

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF TMK CHEMICAL BHD (“TMK” OR THE “COMPANY”) DATED 25 NOVEMBER 2024 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic 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 (“**Website**”).

Availability and Location of 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 or the Issuing House, Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a paper/printed copy of the Prospectus, subject to availability, 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. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, the Promoters, the Principal Adviser, the Sole Bookrunner and the Sole Underwriter named in the Electronic Prospectus have not authorised 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 the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful 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 offered under the Retail Offering will open at 10.00 a.m. on 25 November 2024 and will close at 5.00 p.m. on 29 November 2024. Any change to the timetable will be advertised by TMK in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia. 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, being the stock exchange the Company is seeking listing on. 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 on 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.

P R O S P E C T U S

THIS PROSPECTUS IS DATED 25 NOVEMBER 2024



TMK CHEMICAL BHD

(FORMERLY KNOWN AS TAIKO MARKETING SDN BHD)
(Co. Reg. No. 198901001548 (178854-K))
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING ("IPO") OF 220,000,000 ORDINARY SHARES IN TMK CHEMICAL BHD (FORMERLY KNOWN AS TAIKO MARKETING SDN BHD) ("TMK" OR "COMPANY") ("IPO SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARES IN TMK ("TMK SHARES" OR "SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING A PUBLIC ISSUE OF 220,000,000 NEW SHARES ("ISSUE SHARES") INVOLVING:

- (I) INSTITUTIONAL OFFERING OF 190,000,000 IPO SHARES TO INSTITUTIONAL AND SELECTED INVESTORS AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND
- (II) RETAIL OFFERING OF 30,000,000 IPO SHARES TO THE DIRECTORS OF TMK, ELIGIBLE EMPLOYEES OF TMK AND ITS SUBSIDIARIES ("GROUP"), PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP AND THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM1.75 PER IPO SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE;

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS.

THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

- (A) THE RETAIL PRICE; OR
- (B) THE INSTITUTIONAL PRICE.

Principal Adviser, Sole Bookrunner and Sole Underwriter



Investment Bank

Maybank Investment Bank Berhad
Company Registration No. 197301002412
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC 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 THAT 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" COMMENCING ON PAGE 37.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA



TMK CHEMICAL BHD



PROSPECTUS



TMK CHEMICAL BHD

(FORMERLY KNOWN AS TAIKO MARKETING SDN BHD)
(Co. Reg. No. 198901001548 (178854-K))
(Incorporated in Malaysia under the Companies Act, 1965)



Address :

B2-G-01, Blok B2, Meritus @
Oasis Corporate Park (Pusat Korporat Oasis)
No. 2 Jalan PJU 1A/2, Ara Damansara
47301 Petaling Jaya, Selangor.



General Line :

+603-7624 6000



Email :

enquiry.kl@tmkchemical.com

www.tmkchemical.com

All defined terms used in this Prospectus are defined under “Presentation of Financial and Other Information” commencing on page x, “Definitions” commencing on page xiii and “Glossary of Technical Terms” commencing on page xx.

RESPONSIBILITY STATEMENTS

Our Directors and our Promoters 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 this Prospectus false or misleading.

Maybank IB, being the Principal Adviser and Sole Bookrunner for the Institutional Offering and Sole Underwriter for the Retail Offering, 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 our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Forms have also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

Investors should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA 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.

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

Our Shares are classified as Shariah-compliant by the Shariah Advisory Council of the SC (“**SAC**”). 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.

Investors should not take the agreement by the Sole Underwriter named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus is published solely in connection with our IPO. Our Shares are being offered solely in Malaysia on the basis of the information contained and representations made in this Prospectus. Our Company, our Promoters, the Principal Adviser, the Sole Bookrunner and the Sole Underwriter have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, our Promoters, the Principal Adviser, the Sole Bookrunner and the Sole Underwriter or any of their respective directors, or any other persons involved in our IPO.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and it has not been and will not be lodged, registered or approved under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. Accordingly, this 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 of our Shares in any jurisdiction or in any circumstance 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. The distribution of this Prospectus and the offering of our Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves accordingly and to observe applicable restrictions.

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 be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it. We will further assume that you have accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

It will be your sole responsibility to ensure that your application for our IPO is in compliance with the terms of our IPO and will not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. It will also be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither we nor our Promoters, the Principal Adviser, the Sole Bookrunner and the Sole Underwriter nor any other advisers in relation to our IPO will accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

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/INTERNET SHARE APPLICATION

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secure medium. Your Internet Share Application may be subject to risks in 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. These risks cannot be borne by the Internet Participating Financial Institutions.

If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us, or the Issuing House. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**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 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, file or other material 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 are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost 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, file or other material provided by the Third-Party Internet Sites; and

- (iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We 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, information, file or other material.

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

- (i) the Internet Participating Financial Institution or Participating Securities Firms is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus 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. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institution or Participating Securities Firms and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and
- (iii) the Internet Participating Financial Institution or Participating Securities Firms is not liable (whether in tort or contract or otherwise) for any loss, damage or costs that 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 the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault 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 Institution 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.

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time and/or date
Opening of the Institutional Offering	25 November 2024
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., 25 November 2024
Closing of the Retail Offering	5:00 p.m., 29 November 2024
Closing of the Institutional Offering	29 November 2024
Price Determination Date	29 November 2024
Balloting of applications for our IPO Shares under the Retail Offering	3 December 2024
Allotment of our IPO Shares to successful applicants	11 December 2024
Listing	12 December 2024

In the event there is any change to the timetable, we will announce and advertise the notice of changes on Bursa Securities' website and in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, respectively.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” or “TMK” are to TMK Chemical Bhd (*formerly known as Taiko Marketing Sdn Bhd*). All references to “TMK Group” or “our Group” are to our Company and our subsidiaries taken as a whole. All references to “we”, “us”, “our” and “ourselves” are to our Company and where the context otherwise requires, our Group. All references to “you” are to our prospective investors.

Certain numbers presented in this Prospectus have been rounded off to the nearest hundredth or one (1) decimal place. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments.

Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section. Words denoting the singular will, where applicable, include the plural and *vice versa* and words denoting the masculine gender will, where applicable, include the feminine and/or neuter gender and *vice versa*. Reference to persons will, where applicable, include companies and corporations.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of the 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.

Any reference to a time or date shall be a reference to a time or date in Malaysia, unless otherwise stated.

Any reference to the “LPD” in this Prospectus is to 27 October 2024, being the latest practicable date prior to the registration of this Prospectus with the SC.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding the growth and performance of the industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each of such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report as included in Section 8 of this Prospectus. We have appointed Smith Zander International Sdn Bhd to provide an independent market and industry review. In compiling its data for the review, Smith Zander International Sdn Bhd had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

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 give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

For the purpose of this Prospectus, EBITDA is calculated as our profit for the relevant financial year or period plus (i) tax expense; (ii) finance costs; (iii) depreciation and amortisation, less (iv) interest income.

EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION *(Cont'd)*

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies and potential growth opportunities;
- (ii) our future plans and objectives;
- (iii) our future financial position, earnings, cash flows and liquidity;
- (iv) the demand for our products and services, trends and competitive position;
- (v) our ability to enter and operate in certain foreign markets; and
- (vi) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) activities and financial position of our customers, suppliers and business partners;
- (ii) general economic, business, social, political and investment environment in Malaysia and in countries where we operate or source our products and globally;
- (iii) interest rates, tax rates, finance cost and exchange rates;
- (iv) competitive environment in the industry in which we operate;
- (v) reliance on approvals, permits and licences;
- (vi) delays in availability of supply and fluctuations in price of input materials;
- (vii) fixed and contingent obligations and commitments;
- (viii) changes in accounting standards and policies;
- (ix) continued availability of capital and financing;
- (x) delays or problems with the execution of our expansion plans;
- (xi) future regulatory or government policy changes affecting us or countries from where we operate or source our products; and
- (xii) other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on “Risk Factors” and Section 12.2 of this Prospectus on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

FORWARD-LOOKING STATEMENTS *(Cont'd)*

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 will further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

DEFINITIONS

The following terms shall apply throughout this Prospectus unless the term is defined otherwise or the context requires otherwise:

Act	:	Companies Act 2016 of Malaysia
Acquisition	:	TMK's acquisition of the entire issued share capital of Chlor-Al comprising 800,000 ordinary shares for a purchase consideration of RM697,900,000. See Sections 6.1.2 and 14.6.4 of this Prospectus for details.
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
AGM	:	Annual general meeting
APAD	:	Land Public Transport Agency (Agensi Pengangkutan Awam Darat)
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form(s)	:	Application form for the application of the IPO Shares under the Retail Offering accompanying this Prospectus
ASP	:	Average selling price
ATM	:	Automated teller machine
Auditors or Reporting Accountants or Deloitte	:	Deloitte PLT
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application in respect of the payment for our IPO Shares
Banting Plant 1	:	TMK Group's chlor-alkali manufacturing plant in Banting, Selangor
Banting Plant 2	:	An additional chlor-alkali manufacturing plant which TMK Group intends to construct at the site of the Banting Plant 1
BNM	:	Central Bank of Malaysia (Bank Negara Malaysia)
Board	:	Board of Directors of our Company
Bomba	:	Fire and Rescue Department of Malaysia (Jabatan Bomba dan Penyelamat Malaysia)
Bumiputera	:	In context of: <ul style="list-style-type: none"> (i) individuals - Malay and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (ii) companies - companies which fulfil, among others, the following criteria or such other criteria as may be imposed by the MITI: <ul style="list-style-type: none"> (a) registered under the Act as a private company; (b) its shareholders are 100% Bumiputera; and

DEFINITIONS (Cont'd)

	(c) its board of directors (including its staff) are at least 51% Bumiputera; and
	(iii) cooperatives - cooperatives whose shareholders or cooperative members are at least 95% Bumiputera or such other criteria as may be imposed by the MITI
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
Business Transfer Deed	: The business transfer deed dated 6 September 2023 between TMKS and Chlor-AI whereby Chlor-AI had acquired certain assets of TMKS from TMKS, the details of which are set out in Section 14.6.5 of this Prospectus
CAGR	: Compound annual growth rate, computed through the formula: $\text{CAGR} = (\text{Ending amount} / \text{Beginning amount})^{1/N} - 1$ <p>Ending amount is the amount at the end of the period; Beginning amount is the amount at the beginning of the period; and N is the number of years within the period</p>
CCC	: Certificate of completion and compliance or such certificate by any other name issued by the relevant authority under the Street, Drainage and Building Act 1974 of Malaysia and any by-laws made under it or such relevant legislation applicable at the material time
CCM	: Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia)
CDS	: Central Depository System
CMSA	: Capital Markets and Services Act 2007 of Malaysia
Constitution	: Constitution of our Company
COVID-19	: An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Customer A	: A company incorporated in Vietnam which is involved in the manufacturing of glass products. It is a subsidiary of a holding company incorporated in China which is involved in the manufacturing of glass products. Customer A is not listed on any stock exchange and its holding company is listed on both the Hong Kong Stock Exchange and Shanghai Stock Exchange. Our attempts to obtain Customer A's consent to disclose its information in the Prospectus were denied. As such, Customer A's name has not been disclosed
Customer B	: A company incorporated in Malaysia which is involved in the manufacturing of detergents and personal care products. It is a subsidiary of a holding company incorporated in Japan which is involved in the manufacturing of cleaning products. Customer B is not listed on any stock exchange and its holding company is listed on the Tokyo Stock Exchange. Our attempts to obtain Customer B's consent to disclose its information in the Prospectus were denied. As such, Customer B's name has not been disclosed

DEFINITIONS *(Cont'd)*

Customer C	:	A company incorporated in Vietnam which is involved in the manufacturing of glass panels. It is a subsidiary of a holding company incorporated in Japan which is involved in the manufacturing of glass products. Customer C is not listed on any stock exchange and its holding company is listed on the Tokyo Stock Exchange. Our attempts to obtain Customer C's consent to disclose its information in the Prospectus were denied. As such, Customer C's name has not been disclosed
Customer D	:	A company incorporated in Singapore which is involved in the management of water supply, water catchment and used water. Customer D is not listed on any stock exchange. Our attempts to obtain Customer D's consent to disclose its information in the Prospectus were denied. As such, Customer D's name has not been disclosed
Customer E	:	A company incorporated in Vietnam which is involved in the trading of building materials. It is a subsidiary of a holding company incorporated in Vietnam which is involved in the development of real estate and the manufacturing of building materials. Customer E is not listed on any stock exchange and its holding company is listed on the Ho Chi Minh Stock Exchange. Our attempts to obtain Customer E's consent to disclose its information in the Prospectus were denied. As such, Customer E's name has not been disclosed
Customer F	:	A company incorporated in Malaysia which is involved in the manufacturing of glass products. It is a subsidiary of a holding company incorporated in Japan which is involved in the manufacturing of glass products. Customer F is not listed on any stock exchange and its holding company is listed on the Tokyo Stock Exchange. Our attempts to obtain Customer F's consent to disclose its information in the Prospectus were denied. As such Customer F's name has not been disclosed
Depositor	:	A holder of a Securities Account
Directors	:	Directors of our Company and " Director " shall refer to any one of them
EBIT	:	Earnings before interest and taxation
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	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)
Electronic Share Application	:	Application for our IPO Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	:	Collectively, the Directors, employees of TMK Group (including directors of the subsidiaries of TMK) and persons who have contributed to the success of the TMK Group who are eligible to participate in the Retail Offering
EPS	:	Earnings per share
EQA	:	Environmental Quality Act 1974
Equity Guidelines	:	Equity Guidelines issued by the SC

