and the Bukit Raja Facility. As such, there is no material impact to our business operations and financial condition as this non-compliance has been rectified and effectively addressed further to the remedial actions taken by our Group by assisting the Landlords in applying for the necessary fire certificates from the Fire Rescue Department of Malaysia and putting in place preventive measures to avoid re-occurrence of this non-compliance matter. Following the issuance of the fire certificates for Bukit Raja Facility and Jalan Meru Facility, no further action is required, other than renewing the respective certificates on or before its expiry.

We do not intend to acquire the Bukit Raja Facility and the Jalan Meru Facility as it is our strategy to adopt an asset light operation and to focus our time, human resource and operations in product development, promotion and marketing of our house brands and expanding our distribution network. As at the LPD, the properties owned and rented by our Group are not in breach of any property or land use conditions, non-compliance with any regulatory and statutory requirements, land rules or building regulations/ by-laws, and environmental issues which will have a material adverse impact on our Group's operations and/ or usage of properties as set out in Sections 6.4.1 and 6.4.2 of this Prospectus, respectively.

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

**6.5 MAJOR LICENCES, APPROVALS AND PERMITS**

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

**6.5.1 Business Licences**

| <u>No.</u> | <u>Licensee</u> | <u>Description of approval/ licence/ permit</u>   | <u>Issuer/ Authority</u>        | <u>Issuance date/ validity period</u>                   | <u>Major conditions</u> | <u>Status of compliance</u> |
|------------|-----------------|---|---------------------------------|---|-------------------------|-----------------------------|
| 1.         | SSB             | Industrial And Advertising License for No. 5, Block B, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang.                | Majlis Perbandaran Klang        | 18 December 2023 / 1 January 2024 to 31 December 2024   | None noted.             | Not applicable              |
| 2.         | SSB             | Industrial And Advertising License for Lot 5074, Batu 5, Jalan Meru 41050 Klang.  | Majlis Perbandaran Klang        | 4 April 2024 / 1 January 2024 to 31 December 2024       | None noted.             | Not applicable              |
| 3.         | MSB             | Industrial And Advertising License for No.5, Block B, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang.                 | Majlis Perbandaran Klang        | 24 April 2024 / 1 January 2024 to 31 December 2024      | None noted.             | Not applicable              |
| 4.         | SSB             | Industrial And Advertising License for 13, Lorong Beringin 2, Taman Industri Beringin, 14100 Simpang Ampat, Pulau Pinang. | Majlis Bandaraya Seberang Perai | 24 November 2023 / 24 November 2023 to 31 December 2024 | None noted.             | Not applicable              |
| 5.         | NSSB            | Industrial And Advertising License for No. 5, Blok B, Tingkat 2, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050, Klang      | Majlis Perbandaran Klang        | 18 December 2023 / 1 January 2024 to 31 December 2024   | None noted.             | Not applicable              |
| 6.         | IBSB            | Industrial And Advertising License for No. 5, Blok B, Tingkat 1, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050, Klang      | Majlis Perbandaran Klang        | 18 December 2023 / 1 January 2024 to 31 December 2024   | None noted.             | Not applicable              |
| 7.         | BBSB            | Industrial And Advertising License for No. 5, Blok B, Tingkat 1, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050, Klang      | Majlis Perbandaran Klang        | 18 December 2023 / 1 January 2024 to 31 December 2024   | None noted.             | Not applicable              |

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

### 6.5.2 Product certifications

As at the LPD, we have the following certifications for our products:-

| No. | Certificate holder | Certification   | Issuing body                      | Number of product certificates <sup>(1)</sup> | Validity Period <sup>(8)</sup> | Major conditions |
|-----|--------------------|---|-----------------------------------|---|--------------------------------|------------------|
| 1.  | SSB and MSB        | Certificate of Standard Compliance for importing sanitary ware product <sup>(2)</sup> | CIDB                              | 23  | 12 months                      | Nil              |
| 2.  | SSB                | Product Certificate of Conformity <sup>(3)</sup>                                      | Watermarks Certification Malaysia | 8   | <sup>(5)</sup>                 | Nil              |
| 3.  | SSB and MSB        | Certificate of Conformity <sup>(3)</sup>  | IKRAM                             | 26  | <sup>(6)</sup>                 | Nil              |
| 4.  | SSB and MSB        | Supplier Listing Certificates <sup>(4)</sup>  | SPAN                              | 23  | <sup>(7)</sup>                 | Nil              |

#### Notes:-

(1) Each product certificate covers a range of product models, which is continually updated as and when our Group launches new products.

(2) Upon receipt of the Product Certificate of Conformity and/ or Certificate of Conformity, our Group has to obtain the Certificate of Standard Compliance for certain approved construction products and materials by the CIDB for our sanitary wares products pursuant to the CIDB Act 1994. This certificate is only required if our Group continues to import the said products.

(3) The CIDB Act 1994 and the GRS 2024 requires certain products by the Group to be registered with CIDB and/ or SPAN respectively. As a pre-requisite for the registration of the said products with CIDB and SPAN, the said products have to be inspected by a certification body, ie. Watermarks Certification and IKRAM who will issue the Products Certificate of Conformity (Watermarks Certification Malaysia) and Certificate of Conformity (IKRAM).

The Product Certificate of Conformity and/ or Certificate of Conformity has to be obtained first before we can apply to:

(a) SPAN to be registered as a supplier in order for our Group to continue to supply and/ or trade in the certified products listed in the GRS 2024; and/ or

(b) CIDB in order for our Group to import the certified products listed in the CIDB Act 1994.

The products required to be certified under the CIDB Act 1994 and the GRS 2024 are not identical hence we may apply for the registration with either CIDB or SPAN or to both regulatory bodies.

(4) Upon receipt of the Product Certificate of Conformity and/ or Certificate of Conformity, our Group has to apply to be registered as a supplier with SPAN for some of the products as set out in the GRS 2024. This certificate is only required if our Group continues to supply and/ or trade the products.

(5) The validity period for the Product Certificate of Conformity issued by Watermarks Certification Malaysia ranges from a period of approximately 12 months to 36 months (as the case may be) as it is based on the application and approval date of the respective Product Certificate of Conformity.

(6) The validity period for the Certificates of Conformity issued by IKRAM ranges from a period of approximately 12 months to 13 months (as the case may be) as it is based on the application and approval date of the respective Product Certificate of Conformity.

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


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- (7) The validity period for the Supplier Listing Certificates issued by SPAN ranges from a period of approximately six months to 14 months (as the case may be) as it is based on the application and approval date of the respective Supplier Listing Certificates.
- (8) Our Group is only required to renew any of the certificates listed if our Group continues to supply and/ or trade and/ or import the said products required under the CIDB Act 1994 and/ or GRS 2024 (as the case may be).

Our Group has internal processes to monitor and track the renewal of all approvals, licences and permits applicable to our Group. Prior to launch of a product, our management will engage with an authorised certification body such as Watermarks Certification Malaysia on the requirements for product certification for the newly sourced product. The department in charge will then submit the necessary applications for the certifications to the relevant authorities. We have designated personnel to monitor the validity of all certificates; status of new applications; conditions imposed and status of compliance; and the timing for submission of renewal applications to ensure all the certificates are renewed in a timely manner prior to their expiry. Upon submission of the renewal application, our Group will actively liaise and follow up closely with the relevant authorities on the progress of the renewal. Upon renewal, we will maintain the supporting records of the licences and permits in both hard copy and electronic formats to ensure that the relevant files are complete and available for review.

**Supplier Listing Certificate for products sold and/ or traded by our Group**

Our Group did not obtain the Product Certificates of Conformity and Supplier Listing Certificates for certain products required pursuant to the GRS 2024 (read together with the WSIR 2023). We had taken remedial actions by applying for the necessary certificates from the relevant certification body and regulatory body. We have also obtained the Product Certificates of Conformity issued by Watermarks Certification Malaysia on 13 March 2024 and Supplier Listing Certificate issued by SPAN on 27 March 2024.




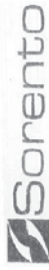
There was no material impact on our Group arising from this non-compliance as the non-compliance has been rectified and adequately addressed. No further action is required by our Group other than renewing the certificates on or before the expiry of the respective certificates. In addition, our Group has put in place preventive measures to avoid re-occurrence of this non-compliance matter.

As at the LPD, our Group has obtained all the required approvals, licenses and permits for our Group to carry out its business operations.

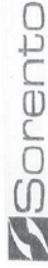

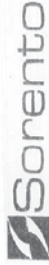
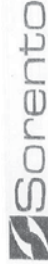

**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.6 BRAND NAMES, TRADEMARKS, PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS**

As at the LPD, our Group has registered or applied for the registration of the following trademarks:-

| No. | Registered owner / Beneficial owner | Trademark   | Trademark no. | Class/Description  | Status / Validity period                            |
|-----|-------------------------------------|---|---------------|--|---|
| 1.  | SSB                                 |    | 05019048      | 11 / Bath fittings; hot air bath fittings; bath installations; sauna bath installations; bath tubs; bath tubs for sitz baths; heaters for baths; spa bath [vessels]; bidets; mixer taps for water pipes; toilet bowls; toilet seats; wash-hand basins [parts of sanitary installations]; wash-hand bowls [parts of sanitary installations]; washers for water taps; water closets; all included in class 11.   | Registered<br>14 November 2005 to 14 November 2025  |
| 2.  | SSB                                 |    | 05019049      | 21 / Basins bowls; basins [receptacles]; baskets, for domestic use, not of precious metal; glass bowls; soap boxes; clothes racks [for drying]; cups, not of precious metal; dishes for soaps; soap dispensers; metal boxes for dispensing paper towels; dustbins; garbage cans; soap holders; toilet paper holders; toilet utensils; toothpick holders, not of precious metal; trays for domestic purposes, not of precious metal; utensils for household purposes, not of precious metal; all included in class 21.  | Registered<br>14 November 2005 to 14 November 2025  |
| 3.  | SSB                                 |   | 07011509      | 16 / Address stamps; advertisement boards of paper or cardboard; bags [envelopes, pouches] of paper or plastics, for packaging; booklets; calendars; cards; catalogues; covers [stationery]; document files [stationery]; document laminators for office use; envelopes [stationery]; forms [printed]; greeting cards; handbooks [manuals]; letters [type]; magazines [periodicals]; newsletters; newspapers; office requisites, except furniture; pads [stationery]; writing pads; pamphlets; pens [office requisites]; posters; printed publications; printing type; prospectuses; signboards of paper or cardboard; stationery; writing materials; writing paper; all included in class 16. | Registered<br>18 June 2007 to<br>until 18 June 2027 |
| 4.  | SSB                                 |  | 07011510      | 11 / Bath fittings; hot air bath fittings; bath installations; sauna bath installations; bath tubs; bath tubs for sitz baths; heaters for baths; spa baths [vessels]; bidets; mixer taps of water pipes; showers; sinks; taps [faucets]; toilet bowls; toilet seats; wash-hand basins [parts of sanitary installations]; wash-hand bowls [part of sanitary installations]; water closets; all included in class 11.  | Registered<br>18 June 2007 to<br>until 18 June 2027 |

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

| No. | Registered owner / Beneficial owner | Trademark   | Trademark no. | Class/Description  | Status / Validity period                                 |
|-----|-------------------------------------|---|---------------|--|--|
| 5.  | SSB                                 |    | 07011511      | 21/ Basins [bowls]; basins [receptacles]; baskets, for domestic use, not of precious metal; dust bins; glass bowls; boxes of glass; boxes of metal, for dispensing paper towels; soap boxes; clothes racks [for drying]; containers for household or kitchen use [except in precious metal]; cups, not of precious metal; dishes for soap; soap dispensers; metal boxes for dispensing paper towels; garbage cans; soap holders; toilet paper holders; toilet utensils; toothpick holders, not of precious metal; trays for domestic purposes, not of precious metal; utensils for household purposes, not of precious metal; washtubs; all included in class 21 | Registered<br>18 June 2007 to<br>until 18 June 2027      |
| 6.  | SSB                                 |    | 09009437      | 11 / Steam accumulators; bath fittings; hot air bath fittings; bath installations; sauna bath installations; faucets for pipes; showers; sinks; bath tubs for sitz-baths; taps [cocks, spigots] for pipes; taps [faucets]; washers for watertaps; wash-hand basins [parts of sanitary installations]; wash-hand bowls [parts of sanitary installations]; water heaters; water supply installations; all included in class 11.  | Registered<br>9 June 2009 to<br>until 9 June 2029        |
| 7.  | SSB                                 |    | TM2022004491  | 20 / Bathroom cupboards; bathroom furniture; bathroom mirrors; bathroom vanities being furniture; shower curtain hooks.  | Registered<br>21 February 2022<br>to 21 February<br>2032 |
| 8.  | SSB                                 |  | TM2022004493  | 7 / Controlled volume pumps; electric pumps; electric water pumps; electric water pumps for baths; electric water pumps for spa baths; water pumps for baths; water pumps for spa baths.   | Registered<br>21 February 2022<br>to 21 February<br>2032 |
| 9.  | MSB                                 |  | TM2022001004  | 11 / Bath fittings; hot air bath fittings; bath installations; sauna bath installations; bath tubs; bath tubs for sitz baths; heaters for baths; spa baths [vessels]; bidets; water closets; taps for wash-hand basins; wash-hand basins [parts of sanitary installations]; heat pumps; kitchen sinks; sanitary apparatus and installations; sinks; faucets; toilet bowls.   | Registered<br>12 January 2022<br>to 12 January<br>2032   |



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

| No. | Registered owner / Beneficial owner | Trademark   | Trademark no. | Class/Description   | Status / Validity period                         |
|-----|-------------------------------------|---|---------------|---|--|
| 10. | MSB                                 |    | TM2022000972  | 21 / Basins [bowls]; basins [receptacles]; baskets for domestic use, not of metal; glass bowls; boxes of glass; boxes of metal, for dispensing paper towels; soap boxes; racks for drying clothes; clothing stretchers; containers for household or kitchen use; drinking glasses; kitchen containers; kitchen utensils; lunch boxes; pots; toilet utensils; utensils for household purposes; washtubs.   | Registered<br>12 January 2022 to 12 January 2032 |
| 11. | MSB                                 |    | 2010018564    | 16 / Address stamps; advertisement boards of paper or cardboard; bags [envelopes, pouches] of paper or plastics, for packaging; booklets; calendars; cards; catalogues; covers [stationery]; document files [stationery]; document laminators for office use; envelopes [stationery]; greeting cards; handbooks [manuals]; labels, not of textile; magazines [periodicals]; newsletters; newspapers; office requisites, except furniture; pads [stationery]; writing pads; pamphlets; paper sheets [stationery]; pens [office requisites]; periodicals; pictures; posters; printed publications; printing type; prospectuses; signboards of paper or cardboard; stationery; writing materials; writing paper; all included in class 16. | Registered<br>4 October 2010 to 4 October 2030   |
| 12. | MSB                                 |    | 2010018563    | 21 / Basins [bowls]; basins [receptacles]; baskets for domestic use; glass bowls; boxes of glass; boxes of metal for dispensing paper towels; soap boxes; clothes racks, for drying; containers for household or kitchen use; cups; dishes for soap; soap dispensers; dustbins; garbage cans; soap holders; strainers; toilet paper holders; toilet utensils; toothpick holders; trays for domestic purposes; utensils for household purposes; washtubs; all included in class 21.  | Registered<br>4 October 2010 to 4 October 2030   |
| 13. | MSB                                 |  | 2010018562    | 11 / Bath fittings; hot air bath fittings; bath installations; sauna bath installations; bath tubs; bath tubs for sitz baths; heaters for baths; spa baths [vessels]; bidets; mixer taps for water pipes; showers; sinks; taps [cocks, spigots] [faucets (Am.)] for pipes; taps [faucets]; toilet bowls; toilet seats; toilets [water-closets]; washers for water taps; wash-hand basins [parts of sanitary installations]; wash-hand bowls [parts of sanitary installations]; water closets; all included in class 11.   | Registered<br>4 October 2010 to 4 October 2030   |

As at the LPD, our Group complies with all the relevant laws and requirements in relation to the brand names, trademarks, patents and/ or other intellectual rights.

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

### 6.7 DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS

As at the LPD, our Group is not materially dependent on any contracts, arrangements or any matters that could affect our business or profitability.