DEFINITIONS *(Cont'd)*

ESG	:	Environmental, social and governance
Executive Director	:	Executive director of our Company
Final Retail Price	:	Final price per IPO Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FPE	:	Financial period ended 30 June, or where the context otherwise requires, financial period ending 30 June
FYE	:	Financial year ended 31 December, or where the context otherwise requires, financial year ending 31 December
Government or Malaysian Government	:	Government of Malaysia
GP	:	Gross profit
IE Regulations	:	Environmental Quality (Industrial Effluent) Regulations 2009
IETS	:	Industrial effluent treatment system
IFRS	:	International Financial Reporting Standards issued by the International Accounting Standards Board
IMR Report	:	Independent market research report titled “Inorganic Chemicals Industry in Malaysia, Vietnam and Singapore” dated 5 November 2024, prepared by Smith Zander
IMR or Smith Zander	:	Smith Zander International Sdn Bhd, the independent market researcher
Institutional Offering	:	Offering of 190,000,000 IPO Shares at the Institutional Price, subject to clawback and reallocation provisions, to institutional and selected investors
Institutional Price	:	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution(s) or Participating Securities Firm(s)	:	Participating financial institution(s) or participating securities firm(s) for the Internet Share Application
Internet Share Application	:	Application for our IPO Shares through an Internet Participating Financial Institution
Initial Public Offering or IPO	:	Initial public offering comprising the Public Issue
IPO Shares or Issue Shares	:	New Shares to be issued by our Company under the Public Issue
Issuing House or Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd
IT	:	Information technology

DEFINITIONS *(Cont'd)*

Key Senior Management	:	Key senior management of our Group, whose profiles are set out in Section 9.3.2 of this Prospectus and where applicable, Section 9.2.1 of this Prospectus
KM	:	Planning permission (Kebenaran Merancang)
Listing	:	Listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	27 October 2024, being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day on which Bursa Securities is open for trading in securities
Maybank IB	:	Maybank Investment Bank Berhad
MCCG	:	Malaysian Code on Corporate Governance
MCO	:	Movement control order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic
MD Status	:	Malaysia Digital status granted by MDEC which is a replacement of the former Multimedia Super Corridor status. Malaysia Digital Status companies are entitled to certain incentives, rights and privileges from the Government, subject to necessary approvals, compliance of applicable conditions, laws and regulations
MDEC	:	Malaysia Digital Economy Corporation Sdn Bhd (Perbadanan Ekonomi Digital Malaysia)
MFRS	:	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
MIA	:	Malaysian Institute of Accountants
MITI	:	Ministry of Investment, Trade and Industry of Malaysia (Kementerian Pelaburan, Perdagangan dan Industri Malaysia)
MOF	:	Ministry of Finance Malaysia (Kementerian Kewangan Malaysia)
Moratorium Providers	:	Collectively, Dato' Lee Soon Hian, Lee Oi Loon, Leong Chao Seong, Wong Kin Wah, Lee Hong Zhang, Lee Sen Zhang, Lee Tian Zhang and Lee Yan Ling, being shareholders of our Company whose securities are subject to moratorium under the Equity Guidelines
MPERS	:	Malaysian Private Entities Reporting Standard issued by the Malaysian Accounting Standards Board
N/A	:	Not applicable
NA	:	Net assets

DEFINITIONS (Cont'd)

NBV	:	Net book value
Official List	:	A list specifying all securities listed on Bursa Securities
Participating Financial Institution(s)	:	A participating financial institution(s) for the Electronic Share Application
Participating Securities Firm(s)	:	A participating securities firm(s) for the Internet Share Application
PATAMI	:	Profit after taxation and non-controlling interests
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PB Multiple	:	Price-to-book multiple
PE Multiple	:	Price-to-earnings multiple
Periods Under Review	:	The financial years under review for the purpose of this Prospectus comprising the FYE 2021, FYE 2022, FYE 2023 and FPE 2024
PPE	:	Property, plant and equipment
Pink Application Form	:	Application form for the application of IPO Shares under the Retail Offering by the Eligible Persons accompanying this Prospectus
Pink Form Allocations	:	The allocation of 10,000,000 IPO Shares to the Eligible Persons under the Retail Offering
Placement Agreement	:	Placement agreement to be entered into between our Company and the Sole Bookrunner in respect of such number of IPO Shares to be offered under the Institutional Offering
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Principal Adviser	:	Maybank IB
Promoters	:	Collectively, Dato' Lee Soon Hian, Leong Chao Seong and Wong Kin Wah and " Promoter " shall refer to any one of them
Prospectus	:	This Prospectus dated 25 November 2024 issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public issue of 220,000,000 IPO Shares by our Company
R&D	:	Research and development
Record of Depositors	:	A record of securities holders established by Bursa Depository in accordance with the Rules of Bursa Depository

DEFINITIONS *(Cont'd)*

Retail Offering	: Offering of 30,000,000 IPO Shares at the Retail Price, subject to the clawback and reallocation provisions, to be allocated in the following manner:
	(i) 10,000,000 IPO Shares reserved for application by the Eligible Persons; and
	(ii) 20,000,000 IPO Shares for application by the Malaysian Public, via balloting
Retail Price	: Initial price of RM1.75 per IPO Share to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in Section 4.3.1 of this Prospectus
Retail Underwriting Agreement	: Retail underwriting agreement dated 7 November 2024 between our Company and the Sole Underwriter for the underwriting of the IPO Shares under the Retail Offering
RMCO	: Recovery MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
ROC	: Registrar of Companies
Rules of Bursa Depository	: The rules of Bursa Depository as issued under the SICDA
SC	: Securities Commission Malaysia
Scheduled Wastes Regulations	: Environmental Quality (Scheduled Wastes) Regulations 2005
Securities Account or CDS Account	: An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
SICDA	: Securities Industry (Central Depositories) Act 1991 of Malaysia
SKU	: Stock keeping unit
SOCSSO	: Social Security Organisation, Malaysia, also known as PERKESO (Pertubuhan Keselamatan Social)
Sole Bookrunner	: Maybank IB
Sole Underwriter	: Maybank IB
SOP	: Standard operating procedures
Stafford	: Stafford Capital Ltd
Subdivision	: Subdivision of 83,178,163 Shares into 780,000,000 Shares which was completed on 24 October 2024

DEFINITIONS (Cont'd)

- Supplier A : A company incorporated in the United States which is involved in the sale of soda ash. It is a subsidiary of a holding company incorporated in the United States which is involved in the provision of onshore, offshore and marine transportation services, and the production and processing of sodium minerals and sulphur. Supplier A is not listed on any stock exchange and its holding company is listed on the New York Stock Exchange. Our attempts to obtain Supplier A's consent to disclose its information in the Prospectus were denied. As such, Supplier A's name has not been disclosed
- Supplier B : A holding company incorporated in the United States which is involved in the trading and distribution of petrochemicals, plastics, raw materials and fertilisers. Supplier B is not listed on any stock exchange. Our attempts to obtain Supplier B's consent to disclose its information in the Prospectus were denied. As such, Supplier B's name has not been disclosed
- Supplier C : A company incorporated in Australia which is involved in the production of salt and sulphate mineral. It is a subsidiary of a holding company incorporated in the United Kingdom which is involved in the supply of metals and minerals. Supplier C is not listed on any stock exchange and its holding company is listed on the London Stock Exchange. Our attempts to obtain Supplier C's consent to disclose its information in the Prospectus were denied. As such, Supplier C's name has not been disclosed
- Supplier D : A holding company incorporated in Japan which is involved in the trading of consumer products, materials and machinery, as well as the provision of energy and infrastructure solutions, and financial services. Supplier D is listed on the Tokyo Stock Exchange. Our attempts to obtain Supplier D's consent to disclose its information in the Prospectus were denied. As such, Supplier D's name has not been disclosed
- Supplier E : A company incorporated in Malaysia which is involved in the supply of petrochemicals and industrial chemicals. Supplier E is not listed on any stock exchange. Our attempts to obtain Supplier E's consent to disclose its information in the Prospectus were denied. As such, Supplier E's name has not been disclosed
- Supplier F : A company incorporated in Thailand which is involved in the manufacturing and distribution of chlor-alkali products. It is a subsidiary of a holding company incorporated in Japan which is involved in glass, automotive, electronics, chemicals and life science operations. Supplier F is listed on The Stock Exchange of Thailand and its holding company is listed on the Tokyo Stock Exchange. Our attempts to obtain Supplier F's consent to disclose its information in the Prospectus were denied. As such, Supplier F's name has not been disclosed
- Torsgate : Torsgate Investments Limited
- TMK or Company : TMK Chemical Bhd (*formerly known as Taiko Marketing Sdn Bhd*)
- TMK Group or Group : Collectively, our Company and its subsidiaries
- TMK Shares or Shares : Ordinary shares in our Company
- TMKS : Taiko Marketing (S) Pte Ltd

DEFINITIONS (Cont'd)

TNB : Tenaga Nasional Berhad

Currencies

RM and sen : Ringgit Malaysia and sen, the lawful currency of Malaysia

SGD/S\$: Singapore Dollar, the lawful currency of the Republic of Singapore

USD/US\$: United States Dollar, the lawful currency of the United States of America

VND : Vietnam Dong, the lawful currency of Vietnam

Units

kWh : Kilowatt-hour, the unit of measurement of the energy usage of an electrical device or load

kWp : Kilowatt peak, the unit of measurement for the output of a photovoltaic system

L : Litres. A unit of measurement representing volume, used to indicate liquid bulk and liquid packaging distribution quantities.

m² : Square metres. A unit of measurement representing area, used to indicate the land area of facilities.

m³ : Cubic metres. A unit of measurement representing volume, used to indicate the storage capacity of tanks.

MT : Metric tonnes. A unit of measurement representing weight, used to indicate the storage capacity of tanks as well as dry bulk and dry packaging distribution quantities.

sq ft : Square feet. A unit of measurement representing area, used to indicate the land area of facilities.

Malaysia-incorporated subsidiaries

Botanics Recreational : Botanics Recreational Park Sdn Bhd

Fragrance Connections : Fragrance Connections Sdn Bhd

Kemaman Bulking : Kemaman Bulking Sdn Bhd

Klang Bulking : Klang Bulking Sdn Bhd

New Port : New Port Bulk Terminal Sdn Bhd

Peninsula Salt : Peninsula Salt Sdn Bhd

Peninsula Transport : Peninsula Transport Sdn Bhd

Soda Holdings : Soda Holdings Sdn Bhd

Soda Malaysia : Soda Malaysia Sdn Bhd

DEFINITIONS *(Cont'd)*

Sound Dynasty	:	Sound Dynasty Sdn Bhd
Springlane Resources	:	Springlane Resources Sdn Bhd
Tanjung Langsung Bulking	:	Tanjung Langsung Bulking Sdn Bhd
TMK Banting	:	TMK Chemical Banting Sdn Bhd (<i>formerly known as Taiko Resources Sdn Bhd</i>)
TMK Bulking Services	:	TMK Bulking Services Sdn Bhd (<i>formerly known as Taiko Bulking Services Sdn Bhd</i>)
TMK Chemical Works	:	TMK Chemical Works Sdn Bhd (<i>formerly known as Taiko Chemical Works Sdn Bhd</i>)
TMK Pasir Gudang	:	TMK Chemical Pasir Gudang Sdn Bhd (<i>formerly known as Taiko NPK Sdn Bhd</i>)
TMK Water Care	:	TMK Water Care Sdn Bhd (<i>formerly known as Taiko Water Care Sdn Bhd</i>)

Singapore-incorporated subsidiaries

Chlor-Al	:	Chlor-Al Chemical Pte Ltd
Island Transport	:	Island Transport Pte Ltd

Vietnam-incorporated subsidiary

TMK Dai Hung	:	TMK - Dai Hung Chemicals Co., Ltd. (<i>formerly known as Taiko - Dai Hung Chemicals Co., Ltd.</i>)
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Associates

Luxury Anchor	:	Luxury Anchor Sdn Bhd
Wakomas Chemical	:	Wakomas Chemical Sdn Bhd

GLOSSARY OF TECHNICAL TERMS

The following technical terms shall apply throughout this Prospectus unless the term is defined otherwise or the context requires otherwise:

Carboy	:	A type of individual packaging used to store liquid chemicals
Chlor-alkali	:	Inorganic chemicals produced through the electrolysis of brine, comprising derivatives such as sodium hydroxide (i.e. caustic soda), chlorine, hydrochloric acid, sodium hypochlorite and hydrogen
Drum	:	A type of individual packaging used to store liquid chemicals
Dry bulk facility	:	A facility where dry chemicals are received in bulk quantities, stored in heaps, handled, and distributed in bulk and/or individual packaging
Electrical potential	:	A measurement of the energy required to move one electron per second in volts
Electrolysis	:	A process in which chemicals are separated by passing electric current through a solution
Handling and storage facility	:	A facility where liquid and dry chemicals are received in bulk or packaged quantities, handled, stored, and distributed in individual packaging. The facility is used to store our customer's products under the provision of handling and storage services
Intermediate bulk container or IBC	:	A type of individual packaging used to store liquid chemicals
Isotank	:	A portable tank that is used to store liquid chemicals in bulk quantities for deliveries. The tanks can be placed on trucks for road delivery and on shipping vessels for sea transportation
Jar test analysis	:	A small-scale test process in which chemicals are reacted with liquid samples to determine whether the right amount of chemicals is used to obtain the required result
Liquid bulk facility	:	A facility where liquid chemicals are received in bulk quantities, stored in tanks and distributed in bulk
Liquid bulk terminal	:	A facility where liquid chemicals are received in bulk quantities directly from ocean vessels through pipelines, stored in tanks, handled, and distributed in bulk. The facility is used to store our Group's products and/or to store our customer's products under the provision of chemical terminal services
Pneumatic tanker	:	A land vehicle used to distribute dry chemicals in bulk quantities
Processing facility	:	A facility where chemical products are customised for specific industrial uses
Product improvement facility	:	A facility where the processes of complex customisation of chemical products for specific industrial uses are established before implementation at other processing facilities
Tanker	:	A land vehicle used to distribute liquid chemicals in bulk quantities
Tipper truck	:	A land vehicle used to distribute dry chemicals in bulk quantities

EXCHANGE RATES

The exchange rates as at the LPD, being the middle rate quoted by BNM at 5.00 p.m. as at 25 October 2024 being the last closing date prior to the LPD, as set out below are used in this Prospectus unless specified otherwise:

Currency	Exchange rate
RM to VND 100	0.0171
RM to USD 1	4.3470
RM to SGD 1	3.2956

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Nationality	Address
Johan Ariffin Bin Rozali Wathooth	Independent Non-Executive Chairman	Malaysian	11, Jalan SS19/3C 47500 Subang Jaya Selangor
Leong Chao Seong	Non-Independent Executive Director and Deputy Chairman	Malaysian	17, Jalan U2/48A, Fairway 18 Saujana Resort Seksyen U2 40150 Shah Alam Selangor
Wong Kin Wah	Non-Independent Executive Director and Managing Director	Malaysian	37, Elitis Dahina Valencia 47000 Sungai Buloh Selangor
Lee Yan Ling (F)	Non-Independent Non-Executive Director	Malaysian	No. 1, Lorong Tun Dr Ismail 30350 Ipoh Perak
Datin Paduka Kartini Binti Hj Abdul Manaf (F)	Independent Non-Executive Director	Malaysian	1, Jalan Awan Larat U8/74B Bukit Jelutong 40150 Shah Alam Selangor
Liew Li Ping (F)	Independent Non-Executive Director	Malaysian	T3-2, Meru Valley 1 Desa Eco @ Meru Valley Taman Peranginan Lembah Meru 30020 Ipoh Perak

Note:

(F) denotes female

AUDIT AND RISK COMMITTEE

Name	Designation	Directorship
Liew Li Ping	Chairman	Independent Non-Executive Director
Datin Paduka Kartini Binti Hj Abdul Manaf	Member	Independent Non-Executive Director
Lee Yan Ling	Member	Non-Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Datin Paduka Kartini Binti Hj Abdul Manaf	Chairman	Independent Non-Executive Director
Liew Li Ping	Member	Independent Non-Executive Director
Lee Yan Ling	Member	Non-Independent Non-Executive Director

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

- COMPANY SECRETARIES** : **Chan Yoke Yin**
78, Lintasan Wah Keong 1
Taman Wah Keong
31400 Ipoh
Perak
- Professional qualification: Malaysian Institute of Chartered Secretaries and Administrators (“**MAICSA**”)
(MAICSA Membership No. 7043743)
(CCM Practising Certificate No. 202008002230)
- Khor Chin Joo**
31, Jalan BU 12/5
Bandar Utama
47800 Petaling Jaya
Selangor
- Professional qualification: MIA
(MIA Membership No. 20598)
(CCM Practising Certificate No. 202308000394)
- REGISTERED OFFICE** : Menara Taiko
No. 5, Jalan Sultan Nazrin Shah
30250 Ipoh
Perak
- Tel. No.: +605 2462288
- HEAD/MANAGEMENT OFFICE** : B2-6-01, Blok B2, Meritus @ Oasis Corporate Park
No. 2, Jalan PJU 1A/2
Ara Damansara
47301 Petaling Jaya
Selangor
- Tel. No.: +603 7624 6000
Email: enquiry.kl@tmkchemical.com
- Website: <https://www.tmkchemical.com>
- AUDITORS AND REPORTING ACCOUNTANTS** : **Deloitte PLT**
(LLP0010145-LCA & AF0080)
Chartered Accountants
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
- Tel. No.: +603 7610 8888
Partner-in-charge: Wong Kar Choon
Professional qualification: MIA
(MIA Membership No. 27008)

1. CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL ADVISER, BOOKRUNNER AND UNDERWRITER** : **SOLE** : **Maybank Investment Bank Berhad**
32nd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
- Tel. No.: +603 2059 1888
- LEGAL ADVISERS** : *To our Company as to Malaysian law*
- Lee Choon Wan & Co.**
No. 12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
- Tel. No.: +603 2093 0078
- To the Sole Bookrunner and Sole Underwriter as to Malaysian law*
- Cheang & Ariff**
Loke Mansion
273A, Jalan Medan Tuanku
50300 Kuala Lumpur
- Tel. No.: +603 2691 0803
- INDEPENDENT MARKET RESEARCHER** : **Smith Zander International Sdn Bhd**
15-01, Level 15
Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
- Tel. No.: +603 2732 7537
- Name of signing partner: Dennis Tan Tze Wen
- (See Section 8 of this Prospectus for the profile of the firm and the signing partner)
- ISSUING HOUSE AND SHARE REGISTRAR** : **Tricor Investor & Issuing House Services Sdn Bhd**
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Wilayah Persekutuan
Kuala Lumpur
- Tel. No.: +603 2783 9299
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC

2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

The SC has, via its letter dated 14 October 2024, approved our IPO and our Listing under Sections 214(1) and 214(2) of the CMSA, subject to compliance with the following condition:

<u>No.</u>	<u>Details of condition imposed</u>	<u>Status of compliance</u>
(i)	Maybank IB and TMK to fully comply with the requirements of the Equity Guidelines and the Prospectus Guidelines pertaining to the implementation of the Listing	To be complied

The SC has also via the same letter taken note of our Listing under the Bumiputera equity requirement for public listed companies ("**Bumiputera Equity Requirement**"). Our Company is a company with the MD Status. Accordingly, our Company is exempted from the Bumiputera Equity Requirement. Notwithstanding, TMK is to make available at least 50% of the IPO Shares offered to the Malaysian Public investors via balloting to Bumiputera public investors.

The SC has, via its letter dated 1 July 2024, approved the relief sought by us from having to comply with a requirement under the Equity Guidelines. The details of the relief sought are as follows:

<u>Reference</u>	<u>Details of relief granted</u>	<u>Condition imposed (if any)</u>
Equity Guidelines		
Paragraph 2 of Appendix 4, Part IV	Relief from complying with the requirement in respect of the placement of our IPO Shares to be offered under the Institutional Offering to persons connected to the Sole Bookrunner	-

2.1.2 MITI

The MITI has, via its letter dated 2 August 2024, stated that it has taken note of our Listing and that we are exempted from having to comply with the Bumiputera Equity Requirement.

2.1.3 Bursa Securities

Bursa Securities has, via its letter dated 13 September 2024, resolved to accept a lower public shareholding spread of 21.0% upon our Listing, in compliance with Paragraph 8.02(1) of the Listing Requirements.

Bursa Securities has, via its letter dated 30 October 2024, approved our Admission and our Listing, subject to compliance with the following conditions:

<u>No.</u>	<u>Details of condition imposed</u>	<u>Status of compliance</u>
(i)	Make the relevant announcement pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements. TMK to include its stock code, stock short name and ISIN code upon making the announcement on the timetable for the IPO	To be complied

2. INTRODUCTION (Cont'd)

No.	Details of condition imposed	Status of compliance
(ii)	To furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the public spread requirements based on the issued share capital of TMK on the first day of Listing	To be complied

2.1.4 SAC

The SAC had on 6 August 2024, classified our Shares as Shariah-compliant securities based on our latest audited combined financial statements for the FYE 2023.

2.2 MORATORIUM ON OUR SHARES

In accordance with the Equity Guidelines, our Shares held by the Moratorium Providers as at the date of our Listing will be placed under moratorium. In this respect, our Shares that are subject to moratorium are set out below:

Name	As at the date of our Listing			
	Direct		Indirect	
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%
Dato' Lee Soon Hian	395,041	39.5	-	-
Leong Chao Seong	94,883	⁽³⁾ 9.5	21,040	⁽²⁾ ⁽³⁾ 2.1
Lee Oi Loon	64,774	6.5	-	-
Wong Kin Wah	46,454	⁽³⁾ 4.6	-	-
Lee Hong Zhang	35,597	3.6	-	-
Lee Sen Zhang	35,637	⁽³⁾ 3.6	-	-
Lee Tian Zhang	35,597	3.6	-	-
Lee Yan Ling	35,667	⁽³⁾ 3.6	-	-

Notes:

- (1) Based on the enlarged issued Shares of 1,000,000,000 upon our Listing.
- (2) Deemed interested by virtue of the shareholdings of his spouse, Chung Yook Chee and children, Leong Xiao Rui and Leong Xiao Lung in our Company, applying Section 59(11)(c) of the Act.
- (3) Assuming that these individuals have fully subscribed for their respective entitlements under the Pink Form Allocations.

The Moratorium Providers have fully accepted the moratorium. They are not allowed to sell, transfer or assign any part of their respective holding in our Shares as at the date of our Listing for a period of six months from the date of our Listing.

The above moratorium restrictions are specifically endorsed on the share certificates representing our Shares held by the Moratorium Providers which are under moratorium to ensure that our Share Registrar does not register any transfer that contravenes such restriction. The above moratorium restrictions do not apply to the shareholdings of Leong Chao Seong's spouse, Chung Yook Chee and children, Leong Xiao Rui and Leong Xiao Lung of which Leong Chao Seong is deemed interested applying Section 59 (11)(c) of the Act.

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 OF OUR IPO

3.1.1 Institutional Offering

The Institutional Offering involves the offering of 190,000,000 IPO Shares, representing 19.0% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, at the Institutional Price to institutional and selected investors.

3.1.2 Retail Offering

The Retail Offering involves the offering of 30,000,000 IPO Shares, representing 3.0% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, at the Retail Price to be allocated in the following manner:

(i) **Allocation to the Eligible Persons**

10,000,000 IPO Shares, representing 1.0% of our enlarged issued Shares, are reserved for application by the Eligible Persons as approved by our Board under the Pink Form Allocations.

(ii) **Allocation via balloting to the Malaysian Public**

20,000,000 IPO Shares, representing 2.0% of our enlarged issued Shares, are reserved for application by the Malaysian Public, of which 10,000,000 IPO Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

3.1.3 Moratorium on our Shares

In accordance with the Equity Guidelines, the Moratorium Providers are not allowed to sell, transfer or assign any part of their respective holding in our Shares as at the date of our Listing, for a period of six months from the date of our Listing.

Our Public Issue will raise gross proceeds of RM385.0 million. For further details relating to our IPO and moratorium on our Shares, see Sections 4.2 and 2.2 of this Prospectus, respectively.

3.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 20 February 1989 as a private limited company under the name Taiko Marketing Sdn Bhd and is deemed registered under the Act. On 4 September 2023, our Company changed its name to TMK Chemical Sdn Bhd and was subsequently converted into a public limited company on 15 November 2023.

The principal activities of our Group are the provision of total chemical management comprising sourcing, processing and distribution of inorganic chemicals and value-added services, as well as the provision of chemical terminal services which encompasses bulk storage services. As at the LPD, we have 20 subsidiaries across Malaysia, Singapore and Vietnam.

For further details on our history, group structure and business, see Sections 6 and 7 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

(a) **We have a well-established history of 35 years and a proven track record in the inorganic chemicals industry**

We have a well-established history and a 35-year track record in the inorganic chemicals industry since the commencement of our business operations in 1989, as evidenced by the expansion of our business operations and geographical presence over the years. The experience that we have gained over the years, where we have been operating for 35 years, 22 years and 16 years in Malaysia, Singapore and Vietnam respectively, has allowed us to gain in-depth industry knowledge of the respective countries of operations. Over the years, we have accumulated and gained understanding of the functions of our inorganic chemicals in customers' manufacturing and industrial processes as well as from feedback of our customers on our products and services, and keeping abreast of industry practices in the respective countries of operations. This has allowed us to develop in-depth industry knowledge that aids in understanding our customers' requirements across various industries and countries, implement procedures that are suitable for the operational processes of the respective countries of operations, as well as build a network of suppliers to ensure uninterrupted supply of inorganic chemicals to our customers.

(b) **We supply an extensive range of chemicals and have a broad customer base comprising a diverse spectrum of industries**

As at the LPD, we carry an extensive range of chemicals consisting of an SKU of 4,427 chemicals, comprising different types of chemicals and where each chemical type may have different derivatives, grades, concentrations, form and distribution size. This ensures that we are able to cater to the demands and requirements of our existing and potential customers, as well as promote cross-selling by offering additional complementary chemicals. As such, we serve as a single source for our customers' inorganic chemical supplies, thereby encouraging customer preference for our Group and fostering repeat business.