### 6.8 GOVERNING LAWS AND REGULATIONS

As at the LPD, save for the past non-compliance incidents as set out in Section 6.4.2 with regards to fire certificates and Section 6.5.2 with regards to Supplier Listing Certificates, our Group is in compliance with the laws, regulations, rules or requirements governing the conduct of our business and environmental issues which may materially affect our Group's business or operations and usage of properties owned by our Group.

#### 6.8.1 Local Government Act 1976 ("LGA 1976")

Pursuant to Section 102 of the LGA 1976, local authorities are empowered to make, amend and revoke bylaws. Presently, our Group's business activities are carried out in locations under the jurisdiction of the Klang Municipal Council ("**MPK**") and Seberang Perai City Council ("**MBSP**"). The applicable bylaws are the Licensing of Trades, Businesses and Industries (Klang Municipal Council) By-Laws 2007 ("**MPK Bylaws**") and Municipal Council Province Wellesley License Fees By-Laws 1980 ("**MBSP By-Laws 1980**").

These bylaws provide that no person shall operate any activity of trade, business and industry or use any place or premise in the respective areas of each local council for any activity of trade, business and industry without a licence issued by the respective local council. A contravention of the MPK By-Laws 2007 and the MBSP By-Laws 1980 constitutes an offence and shall, on conviction be liable to a fine not exceeding RM2,000 and/ or to imprisonment for a term not exceeding one year and to a further fine not exceeding RM200 for each day during which such offence is continued after conviction.

As at the LPD, our Company has a valid industrial and advertising licence issued by MPK and MBSP respectively with further details of the licences set out in Section 6.5.1 of this Prospectus.

#### 6.8.2 CIDB Act 1994

The CIDB Act 1994 governs the establishment of CIDB and to provide for its function relating to the construction industry and all matters in connection therewith.

Section 33D(1) of the CIDB Act 1994 further provides that a person shall not deal or undertake to deal, whether directly or indirectly, with the construction materials specified in the Fourth Schedule unless the construction materials have been certified by the CIDB.

The type of construction materials laid out in the Fourth Schedule of the CIDB Act 1994 includes ceramic pipes and pipe fittings and sanitary wares.

Pursuant to section 33D(2) of the CIDB Act 1994, any person who deals or undertakes to deal with the construction materials specified in the Fourth Schedule without the certification of the CIDB shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM500,000.

As at the LPD, our Company has valid Standard Compliance Certificate issued by CIDB with further details of the licences set out in Section 6.5.2 of this Prospectus.

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

### 6.8.3 Standards of Malaysia Act 1996 (“SMA 1996”)

The SMA 1996 establishes the Department of Standards Malaysia, which is placed under the Ministry of International Trade and Industry. The SMA 1996, also established the Malaysian Standards and Accreditation Council.

Pursuant to Section 10 of the SMA 1996, the Department of Standards of Malaysia is to develop and promote standards, and to accredit conformity assessment bodies.

Pursuant to Section 15 of the SMA 1996, the Minister may approve and declare any standard that has been adopted with or without modification to be a Malaysian Standard or provisional Malaysian Standard.

As at the LPD, our Group has obtained relevant product certificate issued by the accredited bodies, which are Watermarks Certification Malaysia and IKRAM for its products, further details of the certificates are set out in Section 6.5 of this Prospectus.

### 6.8.4 WSIA 2006 and WSIR 2023

This WSIA 2006 establishes a regulatory framework for the water supply services and wastewater services industry in Malaysia, including the licensing and operation of water supply and sewerage services providers, and establishes the SPAN.

Pursuant to the GRS 2024, a supplier who supplies equipment, device, material, system or facility (here in collectively called as products) for use in water supply and sewerage services in Peninsular Malaysia, Federal Territories of Kuala Lumpur, Putrajaya and Labuan is required to register as a supplier with SPAN. The registration as a supplier with SPAN shall be made before the standard products are supplied for any purpose of installing, working or operating.

Pursuant to Section 129 of the WSIA 2006, a person who uses or supplies any non-standard equipment, device, material, system or facility that he knows or has reason to believe is a non-standard equipment, device, material, system or facility to be used for any purpose of installing, working or operating the equipment, device, material, system or facility commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 6 months or to both.

Under Rule 4(1) of WSIR 2023, no person shall supply an installation, a device or an equipment relating to water supply system, sewerage system, septic tank, individual internal sewerage piping or common internal sewerage piping under the WSIA 2006 unless the person has been registered as a supplier by the SPAN. Rule 4(2) of the WSIR 2023 states that a person who fails to comply with the abovementioned Rule 4(1) of WSIR 2023 commits an offence and shall on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding one year or to both.

As at the LPD, our Company has a valid approval Supplier Listing Certificate issued by SPAN with further details of the licences set out in Section 6.5.2 of this Prospectus.

There are no other regulatory requirements and/ or major environmental issues which may materially affect our Group's business or operations and usage of properties owned by our Group.

## 7. BUSINESS OVERVIEW

### 7.1 HISTORY AND MILESTONES OF OUR GROUP

Our history can be traced back to the incorporation of SSB in 2005 by our Promoter and Managing Director, Loo Chai Lai and his brother Loo Chai Sing, each holding 60% and 40% equity interest respectively.

In December 2020, Loo Chai Sing resigned as a director of SSB and subsequently in January 2021 sold his entire equity interest to Loo Chai Lai and Loo Jing Kai.

In November 2021, following Loo Chai Sing's exit, SSB entered into a trademark assignment agreement with MBS Tools, whereby SSB assigned the ownership of its brand trademark, namely 'Mocha' trademark, to MBS Tools. MBS Tools was a company owned by Loo Chai Sing and his spouse. Under the same trademark assignment agreement, SSB retained the right to import products bearing the 'Mocha' trademark until 31 December 2023 and supplying the 'Mocha' branded products to its customers within Malaysia.

On 14 July 2023, MSB was incorporated as a wholly-owned subsidiary of SSB.

On 31 July 2023, Loo Chai Sing and his spouse disposed of their entire equity interest in MBS Tools to Loo Chai Lai.

On 1 September 2023, MSB entered into a sale and purchase agreement with MBS Tools to purchase the fixed assets, stocks, debtors, and intellectual properties rights namely the 'Mocha' and 'i-Born' trademarks of MBS Tools. The 'Mocha' and 'i-Born' trademarks were assigned to MSB on 1 September 2023 pursuant to the aforementioned sale and purchase agreement.

Loo Chai Lai also co-founded Sorento Bathware Sdn Bhd on 5 March 2014, NSSB on 27 June 2014, and IBSB on 18 October 2018. Sorento Bathware Sdn Bhd subsequently underwent a name change to BBSB on 11 September 2014. Please refer to Section 6.2 for details on the principal activities of our Group's subsidiaries.

The table below sets out the history and milestones of our business:-

| Year | Key events and milestones   |
|------|---|
| 2005 | <ul style="list-style-type: none"> <li>At the initial stage of our business, we were involved in the distribution and sale of bathroom and kitchen sanitary wares focusing on smaller items such as faucets, mixers, shower heads, bidets, and related accessories and parts. We sold our products under our first and primary house brand, namely 'Sorento' to our distributors comprising dealers and chain store retailers for onward sales to end-consumers.</li> <li>We operated from a rented premise with a total built-up area of approximately 6,940 sq ft in Jalan Meru, Klang, which was used as our office and for storage. We ceased the rental of the premise in 2020.</li> </ul> |
| 2009 | <ul style="list-style-type: none"> <li>We launched our second and third house brands of bathroom and kitchen sanitary wares under the brand 'Cabana' and 'Mocha' respectively.</li> <li>We expanded our product offerings to distribute kitchen sinks under the brand 'Sorento'.</li> </ul>   |
| 2010 | <ul style="list-style-type: none"> <li>We expanded our product offerings to include wash basins under the brand 'Sorento'.</li> <li>We expanded our operations and rented a larger premise with a total built-up area of approximately 63,059 sq ft in Jalan Meru, Klang which was used as our new office to store our products. We ceased the rental of the premise in 2021.</li> </ul>  |

## 7. BUSINESS OVERVIEW (Cont'd)

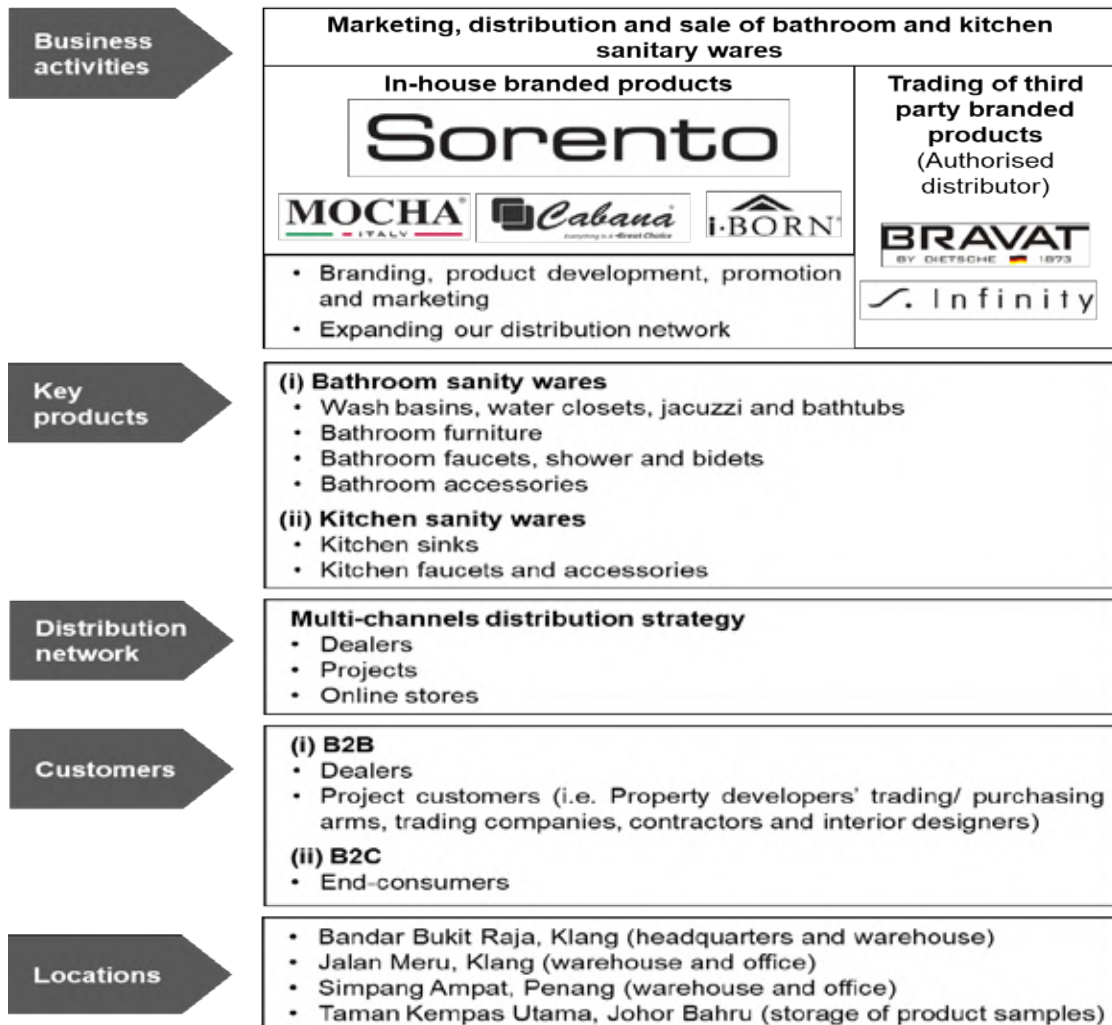
| Year | Key events and milestones  |
|------|--|
| 2014 | <ul style="list-style-type: none"> <li>We were appointed by Bravat (China) GmbH, a German bathroom sanitary ware provider as the authorised distributor for 'Bravat' branded sanitary wares in Malaysia. With this, we expanded our product offerings to include our first third-party branded luxury sanitary wares under the brand 'Bravat'.</li> <li>We supplied our 'Sorento' branded kitchen sanitary wares to a landed residential project in Taman Alam Putra, Seri Kembangan, marking our first sales to property projects. During the Financial Years under Review, we have supplied bathroom and kitchen sanitary wares to many property projects. Please refer to Section 7.2.1(ii) of this Prospectus for the list of our notable projects during the Financial Years Under Review.</li> </ul> |
| 2015 | <ul style="list-style-type: none"> <li>We further expanded our product offerings to distribute and sell water closets under the brand 'Sorento' and 'Mocha'.</li> </ul>  |
| 2016 | <ul style="list-style-type: none"> <li>We began to distribute and sell water closets under the brand 'Cabana'.</li> <li>Our dealer network achieved a new milestone of more than 100 dealers, whereby we distributed our products to 140 dealers by FYE 2016.</li> </ul>   |
| 2017 | <ul style="list-style-type: none"> <li>Our project sales achieved a new milestone of more than 100 project customers, whereby we supplied to 119 project customers by FYE 2017.</li> </ul>   |
| 2019 | <ul style="list-style-type: none"> <li>We added a third-party brand of luxury sanitary wares under the brand 'Infinity' from Spain, into our product offerings by sourcing the products directly without any distributorship arrangement. Subsequently, in 2024, we were appointed as the exclusive authorised distributor of 'Infinity' products in Malaysia.</li> </ul>  |
| 2020 | <ul style="list-style-type: none"> <li>We launched our Sorento Master Club, an exclusive networking platform for professional designers to gain access to our latest designer product range and a collaboration platform with professional interior designers using the products we offer. Please refer to Section 7.8(b) of this Prospectus for further details on our Sorento Master Club.</li> <li>We relocated our operations to a rented premises in Bukit Raja Facility, which remains as our headquarters to-date. The premises have a total built-up area of approximately 68,540 sq ft.</li> </ul>  |
| 2021 | <ul style="list-style-type: none"> <li>We acquired a premise in Penang Facility, as a storage facility for our products to cater to the increased demand in the northern region. The premise has a total built-up area of approximately 6,826 sq ft and facilitated our delivery services to our customers in the northern region.</li> </ul>  |
| 2023 | <ul style="list-style-type: none"> <li>In line with our on-going business expansion, we rented another premise with a total built-up area of approximately 65,804 sq ft, in Jalan Meru Facility used as additional storage for our products.</li> <li>We launched our first Sorento Experience Centre at our Bukit Raja Facility to showcase the latest innovative bathroom and kitchen sanitary solutions, designs and trends using the products we offer. Visitation to our Sorento Experience Centre is by invitation only.</li> <li>We expanded our product offerings to distribute and sell bathroom and kitchen sanitaryware under the brand 'i-Born' following the purchase and transfer of 'i-Born' trademark to MSB in September 2023.</li> </ul>   |

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.2 PRINCIPAL BUSINESS ACTIVITIES AND BUSINESS MODEL

Our Group is principally involved in the marketing, distribution and sale of bathroom and kitchen sanitary wares. We have an extensive range of bathroom and kitchen sanitary ware products under our house brands, namely 'Sorento', which is our flagship brand, 'Mocha', 'Cabana' and 'i-Born'. We are also the appointed distributor for foreign third party brand of bathroom and kitchen sanitary ware products, namely 'Bravat' and 'Infinity'. Our extensive range of bathroom and kitchen sanitary wares enable us to serve a wide range of customers as a one-stop bathroom and kitchen sanitary ware solution provider for residential and commercial use.

Our business model is summarised below:-



As at the LPD, approximately 80.07% which is 4,191 SKU of products that we carry are our house brands. We focus on branding, product development, promotion and marketing of our house brands to enhance our brand presence and recognition in the market. Over the years, we have established a wide network of distribution channels which allow us to have wide customer reach comprising B2B customers and B2C customers.

Our Group adopts a multi-channel distribution strategy to sell our products through our network of distributors comprising dealers and project customers (i.e. property developers' trading/ purchasing arms, trading companies, contractors and interior designers), and to end-consumers through our online stores. Please refer to Section 7.2.1 for further details on our distribution channels and customers.