As our inorganic chemicals have wide range of industry applications, our customer base comprises a diverse spectrum of industrial users in various economic sectors. Our broad customer base allows our Group to continuously capture growth opportunities as they arise in these diverse industries and sectors. We are also able to reduce our risk of being detrimentally affected by unexpected downturns in any particular industry as the growth of our Group is not reliant upon the success of any single industry.

(c) **We provide end-to-end solutions to customers which encompasses the provision of total chemical management and chemical terminal services**

We have the capability to provide end-to-end solutions to our customers, from a diverse range of industries. We offer total chemical management, which involves sourcing, processing, and distributing inorganic chemicals of various types, derivatives, grades, concentration, form and distribution size along with value-added services like handling and storage services, quality control inspection, and pre-sales and after-sales support services. We also offer chemical terminal services which comprise the provision of bulk storage services for liquid chemicals to our customers.

(d) **We have regional market footprint and proven capabilities in exporting our products to international customers**

Our Group has established in-roads into numerous overseas markets over the years by expanding our geographical presence in Southeast Asia, as well as by exporting our inorganic chemicals to an international customer base.

3. PROSPECTUS SUMMARY (Cont'd)

Our geographical presence in Southeast Asia and our exports reflect our regional and global footprint in the inorganic chemicals industry, and are a testament to our industry reputation and track record.

(e) **We have an experienced and long serving management team with substantial industry experience**

Our Non-Independent Executive Director and Deputy Chairman, Leong Chao Seong, has over 33 years of experience in the chemicals industry, and our Non-Independent Executive Director and Managing Director, Wong Kin Wah, has over 30 years of experience in the inorganic chemicals industry. Their technical and industry knowledge is instrumental in determining the overall strategic direction and business development of our Group. They are supported by our other Key Senior Management who have years of working experience ranging from over 25 years to over 32 years in their respective fields of expertise.

For further details on our competitive strengths, see Section 7.12 of this Prospectus.

3.4 BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

(a) **Expansion of our inorganic chemical manufacturing business through the construction of a new chlor-alkali manufacturing plant**

We commenced the manufacturing of chlor-alkali derivatives, namely sodium hydroxide, chlorine, hydrochloric acid, sodium hypochlorite and hydrogen at our Banting Plant 1 in May 2024.

In line with our on-going business expansion and our growth strategy to continue enhancing our upstream manufacturing capacity for chlor-alkali derivatives, we intend to construct our Banting Plant 2, an additional chlor-alkali manufacturing plant at the site of our Banting Plant 1. We will be manufacturing chlor-alkali derivatives, namely sodium hydroxide, chlorine, hydrochloric acid, sodium hypochlorite and hydrogen, at our Banting Plant 2.

(b) **Expansion of our total chemical management business through the construction of a new facility in Singapore and Malaysia respectively**

We intend to continue expanding our total chemical management business in Singapore and Malaysia through the construction of an additional facility in each country, to expand our activities in the downstream segments (i.e. the processing and distribution segments) of the inorganic chemicals industry, thereby strengthening our Group's presence across the inorganic chemicals industry value chain in these countries.

(c) **Pursuit of acquisitions and investments in other companies**

We intend to pursue acquisitions and investments in other companies as part of the growth strategy for our business. We are selective about our acquisitions and investments and typically seek target companies which operate in inorganic chemicals industry or other chemical-related industries such as specialty chemicals, as well as offer products which complement our Group's activities with cost synergies and revenue synergies, and have a well-established market presence in their respective geographical region. Acquiring and investing in such target companies will enable us to achieve economies of scale, optimise our cost structure, expand our customer and supplier networks, diversify our product offerings, enter into new business segments (i.e. acquire or invest in manufacturing companies in Vietnam to achieve vertical integration of our operations in Vietnam using the existing manufacturing facilities of the target companies, which will help streamline processes along the production chain, since our Group only provides total chemical management and not manufacturing in Vietnam as at the LPD) and geographical markets.

3. PROSPECTUS SUMMARY *(Cont'd)*

(d) **Continued development and growth of our product and service offerings**

We intend to continue leveraging on our manufacturing and product improvement capabilities as well as facilities to expand our product and service offerings through the introduction of new inorganic chemical products and enhancement of our end-to-end and value-added services.

(e) **Expansion of our regional presence in Vietnam and Indonesia**

We intend to expand our regional presence in Vietnam by increasing our number of facilities in the country. Further, we also intend to expand our regional presence into Indonesia, emulating the success which our Group has achieved in Malaysia, Singapore and Vietnam.

For further details on our business strategies and future plans, see Section 7.13 of this Prospectus.

3.5 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all of the information contained in this Prospectus, including all the risk factors, before deciding to invest in our Shares.

Set out below are the key risks faced by us in our business and our operations as well as other risks:

- (a) We are dependent on licences, permits and approvals granted by relevant authorities to operate our business.

We are not in compliance with certain applicable laws, regulations and rules which are detailed in Section 7.21 of this Prospectus and there is no assurance that we will not be subject to any sanctions and/or penalties in the future nor that we will be successful in our application to obtain the requisite approvals.

Further, we may not be able to obtain, renew or maintain our major licences, permits and approvals required for the conduct of our business and operations due to reasons beyond our control.

- (b) We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group. Any adverse movements of the USD, SGD and VND in the foreign exchange markets may have an adverse impact on our financial performance.

Notwithstanding that we have entered into forward foreign exchange contracts to partially hedge our foreign exchange risk, there can be no assurance that any future foreign exchange rate fluctuations will not have a material adverse effect on the financial performance of our Group.

- (c) We rely on third-party logistics service providers for the delivery of our products, as well as on leased, rented and third-party facilities for carrying out our business operations.

Notwithstanding our formal contractual relationships with third-party logistics service providers, any failure of these providers to fulfil their contractual obligations may lead to damages and penalty claims against our Group if we are unable to fulfil our customers' orders on time. Furthermore, our third-party logistics providers are also subject to rules and regulations governed by regulatory bodies. Non-compliance with these rules and regulations may affect their ability to continue providing logistics services. There is no assurance that we will be able to appoint replacement third party logistics providers in a timely manner or at a favourable cost to complete our Group's deliveries, which may in turn affect our business operations and financial performance.

3. PROSPECTUS SUMMARY *(Cont'd)*

Upon expiry of our existing lease, rental or facility service agreements, the owners/third-party operators may review and change the terms and conditions of the lease, rental or facility service agreements, and therefore we may be subject to new terms and conditions imposed by the owners/third-party operators on these agreements. As such, we face the possibility of not being able to renew the agreements on terms and conditions which are commercially acceptable to us, or at all. We may also face interruptions to our business operations at our leased and rented facilities or with the third-party services if we are unable to renew the respective lease, rental and facility service agreements in a timely manner.

- (d) We may be exposed to concentration risk as our Group's purchases of inorganic chemicals are sourced from a few major suppliers.

Despite the apparent concentration of purchases from 2 of our major suppliers, namely Malay-Sino Chemical Industries Sdn Bhd and Supplier A, our Group is not dependent on the 2 suppliers as there are numerous other suppliers in the market who sell the same inorganic chemicals at similar prices, quality and quantity which we can buy from. While there is no concentration risk in relation to our purchases from Malay-Sino Chemical Industries Sdn Bhd and Supplier A in the Periods Under Review, there is no assurance that we will not be exposed to concentration risk in future.

- (e) We are dependent on our management team for continued success and growth of our business. Any loss of these personnel simultaneously or within a short period of time, and our inability to find a suitable replacement in a timely manner, may create an unfavourable and material adverse impact on our Group's operations, financial performance and the future growth of our business.
- (f) We may not be able to successfully implement our future plans and business strategies, nor can we assure that we will be able to anticipate the business and operational risks arising from our future plans and business strategies.

The implementation of our future plans and business strategies is subject to expenditures including capital expenditures, operational expenditures and other working capital requirements, which will increase our Group's overall operational cost, including overhead costs. Furthermore, the implementation of our future plans and business strategies may be influenced by factors beyond our control including, but not limited to, unfavourable global economic conditions or political environment, which may affect the commercial viability of our future plans and business strategies.

Hence, there can be no assurance that the effort and expenditure spent on the execution of our future plans and business strategies will yield expected results in expanding our business.

- (g) We are subject to the risks relating to the political, economic, social and legal environment in the markets in which we serve. Our business, prospects, financial condition and results of operations may be affected by any adverse development or uncertainties in the political, economic, social and/or legal conditions in Malaysia, Singapore and Vietnam, as well as the countries where our products are exported to.

Further, increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Our Group could also be affected by new laws, regulations and guidelines that are introduced to govern our business activities whether in general or specific to the chemicals industry.

For further details of our risk factors, see Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY *(Cont'd)*

3.6 NON-COMPLIANCES WITH THE RELEVANT LAWS, REGULATIONS, RULES AND REQUIREMENTS GOVERNING THE CONDUCT OF THE OPERATIONS OF OUR GROUP

As at the LPD, we are not in full compliance with certain applicable laws, regulations and rules relating to some of our properties referred to in Section 7.21 of this Prospectus. The total costs (being the estimated rectification costs, potential maximum penalties applicable and net additional costs associated) to rectify the non-compliances relating to the abovementioned non-compliances of our material properties represent approximately 3.7% of our Group's PAT for the FYE 2023. The impact of these non-compliances to our Group, individually and collectively, are not material to our business operations and financial condition of our Group as the total estimated rectification costs, potential maximum penalties and net additional costs associated with these non-compliances represent less than 5% of our Group's PAT for the FYE 2023.

Notwithstanding that the outstanding non-compliances may remain unresolved at the time of our Listing, we will continue to make the necessary applications and/or engage with the relevant authorities even after our Listing to resolve and address the outstanding non-compliance incidents in accordance with the directions of the relevant authorities. Our management is following up closely and liaising with relevant authorities to resolve the said non-compliances in the best interest of our Company. We will update our shareholders on the status of our outstanding non-compliance incidents in our annual reports.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and Key Senior Management are as follows:

Name	Designation
Directors	
Johan Ariffin Bin Rozali Wathooth	Independent Non-Executive Chairman
Leong Chao Seong	Non-Independent Executive Director and Deputy Chairman
Wong Kin Wah	Non-Independent Executive Director and Managing Director
Lee Yan Ling	Non-Independent Non-Executive Director
Datin Paduka Kartini Binti Hj Abdul Manaf	Independent Non-Executive Director
Liew Li Ping	Independent Non-Executive Director
Key Senior Management	
Leong Chao Seong	Non-Independent Executive Director and Deputy Chairman
Wong Kin Wah	Non-Independent Executive Director and Managing Director
Loke Weng Han	Chief Operating Officer
Chung Yook Tong	Marketing Director
Khor Chin Joo	Chief Financial Officer and Company Secretary

For further details on our Directors and Key Senior Management, see Sections 9.2 and 9.3 of this Prospectus, respectively.

3. PROSPECTUS SUMMARY (Cont'd)

3.8 DIVIDEND POLICY

We target a payout ratio of 30% to 50% of our profit attributable to the equity holders of our Company for each financial year on a consolidated basis, after taking into account the working capital, maintenance capital and committed capital requirements of our Group. The declaration and payment of any dividends is subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations, and provided that such distribution will not be detrimental to our cash requirements, or any plans approved by our Board.

For the Periods Under Review and up to the LPD, our Group declared and paid the following dividends:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	From 1 July 2024 and up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	(1)59,831	(1)70,693	-	(2)27,449	-
PAT attributable to equity holders of our Company	123,085	150,337	91,782	59,865	-
Dividend payout rate (%) ⁽³⁾	48.6	47.0	-	45.9	-

Notes:

- (1) *Interim dividends declared and paid by Chlor-Al to its shareholders of which RM59.8 million was in respect of the FYE 2021 and RM70.7 million was in respect of the FYE 2022. The said dividends were funded by internal funds of Chlor-Al.*
- (2) *Dividends declared and paid by TMK to its shareholders comprised final dividend of RM6.7 million in respect of the FYE 2023 and interim dividend of RM20.8 million in respect of the FYE 2024. The said dividends were funded by our internal funds sourced from dividends received from our subsidiaries.*
- (3) *Computed based on dividend declared and paid dividend by PAT attributable to equity holders of our Company for each financial year/period.*

For further details of our dividend policy, see Section 12.5 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.9 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The following table sets out the direct and indirect shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name/ Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	('000)		('000)		('000)		('000)	
Promoters and substantial shareholders								
Dato' Lee Soon Hian / Malaysian	395,041	50.6	-	-	395,041	39.5	-	-
Leong Chao Seong / Malaysian	94,813	12.2	21,000	⁽³⁾ 2.7	94,883	⁽⁴⁾ 9.5	21,040	⁽³⁾ ⁽⁴⁾ 2.1
Wong Kin Wah / Malaysian	46,384	5.9	-	-	46,454	⁽⁴⁾ 4.6	-	-
Substantial shareholder								
Lee Oi Loon / Malaysian	64,774	8.3	-	-	64,774	6.5	-	-

Notes:

(1) Based on 780,000,000 Shares in issue after the Subdivision.

(2) Based on our enlarged issued Shares of 1,000,000,000 upon our Listing.

(3) Deemed interested by virtue of the shareholdings of his spouse, Chung Yook Chee and children, Leong Xiao Rui and Leong Xiao Lung in our Company, applying Section 59(11)(c) of the Act.

(4) Assuming that their respective entitlements under the Pink Form Allocations have been fully subscribed.

For further information on our Promoters and substantial shareholders, see Section 9.1 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.10 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM385.0 million⁽¹⁾ in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM' million	%
Expansion of our Banting Plant 1	Within 24 months	90.2	23.4
Construction costs of a new facility ⁽²⁾	Within 24 months	49.5	12.9
Acquisitions to be identified ⁽³⁾	Within 36 months	99.1	25.7
Loan repayment	Within 6 months	50.0	13.0
Working capital	Within 12 months	79.4	20.6
Defray fees and expenses relating to our IPO and Listing	Within 6 months	16.8	4.4
Total		385.0	100.0

Notes:

- (1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price.
- (2) We intend to construct a new processing facility in Singapore which includes chemical processing services for expansion of our Singapore operations.
- (3) Acquisition of target companies to be identified which operate in inorganic chemicals industry or other chemical-related industries, as well as offer products which complement our Group's activities with cost synergies and revenue synergies, and have a well-established market presence in their respective geographical region. As at the LPD, we have identified a target business but the acquisition plan is still in a preliminary phase.

For detailed information relating to the use of proceeds arising from our Public Issue, see Section 4.5 of this Prospectus.

3.11 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out our selected historical consolidated financial data for the Periods Under Review:

	Audited			Unaudited	Audited
	FYE			FPE	
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,126,844	1,484,338	1,306,096	643,825	659,434
Cost of sales	(917,138)	(1,223,243)	(1,096,216)	(541,584)	(542,875)
GP	209,706	261,095	209,880	102,241	116,559
PBT	155,816	190,925	122,346	59,421	73,816
PAT	123,085	150,337	91,598	45,461	59,795
Total equity	398,737	481,653	522,267	N/A	304,961
Total borrowings (including lease liabilities)	118,348	215,905	253,661	N/A	480,345

3. PROSPECTUS SUMMARY (Cont'd)

	Audited			Unaudited	Audited
	FYE			FPE	
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Other selected financial data					
GP margin (%) ⁽¹⁾	18.6	17.6	16.1	15.9	17.7
PBT margin (%) ⁽²⁾	13.8	12.9	9.4	9.2	11.2
PAT margin (%) ⁽³⁾	10.9	10.1	7.0	7.1	9.1
Gearing ratio (times) ⁽⁴⁾	0.3	0.4	0.5	N/A	1.6

Notes:

- (1) Computed based on GP divided by revenue.
- (2) Computed based on PBT divided by revenue.
- (3) Computed based on PAT divided by revenue.
- (4) Computed based on total borrowings (including lease liabilities) over total equity as at the end of the financial year/period.

For further details on the financial information relating to our Group, see Section 12 of this Prospectus.

4. DETAILS OF OUR IPO

4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time and/or Date
Opening of the Institutional Offering	25 November 2024
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., 25 November 2024
Closing of the Retail Offering	5:00 p.m., 29 November 2024
Closing of the Institutional Offering	29 November 2024
Price Determination Date	29 November 2024
Balloting of applications for our IPO Shares under the Retail Offering	3 December 2024
Allotment of our IPO Shares to successful applicants	11 December 2024
Listing	12 December 2024

In the event there is any change to the timetable, we will announce and advertise the notice of changes on Bursa Securities' website and in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia, respectively.

4.2 PARTICULARS OF OUR IPO AND PLAN OF DISTRIBUTION

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus.

Our IPO consists of the Institutional Offering and the Retail Offering, totaling 220,000,000 IPO Shares, representing 22.0% of our enlarged issued Shares.

4.2.1 Subdivision

In conjunction with our Listing, on 24 October 2024, our Company undertook the subdivision of 83,178,163 Shares into 780,000,000 Shares. The purpose of the Subdivision is to enhance the liquidity of the Shares upon our Listing.

Upon the completion of the Subdivision, our total issued number of Shares is 780,000,000 Shares. The shareholding structure of our Company before and after the Subdivision are as follows:

Name	Before the Subdivision				After the Subdivision			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	(1)%	No. of Shares	%	No. of Shares	(2)%
	('000)		('000)		('000)		('000)	
Dato' Lee Soon Hian	42,127	50.6	-	-	395,041	50.6	-	-
Leong Chao Seong	10,111	12.2	2,239	(3)2.7	94,813	12.2	21,000	(3)2.7
Lee Oi Loon	6,907	8.3	-	-	64,774	8.3	-	-
Wong Kin Wah	4,946	5.9	-	-	46,384	5.9	-	-
Lee Yan Ling	3,796	4.6	-	-	35,597	4.6	-	-
Lee Tian Zhang	3,796	4.6	-	-	35,597	4.6	-	-

4. DETAILS OF OUR IPO (Cont'd)

Name	Before the Subdivision				After the Subdivision			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	(1)%	No. of Shares	%	No. of Shares	(2)%
	('000)		('000)		('000)		('000)	
Lee Sen Zhang	3,796	4.6	-	-	35,597	4.6	-	-
Lee Hong Zhang	3,796	4.6	-	-	35,597	4.6	-	-
Chung Yook Tong	924	1.1	-	-	8,665	1.1	-	-
Chung Yook Chee	746	0.9	-	-	7,000	0.9	-	-
Leong Xiao Rui	746	0.9	-	-	7,000	0.9	-	-
Leong Xiao Lung	746	0.9	-	-	7,000	0.9	-	-
Loke Weng Han	740	0.9	-	-	6,935	0.9	-	-
Total	83,178	100.0			780,000	100.0		

Notes:

- (1) Based on 83,178,163 Shares in issue.
- (2) Based on 780,000,000 Shares in issue after the Subdivision.
- (3) Deemed interested by virtue of the shareholdings of his spouse, Chung Yook Chee and children, Leong Xiao Rui and Leong Xiao Lung in our Company, applying Section 59(11)(c) of the Act.

4.2.2 Institutional Offering

The Institutional Offering involves the offering of 190,000,000 IPO Shares, representing 19.0% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, at the Institutional Price to institutional and selected investors.

4.2.3 Retail Offering

The Retail Offering involves the offering of 30,000,000 IPO Shares, representing 3.0% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

10,000,000 IPO Shares, representing 1.0% of our enlarged issued Shares, are reserved for application by the Eligible Persons as approved by our Board under the Pink Form Allocations as follows:

Category of Eligible Persons	No. of Eligible Persons	Aggregate no. of IPO Shares allocated
Our Directors ⁽¹⁾	6	420,000
Eligible employees of our Group (including directors of our subsidiaries) ⁽²⁾	394	3,898,500
Persons who have contributed to the success of our Group ⁽³⁾	403	5,681,500
Total	803	10,000,000

4. DETAILS OF OUR IPO (Cont'd)

Notes:

- (1) *The criteria for allocation to our Directors are based on, among others, their respective roles and responsibilities in our Company and they collectively will be allocated a total of 420,000 IPO Shares as follows:*

Name	Designation	No. of IPO Shares allocated
Johan Ariffin Bin Rozali Wathooth	Independent Non-Executive Chairman	70,000
Leong Chao Seong	Non-Independent Executive Director and Deputy Chairman	70,000
Wong Kin Wah	Non-Independent Executive Director and Managing Director	70,000
Lee Yan Ling	Non-Independent Non-Executive Director	70,000
Datin Paduka Kartini Binti Hj Abdul Manaf	Independent Non-Executive Director	70,000
Liew Li Ping	Independent Non-Executive Director	70,000
Total		420,000

- (2) *The allocation of our IPO Shares to the eligible employees of our Group is to be made to full-time confirmed employees of our Group based on, among others, their job grade, length of service, performance and their past contributions to our Group.*
- (3) *The criteria for the allocation of our IPO Shares to persons who have contributed to the success of our Group are based on, among others, their length of business relationship with our Group and their contributions to the success of our Group.*

(ii) Allocation via balloting to the Malaysian Public

20,000,000 IPO Shares, representing 2.0% of our enlarged issued Shares, are reserved for application by the Malaysian Public, of which 10,000,000 IPO Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

In summary, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus, our IPO Shares will be allocated in the following manner:

Category	Public Issue	
	No. of Shares (^{'000})	⁽¹⁾% of our enlarged issued Shares
Retail Offering:		
Eligible Persons		
- Directors	420	*
- Eligible employees of our Group (including directors of our subsidiaries)	3,898	0.4
- Persons who have contributed to the success of our Group	5,681	0.6
Malaysian Public (via balloting):		
- Bumiputera	10,000	1.0
- Non-Bumiputera	10,000	1.0
Sub-total	30,000	3.0

4. DETAILS OF OUR IPO (Cont'd)

Category	Public Issue	
	No. of Shares ('000)	(1)% of our enlarged issued Shares
Institutional Offering:		
- Institutional and selected investors	190,000	19.0
Sub-total	190,000	19.0
Total	220,000	22.0

Notes:

* *Negligible*

(1) *Based on our enlarged issued Shares of 1,000,000,000 upon our Listing.*

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.7 of this Prospectus.

4.2.4 Clawback and reallocation

The Institutional Offering and the Retail Offering shall be subject to the following clawback and reallocation provisions:

- (i) if our IPO Shares allocated to Eligible Persons are under-subscribed, such IPO Shares may be allocated to the other institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at the discretion of the Sole Bookrunner and us;
- (ii) subject to item (i) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iii) subject to item (i) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, our IPO Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any IPO Shares not taken up by any of the Eligible Persons ("**Excess IPO Shares**") will be made available for application by the other Eligible Persons who have applied for the Excess IPO Shares on top of their pre-determined allocation ("**Excess Application(s)**") and allocated on a fair and equitable basis and in the following priority:

- (a) firstly, allocation on a pro-rata basis to our Directors and eligible employees of our Group (including directors of our subsidiaries) who have applied for the Excess IPO Shares based on the number of Excess IPO Shares applied for;

4. DETAILS OF OUR IPO (Cont'd)

- (b) secondly, allocation of any surplus Excess IPO Shares after item (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess IPO Shares based on the number of Excess IPO Shares applied for; and
- (c) thirdly, to minimise odd lots.

Our Board reserves the right to allot Excess IPO Shares applied for in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept or reject any Excess IPO Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess IPO Shares thereafter, such balance will be made available for clawback and reallocation as described in item (i) above. Any IPO Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Sole Underwriter.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.0% of our IPO Shares.

4.2.5 Share capital

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

	No. of Shares	RM'000
After the Subdivision	780,000,000	494,102
To be issued under our Public Issue	220,000,000	⁽¹⁾ 378,710
Enlarged number of issued Shares and share capital upon Listing	1,000,000,000	872,812

Note:

- (1) *Calculated based on the Retail Price and after adjusting against our share capital, the estimated listing expenses of approximately RM6.3 million assumed to be directly attributable to our Public Issue.*

4.2.6 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of shares, being ordinary shares.

Our IPO Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of our IPO Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares we may issue in the future, our shareholders will, in proportion to the amount paid on our Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders will be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

4. DETAILS OF OUR IPO (Cont'd)

At every general meeting of our Company, each of our shareholders will be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative will have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.2.7 Minimum subscription level

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

Under the Listing Requirements, we are required to have a minimum of 25.0% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing. However, Bursa Securities has, via its letter dated 13 September 2024, resolved to accept a lower public shareholding spread of 21.0% upon our Listing, as in compliance with Paragraph 8.02(1) of the Listing Requirements. For further details on the conditions of the approval, see Section 2.1 of this Prospectus.

If the above requirement is not met, we may not be able to proceed with our Listing. See Section 5.3.4 of this Prospectus for details in the event there is a delay in or termination of our Listing.

4.3 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES AND REFUND MECHANISM

4.3.1 Retail Price

The Retail Price was determined and agreed upon between our Directors in consultation with the Sole Bookrunner, after taking into consideration the following factors:

- (i) price-to-earnings multiple of approximately 19.1 times based on our EPS of 9.18 sen after taking into account our PATAMI of RM91.8 million for the FYE 2023 and our enlarged issued Shares of 1,000,000,000 upon our Listing;
- (ii) pro forma consolidated NA per Share of RM0.68 as at 30 June 2024 after our IPO based on our enlarged issued Shares of 1,000,000,000 upon our Listing;
- (iii) our competitive strengths, as follows:
 - (a) we have a well-established history of 35 years and a proven track record in the inorganic chemicals industry;
 - (b) we supply an extensive range of chemicals and have a broad customer base comprising a diverse spectrum of industries;
 - (c) we provide end-to-end solutions to customers which encompasses the provision of total chemical management and chemical terminal services;

4. DETAILS OF OUR IPO (Cont'd)

- (d) we have regional market footprint and proven capabilities in exporting our products to international customers; and
- (e) we have an experienced and long serving management team with substantial industry experience;
- (iv) our business strategies and future plans, as follows:
 - (a) expansion of our inorganic chemical manufacturing business through the construction of a new chlor-alkali manufacturing plant;
 - (b) expansion of our total chemical management business through the construction of a new facility in Singapore and Malaysia respectively;
 - (c) pursuit of acquisitions and investments in other companies;
 - (d) continued development and growth of our product and service offerings; and
 - (e) expansion of our regional presence in Vietnam and Indonesia;
- (v) outlook of the inorganic chemicals industry, as described in Section 8 of this Prospectus; and
- (vi) prevailing market conditions, including market performance of key global indices and companies involved in similar businesses listed on Bursa Securities and regional stock exchanges, current market trends as well as investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date and will be the lower of:

- (i) the Retail Price; or
- (ii) the Institutional Price.