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**7. BUSINESS OVERVIEW (Cont'd)**

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With branding, marketing and promotion of our house brands, we aim to create brand equity which includes creating high brand awareness and loyalty, and establishing the desired brand image. As such, we primarily market our products through our various house brands namely, 'Sorento', 'Mocha', 'Cabana' and 'i-Born'. With these brands, the Group aims to increase its market penetration into different target customer demographics and types of property development projects. The flagship 'Sorento' products are marketed as premium quality Malaysian-branded bathroom and kitchen sanitary wares at competitive prices yet remain accessible to a broad customer base who are seeking quality and value. The other two brands 'Mocha', 'Cabana' as well as the Group's new house brand, 'i-Born', are marketed as more affordable bathroom and kitchen sanitary ware products that cater to more budget-conscious customers.

The creation of brand equity is supported by our continuous advertising and promotional activities through digital marketing on social media platforms, sales campaigns by our dealers, as well as trade fairs and exhibitions. We are responsible for setting the prices of our house brands and determining our distribution strategy and channels, both through our in-house sales and marketing team and through our external distribution network. Please refer to Section 7.8 for further information on our Group's sales and marketing activities.

We also carry foreign third-party branded bathroom and kitchen sanitary ware products to complement our product offerings. These imported luxury products that are generally offered at higher prices as compared to the Group's premium products range and are targeted to customers who seek exclusivity and internationally recognised branded and/ or luxury designer range of bathroom and kitchen sanitary wares. As at the LPD, we are the authorised distributor for 'Bravat' branded sanitary wares in Malaysia (non-exclusive), since our appointment in 2014 by Bravat (China) GmbH, a German sanitary ware provider. The latest authorised distributorship with Bravat (China) GmbH was renewed in January 2021 for five years with an option to renew for another five years. We are also authorised distributor for 'Infinity' branded bathroom sanitary wares in Malaysia (exclusive), for which we were appointed on January 2024 by IDC Group Company SL, a Spanish sanitary ware provider. The tenure of the appointment is six years with an option to renew for another six years. Save for Bravat (China) GmbH and IDC Group Company SL, we have not entered into any agreements with any other brand principals of third-party branded products.

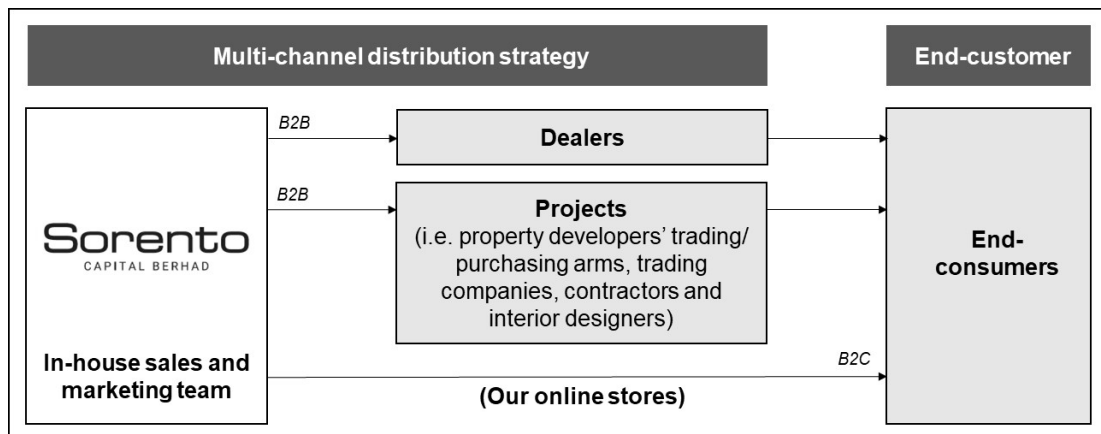
During the Financial Years Under Review, we have also distributed the "elleci" brand bathroom sanitary ware for which we have no distributorship agreement. However, as at the LPD, we have stopped purchasing new stock of 'elleci' branded bathroom sanitary wares and we intend to cease the distribution of 'elleci' branded bathroom sanitary wares once existing stocks are cleared.

We outsource the design and manufacturing of our house brands to approved third-party manufacturers. All the products that are manufactured by third-party manufacturers are in accordance with our requirements and are labelled under our house brands. This allows us to adopt an asset light operation and to focus our time, human resource and operations in product development, promotion and marketing of our house brands and expanding our distribution network. For third-party branded products, we purchase the products directly from our product principals. Please refer to Section 7.3 and Section 7.12 for further information on our Group's third-party manufacturers and suppliers respectively.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.2.1 Our distribution network and customers

Our Group adopts a multi-channel distribution strategy to sell its products through its network of dealers comprising of wholesalers and retailers. Our Group also supply our products to property projects through our project customers and sell our products directly to end consumers through our online stores.



**Note:-**

- denotes our direct customers.

During the Financial Years Under Review, our customer base comprising dealers and project sales increased by approximately 125.14% from 370 active customers in FYE 2021 to 833 active customers in FYE 2024.

Further information on our distribution channels are as follows:-

**(i) Dealers**

We distribute bathroom and kitchen sanitary wares to dealers for onward sale to end-consumers.

Dealers comprise wholesalers and retailers. Wholesalers generally purchase in large quantity to be distributed to other retailers or sold through its own retail channels. Our retail customers comprise home improvement or hardware retailers and chain store retailers who may sell our products through their physical retail stores and/ or through e-commerce platforms. These retailers may offer various types of home improvement and hardware products while exclusively carrying only our products or may carry multiple brands of bathroom and kitchen sanitary wares.

Our dealers purchase products outright from us on purchase order basis, to be sold to their customers. All of our dealers are required to adhere to our product pricing guide when setting the retail prices of our products. Generally, we update our product pricing guide three times a year and the updated guide will be disseminated to all our dealers. We provide trainings to our dealers when onboard new dealers and as and when required for existing dealers, on the specifications and functionality of our products and provide them with marketing materials to facilitate the marketing of our products to their customers.



## 7. BUSINESS OVERVIEW (Cont'd)

For new dealers, we will assess their financial status, industry experience, store locations and product offerings before qualifying them as our distributors. We provide renovation subsidies for new dealers to set up the space within their stores to promote and sell our products. We monitor the performance of our dealers on an on-going basis with the intention to extend any marketing and/ or technical support to them in a timely manner.

We also have incentives or reward programmes throughout the year for our dealers to drive sales of our products and reward high performing dealers. These incentives and rewards are granted based on our dealers' sales performance. We incentivise high performing dealers who meet their sales targets in the form of paid overseas trips, special rebates for product purchases, marketing and promotional subsidies or cash rebates.

The breakdown of the distribution of our dealers, by geographical region in Malaysia, in the FYE 2024 are as shown in the table below:-

| Geographical region         | Number of active dealers <sup>(1)</sup> |
|-----------------------------|---|
| Peninsular Malaysia         |   |
| • Central <sup>(2)</sup>    | 319                                     |
| • Northern <sup>(3)</sup>   | 154                                     |
| • Southern <sup>(4)</sup>   | 126                                     |
| • East Coast <sup>(5)</sup> | 54                                      |
| East Malaysia               | 11                                      |
| <b>Total</b>                | <b>664</b>                              |

### Notes:-

- (1) Recorded based on the number of active dealers who had made at least one sale transaction with our Group in the FYE 2024.
- (2) Central region comprises Selangor, Kuala Lumpur and Putrajaya.
- (3) Northern region comprises Perlis, Kedah, Penang and Perak.
- (4) Southern region comprises Negeri Sembilan, Malacca and Johor.
- (5) East Coast region comprises Pahang, Kelantan and Terengganu.
- (6) East Malaysia region comprises Sabah and Sarawak.

Our dealers may operate one or more physical stores and our products may be displayed and sold at some or all their physical stores. Among our dealers, as at the LPD, we have entered into a trading contract with one chain store retailer at our dealer's request. The trading contract comprises credit terms, sales targets, rebates and fees (e.g. advertising and promotion, distribution cost). The contract is valid for a period of one year and is renewable upon expiry and consensus agreement to the terms in the trading contract. Save for this dealer, we have not entered into any contracts with our other dealers.

### (ii) Projects

We supply our products to residential and commercial property projects, including new build, refurbishment and renovation projects. As at the LPD, we have supplied to 113 projects customers, comprising property developers' trading/ purchasing arm, trading companies, contractors and interior designers.

## 7. BUSINESS OVERVIEW (Cont'd)

We submit our proposals with recommended products and pricing to project customers, based on the requirements for their projects. Generally, for project sales, we will receive purchase orders from our customers to confirm us as their supplier for bathroom and kitchen sanitary wares. Some project customers will issue us letter of award or letter of confirmation as supplier. The purchase orders and letter of award/ letter of confirmation include information on the brand, type and quantity of products to be delivered, as well as the estimated delivery period. For new build projects, the purchase orders and letter of award/ letter of confirmation are typically secured at the start of a project development, and the delivery of our products takes place during the interior fit-out stage which generally takes place up to three years from the commencement of the development project. For refurbishment and renovation projects, and occasionally for new build projects, we receive purchase orders that require delivery of goods within weeks to months from confirmation of orders. We are responsible to deliver the goods to our customers' project site, and our products will then be installed in the property units by their contractors.

During the Financial Years Under Review, we supplied to several notable property development projects that contributed above RM2.00 million in revenue to our Group. The projects are as follows:-

| Name of development                           | Product supplied   | Total sales <sup>(1)</sup> | Status <sup>(2)</sup>                                  |
|---|--|----------------------------|--|
|   |  | RM million                 |  |
| Sentul Point Apartment Suites                 | Water closets, wash basins, bathroom accessories, shower and bidets                | 4.51                       | Completed  |
| The Valley Residences @ SkySierra Setiawangsa | Water closets, wash basins, bathroom faucets                                       | 4.32                       | Completed  |
| Muze @ Penang International Commercial City   | Bathroom faucets, bathroom accessories, shower and bidets                          | 3.34                       | Completed  |
| Vertu Resort Condominium @ Aspen Vision City  | Water closets, wash basins, bathroom faucets                                       | 3.24                       | Completed  |
| Residensi Aurora @ Cyberjaya                  | Water closets, wash basins, bathroom accessories, shower and bidets, floor grating | 2.81                       | Completed  |
| M Arisa                                       | Shower and bidets, bathroom faucets, wash basins                                   | 2.28                       | Completed  |
| Avara Seputeh                                 | Water closets, wash basins, bathroom accessories, shower and bidets, floor grating | 2.05                       | Completed  |
| Bamboo Residence                              | Water closets, wash basins, bathroom accessories, shower and bidets                | 3.68                       | Expected to be completed by the third quarter of 2027  |
| Edgewood Residence @ SkySanctuary             | Water closets, kitchen sinks, bathroom faucets, shower and bidets                  | 2.88                       | Expected to be completed by the fourth quarter of 2024 |

**7. BUSINESS OVERVIEW (Cont'd)**

| Name of development                          | Product supplied  | Total sales <sup>(1)</sup> | Status <sup>(2)</sup>                                  |
|--|---|----------------------------|--|
|  |   | RM million                 |  |
| Curvo Residence                              | Water closets, kitchen sinks, bathroom accessories, shower and bidets | 2.68                       | Expected to be completed by the fourth quarter of 2025 |
| M Luna                                       | Water closets, wash basins, bathroom accessories, shower and bidets   | 2.59                       | Expected to be completed by the third quarter of 2024  |
| Vivo Executive Apartment @ Aspen Vision City | Water closets, wash basins and bathroom accessories                   | 2.40                       | Expected to be completed by the third quarter of 2024  |
| Horizon Suites                               | Water closets, wash basins, bathroom accessories, shower and bidets   | 2.39                       | Expected to be completed by the fourth quarter of 2024 |
| Avela @ IJM Rimbayu                          | Water closets, wash basins, bathroom accessories, shower and bidets   | 2.06                       | Expected to be completed by the fourth quarter of 2024 |

**Notes:-**

- (1) Refers to total sales recorded as at the LPD and includes additional purchases placed by customers after completion.
- (2) Refers to the completion of delivery of the order based on the letter of award/ letter of confirmation or purchase order received from customers at the start of a project.

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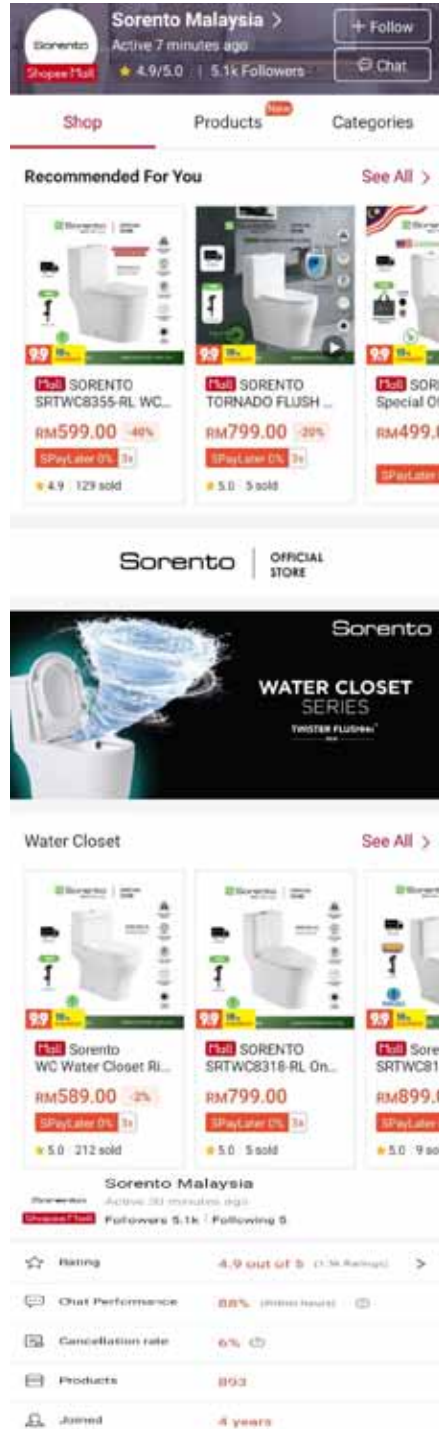
7. BUSINESS OVERVIEW (Cont'd)

(iii) Our online stores

We market and sell our products directly to end-customers through third party e-commerce platforms namely Lazada, Shopee and Tiktok.

Our store on Shopee

(a) Sorento Malaysia



(b) Mocha Official Store



7. BUSINESS OVERVIEW (Cont'd)

Our store on Lazada

(a) Sorento Malaysia

**Sorento Malaysia**   
 LazMall Flagship Store   
 Follow   
 97% Positive Seller Ratings 3.2k Followers   
 100% Authentic Free Shipping 30 Days Return

Best Match Top Sales Price New Filter

**Sorento Counter top Wash Basin**   
 RM538.00   
 Voucher save 10%   
 Selangor

**Sorento Stainless Steel 304 material hand shower**   
 RM145.00   
 Voucher save 27%   
 Selangor

**Sorento SRTWT5857-RG Basin Co...**   
 RM165.00   
 Voucher save 24%   
 Selangor

**Sorento SRTSCBD320 Soft Close...**   
 RM100.00   
 Selangor

**Sorento Malaysia**   
 LazMall Flagship Store   
 97% Positive Seller Ratings   
 Share

Main Category: Tools & Home Improvement   
 Chat Response Time: Active in hours   
 Chat Response Rate: 14.29%

**97%** Positive Seller Ratings   
 243 Customer Reviews

Our store on Tiktok

(a) S4U Living Malaysia

**S4U LIVING MAL...**   
 N/A   
 32 sold 93 followers   
 Message

Home Products Categories

**Top products**

**CABANA CWC605-RL**   
 RM299.00   
 5 sold

**SORENTO SRTWC287A-RL**   
 RM499.00   
 6 sold

**CABANA CKS7547-BL**   
 RM1,499.00   
 4 sold

**New releases**

**[SORENTO ONE PIECE WC] SRTWC8315-RL Rimless one pi...**   
 RM599.00

**S4U LIVING MALAYSIA**

TikTok Account: S4U LIVING >

**Seller info**

SORENTO SDN BHD   
 200501017483

Our online stores on these third party e-commerce platforms are managed internally by our sales and marketing team. By establishing our presence on third party e-commerce platforms, we are able to expand our customer reach, brand equity and product exposure to retail end-users. Our online stores also serve as official brand pages with up-to-date and accurate product information. We also adhere to our product pricing guide when setting the retail prices of our products sold on our online stores to prevent sales cannibalisation with our dealers.