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. Further details on the refund mechanism are set out in Section 4.3.3 of this Prospectus.

The Final Retail Price and the Institutional Price will be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for our IPO Shares.

4.3.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of our IPO Shares they would be prepared to acquire and the price they would be prepared to pay for our IPO Shares in respect of the Institutional Offering. This bookbuilding process commenced on 25 November 2024 and will end on 29 November 2024. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors in consultation with the Sole Bookrunner on the Price Determination Date.

4. DETAILS OF OUR IPO (Cont'd)

4.3.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest. The refund will be made:

- (i) in the form of cheques to be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or
- (ii) by crediting into the accounts of the successful applicants with the Participating Financial Institution for applications made via the Electronic Share Application or the Internet Participating Financial Institution for applications made via the Internet Share Application,

within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Section 15.9 of this Prospectus.

4.3.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be approximately RM1.75 billion.

You should also note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to carefully consider the risk factors as set out in Section 5 of this Prospectus.

4.4 DILUTION

4.4.1 NA per Share

Dilution is the amount by which our pro forma consolidated NA per Share after our IPO is less than the price paid by retail, institutional and selected investors for our Shares. Our pro forma consolidated NA per Share as at 30 June 2024 after adjusting for the Subdivision, but before adjusting for our IPO was RM0.39, based on 780,000,000 Shares in issue following the Subdivision.

After taking into account our enlarged number of issued Shares from the issuance of 220,000,000 IPO Shares and after the Subdivision and after adjusting for the use of proceeds from our Public Issue, our pro forma consolidated NA as at 30 June 2024 would be RM0.68. This represents an immediate increase in consolidated NA per Share of RM0.29 to our existing shareholders and an immediate dilution in NA per Share of RM1.07, representing 61.1% of the Retail Price and the Institutional Price.

The following table illustrates the dilution on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

	<u>RM</u>
Retail Price/Institutional Price	1.75
Pro forma consolidated NA per Share as at 30 June 2024 after the Subdivision and before adjusting for our IPO	0.39

4. DETAILS OF OUR IPO (Cont'd)

	<u>RM</u>
Pro forma consolidated NA per Share as at 30 June 2024 after the Subdivision and after adjusting for the use of proceeds from our Public Issue	0.68
Increase in pro forma consolidated NA per Share to our existing shareholders	0.29
Dilution in pro forma consolidated NA per Share to the retail/institutional and selected investors	1.07
Dilution in pro forma consolidated NA per Share to the retail/institutional and selected investors as a percentage of the Retail Price/Institutional Price	61.1%

4.4.2 Effective cost per Share

Save as disclosed below, none of our substantial shareholders, Directors, Key Senior Management or persons connected to them had acquired, obtained the right to acquire and/or subscribe for our Shares in the past 3 years up to the LPD:

<u>Name</u>	<u>Date of investment</u>	<u>No. of Shares allotted/ transferred</u>	<u>Allotted/ transferred</u>	<u>Total consideration (RM)</u>	<u>No. of Shares after the Subdivision</u>	<u>Effective cost per Share (RM)</u>
Chung Yook Chee	27 October 2023	746,471	Transferred	⁽¹⁾ Nil	7,000,003	N/A
Leong Xiao Rui	27 October 2023	746,471	Transferred	⁽¹⁾ Nil	7,000,003	N/A
Leong Xiao Lung	27 October 2023	746,471	Transferred	⁽¹⁾ Nil	7,000,003	N/A
Dato' Lee Soon Hian	8 February 2024	⁽²⁾ 10,122,654	Allotted	122,611,194	94,924,796	1.29
Leong Chao Seong	8 February 2024	⁽²⁾ 5,798,176	Allotted	70,230,721	54,372,171	1.29
Wong Kin Wah	8 February 2024	⁽²⁾ 2,174,316	Allotted	26,336,520	20,389,564	1.29
Lee Oi Loon	8 February 2024	⁽²⁾ 2,959,462	Allotted	35,846,644	27,752,240	1.29
Loke Weng Han	8 February 2024	⁽²⁾ 739,563	Allotted	8,957,997	6,935,223	1.29
Lee Hong Zhang	8 February 2024	⁽²⁾ 3,795,998	Allotted	45,979,231	35,596,824	1.29
Lee Sen Zhang	8 February 2024	⁽²⁾ 3,795,998	Allotted	45,979,231	35,596,824	1.29
Lee Tian Zhang	8 February 2024	⁽²⁾ 3,795,998	Allotted	45,979,231	35,596,824	1.29

4. DETAILS OF OUR IPO (Cont'd)

Name	Date of investment	No. of Shares allotted/transferred	Allotted/transferred	Total consideration (RM)	No. of Shares after the Subdivision	Effective cost per Share (RM)
Lee Yan Ling	8 February 2024	⁽²⁾ 3,795,998	Allotted	45,979,231	35,596,824	1.29

Notes:

- (1) Shares transferred from Leong Chao Seong by way of love and affection.
- (2) Being the new Shares issued pursuant to the Acquisition.

4.5 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM385.0 million⁽¹⁾ in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM' million	%
Expansion of our Banting Plant 1	Within 24 months	90.2	23.4
Construction costs of a new facility ⁽²⁾	Within 24 months	49.5	12.9
Acquisitions to be identified ⁽³⁾	Within 36 months	99.1	25.7
Loan repayment	Within 6 months	50.0	13.0
Working capital	Within 12 months	79.4	20.6
Defray fees and expenses relating to our IPO and Listing	Within 6 months	16.8	4.4
Total		385.0	100.0

Notes:

- (1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price.
- (2) We intend to construct a new processing facility in Singapore which includes chemical processing services for expansion of our Singapore operations.
- (3) Acquisition of target companies to be identified which operate in inorganic chemicals industry or other chemical-related industries, as well as offer products which complement our Group's activities with cost synergies and revenue synergies, and have a well-established market presence in their respective geographical region. As at the LPD, we have identified a target business but the acquisition plan is still in a preliminary phase.

4. DETAILS OF OUR IPO (Cont'd)

Further details on the use of proceeds from our Public Issue are as follows:

4.5.1 Expansion of our Banting Plant 1

We intend to allocate approximately RM90.2 million or 23.4% of the gross proceeds from the Public Issue for the expansion of our Banting Plant 1 by constructing our Banting Plant 2 which will occupy a land area of approximately 45,700 m² to 55,900 m² and will increase our Group's manufacturing capacity of chlor-alkali derivatives, namely sodium hydroxide, chlorine, hydrochloric acid, sodium hypochlorite and hydrogen. In anticipation of our continued business growth and expansion, this will enable us to take on opportunities arising from increased demand as we secure more customers in future, which will contribute to our financial performance. Additionally, the construction of Banting Plant 2 will also result in better overall cost efficiency. See Section 7.13.1 of this Prospectus for further details on the expansion of our inorganic chemical manufacturing business.

The breakdown of the estimated construction cost of Banting Plant 2 is as follows:

	<u>RM' million</u>	<u>%</u>
Machinery ⁽¹⁾	42.9	44.0
Equipment ⁽¹⁾	7.9	8.1
Piping and fittings	21.2	21.8
Utilities ⁽²⁾	15.4	15.8
Civil and buildings ⁽³⁾	5.1	5.2
Consultancy fees	4.9	5.0
Total	<u>97.5</u>	<u>100.0</u>

Notes:

- (1) *Includes the purchase and installation cost of the machinery and equipment required for the manufacturing of sodium hydroxide, chlorine, hydrochloric acid, sodium hypochlorite, hydrogen and other inorganic chemicals. Machinery includes, among others, the electrolyzers, while equipment includes, among others, computerised system.*
- (2) *Includes, among others, electrical and water works.*
- (3) *The construction of civil infrastructure and buildings include, among others, loading bay, storage warehouse and tank farm.*

We have estimated the construction cost of Banting Plant 2 based on historical cost of establishing our existing facilities in our Banting Plant 1, which primarily comprises construction cost and cost to purchase and install machinery and equipment. We have factored in a contingency buffer of 3% to 5% in estimating the construction cost to account for fluctuation in raw material prices and variation orders.

The indicative timeline for the construction of Banting Plant 2 is set out below:

<u>Timeline</u>	<u>Details</u>
Q4 2024	<ul style="list-style-type: none"> Procurement of machinery and equipment to cater for the lead time required for the procurement of machinery and equipment of minimum of 12 months
Q1 2025	<ul style="list-style-type: none"> Mobilisation and commencement of construction works, subsequent to obtaining the relevant approvals

4. DETAILS OF OUR IPO (Cont'd)

Timeline	Details
Q2 2026	<ul style="list-style-type: none"> • Completion of construction works • Installation of machinery and equipment
Q4 2026	<ul style="list-style-type: none"> • Commissioning of plant and obtainment of certification of completion • Commencement of operations

Our Banting Plant 2 will have the same manufacturing capacity as our Banting Plant 1 of 37,000 electrochemical units (“**ECU**”), which is equivalent to 216,000 MT of sodium hydroxide at a concentration of 32%. See Section 7.7 of this Prospectus for further details on the manufacturing capacity of our Banting Plant 1. Upon commissioning of our Banting Plant 2 in 2026, our total annual manufacturing capacity for sodium hydroxide at a concentration of 32% is expected to reach 432,000 MT. The manufacturing capacity is estimated by design of the equipment, where an acceptance test will be conducted upon completion as proof of performance. As such, we believe the expected capacity will be achievable. Further, with our Banting Plant 2, we intend to explore the possibility of increasing the range of chlor-alkali derivatives manufactured to include hydrogen peroxide, poly aluminium chloride and other inorganic chemicals.

See Section 7.13.1 of this Prospectus for further details on the construction of Banting Plant 2.

As at the LPD, no amount has been incurred towards the construction of Banting Plant 2. The construction cost will be partly funded using the proceeds of our Public Issue, with the remaining cost to be funded by internally generated funds and/or bank borrowings. In the event that the construction cost is incurred before the receipt of the proceeds from our Public Issue, the proceeds of our Public Issue will be used to replenish internally generated funds or bank borrowings incurred for the construction cost. If the actual proceeds are lower than budgeted above, any shortfall will be funded out of the portion allocated for our working capital requirements as well as using our internally generated funds and/or bank borrowings. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

4.5.2 Construction costs of a new facility

We intend to allocate approximately RM49.5 million or 12.9% of the gross proceeds from our Public Issue to fund the construction costs of a new processing facility (“**Singapore Facility 4**”) for the expansion of our Singapore operations.

The estimated construction cost of Singapore Facility 4 comprises approximately RM45.0 million for the land purchase and approximately RM11.0 million for the construction of a processing facility. We have estimated the land purchase cost based on a previous bid for a property with an area of approximately 6,000 m² and estimated the construction cost based on historical cost of establishing our existing facilities in Tuas Avenue, which primarily comprises liquid bulk facilities, processing facilities, handling and storage facilities.

As at the LPD, we have not entered into any negotiations for the purchase of land as we are in the midst of identifying suitable locations for the new facility taking into account location, land cost and readiness of the civil infrastructure such as road access, water works, existing buildings or towers, foundation and piling works. Hence, the exact breakdown of construction cost has yet to be determined as the construction cost is dependent on the land size as well as the readiness of the civil infrastructure.

See Section 7.13.2 of this Prospectus for further details on the construction of the Singapore Facility 4.

4. DETAILS OF OUR IPO (Cont'd)

The indicative timeline for the construction of the Singapore Facility 4 is as set out below:

Timeline	Details
Q3 2025	<ul style="list-style-type: none"> • Completion of acquisition of land in Singapore
Q4 2025	<ul style="list-style-type: none"> • Development order to be obtained alongside approvals such as building plan approval
Q1 2026	<ul style="list-style-type: none"> • Mobilisation and commencement of construction works, subsequent to obtaining the relevant approvals
Q2 2026	<ul style="list-style-type: none"> • Purchase of machinery and equipment
Q4 2026	<ul style="list-style-type: none"> • Completion of construction works • Installation of machinery and equipment
Q1 2027	<ul style="list-style-type: none"> • Commissioning and obtainment of certification of completion • Commencement of operations

The Singapore Facility 4 will have similar functions as our existing facilities in Tuas Avenue, where operational activities such as warehousing, processing, handling and storage of liquid bulk, liquid and dry packaging inorganic chemicals will be carried out.

As at the LPD, no amount has been incurred towards the construction of the new facility. The construction cost will be partly funded using the proceeds of our Public Issue, with the remaining cost to be funded by internally generated funds and/or bank borrowings. In the event that the construction cost is incurred before the receipt of the proceeds of our Public Issue, the proceeds of our Public Issue will be used to replenish any internally generated funds incurred or repay bank borrowings secured for the construction cost. If the actual proceeds are lower than budgeted above, any shortfall will be funded out of the portion allocated for our working capital requirements as well as using our internally generated funds and/or bank borrowings. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

4.5.3 Acquisitions to be identified

We intend to allocate approximately RM99.1 million or 25.7% of the gross proceeds from our Public Issue for investment and acquisition of target companies to be identified in the next 36 months.