## 7. BUSINESS OVERVIEW (Cont'd)

The strategy of using indirect distribution through our B2B customers is in line with our objective of targeting the mass market. Using a wide network of distributors, property developers' trading arm and contractors enable us to utilise their network to expand our market coverage as well as to reach out to a wide customer base to achieve economies of scale and grow our market share. We actively source new distributors where we assess their suitability based on their respective customer base, product range, market outreach, geographical coverage and level of commitment to promote our products. Further, we actively market our products to property developers' trading arm and contractors to use our products in their projects.

In addition, selling directly to end-consumers (B2C customers) through our online platforms gives us an avenue to have direct engagement with our end-consumers to gather product feedback and to assess consumer data. This enables us to have access to first-hand consumer data based on prevailing market trends, which are essential for us to adapt our overall marketing strategy and product development to keep abreast with changing consumer trends.

### 7.2.2 Details of our products

Our bathroom and kitchen sanitary wares comprise a comprehensive range of offerings which comprise wash basins, water closets, jacuzzi and bathtub, bathroom furniture, bathroom faucets, shower and bidets and bathroom accessories, kitchen sinks and kitchen accessories. As at the LPD, we have approximately 80.07% which is 4,191 SKUs are our house brands. All of our products are sold as off-the-shelf products.

As at the LPD, the bathroom and kitchen sanitary wares that we offer under the respective brands are as follows:-

| Categories   | Bathroom sanitary wares  | Kitchen sanitary wares  |
|--|--|---|
| <b>House brands – (premium &amp; affordable range)</b> |  |   |
| <b>Sorento</b>   | <ul style="list-style-type: none"> <li>• Wash basins</li> <li>• Water closets</li> <li>• Jacuzzi and bathtubs</li> <li>• Bathroom furniture and mirrors</li> <li>• Bathroom faucets</li> <li>• Shower and bidets</li> <li>• Bathroom accessories</li> <li>• Water pumps</li> </ul> | <ul style="list-style-type: none"> <li>• Kitchen sinks</li> <li>• Kitchen accessories</li> <li>• Kitchen faucets</li> </ul> |
| <b>Mocha</b>   | <ul style="list-style-type: none"> <li>• Wash basins</li> <li>• Water closets</li> <li>• Jacuzzi and bathtubs</li> <li>• Bathroom furniture and mirrors</li> <li>• Bathroom faucets</li> <li>• Shower and bidets</li> <li>• Bathroom accessories</li> <li>• Water pump</li> </ul>  | <ul style="list-style-type: none"> <li>• Kitchen sinks</li> <li>• Kitchen accessories</li> <li>• Kitchen faucets</li> </ul> |
| <b>Cabana</b>  | <ul style="list-style-type: none"> <li>• Wash basins</li> <li>• Water closets</li> <li>• Jacuzzi and bathtubs</li> <li>• Bathroom furniture and mirrors</li> <li>• Bathroom faucets</li> <li>• Shower and bidets</li> <li>• Bathroom accessories</li> </ul>                        | <ul style="list-style-type: none"> <li>• Kitchen sinks</li> <li>• Kitchen accessories</li> <li>• Kitchen faucets</li> </ul> |

**7. BUSINESS OVERVIEW (Cont'd)**

| <b>Categories</b>                              | <b>Bathroom sanitary wares</b>   | <b>Kitchen sanitary wares</b>  |
|--|--|--|
| <b>i-Born</b>                                  | <ul style="list-style-type: none"> <li>• Water closets</li> <li>• Wash basins</li> <li>• Bathroom furniture and mirrors</li> <li>• Bathroom accessories</li> <li>• Bidets</li> <li>• Bathroom faucets</li> </ul> | <ul style="list-style-type: none"> <li>• Kitchen sinks</li> <li>• Kitchen faucets</li> </ul> |
| <b>Foreign third party brand/ Luxury range</b> |  |  |
| <b>Bravat</b>                                  | <ul style="list-style-type: none"> <li>• Water closets</li> <li>• Wash basins</li> <li>• Bathtubs</li> <li>• Bathroom faucets</li> <li>• Shower and bidets</li> <li>• Bathroom accessories</li> </ul>            | <ul style="list-style-type: none"> <li>• Kitchen faucets</li> </ul>                          |
| <b>Infinity</b>                                | <ul style="list-style-type: none"> <li>• Water closets</li> <li>• Wash basins</li> <li>• Bathtubs</li> <li>• Bathroom faucets</li> <li>• Shower and bidets</li> <li>• Bathroom accessories</li> </ul>            | <ul style="list-style-type: none"> <li>• Kitchen faucets</li> </ul>                          |

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7. BUSINESS OVERVIEW (Cont'd)





7. BUSINESS OVERVIEW (Cont'd)

**MOCHA**<sup>®</sup>  
— — — — — ITALY — — — — —

**A Modern Touch**



7. BUSINESS OVERVIEW (Cont'd)



7. BUSINESS OVERVIEW (Cont'd)



7. BUSINESS OVERVIEW (Cont'd)



7. BUSINESS OVERVIEW (Cont'd)

∞. Infinity



## 7. BUSINESS OVERVIEW (Cont'd)

### 7.2.3 Warranty policy

We provide product warranty claims to end-consumers and B2B customers against manufacturing defects. Product warranty will be passed on to end-consumers once the products are sold to them as they are the ultimate users. For our house brands, we only have warranty policy for 'Sorento' branded products limited to specific parts and not the entire product. The warranty coverage ranges from one year to a lifetime warranty, from the date of purchase, depending on the specific part. For the avoidance of doubt, lifetime warranty is provided against crack line or leaking of the ceramic body of the water closet (including urinal bowl and squatting pan) and ceramic basin, which is not caused by external false and/ or wilful act. Our dealers may facilitate warranty claims from their customers by submitting the claim request to us on behalf of their customers. There is no warranty offered for 'Mocha', 'Cabana' and 'i-Born' branded products to keep the pricing of this product range relatively lower compared to 'Sorento'.

For our third-party branded products namely 'Bravat' and 'Infinity', a one-to-one replacement policy for all defective or damages products is provided by the brand principals, unless the issue can be resolved by replacement of certain spare part(s). The warranty coverage provided by 'Infinity' ranges from two to ten years from the date of purchase, depending on the parts of the products. For 'Bravat' branded products, there is no specific warranty duration outlined for 'Bravat' branded products. As authorised distributors of 'Bravat' and 'Infinity', our dealers may facilitate warranty claims from their customers by submitting the claim request to us on behalf of their customers, and we will then submit the claims to our respective brand principals.

The eligibility for warranty claims is subject to conditions such as the provision of a valid proof of purchase of the product and registering the product at the Group's warranty page on our website upon purchase. During a claim, customers may send the products directly to our warehouses or to our dealers from which they purchased their products for product inspection to determine the cause of defect. The inspection allows our Group to assess whether the claimed defects are genuine manufacturing defects, and whether the parts are eligible for warranty claims. For repair and replacement of parts and products covered under our warranty, we have a back-to-back agreement with our third-party manufacturers to cover the cost of repair and replacement of parts and products.

Our Group does not provide cash returns or refunds for our products. We are also not liable for any defects caused by unsuitable or improper use, external force, wear and tear, wilful damage, negligence and failure to follow our instructions.

### 7.2.4 Our locations

Our business operations are based in Malaysia at the following locations:-

| Facility             | Function                   | Location                               |
|----------------------|----------------------------|--|
| Bukit Raja Facility  | Head office and warehouse  | Bandar Bukit Raja, Klang, Selangor     |
| Jalan Meru Facility  | Warehouse and office       | Jalan Meru, Klang, Selangor            |
| Penang Facility      | Warehouse and office       | Simpang Ampat, Penang                  |
| Store in Johor Bahru | Storage of product samples | Taman Kempas Utama, Johor Bahru, Johor |

## 7.3 OUR THIRD-PARTY MANUFACTURERS

We outsource all manufacturing works of our house brands to third-party manufacturers as we are not involved in any manufacturing activities. Our third-party manufacturers are responsible for the design, purchase of materials and manufacturing/ assembly of our house brands in accordance to our specifications and requirements. The products sourced from our third-party manufacturers are final products for onward sale to our customers.

## 7. BUSINESS OVERVIEW (Cont'd)

The third-party manufacturers engaged by our Group are evaluated and selected based on their pricing, production capabilities, product quality (i.e. in terms of minimal defects and usability) and ability to deliver within the stipulated timeframe. We also carry out annual review on our third-party manufacturers to evaluate the quality of their products and services.

In the FYE 2024, we have engaged 11 third-party manufacturers for the manufacturing of our house brands, whereby we have at least one transaction with each of these manufacturers. All of our third-party manufacturers are located in China. Nevertheless, we source plastics parts and components, as well as complementary products (e.g. toilet seats, soap dispenser, floor trap, cistern fittings, flush valves, etc) from suppliers in Malaysia and Singapore.

Generally, we maintain a list of approved third-party manufacturers which allow us to source high volume SKUs (e.g. water closets), from more than one third-party manufacturer. In the event that we are unable to procure our products from our existing third-party manufacturers, we are able to replace with other third-party manufacturers as these manufacturers have similar product and service offerings.

### 7.4 OUR BUSINESS SEGMENTS AND PRINCIPAL MARKETS

In the Financial Years Under Review, the sales from our dealer segment was the largest revenue contributor as they contributed 61.58%, 61.46%, 62.86% and 64.54% to our Group revenue, respectively.

The breakdown of our Group's revenue by distribution channels for the Financial Years Under Review is as follows:-

| Revenue by distribution channels | FYE 2021      |               | FYE 2022      |               | FYE 2023       |               | FYE 2024       |               |
|----------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|
|                                  | RM'000        | %             | RM'000        | %             | RM'000         | %             | RM'000         | %             |
| Dealers                          | 40,712        | 61.58         | 55,738        | 61.46         | 70,598         | 62.86         | 97,812         | 64.54         |
| Project-based sales              | 25,317        | 38.30         | 34,490        | 38.03         | 41,216         | 36.70         | 53,109         | 35.05         |
| Online                           | 78            | 0.12          | 460           | 0.51          | 497            | 0.44          | 624            | 0.41          |
| <b>Total</b>                     | <b>66,107</b> | <b>100.00</b> | <b>90,688</b> | <b>100.00</b> | <b>112,311</b> | <b>100.00</b> | <b>151,545</b> | <b>100.00</b> |

The breakdown of our Group's revenue by brands for the Financial Years Under Review is as follows:-

| Revenue by brands       | FYE 2021      |               | FYE 2022      |               | FYE 2023       |               | FYE 2024       |               |
|-------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|
|                         | RM'000        | %             | RM'000        | %             | RM'000         | %             | RM'000         | %             |
| House brands            | 61,452        | 92.96         | 86,981        | 95.92         | 108,728        | 96.81         | 145,448        | 95.98         |
| • Sorento               | 43,645        | 66.02         | 60,677        | 66.91         | 75,742         | 67.44         | 85,493         | 56.41         |
| • Cabana                | 16,558        | 25.05         | 24,675        | 27.21         | 31,055         | 27.65         | 36,141         | 23.85         |
| • Mocha <sup>(1)</sup>  | 1,249         | 1.89          | 1,629         | 1.80          | 1,931          | 1.72          | 22,167         | 14.63         |
| • i-Born <sup>(2)</sup> | -             | -             | -             | -             | -              | -             | 1,647          | 1.09          |
| Third party brands      | 3,803         | 5.75          | 3,160         | 3.48          | 2,442          | 2.17          | 2,340          | 1.54          |
| Others <sup>(3)</sup>   | 852           | 1.29          | 547           | 0.60          | 1,141          | 1.02          | 3,757          | 2.48          |
| <b>Total</b>            | <b>66,107</b> | <b>100.00</b> | <b>90,688</b> | <b>100.00</b> | <b>112,311</b> | <b>100.00</b> | <b>151,545</b> | <b>100.00</b> |

#### Notes:-

- (1) As at the LPD, 'Mocha' is our house brand. On 22 November 2021, the ownership of 'Mocha' trademark was assigned to MBS Tools while SSB retained the right to import products bearing the 'Mocha' trademark until 31 December 2023 and supply the 'Mocha' branded products to its customers within Malaysia. Following the assignment of 'Mocha' trademark to MSB on 1 September 2023 pursuant to the sale and purchase agreement with MBS Tools, 'Mocha' became the house brand of our Group. Subsequent to the acquisition, we had increased our promotional activities for the 'Mocha' brand resulting in a revenue growth of RM20.24 million in the FYE 2024. Further details on the movement of 'Mocha' trademark ownership and the history of our Group is set out in Section 7.1 of this Prospectus.

## 7. BUSINESS OVERVIEW (Cont'd)

(2) There was no revenue contribution from 'i-Born' branded products prior to FYE 2024 as the brand was only purchased and transferred to MSB in September 2023.

(3) Products that do not carry a brand.

The breakdown of our Group's revenue by product segments for the Financial Years Under Review is as follows:-

| Revenue by product segments                        | FYE 2021      |               | FYE 2022      |               | FYE 2023       |               | FYE 2024       |               |
|--|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|
|  | RM'000        | %             | RM'000        | %             | RM'000         | %             | RM'000         | %             |
| Bathroom sanitary ware                             | 56,702        | 85.77         | 75,385        | 83.13         | 93,973         | 83.67         | 125,871        | 83.06         |
| • Wash basins, water closets, jacuzzi and bathtubs | 24,561        | 37.15         | 33,395        | 36.83         | 42,122         | 37.50         | 59,324         | 39.15         |
| • Bathroom furniture                               | 7,130         | 10.79         | 10,790        | 11.90         | 11,828         | 10.53         | 15,030         | 9.92          |
| • Bathroom faucets, shower and bidets              | 19,271        | 29.15         | 23,997        | 26.46         | 30,663         | 27.30         | 39,538         | 26.09         |
| • Bathroom accessories                             | 5,740         | 8.68          | 7,203         | 7.94          | 9,360          | 8.34          | 11,979         | 7.90          |
| Kitchen sanitary ware                              | 8,636         | 13.07         | 14,365        | 15.84         | 17,530         | 15.61         | 24,347         | 16.06         |
| • Kitchen sinks                                    | 5,594         | 8.47          | 9,301         | 10.26         | 12,212         | 10.87         | 18,161         | 11.98         |
| • Kitchen faucets and accessories                  | 3,042         | 4.60          | 5,064         | 5.58          | 5,318          | 4.74          | 6,186          | 4.08          |
| Others <sup>(1)</sup>                              | 769           | 1.16          | 938           | 1.03          | 808            | 0.72          | 1,327          | 0.88          |
| <b>Total</b>                                       | <b>66,107</b> | <b>100.00</b> | <b>90,688</b> | <b>100.00</b> | <b>112,311</b> | <b>100.00</b> | <b>151,545</b> | <b>100.00</b> |

**Note:-**

(1) Comprises water pump and tiles.

All of our Group's revenue is generated in Malaysia which is the principal market in which our Group operates. The breakdown of our Group's revenue by geographical region for the Financial Years Under Review is as follows:-

| Revenue by geographical region | FYE 2021      |               | FYE 2022      |               | FYE 2023       |               | FYE 2024       |               |
|--------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|
|                                | RM'000        | %             | RM'000        | %             | RM'000         | %             | RM'000         | %             |
| Central <sup>(1)</sup>         | 43,401        | 65.65         | 58,392        | 64.39         | 71,205         | 63.40         | 98,853         | 65.23         |
| Northern <sup>(2)</sup>        | 11,949        | 18.07         | 18,481        | 20.38         | 20,712         | 18.44         | 22,613         | 14.92         |
| Southern <sup>(3)</sup>        | 7,124         | 10.78         | 9,043         | 9.97          | 13,245         | 11.79         | 18,700         | 12.34         |
| East Coast <sup>(4)</sup>      | 1,993         | 3.02          | 2,979         | 3.28          | 4,185          | 3.73          | 7,202          | 4.75          |
| East Malaysia <sup>(5)</sup>   | 1,640         | 2.48          | 1,793         | 1.98          | 2,964          | 2.64          | 4,177          | 2.76          |
| <b>Total</b>                   | <b>66,107</b> | <b>100.00</b> | <b>90,688</b> | <b>100.00</b> | <b>112,311</b> | <b>100.00</b> | <b>151,545</b> | <b>100.00</b> |

**Notes:-**

(1) Central region comprises Selangor, Kuala Lumpur and Putrajaya, and also includes online sales.