One of our future plans and growth strategies is to selectively pursue acquisitions and investments in other companies which operate in the inorganic chemicals industry or other chemical-related industries such as specialty chemicals, as well as offer products that complement our Group. This may potentially result in cost synergies and revenue synergies, enabling us to achieve economies of scale, optimise cost structure, expand customer and supplier networks, penetrate new business segments and increase the diversity of products offering, and strengthen our regional presence as well as enter into new business segments (i.e. acquire or invest in manufacturing companies in Vietnam to achieve vertical integration of our operations in Vietnam using the existing manufacturing facilities of the target companies, which will help streamline processes along the production chain, since our Group only provides total chemical management and not manufacturing in Vietnam as at the LPD) and geographical markets. In light of the above strategy, we are exploring investment and acquisition opportunities in companies within the Asia Pacific region which meet our criteria.

4. DETAILS OF OUR IPO (Cont'd)

As at the LPD, we have identified a target business but the acquisition plan is still in a preliminary phase and no amount has been incurred towards the acquisition of any target company. If the actual proceeds are lower than budgeted above, any shortfall will be funded out of the portion allocated for our working capital requirements as well as using our internally generated funds and/or bank borrowings. Conversely, any excess funds not utilised for this purpose will be utilised to meet the working capital requirements of our Group.

4.5.4 Loan repayment

We intend to allocate approximately RM50.0 million or 13.0% of the gross proceeds from our Public Issue to partly repay the Islamic term financing of RM250.0 million granted by Maybank Islamic Berhad which was drawn down on 8 February 2024 to finance the cash consideration of the Acquisition.

The Islamic term financing facility to be repaid from the proceeds of our Public Issue bears an effective rate of approximately 4.1% per annum as at the LPD, and is required to be repaid within 5 years from the first utilisation of the facility.

The repayment of the Islamic term financing facility is expected to have a positive financial impact on our Group with interest saving of approximately RM2.1 million per annum based on the effective rate of approximately 4.1%.

See Section 11.2.1 of this Prospectus for the declaration on conflict of interest by Maybank IB.

4.5.5 Working capital

We intend to allocate approximately RM79.4 million or 20.6% of the gross proceeds from our Public Issue to fund the working capital requirements of our Group. Working capital will be used to finance raw material purchases, which includes packaging material purchases and logistics, as well as general and administrative expenses, such as staff costs and warehouse-related costs, which are required for our Malaysia, Singapore and Vietnam operations.

The breakdown of such utilisation has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation. Notwithstanding this, and on best estimate basis, the percentage of the allocation of the proceeds to be utilised for each component of the working capital are as follows:

	<u>RM'000</u>	<u>%</u>
Raw material purchases	50,000	63.0
General and administrative expenses	29,426	37.0
Total	<u>79,426</u>	<u>100.0</u>

As detailed in Section 7.13 of this Prospectus, our Group's working capital requirement is expected to increase in line with our on-going business expansion and our growth strategy. This working capital allocation is expected to enhance our Group's liquidity and cash flow position and to reduce our reliance on external financing. We have budgeted the working capital requirements with reference to the historical cost of raw material purchases, packaging material purchases and logistics, subject to the fluctuations in prices.

4. DETAILS OF OUR IPO (Cont'd)

Our Board shall have the absolute discretion to decide on the allocation between the purchase of raw materials and general and administrative expenses, depending on the operating requirements at the time of utilisation.

4.5.6 Defray fees and expenses relating to our IPO and Listing

The estimated fees and expenses for our IPO and Listing to be borne by us are estimated to be RM16.8 million, comprising the following:

	<u>RM'000</u>	<u>%</u>
Professional fees ⁽¹⁾	8,548	51.0
Fees payable to authorities ⁽²⁾	1,004	6.0
Brokerage, underwriting and placement fees	6,645	39.6
Other fees and expenses such as printing, advertising, travel and roadshow expenses, miscellaneous expenses and contingencies	577	3.4
Total	<u>16,774</u>	<u>100.0</u>

Notes:

- (1) *Includes professional and advisory fees of, among others, Principal Adviser, Solicitors, Reporting Accountants, Independent Market Researcher and Internal Control Consultant.*
- (2) *Includes fees payable to the SC and Bursa Securities.*

If the actual fees and expenses for our IPO and Listing are higher than budgeted, the shortfall will be funded out of the portion allocated for our working capital requirements. On the other hand, if the actual fees and expenses are lower than budgeted, the difference will be used to fund our working capital requirements.

The actual proceeds accruing to our Group will depend on the Institutional Price and the Final Retail Price. If the actual proceeds are higher than budgeted above, the excess will be used for our working capital requirements. Conversely if the actual proceeds are lower than budgeted above, the proceeds allocated for our working capital requirements will be reduced.

Given the timing of the use of proceeds to be raised from our Public Issue may not be immediate and as part of our efficient capital management to maximise profit income, we intend to place the proceeds raised from our Public Issue or any balance (including accrued profit, if any) in the interest-bearing accounts with the licensed financial institution(s) and/or in money-market deposit instruments/funds.

4.6 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.6.1 Brokerage fee

We will pay brokerage in respect of our IPO Shares under the Retail Offering at the rate of 1.0% (exclusive of applicable tax) of the Final Retail Price in respect of all 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. DETAILS OF OUR IPO (Cont'd)

The Sole Bookrunner is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us.

4.6.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Sole Underwriter has agreed to underwrite our IPO Shares under the Retail Offering for an underwriting commission of up to 1.25% (exclusive of applicable tax) of the Retail Price multiplied by the total number of IPO Shares underwritten under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.6.3 Placement fee

We will pay the Sole Bookrunner a placement fee of 1.25% (exclusive of applicable tax) and may pay the Sole Bookrunner a discretionary fee of up to 0.5% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to the institutional and selected investors in accordance with the terms of the Placement Agreement.

4.7 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

4.7.1 Underwriting

We have entered into the Retail Underwriting Agreement with the Sole Underwriter to underwrite 30,000,000 IPO Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.6.2 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

Unless waived by the Sole Underwriter who has agreed to underwrite our 30,000,000 IPO Shares under the Retail Offering, the underwriting obligations of the Sole Underwriter are subject to certain conditions precedent which must be fulfilled or waived on or before the closing date of the Retail Offering as stated in this Prospectus or such later date as may be agreed in writing by the Sole Underwriter.

The Sole Underwriter may by notice to our Company given at any time before the date of our Listing, terminate, cancel and withdraw its underwriting commitment under the Retail Underwriting Agreement if:

- (a) there is an occurrence of any event or discovery of any fact or circumstances rendering any of the representations, warranties and undertakings contained in the Retail Underwriting Agreement to be untrue, inaccurate, incorrect or misleading in any respect or resulting in any of the representations, warranties and undertakings of the Company as set out in the Retail Underwriting Agreement to be not complied with, breached and/or failed to be performed in any respect;
- (b) there shall have been a breach or failure on the part of our Company to perform or comply with any of the covenants, undertakings or obligations contained in the Retail Underwriting Agreement which has resulted or is likely to result in any event, development or occurrence or series of events, developments or occurrences, which, in the reasonable and sole opinion of the Sole Underwriter, has or could reasonably be expected to have a material adverse effect or result in a material adverse change, whether individually or

4. DETAILS OF OUR IPO (Cont'd)

in the aggregate, and whether or not arising in the ordinary course of business, on any of the following: (i) the condition (financial or otherwise), general affairs, commitments (contractual or otherwise), prospects, earnings, management, business, properties, assets, liabilities, liquidity, undertakings, shareholders' equity or operations of our Company or any company within our Group, taken as a whole; (ii) the ability of our Company to perform our obligations under or with respect to, or to consummate the transactions contemplated by this Prospectus or any of the Retail Underwriting Agreement, the Placement Agreement and the lock-up letters issued by our Company, our Substantial Shareholders and our Promoters to the Sole Bookrunner (collectively, the "**Transaction Agreements**"); (iii) the ability of our Company or any company within our Group to conduct its businesses and to own or lease its assets and properties as described in this Prospectus; or (iv) our IPO, including the distribution or the sale of our IPO Shares pursuant to our IPO ("**Material Adverse Effect**");

- (c) any one of the Transaction Agreements shall have been terminated or rescinded in accordance with their terms or any of the parties thereunder shall have failed to perform their obligations thereunder, ceases to have any effect whatsoever, or is varied or supplemented upon their terms and such variation or supplementation has or is likely to have a Material Adverse Effect;
- (d) SC or Bursa Securities suspends or revokes any approval for the IPO or makes any ruling (or revokes any ruling previously made), the effect of which is to prevent our Listing or quotation of our Shares on Bursa Securities or to make it impracticable to market our IPO or to enforce contracts to allot our IPO Shares;
- (e) trading of shares or securities on Bursa Securities has been limited or suspended or minimum prices have been established by Bursa Securities for three (3) consecutive Market Days or more, as the case may be;
- (f) there shall have been announced or carried into force any new law of Malaysia which in the reasonable opinion of the Sole Underwriter may prejudice the success of our Listing or which would have or is likely to have a Material Adverse Effect or the effect of making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;
- (g) there shall have been any other material adverse change in national or international monetary, financial, capital markets (including stock market, foreign exchange market, inter-bank market or interest rates or money market or currency exchange rates or foreign exchange controls), political, legal, regulatory, taxation, industrial or economic conditions which would have or is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (i) on or after the date of the Retail Underwriting Agreement; and
 - (ii) prior to our Listing date,

lower than 85% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

4. DETAILS OF OUR IPO (Cont'd)

- (h) our Company withholds any material information from the Sole Underwriter, which, is likely to have a Material Adverse Effect;
- (i) a banking moratorium has been declared by any legislative, executive, administrative, governmental, statutory or regulatory commission, board, body, authority or agency, and any stock exchange, self-regulatory organisation, accreditation organisation or other non-governmental regulatory authority (including but not limited to the SC, Bursa Securities and the Registrar of Companies of Malaysia), and any court, tribunal or arbitrator, in each case in Malaysia or any other jurisdiction, and whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, supranational or otherwise ("**Authority**") in Malaysia, the United States, the United Kingdom, Singapore or Hong Kong, or a material disruption of commercial banking activities or securities settlement or clearance services has occurred in Malaysia, the United States, the United Kingdom, Singapore, or Hong Kong;
- (j) our IPO is stopped or delayed by our Company or any Authority for any reason whatsoever (unless such delay has been approved by the Sole Underwriter);
- (k) any material statements contained in this Prospectus and/or the Application Form(s) have become or been discovered to be untrue, inaccurate or misleading in any respect or matters have arisen or have been discovered which would, if this Prospectus and/or the Application Form(s) were to be issued at that time, constitute a material omission therefrom;
- (l) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Sole Underwriter by reason of the force majeure (i.e. an event, condition or circumstance or its effect which (i) is beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation; and (ii) causes such party to be incapable of performing its obligations under the Retail Underwriting Agreement despite all its reasonable efforts to prevent it or mitigate its effects, subject to satisfying the foregoing criteria, includes without limitation war, acts of warfare, hostilities, invasions, incursion by armed force, act of hostile army, nation or enemy, government, strikes, lockouts, civil war or commotion, acts of war, hijacking, terrorism, sabotage, riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power, or natural catastrophe including but not limited to fire, explosions, earthquakes, floods, storm, lightning, tempest, pandemic, epidemics, other Acts of God or the occurrence of any other calamity or crisis or emergency or any event or series of events in the nature of force majeure, or deterioration of any such condition) which, in the reasonable judgment of the Sole Underwriter, would have or is likely to have a Material Adverse Effect or which would have or is likely to have an effect of making any obligation under the Retail Underwriting Agreement impracticable or inadvisable to perform in accordance with its terms;
- (m) the occurrence of any government requisition or other occurrence of any nature whatsoever which would have or is reasonably likely to have a Material Adverse Effect;
- (n) our Listing does not take place by 31 December 2024 or such other extended date as may be agreed by the Sole Underwriter;

4. DETAILS OF OUR IPO (Cont'd)

- (o) the Closing Date (i.e. the last day and time for the application and payment of the Retail Offering in accordance with this Prospectus and the Application Form) does not occur by 22 December 2024 or such other extended date as may be agreed in writing by the Sole Underwriter;
- (p) our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Sole Underwriter;
- (q) any commencement of legal proceedings, formal investigations, enquiries or action against our Company or any member of our Group or any of their directors or executive officers, which, in the reasonable and sole opinion of the Sole Underwriter, would have a Material Adverse Effect or make it impracticable to enforce contracts to allot our IPO Shares;
- (r) any of the resolutions or approvals referred to in Clause 4.1 of the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have a Material Adverse Effect; or
- (s) our IPO is cancelled by our Company.

4.7.2 Placement

We expect to enter into the Placement Agreement with the Sole Bookrunner in relation to the placement of 190,000,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.4 of this Prospectus. We will be requested to give various representations, warranties and undertakings, and to indemnify the Sole Bookrunner against certain liabilities in connection with our IPO.