(2) Northern region comprises Perlis, Kedah, Penang and Perak.

(3) Southern region comprises Negeri Sembilan, Malacca and Johor.

(4) East Coast region comprises Pahang, Kelantan and Terengganu.

(5) East Malaysia region comprises Sabah and Sarawak.



## 7. BUSINESS OVERVIEW (Cont'd)

### 7.5 COMPETITIVE STRENGTHS

Our competitive strengths as set out below provide us with a platform for future growth.

#### 7.5.1 We have an established history and proven track record in the bathroom and kitchen sanitary ware industry in Malaysia

We have an established track record in Malaysia as we involved in the distribution and sales of bathroom and kitchen sanitary wares, with a history that spans 19 years since the commencement of our business in 2005. Over the years, we have grown our business from supplying 'Sorento' products to a company offering a wide range of sanitary wares' products for bathroom and kitchen for residential and commercial use. Further, we have expanded the brands under our Group from 'Sorento' to include 'Mocha', 'Cabana', and 'i-Born' as well as foreign luxury third party brands, namely 'Bravat' and 'Infinity', to cater to different budgets and design preferences.

While construction activities in Malaysia is gradually improving after the COVID-19 pandemic, the sustained focus on hygiene, coupled with ongoing urbanisation and economic growth, paints a resilient picture for the continued growth of the bathroom and kitchen sanitary wares market. Further, as tourism activities resume to pre-COVID level in 2024, the demand for accommodation and public sanitary facilities is expected to increase to support tourism activities, which consequently drives the demand for bathroom and kitchen sanitary wares. With a wide range of products under our product offerings as well as a solid foundation and proven track record, we are well-positioned to ride on this continuous demand for bathroom and kitchen sanitary wares to continue to expand and grow our business.

Armed with a 19-year business history in the bathroom and kitchen sanitary ware industry, our Group has been through various business and economic cycles. Despite the COVID-19 pandemic, our Group's revenue grew from RM66.11 million in FYE 2021 to RM151.55 million in FYE 2024, representing a CAGR of 31.85%. This demonstrates our business resilience and sustainability, including weathering adverse economic and market conditions.

#### 7.5.2 We have an extensive product range as a one-stop bathroom and kitchen sanitary wares' solution provider for residential and commercial use

As at the LPD, approximately 80.07% which is 4,191 SKU of products are our house brands. Our products comprise water closets, wash basins, bathroom and kitchen faucets and related parts, kitchen sinks and related parts and accessories, which essentially covers all the needs for bathroom and kitchen sanitary wares in any single residential or commercial premises.

We sell our products under various brands to cater to different design preferences and consumer budgets. Our flagship 'Sorento' products are marketed as premium Malaysian-branded bathroom and kitchen sanitary wares' products at competitive prices. The 'Sorento' brand of products is a recognisable brand in the market and is often marketed to large property development projects by large and reputable property developers. Our other house brands, namely 'Mocha', 'Cabana' and 'i-Born', are marketed as more affordable products targeted at customers who are more budget conscious. Our third-party branded bathroom and kitchen sanitary wares, namely 'Bravat' and 'Infinity' are imported luxury products, targeting customers who seek international brands and/ or designer range products which are generally uniquely designed and/ or made of more expensive materials.

With our wide range of product and brand offerings, we are positioned as a one-stop solution provider of bathroom and kitchen sanitary wares, whereby our B2B and B2C customers can essentially purchase all of their bathroom and kitchen sanitary wares from our Group.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.5.3 We have a wide customer base including dealers, project customers and end-consumers through direct online stores**

As we operate in a consumer-oriented industry, having an extensive market reach is crucial to ensure our products can be easily accessed and purchased by end-consumers. We leverage on our customer base which includes dealers for onward sales to end-consumers; and property developers trading arms or appointed contractors who install our products in their development projects, to extend our market reach to end-consumers. In the FYE 2024, we sold our products to a total of approximately 664 dealers, and 169 project customers.

Apart from leveraging on our B2B customers (i.e. dealers, chain store retailers, property developer trading arms, and contractors) we also sell our house brands directly to end-consumers through online channels, whereby we have set up online stores for 'Sorento' and 'Mocha' established on third party e-commerce platforms, namely Shopee and Lazada. The move towards establishing our online presence since 2020 was in recognition of the increasing popularity of online shopping, and the accessibility to consumer purchasing data which provides insights to our Group on the latest consumer preferences that serves as valuable feedback for product development.

Project sales give us large volume orders and amplify our brand visibility within new development projects, which will in turn enhance the growth of our financial performance and the sustainability of our Group. This approach fosters consumer recognition and enables our brand to be top-of-mind when customers seek similar products for future purchases. The presence of our products in development projects not only reinforces brand recognition among end-consumers but also signals a reputable and trustworthy brand image to property developers and contractors, further enhancing our brand's market standing. We are also able to leverage on the reputation of property developers to further grow our brand presence. With a strong brand presence, our house brands can be perceived as the preferred home-grown brands for bathroom and kitchen sanitary wares in Malaysia, thus increasing the demand for our products, which ultimately serves as a strong foundation to support our Group's future business expansion and growth.

**7.5.4 We have a team of experienced and hands-on key senior management personnel**

Our Group is led by an experienced and technically skilled management team that has accumulated years of industry experience and in-depth knowledge of our business operations. Our Managing Director, Loo Chai Lai, who has 40 years of experience in home improvement and renovation industry with 21 years of experience in the bathroom and kitchen sanitary ware industry, has played a pivotal role in steering the growth and success of our Group. His experience, drive and passion for our business have been instrumental to our Group's success to date. He has conceptualised and implemented various business and marketing strategies that led our Group to its current position in the industry.

He is supported by our Executive Directors, namely Loo Jing Kai and Lee Chee Keong; and key senior management, namely Tan Gine Ngee, Loo Ai Cheng, Ng Lai Heong and Lam Li Hua, with extensive experience in their respective expertise.

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand. Please refer to Sections 5.1.2, 5.2.2 and 5.4.2 of this Prospectus for the profiles of our Executive Directors and key senior management.

**7. BUSINESS OVERVIEW (Cont'd)**

**7.6 FUTURE PLANS AND STRATEGIES**

**7.6.1 We intend to enhance our distribution reach to grow our market share by strengthening our support to existing dealers and expanding our network of dealers**

As part of our efforts to grow our market share in the bathroom and kitchen sanitary ware industry, we have established a dedicated team to manage the sales and marketing activities for our dealer segment. Our dealers provide us a wide reach to end-consumers, which will in turn enhance the visibility of our brands and products, and drive the growth of our market share and financial performance. As such, we intend to enhance our distribution network, comprising existing and new dealers.

In the FYE 2024, we had a network of 664 dealers. We target to recruit approximately 200 new dealers throughout Malaysia over the next three years. In order to facilitate this plan and enhance our support for our existing and new dealers, we intend to implement the following initiatives over the next three years:-

- (a) continue to motivate sales efforts and performance through incentive trips for our dealers who meet the sales targets;
- (b) provide subsidy to existing and new dealers to facilitate the following enhancements and upgrades:-
  - (i) enhance personalised marketing collaboration with our selected dealers through store-specific marketing efforts, such as subsidising their grand store opening and highlighting their store(s) on our social media to bring awareness to their stores, co-organising roadshows, digital marketing campaigns and targeted marketing activities based on their target markets;
  - (ii) provide subsidy to upgrade the product displays or storefront signage at selected dealers' retail stores; and
  - (iii) provide subsidy for renovation cost and design ideas to set up or upgrade the display areas for our products at our selected dealers' stores to enhance their customers' shopping experience. The display areas comprise customised carpentry racking or standard racking for our bathroom sanitary wares, and kitchen sink racking, as shown below:-

**Customised carpentry racking**



**Standard racking**



**Kitchen sink racking**



## 7. BUSINESS OVERVIEW (Cont'd)

The allocation of this subsidy will range from RM10,000 to RM80,000 per store based on the size of the store and forecast sales return.

- (c) provide subsidy to existing and new dealers that will sell our house brands exclusively at their stores. Each of these stores will market and sell any selected house brands, namely 'Sorento', 'Mocha' and/ or 'Cabana', based on their target market. The stores will display a wide range of our product offerings. We intend to provide subsidies for renovation and fit-out cost to facilitate the setting up of these stores. The allocation of this subsidy will range from RM80,000 to RM150,000 per store, based on the size of the store and forecast sales return.
- (d) provide subsidy to existing and new dealers to operate "Sorento" concept stores which will showcase our 'Sorento' products exclusively, focusing on higher-end product range. These concept stores will target customers with higher purchasing power and design conscious to have higher quality of life. Further, the concept stores serve as a showroom for our B2B customers to view our 'Sorento' product range and envision how our products can be used in their projects. We intend to provide subsidies for renovation and fit-out cost and/ or supply of display units to facilitate the setting up of these concept stores. The allocation of this subsidy will range from RM300,000 to RM500,000 per concept store, based on the size of the store and forecast sales return.

Generally, when selecting dealers for our subsidies, we prioritise dealers with stores at locations where we intend to strengthen our position, capture more market share or establish our position in a new market.

For our existing dealers, we identify high performance dealers and assess any areas of improvement which we can facilitate to further enhance their sales performance to determine the type and amount of subsidy to provide to these dealers. We may also be approached by our existing dealers to participate in their store improvement or upgrade activities whereby we will assess and determine the type and amount of subsidy to provide based on the above criteria.

For new dealers, we select dealers with good financial record and sales experience, and with stores at locations that can allow us to strengthen our position, capture more market share or establish our position in a new market. The type of subsidy to be provided can only be determined when the new dealers are selected and determined based on their individual needs.

The terms and conditions associated with receiving the subsidy include:-

- (i) the signages and racking provided by us are to be exclusively used to display our products only;
- (ii) dealers are responsible for maintaining the condition of the signages and racking, as well as maintaining a consistent visual identity, from signages to displays to preserve the branding and visual appeal of our products displayed;
- (iii) we own all the signages and racking provided by us and have the right to retrieve or replace the items at our absolute discretion; and
- (iv) dealers are to achieve certain sales targets which will vary depending on the size, location, number of stores owned by the dealers, among other factors. The amount of subsidy paid to a selected dealer is based on the proportion of the sales target achieved during the incentive period.

## **7. BUSINESS OVERVIEW (Cont'd)**

We are unable to determine the number of dealers which we will subsidise, as the exact cost of renovation and fit-out for each store cannot be ascertained as at the LPD. This cost can only be determined as and when the existing and new dealers are selected for renovation and fit-out of their stores based on the size of the stores and forecast sales return. Further, as we do not have ownership of any of our dealers' stores, our dealers ultimately decide their participation in our initiatives and implementation of any changes to their stores. Nevertheless, our total estimated budget for the enhancement of our distribution network, comprising existing and new dealers, is approximately RM20.00 million, which will be funded via a combination of the proceeds from our IPO and internally generated funds. We plan to utilise RM6.00 million from our IPO proceeds within 36 months from the date of our Listing to partially fund this plan. Please refer to Section 4.4.2 of this Prospectus for the breakdown of the total estimated expenses for this plan.

During the Financial Years Under Review, our Group spent RM0.47 million, RM1.19 million, RM1.36 million and RM1.36 million, respectively on subsidy to dealers for their product displays, storefront signage and renovation cost.

### **7.6.2 We intend to grow our revenue from project-based sales**

We will continue to grow our revenue from project-based sales, which will enhance our revenue and subsequently increase our market share in the bathroom and kitchen sanitary ware industry. Project-based sales would provide us with large volume orders and amplify our brand visibility within property projects, which will in turn enhance the growth of our financial performance and the sustainability of our Group. This approach fosters customers' awareness and enables our brands to be more recognisable when customers seek similar products for their future purchases. The presence of our products in property projects not only reinforces brand recognition among the end consumers but also signals a reputable and trustworthy brand image to property developers, contractors and interior designers, further enhancing our brand's market standing.

In addition to residential projects, we intend to increase our participation in other building segments such as affordable housing, hotels and offices, comprising new builds and renovation projects. While some of these projects typically have shorter delivery lead times, our Group has extensive industry knowledge and strong understanding of the market trends to plan our product inventory to cater for projects with shorter delivery lead time. We are also supported by our established network of third-party manufacturers and have sufficient warehouse space to cater for the anticipated increase in orders for our products.

We plan to utilise RM31.35 million from our IPO proceeds within 24 months from the date of our Listing to fund the purchase of product inventory. This product inventory will support both sales to dealers and projects. Please refer to Section 4.4.4 of this Prospectus for the breakdown of the total estimated expenses for this plan.

### **7.6.3 We intend to enhance our brand recognition through investment in branding and marketing activities in Malaysia**

We intend to roll out a brand elevation initiative to uplift our brand positioning which include the development of our company profile, brand story, product videos and marketing materials. We aim to develop informative materials in the form of videos and infographics for better engagement. Furthermore, we intend to establish an online resource library with a comprehensive database of product specifications, design concepts, product brochures as well as detailed product training videos, including installation guides and maintenance instructions. This library is accessible to our dealers only and designed to support dealers and our project sales personnel with easy accessibility and standardised marketing materials, ensuring a cohesive and professional representation across all sales channels.

## 7. BUSINESS OVERVIEW (Cont'd)

We intend to collaborate with advertising agencies to develop and execute external campaigns, via online and offline channels:-

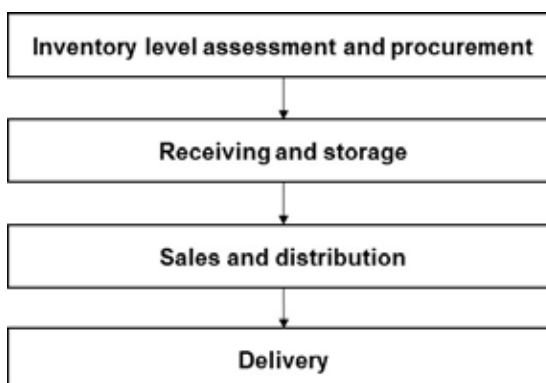
- (a) intensify our marketing and promotional events to increase face-to-face interactions with our customers for higher brand engagement in exhibitions and trade fairs;
- (b) improve customers overall buying experience from our online and offline channels as customers prefer to gather product information from online channels (i.e. website and online stores) before making a physical store visit. For example, our marketing effort involves providing relevant information, such as product specifications and design ideas to support customers' buying journey and leading them to our dealers' physical stores or purchasing through our online stores;
- (c) utilise pay per impression or pay per click advertising across search engines and social media platforms such as Google, Facebook, YouTube, Instagram, Tiktok, and Xiaohongshu;
- (d) utilise search engine optimisation, where it enables maximisation of traffic to our website and online stores through high ranking of our website and online stores on Google search results; and
- (e) utilise search engine marketing, where it increases the visibility of our product advertisements on Google search results when customers search for the product keywords.

During the Financial Years Under Review, our Group has incurred overall cost of RM0.27 million, RM0.52 million, RM0.57 million and RM0.64 million, respectively on similar activities as mentioned above, namely exhibitions and trade fairs, and online channels (i.e. website, social media and e-commerce); while the total costs incurred for branding, promotional and marketing activities were approximately RM0.62 million, RM0.68 million, RM0.85 million and RM0.91 million, respectively.

We plan to utilise RM6.00 million from our IPO proceeds within 36 months from the date of our Listing to fund our branding and marketing plans. This will, in turn, aid our Group in enhancing our brand recognition and expanding our market reach in the industry. Please refer to Section 4.4.1 of this Prospectus for the breakdown of the total estimated expenses for this plan.

### 7.7 OUR BUSINESS AND OPERATIONAL PROCESS

Our operational process flow is set out as follows:-



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**7. BUSINESS OVERVIEW (Cont'd)**

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(a) Inventory level assessment and procurement

We conduct inventory level assessment on a weekly basis to identify the type and quantity of products to be replenished. The product inventory level to be replenished depends on our purchase orders received, projected sales, lead time required for the specific SKUs to arrive at our facilities, and the pricing of the products. For any SKUs with insufficient inventory level, we will submit purchase orders to our suppliers for replenishment of inventory.

(b) Receiving and storage

Upon receiving ordered products from our suppliers, we will conduct quality checks on the products received and ensure the products received match with the quantity and specifications ordered. We will inform our suppliers in case there are discrepancies or defects for product replacement or payment deductions. Our inventory will be stored in our warehouse before delivery to our customers upon confirmation of sales.

(c) Sales and distribution

The following are the sales and distribution processes of our B2B and B2C customers.

(i) B2B

For sales to dealers, we will prepare the price quotations according to the inquiries for our customers to review. Once our dealers agree with our price quotations, the sales orders will be confirmed with the issuance of purchase orders by our dealers. Upon receipt of the purchase orders, we will proceed to prepare and pack the products to arrange for delivery based on delivery schedule.

For project sales, we may be invited to quote or we may approach our project customers to participate in submitting quotations for projects. We prepare and submit our quotations based on the project specifications. While some customers for project sales will issue us letter of award or letter of confirmation as supplier, most of the customers only confirm us via issuance of purchase order. The purchase orders and letter of award/ letter of confirmation include information on the brand, type and quantity of products to be delivered, as well as the estimated delivery period. For new build projects, the purchase orders and letter of award/ letter of confirmation are typically secured at the start of a project development, and the delivery of our products takes place during the interior fit-out stage which generally takes place up to three years from the commencement of the development project. For refurbishment and renovation projects, and occasionally for new build projects, we receive purchase orders that require delivery of goods within weeks to months from confirmation of orders. Typically, affordable housing projects have shorter delivery lead time. Further, when there are projects that may have last minute changes in the sanitary wares used due to changes in budget or insufficient stock availability for the original shortlisted products, the delivery lead time is also relatively short.

Upon the receipt of purchase order with the quantity and delivery schedule from our customers for project sales, we will prepare and pack the products to arrange for delivery. We will conduct quality checks on the products before packing and ensure the products match with the quantity and specifications ordered.

## 7. BUSINESS OVERVIEW (Cont'd)

### (ii) B2C

Upon receiving purchase order from our end-customers through our online stores on Lazada, Shopee and Tiktok, we will prepare and pack the products to arrange for delivery. We will conduct quality checks on the products before packing and ensure the products match with the quantity and specifications ordered.

### (d) Delivery

We utilise in-house transportation as well as third party logistics services to deliver the products to our customers. As at the LPD, we have an in-house fleet of 11 lorries and two vans to primarily to cater for delivery of our products to customers within the Klang Valley. We utilise third-party logistics services to provide delivery of the products to most of our customers outside Klang Valley.

For B2B sales, upon delivery of the products, our customer is required to acknowledge receipt by signing off on the delivery note. We will issue the invoice to our customers for payment, some are on cash terms while some are given credit terms ranging from 30 to 90 days.

## 7.8 SALES AND MARKETING

Our Group has a dedicated team to manage the sales and marketing activities, including branding, promotion and marketing of our brands to enhance our brand presence and recognition in the market. As at the LPD, we have 42 team members in sales as well as 18 team members in marketing. We actively engage in the following sales and marketing strategies:-

### (a) Multi-channel distribution network

Our Group adopts a multi-channel distribution strategy to sell its products through its network of dealers comprising of wholesalers and retailers. Our Group also supply our products to property projects through our project customers, and sell our products directly to end consumers through our online stores. Please refer to Section 7.2.1 for further information on our distribution network.

### (b) Sorento Master Club

The Sorento Master Club is an exclusive membership programme for interior designers launched in September 2020. As at the LPD, we have approximately 2,045 Sorento Master Club members. Interior designers play an important role in facilitating end-consumers' renovation or home improvement projects whereby our products can be part of the interior designers' design solution offered to their customers. Upon invitation, interior designers can register to be a member of the Sorento Master Club on <https://sorentomasterclub.com.my/> without any membership fees. Sorento Master Club members will receive member discounts and have the first-hand access to news updates on our designer range, and related promotions and events.

The Sorento Master Club serves as a collaborative platform for professional designers, our affiliated partners (such as tile and lighting experts) and ourselves. Together, we work with designers to create bathroom and kitchen designs, incorporating products from both our affiliated partners and our own collection.



## 7. BUSINESS OVERVIEW (Cont'd)

This platform not only fosters a closer connection with interior designers who wield direct influence over homeowners' brand choices for their renovations but also serves as another avenue for us to build brand awareness among interior designers as an exclusive and premium brand. The designs crafted through this collaboration are then brought to life as mock bathrooms and/ or kitchens at our Sorento Experience Centre at our Bukit Raja Facility. Here, we showcase the most recent lifestyle trends and distinctive innovations in bathroom and kitchen sanitary solutions, highlighting trends derived from the collaborative efforts of our team, professional designers, and affiliated partners. Any visitation to our Sorento Experience Centre is by invitation only. Other than interior designers, we may extend the invitation to our Sorento Experience Centre to our project customers and product principals.

In the Financial Years Under Review, sales to Sorento Master Club members contributed RM0.46 million (0.51%) in FYE 2022, RM1.69 million (1.51%) in FYE 2023 and RM2.38 million (1.57%) in FYE 2024, respectively to our Group's revenue.

### (c) Digital and print advertising

We place digital advertisements to promote our brands and products on social media platforms. Our social media pages are managed jointly between our in-house team and third-party media agency to generate promotional contents for our social media pages (e.g. Facebook, YouTube, Instagram, Tiktok and Xiaohongshu) to increase brand awareness.

We also place advertisement on outdoor billboards on highways and dealers stores signages. To support our dealers, we maximise brand awareness space in their stores through posters, product displays, banners and printed flyers.

### (d) Exhibitions and fairs

We participate in trade fairs and exhibitions to trade fairs and exhibitions to promote our products and establish contact with potential customers while promoting our brand. We may also collaborate with our dealers to participate in trade fairs and exhibitions by providing them subsidy on the set up cost of their booth.

Trade exhibitions and events that our Group participated as exhibitor during the Financial Years Under Review and up to the LPD are as follows:-

| Year | Exhibition/ event                                       | Organiser                      | Location               |
|------|---|--------------------------------|------------------------|
| 2021 | Homedec Exhibition <sup>(1)</sup>                       | CIS Network Sdn Bhd            | Kuala Lumpur, Malaysia |
| 2021 | Homefair'21 – Home Furnishing Exhibition <sup>(1)</sup> | X Two Media Sdn Bhd            | Johor Bharu, Malaysia  |
| 2022 | Archidex <sup>(2)</sup>                                 | CIS Network Sdn Bhd            | Kuala Lumpur, Malaysia |
| 2022 | Modern Living Home Expo <sup>(1)</sup>                  | Modern Living Event Sdn Bhd    | Johor Bharu, Malaysia  |
| 2022 | Homefair'22 <sup>(1)</sup>                              | X Two Media Sdn Bhd            | Johor Bharu, Malaysia  |
| 2022 | Modern Living Exhibition <sup>(1)</sup>                 | Modern Living Event Sdn Bhd    | Johor Bharu, Malaysia  |
| 2023 | Home Living Exhibition <sup>(1)</sup>                   | Eco & Green Exhibition Sdn Bhd | Johor Bharu, Malaysia  |
| 2023 | Modern Living Home Expo <sup>(1)</sup>                  | Modern Living Event Sdn Bhd    | Johor Bharu, Malaysia  |

## 7. BUSINESS OVERVIEW (Cont'd)

|      |  |                                |                       |
|------|--|--------------------------------|-----------------------|
| 2024 | Home Living Exhibition <sup>(1)</sup>  | Eco & Green Exhibition Sdn Bhd | Johor Bharu, Malaysia |
| 2024 | Modern Living Home Expo <sup>(1)</sup> | Modern Living Event Sdn Bhd    | Johor Bharu, Malaysia |

### Notes:-

- (1) Participated jointly with our dealers, whereby we provided subsidy on the set up cost of their booths.
- (2) Direct participations.

## 7.9 QUALITY AND GREEN CERTIFICATIONS

Our Group places strong emphasis on the safety and quality of all products including house brands products and third party branded products. Further, we must ensure our ceramic bathroom sanitary wares that we import comply with the requirements of Malaysian Standards (“MS”) before it can be imported and distributed in Malaysia pursuant to the Procedures for Importing Construction Products Fifth Edition issued by CIDB Act 1994. The compliance to the MS standards is a pre-requisite for us to apply for the mandatory certifications/ registrations required for our business such as standard compliance certificates by CIDB, other relevant product certificates issued by accredited certification bodies and supplier registration with SPAN. Please refer to Section 6.8 of this Prospectus for the list and further information on our standard compliance certificates issued by CIDB, other relevant product certificates issued by accredited certification bodies and supplier registration.

We participate in green product recognition assessments with Malaysian Green Technology and Climate Change Corporation (“MGTC”) and SPAN under the Water Efficient Product Labelling Scheme for some of our products. The assessments enable the endorsement of water efficiency capabilities in our products after being compared through a scoring system or criteria.

### MGTC/ MyHIJAU mark

MyHIJAU mark is a government initiative to promote the sourcing and purchasing of green products and services in Malaysia. This programme was approved by the Green Technology & Climate Change Council (MTHPI) on 23 October 2012.

MGTC is entrusted to manage MyHIJAU mark and directory and is responsible for the promotion, business advisory, verification, and monitoring of certified green products and services. Registered green products and services will be listed in the MyHIJAU directory which as a reference for green procurement (including Government Green Procurement; GGP and Green Private Purchasing; GPP), green incentives (including Green Investment Tax Allowance; GITA and Green Income Tax Exemption; GITE) and related green technology initiatives.

For a product and services to be qualified for MyHIJAU mark, the product and services must be deemed to minimise the degradation of the environment or reduce greenhouse emission; and promotes health and improvement of the environment; and conserves the use of energy, water and/or other forms of natural resources or promote the use of renewable energy or able to recycle waste material resources.

### **MyHIJAU mark**



**7. BUSINESS OVERVIEW (Cont'd)**

The certifications issued by MGTC allow us to use MyHIJAU mark on our registered products. As at the LPD, we have received the following registration certificates from MGTC:-

| <b>Product (number of models)</b>   | <b>Brands</b>             | <b>Issue date</b> | <b>Expiry date</b> |
|---|---------------------------|-------------------|--------------------|
| Basin cold tap (10 models), basin tap (2 models), wall mounted basin cold tap (1 model), pillar mounted kitchen tap (1 model) and bib tap (1 model) | Sorento, Mocha and Cabana | 24 October 2023   | 14 June 2026       |
| One piece water closet (15 models)  | Sorento, Mocha and Cabana | 10 November 2023  | 31 May 2026        |

**SPAN/ WEPLS label**

WEPLS is a voluntary Water Efficient Product Labelling Scheme initiated by SPAN to register and label water efficient products according to the guidelines set by SPAN.

WEPLS label serves to inform consumers of the product's water efficiency rating and the consumers will be able to take these factors into accounts when making their purchasing decision. five types of products are covered under WEPLS, namely water taps which include basin tap, sink tap, shower tap and ablution tap, water closet, urinal equipment, shower heads and clothes washing machine. Water efficiency products are rated according to their water consumption based on the 3 star rating system.

**A sample of WEPLS label**



Once the products are rated and registered with SPAN, we can use the relevant WEPLS label on our registered products. As at the LPD, we have received seven registration certificates from SPAN for our 'Sorento', 'Cabana' and 'Mocha' water closet (66 models) and water taps (15 models), issued in 2023 and expiring in 2026.

**7.10 TECHNOLOGY USED**

We adopt a cloud-based business management solution comprising an accounting system and relevant plug-ins which is used for automating and streamlining core business processes, including sales lead management, financial management, order processing, inventory management, production, supply chain and warehouse operations, through a single and integrated suite of applications. It also provides access to real-time data from across departments for business analysis purposes. The analysis generated by the system furnishes us with information which allows it to make data-driven decisions to facilitate efficient operations.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.11 RESEARCH AND DEVELOPMENT**

Due to the nature of our business, we do not conduct any research and development activities and we do not have any specific research and development policy.

However, we conduct product development activities which primarily revolve around efforts in developing new product range and improving or enhancing existing product features. We leverage on the manufacturing and design expertise of our third-party manufacturers, and combine their capabilities with our extensive industry experience and knowledge of our markets and customer preferences in our product development activities. Through this close collaboration with our third-party manufacturers, we adapt their designs to align with the specific preferences of our customer base. This process involves adjustments to various specifications including colours, materials, lengths, shapes, and value added features, ensuring our products comply to MS standards and suit our target customers.

Gathering customer feedback and market observations through our direct interactions with our customers and through our online stores, are important parts of our product development activities, whereby we keep abreast with latest market trends and consumer preferences on the design and functions of sanitary wares. We also participate (directly or through our dealers) in renovation, home improvement and interior design fairs and exhibitions, and engage with our distribution network stakeholders, including our dealers and project customers to discover the latest consumer trends and preferences.

As we have established online stores on third-party e-commerce platforms, we have access to consumer purchasing data where we are able to analyse sales data (e.g. top sale products) as well as product reviews, which are valuable feedback for product development and enhancement. Our product development activities are headed by Loo Chai Lai, our co-founder and Managing Director, who has 40 years of experience in home improvement and renovation industry with 21 years of experience in the bathroom and kitchen sanitary ware industry, together with Loo Jing Kai (our Executive Director).

**7.12 OUR SUPPLIERS**

Our suppliers comprise third-party manufacturers and trading houses, suppliers in Malaysia and Singapore, as well as our product principals:-

(a) Third-party manufacturers and trading houses

We source and negotiate directly with our third-party manufacturers and ensure our house brands ordered are manufactured based on our specifications and requirements. If intermediaries are required, we will engage their services after the purchase orders are placed with our end suppliers. During the Financial Years Under Review, all of our house brands were imported from China. Our suppliers comprised third-party manufacturers in China and intermediaries such as trading houses in China and Malaysia. We regard our third-party manufacturers as our end suppliers as our products are ultimately sourced from them. We also appoint trading houses in China to assist some of our third-party manufacturers to ship the products to Malaysia and to conduct quality check on the goods before shipping to Malaysia, as these third-party manufacturers do not have export licenses for the export of goods from China to Malaysia. As such, we also regard intermediaries as our direct suppliers.

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**7. BUSINESS OVERVIEW (Cont'd)**

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During the Financial Years Under Review, we had increasingly purchased our house brands directly from our third-party manufacturers without going through trading houses at 35.00%, 41.85%, 78.42% and 78.69% of our Group's total purchases respectively. With on-going business growth, we have gained the relevant supply chain knowledge to manage imports directly and we have also achieved economies of scale and sufficient purchase volume to import goods directly to reduce our reliance on trading houses. Further, most of our third-party manufacturers in China have obtained their respective export licenses, which reduces the need to engage trading houses to handle export logistics.

For purchases through trading houses, the respective trading houses will issue invoices to us for the cost of the products ordered from our third-party manufacturers, customs duties, SST, exportation/ importation fee for the trading houses and the freight management service provider fees. We make payments to these trading houses against their invoices which are denominated in RMB and USD for trading houses in China, and the trading houses pass on the applicable portion of these payments to the relevant third-party manufacturers in settlement for the price of the products we purchase. As at the LPD, we do not have any minimum purchase obligations with any of our third-party manufacturers.

Please refer to Section 7.3 of this Prospectus for further information on our third-party manufacturers.

(b) Suppliers in Malaysia and Singapore

We source plastics parts and components, as well as complementary products (e.g. toilet seats, soap dispenser, floor trap, cistern fittings, flush valves, etc) from suppliers in Malaysia and Singapore.

(c) Product principals

For foreign third-party brands, we purchase directly from our product principals which are located in overseas. They issue us invoices and make all the necessary export and logistics arrangements based on our delivery schedule.

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.13 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

Our purchases in the Financial Years Under Review comprised product inventory as detail below:-

| Supplies   | FYE 2021      |               | FYE 2022      |               | FYE 2023      |               | FYE 2024      |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | RM'000        | %             | RM'000        | %             | RM'000        | %             | RM'000        | %             |
| Bathroom sanitary ware                             | <b>41,817</b> | <b>85.07</b>  | <b>40,372</b> | <b>81.29</b>  | <b>45,790</b> | <b>84.61</b>  | <b>63,420</b> | <b>83.38</b>  |
| • Wash basins, water closets, jacuzzi and bathtubs | 15,578        | 31.69         | 19,017        | 38.29         | 21,722        | 40.14         | 33,565        | 44.13         |
| • Bathroom furniture                               | 4,721         | 9.60          | 5,276         | 10.62         | 5,894         | 10.89         | 6,588         | 8.66          |
| • Bathroom faucets, shower and bidets              | 15,980        | 32.51         | 11,981        | 24.13         | 13,404        | 24.77         | 17,394        | 22.87         |
| • Bathroom accessories                             | 5,538         | 11.27         | 4,098         | 8.25          | 4,770         | 8.81          | 5,873         | 7.72          |
| Kitchen sanitary ware                              | <b>6,417</b>  | <b>13.05</b>  | <b>8,295</b>  | <b>16.70</b>  | <b>7,588</b>  | <b>14.02</b>  | <b>11,962</b> | <b>15.72</b>  |
| • Kitchen sinks                                    | 4,073         | 8.29          | 4,840         | 9.75          | 5,331         | 9.85          | 8,939         | 11.75         |
| • Kitchen faucets and accessories                  | 2,344         | 4.77          | 3,455         | 6.96          | 2,257         | 4.17          | 3,023         | 3.97          |
| Others <sup>(1)</sup>                              | 925           | 1.88          | 996           | 2.01          | 740           | 1.37          | 684           | 0.90          |
| <b>Total purchases</b>                             | <b>49,159</b> | <b>100.00</b> | <b>49,663</b> | <b>100.00</b> | <b>54,118</b> | <b>100.00</b> | <b>76,066</b> | <b>100.00</b> |

**Note:-**

(1) Comprises water pump and titles.

For our house brands, we maintain a list of approved third-party manufacturers which allow us to source any particular SKU from multiple third-party manufacturers, if required. In the event that we are unable to purchase from our existing third-party manufacturers, we are able to replace with other third-party manufacturers. When required, we also source for plastic products in smaller quantities as and when requested by our customers from local suppliers comprising manufacturers and suppliers. These are offered as value added services to our customers.

We do not enter into any contracts with our third-party manufacturers and our product principals. Our third-party manufacturers will commence the manufacturing process upon receiving purchase orders from us. The lead time for delivery is generally about 45 days. For foreign third-party brands, upon receiving purchase orders from us, our product principals will arrange for delivery of the products if there is available stock or commence manufacturing to fulfil our orders. The prices of our supplies are subject to price fluctuations as the result of fluctuations in production costs and fluctuations in exchange rates. Please refer to Section 7.3 and Section 7.12 of this Prospectus for further information on our third-party manufacturers and suppliers respectively.

In order to ensure that our inventory is sufficient to support the distribution and sale of our products to dealers, projects and end-consumers, we will generally maintain a minimum inventory of four months. The product inventory level to be replenished depends on our purchase orders received, projected sales, lead time required for the specific SKUs to arrive at our facilities, and the pricing of the products. We have not experienced any major inventory shortages in the past as we recognise the importance of maintaining sufficient inventory level to cater for our customers' needs.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.14 PRODUCTION CAPACITY, OUTPUT AND UTILISATION

We outsource all manufacturing works of our house brands to third-party manufacturers, and purchase foreign third-party branded products directly from our product principals. As such, production capacity is not applicable in our business model.

In terms of storage of our product inventory, our Group's estimated annual capacity, actual annual utilisation and utilisation rate for the FYE 2024 of our warehouse facilities, are as set out below:-

|  | Bukit Raja Facility | Jalan Meru Facility | Penang Facility |
|--|---------------------|---------------------|-----------------|
| Annual capacity (Number of pallets) <sup>(1)</sup>           | 3,797               | 3,557               | 319             |
| Actual annual utilisation (Number of pallets) <sup>(2)</sup> | 3,388               | 2,399               | 212             |
| <b>Utilisation rate (%) <sup>(3)</sup></b>                   | <b>89.23</b>        | <b>67.44</b>        | <b>66.46</b>    |

**Notes:-**

- (1) The annual capacity is tabulated based on the average number of pallets that can be stored at the allocated storage spaces in the warehouse comprising the floor space, racks and loose space, at the end of each month during the FYE 2024.
- (2) The actual annual utilisation is tabulated based on the average monthly pallet counts recorded at the end of the month during the FYE 2024.
- (3) The utilisation rate is computed by dividing actual annual utilisation against estimated annual capacity.

### 7.15 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for minor interruptions to our operations arising from COVID-19 pandemic as detailed below, our Group had not experienced any other interruptions in our operations in the last 12 months from the LPD which had a significant effect on our operations.

**(a) Impact on our business operations**

Pursuant to the outbreak of the COVID-19 pandemic in 2020, the Government of Malaysia had implemented different forms of MCO since 18 March 2020 to contain the spread of the virus. During this period, our Group was required to comply with the changes in SOP outlined by MITI throughout the period. Our business and operations were temporarily suspended from 18 March 2020 to 4 May 2020 due to the imposition of the 1<sup>st</sup> MCO. Thereafter, our Group was allowed to operate while complying with MITI's SOP such as reducing workforce capacity. The reduction of workforce capacity as per MITI's SOP during this period did not result in material adverse impact to our business and operations.

Malaysia entered into the "Transition to Endemic" phase beginning 1 April 2022. Our business operations were not impacted by the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

**(b) Impact on sales, delivery and receipt of supplies**

Pursuant to the outbreak of the COVID-19 pandemic, for the FYE 2021, our sales of products were slightly affected due to the slowdown in demand as construction and renovation activities were disrupted by the SOPs that were implemented during the pandemic. Between June 2020 and July 2020, we experienced port closure and congestion in Malaysia which resulted in extended period required to store our goods at the port, which caused us to incur RM112,256.00 for storage and demurrage charges.

## 7. BUSINESS OVERVIEW (Cont'd)

Nevertheless, there was no material impact to our revenue as we recorded an increase in revenue in FYE 2021.

Save for the temporary disruptions to our business operations as disclosed above, there was no material impact on the delivery of our products, receipt of supplies, and the collectability of our trade receivables. Further, there was no material impact on our sales, delivery, and receipt of supplies upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

There was no material impact to our business cash flows, liquidity, financial position and financial performance for the Financial Years Under Review.

### 7.16 SEASONALITY

Due to the nature of our business, there are no significant seasonality or cyclical patterns in the revenue of our Group during the Financial Years Under Review.

### 7.17 EMPLOYEES

As at 30 June 2024, we employed a total of 163 employees, all of which are full time Malaysian employees.

As at the LPD, we employed a total of 170 employees, all of which are Malaysian full time employees. The breakdown of our employees by department or business function is set out as follows:-

| Department/ Business function | Number of employees |               |
|-------------------------------|---------------------|---------------|
|                               | As at 30 June 2024  | As at the LPD |
| Directors                     | 3                   | 3             |
| Finance and account           | 12                  | 13            |
| Human resources and admin     | 10                  | 10            |
| Purchasing                    | 6                   | 6             |
| Dealer sales                  | 15                  | 17            |
| Project sales                 | 19                  | 20            |
| Retail support personnel      | 5                   | 5             |
| Marketing                     | 17                  | 18            |
| Customer service              | 21                  | 23            |
| Warehouse                     | 55                  | 55            |
| <b>Total</b>                  | <b>163</b>          | <b>170</b>    |

None of our employees belong to any labour union. During the Financial Years Under Review and up to the LPD, we did not experience any strikes or other disruptions due to labour disputes.

We have in place a management succession policy to identify key competencies and requirements of managers and higher ranking personnel, to take positive approach towards addressing talent management to ensure our Group has talent readily available from a capability perspective to undertake leadership positions and to frequently train our middle management to ensure they are well equipped with all the necessary knowledge to succeed at senior management positions in the future in our Group.



**7. BUSINESS OVERVIEW (Cont'd)**

**7.18 MAJOR CUSTOMERS**

For the Financial Years Under Review, our Group's top five customers' revenue contributions are 21.55%, 17.31%, 15.28% and 12.37%, respectively. Our Group's top five customers in the Financial Years Under Review comprise dealers and project customers.

As none of our Group's top five major customers each contributed to more than 10% of our Group's total revenue during the Financial Years Under Review, we are not dependent on any of our Group's top five major customers.

Our Group's top five customers for the Financial Years Under Review are as follows:-

**FYE 2021**

| Customer name                            | Customer type | Products sold                       | Type of project supplied                 | Length of relationship (years) <sup>(1)</sup> | Sales (RM '000) | % of our Group's revenue |
|--|---------------|-------------------------------------|--|---|-----------------|--------------------------|
| PSM <sup>(2)</sup>                       | Dealer        | Bathroom and kitchen sanitary wares | Not applicable                           | 11  | 3,985           | 6.03                     |
| Eco World Trading Sdn Bhd <sup>(3)</sup> | Project       | Bathroom and kitchen sanitary wares | Semi-detached houses and bungalow houses | 5   | 2,908           | 4.40                     |
| Customer A <sup>(4)</sup>                | Project       | Bathroom and kitchen sanitary wares | Residential houses                       | 4   | 2,716           | 4.11                     |
| Trade Empire Sdn Bhd                     | Project       | Bathroom and kitchen sanitary wares | Condominium and serviced residences      | 5   | 2,422           | 3.66                     |
| Home Product Center (Malaysia) Sdn Bhd   | Dealer        | Bathroom and kitchen sanitary wares | Not applicable                           | 6   | 2,216           | 3.35                     |
|  |               |                                     |  | <b>Sub-total</b>                              | <b>14,247</b>   | <b>21.55</b>             |
|  |               |                                     |  | <b>Total revenue</b>                          | <b>66,107</b>   | <b>100.00</b>            |

**7. BUSINESS OVERVIEW (Cont'd)**

**FYE 2022**

| <b>Customer name</b>                     | <b>Customer type</b> | <b>Products sold</b>                | <b>Type of project supplied</b>       | <b>Length of relationship (years) <sup>(1)</sup></b> | <b>Sales (RM '000)</b> | <b>% of our Group's revenue</b> |
|--|----------------------|-------------------------------------|---------------------------------------|--|------------------------|---------------------------------|
| PSM <sup>(2)</sup>                       | Dealer               | Bathroom and kitchen sanitary wares | Not applicable                        | 12   | 4,346                  | 4.79                            |
| Eco World Trading Sdn Bhd <sup>(3)</sup> | Project              | Bathroom and kitchen sanitary wares | Serviced residence and terrace houses | 6  | 3,127                  | 3.45                            |
| Home Product Center (Malaysia) Sdn Bhd   | Dealer               | Bathroom and kitchen sanitary wares | Not applicable                        | 7  | 3,126                  | 3.45                            |
| Exaco Marketing Sdn Bhd                  | Project              | Bathroom and kitchen sanitary wares | Not applicable                        | 3  | 3,080                  | 3.40                            |
| Customer B <sup>(5)</sup>                | Project              | Bathroom and kitchen sanitary wares | Residential houses                    | 1  | 2,019                  | 2.22                            |
|  |                      |                                     |                                       | <b>Sub-total</b>                                     | <b>15,698</b>          | <b>17.31</b>                    |
|  |                      |                                     |                                       | <b>Total revenue</b>                                 | <b>90,688</b>          | <b>100.00</b>                   |

**7. BUSINESS OVERVIEW (Cont'd)**

**FYE 2023**

| <b>Customer name</b>                     | <b>Customer type</b> | <b>Products sold</b>                | <b>Type of project supplied</b>                        | <b>Length of relationship (years) <sup>(1)</sup></b> | <b>Sales (RM '000)</b> | <b>% of our Group's revenue</b> |
|--|----------------------|-------------------------------------|--|--|------------------------|---------------------------------|
| PSM <sup>(2)</sup>                       | Dealer               | Bathroom and kitchen sanitary wares | Not applicable   | 13   | 3,776                  | 3.36                            |
| Home Product Center (Malaysia) Sdn Bhd   | Dealer               | Bathroom and kitchen sanitary wares | Not applicable   | 8  | 3,614                  | 3.22                            |
| Mah Sing Trading Sdn Bhd <sup>(6)</sup>  | Project              | Bathroom and kitchen sanitary wares | Service apartment condominium and apartment            | 9  | 3,441                  | 3.06                            |
| Eco World Trading Sdn Bhd <sup>(3)</sup> | Project              | Bathroom and kitchen sanitary wares | Serviced residence, serviced apartment, terrace houses | 7  | 3,274                  | 2.92                            |
| Customer B <sup>(5)</sup>                | Project              | Bathroom and kitchen sanitary wares | Residential houses                                     | 2  | 3,053                  | 2.72                            |
|  |                      |                                     |  | <b>Sub-total</b>                                     | <b>17,158</b>          | <b>15.28</b>                    |
|  |                      |                                     |  | <b>Total revenue</b>                                 | <b>112,311</b>         | <b>100.00</b>                   |

**7. BUSINESS OVERVIEW (Cont'd)**

**FYE 2024**

| Customer name                            | Customer type | Products sold                       | Type of project supplied                                   | Length of relationship (years) <sup>(1)</sup> | Sales (RM '000) | % of our Group's revenue |
|--|---------------|-------------------------------------|--|---|-----------------|--------------------------|
| OTM Group Sdn Bhd                        | Project       | Bathroom and kitchen sanitary wares | Serviced apartment, condominium, residential houses        | 7   | 4,405           | 2.91                     |
| Chin Chun Hardware Sdn Bhd               | Dealer        | Bathroom and kitchen sanitary wares | Not applicable   | 9   | 3,989           | 2.63                     |
| Eco World Trading Sdn Bhd <sup>(3)</sup> | Project       | Bathroom and kitchen sanitary wares | Service residences, serviced apartment, residential houses | 8   | 3,593           | 2.37                     |
| Home Product Center (Malaysia) Sdn Bhd   | Dealer        | Bathroom and kitchen sanitary wares | Not applicable   | 9   | 3,431           | 2.26                     |
| DNC Marketing Sdn Bhd                    | Project       | Bathroom and kitchen sanitary wares | Service apartment, residential houses                      | 5   | 3,326           | 2.20                     |
|  |               |                                     |  | <b>Sub-total</b>                              | <b>18,744</b>   | <b>12.37</b>             |
|  |               |                                     |  | <b>Total revenue</b>                          | <b>151,545</b>  | <b>100.00</b>            |

**Notes:-**

- (1) Length of business relationship with the major customers is determined at each respective FYE.
- (2) PSM is a related party. Please refer to Section 10 of this Prospectus for further information.
- (3) Eco World Trading Sdn Bhd is a subsidiary of Eco World Development Group Berhad, a company listed on the Main Market of Bursa Securities and is involved in trading or business of building materials.
- (4) Customer A is a company involved in trading of construction materials located in Malaysia. It is a subsidiary of a public listed company on the Main Market of Bursa Securities. Customer A's holding company is a company involved in infrastructure and property. Customer A's name has not been disclosed as consent was not provided by them. It is one of our major customers for FYE 2021.
- (5) Customer B is a company involved in fabrication, installation and sale of wood products, provisions of kiln dry services, sale of building materials and household goods located in Malaysia. It is a subsidiary of a public listed company on the Main Market of Bursa Securities. Customer B's holding company is a company primarily involved in property development. Customer B's name has not been disclosed as consent was not provided by them. It is one of our major customers for FYE 2022 and FYE 2023.
- (6) Mah Sing Trading Sdn Bhd is a subsidiary of Mah Sing Group Berhad, a company listed on the Main Market of Bursa Securities and is involved in trading of building materials.

**7. BUSINESS OVERVIEW (Cont'd)**

**7.19 MAJOR SUPPLIERS**

For the Financial Years Under Review, our Group's top five suppliers' purchase of products contributions are 91.99%, 90.62%, 74.10% and 74.39%, respectively. Our Group's top five suppliers by total purchases for the Financial Years Under Review are as follows:-

**FYE 2021**

| <b>Supplier name</b>                              | <b>Countries</b> | <b>Type of supplier</b>  | <b>Products sourced</b>  | <b>Length of relationship (years) <sup>(1)</sup></b> | <b>Purchases (RM '000)</b> | <b>% of our Group's purchases</b> |
|---|------------------|--------------------------|--|--|----------------------------|-----------------------------------|
| MPM Resources Sdn Bhd <sup>(2)</sup>              | Malaysia         | Trading house            | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Bathroom furniture</li> <li>• Faucets</li> <li>• Jacuzzi</li> <li>• Kitchen sinks</li> <li>• Shower and bidets</li> </ul> | 4  | 24,596                     | 50.03                             |
| Chaozhou Chaoan Fengtang Dafuyuan Ceramic Factory | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom furniture</li> <li>• Wash basins</li> <li>• Water closets</li> </ul>   | 5  | 10,442                     | 21.24                             |
| Chaozhou Changhong Sanitary Ware Co., Ltd.        | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom furniture</li> <li>• Wash basins</li> <li>• Water closets</li> </ul>   | 5  | 6,764                      | 13.77                             |
| Bravat (China) GMBH                               | China            | Product principal        | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Faucets</li> <li>• Jacuzzi</li> <li>• Shower</li> <li>• Wash basins</li> <li>• Water closets</li> </ul>                   | 7  | 2,165                      | 4.40                              |
| Shenzhen Onetouch Business Service Ltd            | China            | Trading house            | <ul style="list-style-type: none"> <li>• Kitchen sinks</li> </ul>  | 5 months   | 1,255                      | 2.55                              |
|   |                  |                          |  | <b>Subtotal</b>                                      | <b>45,222</b>              | <b>91.99</b>                      |
|   |                  |                          |  | <b>Total purchases</b>                               | <b>49,159</b>              | <b>100.00</b>                     |

**7. BUSINESS OVERVIEW (Cont'd)**

**FYE 2022**

| <b>Supplier name</b>                              | <b>Countries</b> | <b>Type of supplier</b>  | <b>Products sourced</b>  | <b>Length of relationship (years) <sup>(1)</sup></b> | <b>Purchases (RM '000)</b> | <b>% of our Group's purchases</b> |
|---|------------------|--------------------------|--|--|----------------------------|-----------------------------------|
| MPM Resources Sdn Bhd <sup>(2)</sup>              | Malaysia         | Trading house            | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Faucets</li> <li>• Jacuzzi</li> <li>• Kitchen sinks</li> <li>• Shower and bidets</li> </ul>                                   | 5  | 20,286                     | 40.85                             |
| Chaozhou Chaoan Fengtang Dafuyuan Ceramic Factory | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom furniture</li> <li>• Wash basins</li> <li>• Water closets</li> </ul>   | 6  | 13,270                     | 26.72                             |
| Chaozhou Changhong Sanitary Ware Co., Ltd.        | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Bathroom furniture</li> <li>• Faucets</li> <li>• Shower and bidets</li> <li>• Wash basins</li> <li>• Water closets</li> </ul> | 6  | 7,050                      | 14.19                             |
| Heshan Hang Chuan Trading Co., Ltd                | China            | Trading house            | <ul style="list-style-type: none"> <li>• Kitchen sinks</li> </ul>  | 5  | 2,982                      | 6.00                              |
| Bravat (China) GMBH                               | China            | Product principal        | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Faucets</li> <li>• Jacuzzi</li> <li>• Showers</li> <li>• Wash basins</li> <li>• Water closets</li> </ul>                      | 8  | 1,419                      | 2.86                              |
|   |                  |                          |  | <b>Subtotal</b>                                      | <b>45,007</b>              | <b>90.62</b>                      |
|   |                  |                          |  | <b>Total purchases</b>                               | <b>49,663</b>              | <b>100.00</b>                     |

**7. BUSINESS OVERVIEW (Cont'd)**

**FYE 2023**

| <b>Supplier name</b>                               | <b>Countries</b> | <b>Type of supplier</b>  | <b>Products sourced</b>   | <b>Length of relationship (years) <sup>(1)</sup></b> | <b>Purchases (RM '000)</b> | <b>% of our Group's purchases</b> |
|--|------------------|--------------------------|---|--|----------------------------|-----------------------------------|
| Chaozhou Chaoan Fengtang Dafuyuan Ceramic Factory  | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Bathroom furniture</li> <li>• Faucets</li> <li>• Shower</li> <li>• Wash basins</li> <li>• Water closets</li> </ul> | 7  | 16,493                     | 30.48                             |
| Xiamen Taiyang Technology Co., Ltd                 | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Faucets</li> <li>• Shower and bidets</li> </ul>  | 5  | 10,682                     | 19.74                             |
| Chaozhou Jinbaichuan Sanitary Ware Co., Ltd        | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom furniture</li> <li>• Wash basins</li> <li>• Water closets</li> </ul>  | 7  | 4,638                      | 8.57                              |
| Guangdong Yanggang Intelligent Technology Co., Ltd | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Kitchen sinks</li> </ul>   | 10   | 4,408                      | 8.14                              |
| Dongguan Yuyi Trading Co., Ltd.                    | China            | Trading house            | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Bathroom furniture</li> <li>• Faucets</li> <li>• Jacuzzi</li> <li>• Showers</li> </ul>                             | 7 months   | 3,881                      | 7.17                              |
|  |                  |                          |   | <b>Subtotal</b>                                      | <b>40,102</b>              | <b>74.10</b>                      |
|  |                  |                          |   | <b>Total purchases</b>                               | <b>54,118</b>              | <b>100.00</b>                     |

**7. BUSINESS OVERVIEW (Cont'd)**

**FYE 2024**

| <b>Supplier name</b>                                   | <b>Countries</b> | <b>Type of supplier</b>  | <b>Products sourced</b>   | <b>Length of relationship (years) <sup>(1)</sup></b> | <b>Purchases (RM '000)</b> | <b>% of our Group's purchases</b> |
|--|------------------|--------------------------|---|--|----------------------------|-----------------------------------|
| Chaozhou Jinbaichuan Sanitary Ware Technology Co., Ltd | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom furniture</li> <li>• Wash basins</li> <li>• Water closets</li> </ul>  | 8  | 16,430                     | 21.60                             |
| Xiamen Taiyang Technology Co., Ltd                     | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Faucets</li> <li>• Shower and bidets</li> </ul>  | 6  | 14,485                     | 19.04                             |
| Chaozhou Chaoan Fengtang Dafuyuan Ceramic Factory      | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Bathroom furniture</li> <li>• Faucets</li> <li>• Shower</li> <li>• Wash basins</li> <li>• Water closets</li> </ul> | 8  | 10,505                     | 13.81                             |
| Guangdong Yanggang Intelligent Technology Co., Ltd     | China            | Third-party manufacturer | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Kitchen sinks</li> </ul>   | 11   | 7,843                      | 10.31                             |
| Dongguan Yuyi Trading Co., Ltd.                        | China            | Trading house            | <ul style="list-style-type: none"> <li>• Bathroom accessories</li> <li>• Bathroom furniture</li> <li>• Faucets</li> <li>• Jacuzzi</li> <li>• Showers</li> </ul>                             | 1  | 7,319                      | 9.63                              |
|  |                  |                          |   |  | <b>Subtotal</b>            | <b>74.39</b>                      |
|  |                  |                          |   |  | <b>Total purchases</b>     | <b>100.00</b>                     |

**Notes:-**

(1) Length of business relationship with the major suppliers is determined at each respective Financial Years Under Review.

(2) MPM Resources Sdn Bhd, a local trading house, which contributed 50.03% and 40.85% of the Group's total purchases in FYE 2021 and FYE 2022, ceased as its top five major supplier in FYE 2023 as the Group increased direct purchases from its third-party manufacturers who have obtained their export licences. MPM Resources Sdn Bhd was dissolved on 16 September 2022.



**7. BUSINESS OVERVIEW (Cont'd)**

For the FYE 2021, FYE 2022 and FYE 2023, our purchases from Chaozhou Chaoan Fengtang Dafuyuan Ceramic Factory represented 21.24%, 26.72% and 30.48% of our Group's total purchases in the respective FYEs. We have been purchasing from Chaozhou Chaoan Fengtang Dafuyuan Ceramic Factory since 2016, and it was our main supplier for our water closets and wash basins. We also source these products from two other third-party manufacturers in China. In the FYE 2024, we had increased our purchase of water closets and wash basins from Chaozhou Jinbaichuan Sanitary Ware Technology Co., Ltd, whereby it became our largest major supplier.

In the event Chaozhou Chaoan Fengtang Dafuyuan Ceramic Factory or Chaozhou Jinbaichuan Sanitary Ware Technology Co., Ltd is unable to fulfil our orders, we can engage the other third-party manufacturers to manufacture the same products for us. We have obtained the relevant product certifications for CIDB registration which enable us to import water closets and wash basins from all three third-party manufacturers. As at the LPD, our Group has identified more third-party manufacturers to manufacture our water closets and wash basins to support the anticipated future increased demand for these products. We are in the midst of submitting the relevant applications and product testing to obtain the relevant product certifications for CIDB registration for importation of water closets and wash basins from the new suppliers.

Xiamen Taiyang Technology Co., Ltd became our major supplier in the FYE 2023 and FYE 2024 as it contributed 19.74% and 19.04% of our Group's total purchases, respectively. We have been purchasing bathroom faucets, showerheads and related accessories from Xiamen Taiyang Technology Co., Ltd since 2018, and it is our main supplier for our bathroom faucets, shower and related accessories. Prior to FYE 2023, purchases from Xiamen Taiyang Technology Co., Ltd were made through MPM Resources Sdn Bhd. We also source these products from three other third-party manufacturers in China. In the event Xiamen Taiyang Technology Co., Ltd is unable to fulfil our orders, we can engage the other three third-party manufacturers to manufacture the same products for us. Product certifications is required for importation of bathroom faucets, shower and related accessories, while CIDB registration is not mandatory.

Notwithstanding that certain major suppliers of our Group have contributed substantially to our Group's purchases during the Financial Years Under Review, we are not dependent on any of our suppliers as we maintain a list of approved third-party manufacturers which allow us to source high volume SKUs (e.g. water closets, from more than one third-party manufacturer. In the event that we are unable to procure our products from our existing third-party manufacturers, we are able to replace with other third-party manufacturers as these manufacturers have similar product and service offerings. As such, our Group is not dependent on any of our major suppliers. Please refer to Section 7.3, Section 7.12 and Section 7.13 of this Prospectus for further information on our third-party manufacturers, suppliers and purchases respectively.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.20 ENVIRONMENT, SOCIAL AND GOVERNANCE (“ESG”) PRACTICES**

We recognise the importance of ensuring environmentally responsible operations, providing a conducive workplace for our employees and adopting a high standard of corporate governance in shaping our Group’s future growth and development. Our Group’s sustainability efforts are guided by our sustainability policy. We have implemented and are in the midst of implementing the following practices:-

**(i) Environmental**

Our Group aims to integrate sustainable and eco-friendly practices into our business operations to minimise our impact on the environment. The measures that we have taken or plan to take including the following:-

**(a) Reduce energy, water consumption and vehicle emissions**

At our workplace, we prioritise energy saving practices to promote sustainability. We actively encourage our employees to adopt responsible habits such as powering off all electrical and electronic devices, including laptops, computers, lights, fans and air conditioners when they are not in use. By doing so, we aim to minimise unnecessary energy consumption. Furthermore, we emphasize the importance of conserving water by reminding everyone to turn off water taps when not in use. Together, these efforts contribute to a more environmentally conscious and efficient workplace.

Our vehicles also undergo regular checks and maintenance to ensure their emission controls are functioning optimally and in compliance with the pollutant emission standards set by the government. By doing so, we actively promote cleaner and more efficient operation of our vehicles. Our commitment to maintaining these standards not only helps reduce harmful emissions but also contributes to a healthier environment.

**(b) Waste management**

We prioritise the reuse wooden pallets to efficiently organise storage space in our warehouses. Additionally, we repurpose packaging scraps by utilising them as fillers or protective cushioning within our product carton boxes. These practices ensure that our products are well-protected during transit.

In addition, we sort the waste according to waste-sorting labels (paper, plastic, e-waste and general waste) to ensure proper segregation of waste which in turn helps to enhance efficiency in the recycling process.

We are also committed to practice paperless initiative where our Group is moving towards digitalising our marketing materials by reducing printing of the catalogues and brochures and uploading them to our website. As for our office administrative function, we encourage our employees to reduce paper usage and recycle used papers. Going forward, we intend to adopt enterprise resource planning system to further reduce unnecessary printing while enhancing our operational efficiency.

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## 7. BUSINESS OVERVIEW (Cont'd)

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### (ii) Social

The safety and health of our employees are our priorities, specifically on mitigating any safety and health risks at our workplace to create a healthy and productive environment.

This objective is achieved throughout the exercises and goals in the following aspects:-

#### (a) Occupational, safety and health

In accordance with Occupational Safety and Health Act 1994, we have established a Safety and Health Committee with our Group to create a workplace that prioritises safety, health and environment.

Besides, personal protection equipment such as safety helmet, safety harness, weightlifting waist belt and safety shoes are provided to our employees, when necessary. This measure is aimed to ensure personnel safety and prevent any injuries at workplace.

In response to the COVID-19 situation, our Group had also implemented precautionary measures across our premises to protect our employees and customers and we ensured compliance with the relevant laws and regulations introduced by the Malaysian government from time to time to curb the spread of COVID-19.

#### (b) Diversity and equal opportunity

We practice gender equality and cultural diversity with equal opportunities irrespective of one's age, gender and ethnicity for employment, career development and advancement to attract and retain talent. As at the LPD, our Group's workforce comprises 44% female and 56% male employees. From ethnicity perspective, our workforce comprises 53% Bumiputera, 46% Malaysian Chinese and 1% Malaysian Indian employees.

We promote team bonding among our employees by organising festival celebrations and activities. These events provide a platform for cultural exchange, enabling our employees to appreciate and celebrate the various cultural heritages and traditions within our Group. Promoting cross-cultural understanding, cultivates a sense of unity, respect and appreciation among our workforce.

In addition, we empower our employees by supporting their personal and professional growth. We aim to enhance the skills of our employees through training programmes and education initiatives such as production techniques, leadership skills and self-development training. In 2024, we invested approximately RM24,686 in personal and professional development training programmes for our employees.

## 7. BUSINESS OVERVIEW (Cont'd)

### (c) Corporate social responsibility

We remain committed to supporting the communities where we operate by actively contributing to their well-being. In our on-going efforts to consistently assist these communities, we donated and sponsored approximately RM59,700 to non-governmental organisations in 2023 and 2024. These organisations include Sekolah Jenis Kebangsaan (Cina) Pui Ying, Sekolah Menengah Kebangsaan Bandar Putra, Khor Teng Tong & Hunza Charity Berhad, Mah Sing Foundation, Eco World Foundation and Bandar Raya Developments Berhad- Rotary Children's Residence and Majlis Kebajikan dan Sukan Anggota Kerajaan Negeri Perlis.

### (iii) Governance

Our Group recognises that high standard of corporate governance is the foundation upon which we build a sustainable business. In essence, we are committed to conduct our business ethically and ensure compliance with all relevant laws and regulations that govern our business operations.

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("MCCG") which contains best practices and guidance for listed companies to improve upon or to enhance our corporate governance as it forms an integral part of our business operations and culture. Our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of our shareholders and to govern our Group effectively.

As at the LPD, our Group has adopted the following recommendations under the Malaysian Code on Corporate Governance:-

- (a) at least half of our Board members are independent directors;
- (b) at least 30% of our Board members are women directors;
- (c) our ARMC comprises solely independent directors; and
- (d) our Independent Non-Executive Chairman is not a member of any of our board committees.

In addition, we have established the following policies and procedures to ensure the sufficiency and integrity of our Group's risk management and internal control system prior to listing:-

- (a) Anti-Bribery and Corruption Policy to promote ethical business conduct;
- (b) Whistleblowing Policy to encourage reporting of inappropriate, unethical or unlawful behaviour and practices by our management or employees, which in turn helps to maintain trust and integrity within our Group and our stakeholders; and
- (c) Conflict of Interest Policy to identify, manage and minimise the conflict arising from personal and financial interest of individuals which may interfere their professional responsibilities. This policy also serves to ensure that the engagement between our Group and the ARMC is free from any conflict of interest element, which could impair its objectivity and independence.

Based on the above, we have adopted the applicable practices as recommended under the MCCG.