4.7.3 Lock-up arrangements

- (i) We have agreed that, subject to offerings under our IPO and certain exceptions, we will not without the prior written consent of the Sole Bookrunner, for a period of up to and including 6 months from the date of our Listing, directly or indirectly, conditionally or unconditionally:
 - (a) issue, allot, offer, sell or contract to sell, assign, purchase any option, issue or sell any option or contract to purchase, grant any option, right or warrant to purchase or subscribe for, or create or agree to create any encumbrance, transfer, or dispose of, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to our Shares);
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, our Shares), regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any of our Shares being issued, offered or sold by our Company in connection with our IPO;
 - (c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities; or

4. DETAILS OF OUR IPO (Cont'd)

- (d) offer or agree to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (c) above.
- (ii) Dato' Lee Soon Hian, Lee Oi Loon, Leong Chao Seong, Wong Kin Wah, Lee Hong Zhang, Lee Sen Zhang, Lee Tian Zhang and Lee Yan Ling have agreed with the Sole Bookrunner for a period up to and including 6 months from the date of our Listing, they will not, without the prior written consent of the Sole Bookrunner, directly or indirectly, conditionally or unconditionally:
- (a) offer, pledge, sell or contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any security, encumbrance, lend, hypothecate or otherwise transfer or dispose of, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, our Shares (or any interest therein or in respect thereof)) (i) held them respectively as at the date of the lock-up agreement; and (ii) acquired by them respectively up to and including the date of our Listing, including such IPO Shares allocated, issued and allotted to them pursuant to the Pink Form Allocations, as the case may be (the Shares referred to in (i) and (ii) shall be referred to as the "**Relevant Shares**");
- (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, our Shares), regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
- (c) deposit any of the Relevant Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Relevant Shares) in any depository receipt facilities;
- (d) sell, transfer or otherwise dispose of any interest in any shares in any company or entity controlled by them which is directly, or through another company or other entity indirectly, the beneficial owner of the Relevant Shares; or
- (e) offer or agree to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (d) above.

The restrictions in Section 4.7.3(i) and (ii) above do not apply in respect of our Shares that are offered, issued or sold pursuant to our IPO. The restrictions in Section 4.7.3(ii) above do not apply to the Shares held by Leong Chao Seong's spouse, Chung Yook Chee and children, Leong Xiao Rui and Leong Xiao Lung of which Leong Chao Seong is deemed interested applying Section 59 (11)(c) of the Act.

4. DETAILS OF OUR IPO (Cont'd)

4.8 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 10 Market Days after the close of the Institutional Offering. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

5. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

5.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

5.1.1 We are dependent on licences, permits and approvals granted by relevant authorities to operate our business

Our Group is required to maintain and regularly renew various licences, permits and approvals issued by various governmental authorities and regulatory agencies, and these licences, permits and approvals are essential for the conduct of our business and operations. See Annexure A of this Prospectus for further details on our major approvals, licences and permits.

In Malaysia, CCCs or equivalent are required for the occupation of buildings or part thereof, failing which, we may be required to vacate such buildings and we may become subject to a fine and/or imprisonment pursuant to the applicable legislation as detailed in Section 7.20.1 of this Prospectus. As at the LPD, certain buildings erected on part of our material properties do not have the requisite CCC or equivalent. See Section 7.21.1 of this Prospectus for further details. As at the LPD, while we have not experienced any imposition of sanctions by the local councils to obtain certifications or permits in relation to the safety and fitness of buildings for occupation and we are actively undertaking the rectification measures to remedy the non-compliance, there can be no assurance that that we will not be subject to any enforcement action in the future.

Our owned and rented facilities in Malaysia are also required to obtain fire certificates which are subject to annual renewal. The owners of designated premises may become subject to a fine and/or imprisonment or other penalties if the requisite fire certificates are not obtained. See Section 7.21.2 of this Prospectus for further details. As at the LPD, although we are in the process of obtaining the requisite fire certificates, there can be no assurance that the approval for the fire certificates can be obtained in a timely manner, if at all.

Further, Bomba has the discretion to order or direct an owner or occupier to cease any activity if such activity constitutes an immediate danger of fire prejudicial to the safety of life or property. Although we have not experienced any such enforcement of order for any of our owned or rented premises which have yet to obtain the requisite fire certificate, there can be no assurance that we will not be required to shut down or relocate our operational facilities. Any adverse change in policies, guidelines or directives taken by the local councils and/or Bomba in exercising discretion on the matters requiring their approvals, which we cannot anticipate and are beyond our control may result in our applications being rejected, our Group being subject to sanctions and/or penalties, and/or our Group incurring additional costs to replace the affected properties following our unsuccessful application. This may disrupt our business operations and in turn may significantly impact our financial condition, results of operations and prospects.

Our major licences, permits and approvals are subject to a variety of conditions which are either stipulated within the licences, permits and approvals themselves or under the particular legislation and/or regulations governing the issuing authorities. Certain licences, permits and approvals are subject to periodical renewals or reassessment by the relevant regulatory authorities. Further, regulations of the issuing authorities may become more stringent from time to time, and it may become more costly for us to comply with the terms and conditions of these licences, permits and approvals. Any inability to comply may result in our licences, permits and approvals being revoked, suspended or not renewed, financial penalties, imprisonment, and our Group being restricted or prohibited from carrying out our business operations. This, in turn, may cause cancellation of orders and adversely impact our financial performance as well as business relationships with our customers.

5. RISK FACTORS (Cont'd)

For example, in Vietnam, the laws and regulatory framework affecting the Vietnamese economy is not as well established as the laws of other regions such as Western Europe and the United States. The Vietnamese legal system includes guiding documents under the law such as decrees and circulars, which detail the law. In practice, regulations may be interpreted and enforced differently in different provinces across Vietnam. The application, interpretation or increased governmental enforcement of existing requirements, or other developments in the future, are subject to the implementation of the regulations and policies applied by the relevant local authority of Vietnam which may change from time to time.

Although our Group has not experienced any failure to renew our licences, permits and approvals in the Periods Under Review and up to the LPD, there can be no assurance that we will continue to be able to successfully renew our approvals, licences and permits in the future, which may materially and adversely affect our business, financial condition, results of operations or prospects.

5.1.2 We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group

We are exposed to foreign exchange transaction risk which arises from our exposure to USD, SGD and VND. The revenue generated from our foreign sales are denominated in USD, SGD and VND, and collectively contributed 45.6%, 46.9%, 52.7% and 52.3% to our Group's total revenue in the Periods Under Review. Further, our Group imports chemicals in which the purchases are denominated in USD, SGD and VND. For the Periods Under Review, our purchases which are denominated in USD, SGD and VND contributed 63.3%, 66.4%, 77.0% and 78.5% respectively to our Group's total purchases.

For the Periods Under Review, our revenue and purchases in respective currencies are as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue denominated in:								
RM	613,107	54.4	787,786	53.1	617,425	47.3	314,314	47.7
USD	296,384	26.3	398,207	26.8	397,326	30.4	179,344	27.7
SGD	127,856	11.4	183,008	12.3	204,283	15.6	107,100	16.2
VND	89,497	7.9	115,337	7.8	87,062	6.7	58,676	8.9
Total	1,126,844	100.00	1,484,338	100.00	1,306,096	100.00	659,434	100.00
Purchases denominated in:								
USD	525,071	59.9	749,467	62.8	757,759	72.4	348,892	70.6
RM	321,815	36.7	400,209	33.6	241,089	23.0	106,404	21.5
SGD	20,105	2.3	29,103	2.4	43,149	4.1	26,691	5.4
VND	9,337	1.1	14,040	1.2	5,561	0.5	12,150	2.5
Total	876,328	100.00	1,192,819	100.00	1,047,558	100.00	494,137	100.00

We are exposed to fluctuations of the USD, SGD and VND, and any adverse movements in the foreign exchange markets may have an adverse impact on our financial performance. Any significant appreciation or depreciation of the RM against the USD, SGD and/or VND may either positively or negatively affect our Group's financial performance. In circumstances where the USD, SGD or VND significantly appreciates against the RM, we will record higher revenue and higher purchases in RM after conversion. Conversely, in circumstances where the USD, SGD or VND significantly depreciates against the RM, we will record lower revenue and lower purchases in RM after conversion. The positive or negative effect on our Group's financial performance is subject to our position after netting off the amount of sales and purchases recorded in the respective financial years and period. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected.

5. RISK FACTORS (Cont'd)

Notwithstanding that we have entered into forward foreign exchange contracts to partially hedge our foreign exchange risk, there can be no assurance that any future foreign exchange rate fluctuations will not have a material adverse effect on the financial performance of our Group. See Section 12.2.14 of this Prospectus for further information on our forward foreign exchange contracts.

5.1.3 We rely on third-party logistics service providers for the delivery of our products, as well as on leased, rented and third-party facilities for carrying out our business operations

(i) Reliance on third-party logistics service providers

While our Group utilises in-house transportation for the delivery of our products, we also depend on third-party logistics service providers to deliver our products to customers. For the Periods Under Review, the total costs for the third-party logistics services we engaged amounted to RM31.1 million, RM35.8 million, RM37.9 million and RM30.8 million, and accounted for 2.8%, 2.4%, 2.9% and 4.7% of our Group's revenue, respectively.

Notwithstanding our formal contractual relationships with third-party logistics service providers, any failure of these providers to fulfil their contractual obligations may lead to damages and penalty claims against our Group if we are unable to fulfil our customers' orders on time. Our deliveries may also experience delays attributed to third-party logistics service providers. In addition, third-party logistics service providers may become involved in unexpected road accidents which may lead to damages to our cargo and/or disrupt our delivery schedule. In the Periods Under Review and up to the LPD, we have not encountered any incidence where our third-party logistics service providers failed to fulfil their contractual obligations or that there were material delays in the delivery of our products to customers which resulted in damages and penalty claims against our Group, as well as any incidence of material road accidents reported to our Group by our third-party logistics service providers. However, there can be no assurance that any incidence of our third-party logistics service providers failing to fulfil contractual obligations or becoming involved in unexpected road accidents may not occur in the future and that it will not have a material adverse impact on our financial performance.

Furthermore, our third-party logistics providers are also subject to rules and regulations governed by regulatory bodies such as the Road Transport Department Malaysia and the Department of Occupational Safety and Health in Malaysia; the Land Transport Authority in Singapore; and the Ministry of Science and Technology and the Ministry of Transportation in Vietnam. Non-compliance with these rules and regulations may affect their ability to continue providing logistics services. Consequently, this may adversely affect our Group's deliveries. In the Periods Under Review and up to the LPD, we have not encountered any incidence of non-compliance reported to our Group by our third-party logistics providers which had adversely impacted our deliveries and financial performance. However, there can be no assurance that any incidence of non-compliance will not occur in the future and that we will be able to appoint replacement third party logistics providers in a timely manner or at a favourable cost to complete the deliveries, which may in turn affect our business operations and financial performance.

(ii) Reliance on leased, rented and third-party facilities

As at the LPD, we have a total of 15 facilities, 2 terminals and 1 manufacturing plant, of which 1 facility and 2 terminals are properties located on land leased by our Group, 2 facilities are rented properties, 7 facilities are based on the engagement of third-party warehousing services, and 5 facilities and 1 manufacturing plant are properties owned by our Group. Further, we may enter into more lease, rental and third-party warehousing service agreements in the future as we continue to grow our business.

5. RISK FACTORS (Cont'd)

Upon expiry of our existing lease, rental or facility service agreements, the owners/third-party operators may review and change the terms and conditions of the lease, rental or facility service agreements, and therefore we may be subject to new terms and conditions imposed by the owners/third-party operators on these agreements. As such, we face the possibility of not being able to renew the agreements on terms and conditions which are commercially acceptable to us, or at all. We may also face interruptions to our business operations at our leased and rented facilities or with the third-party services if we are unable to renew the respective lease, rental and facility service agreements in a timely manner.

For the Periods Under Review, lease, rental and third-party facility service costs accounted for 2.6%, 2.0%, 1.2% and 1.5% of our Group's cost of sales respectively. As such, our Group's financial performance may be adversely affected by any substantial increase in the lease, rental or services fees. In the Periods Under Review and up to the LPD, we have not encountered any incidence of substantial increase in lease, rental or services fees which had any material adverse impact on our Group's financial performance. However, there can be no assurance that any incidence of substantial increase in lease, rental or services fees may not occur in the future and that it will not have a material adverse impact on our financial performance.

Furthermore, while our Group is responsible for obtaining and maintaining the required licences, permits and approvals for our owned and leased facilities, we are not in control of all the licences, permits and approvals in respect of our rented facilities and third-party facilities. The landlords and third-party operators may fail to obtain or renew the required licences, permits and approvals for these facilities, or be subjected to the revocation or suspension of the required licences, permits and approvals. In such event, their ability to continue renting to our Group and providing our Group with third-party facility services may be affected. As such, our business operations may be adversely affected, which may in turn affect our financial performance. In the Periods Under Review and up to the LPD, we have not encountered any incidence of failure to obtain and maintain licences, permits and approvals for our rented facilities and third-party facilities reported to our Group by our landlords and third-party operators which had any material adverse impact on our business operations. However, there can be no assurance that any incidence of our landlords and third-party operators failing to obtain and maintain required licences, permits and approvals may not occur in the future and that we will be able to engage new rented facilities and third-party operators in a timely manner or at a favourable cost, which may in turn have a material adverse impact on our business operations and financial performance.

5.1.4 We may be exposed to concentration risk as our Group's purchases of inorganic chemicals are sourced from a few major suppliers

Our purchases of inorganic chemicals are primarily sourced from the following major suppliers:

- (i) Malay-Sino Chemical Industries Sdn Bhd; and
- (ii) Supplier A, a company incorporated in the United States which is involved in the sale of soda ash.

Despite the apparent concentration of purchases from 2 of our major suppliers mentioned above, which collectively accounted for 49.5%, 46.2%, 45.4% and 47.7% of our Group's total purchases for the Periods Under Review respectively, our Group is not dependent on the 2 suppliers as there are numerous other suppliers in the market who sell the same inorganic chemicals at similar prices, quality and quantity which we can buy from. While there is no concentration risk in relation to our purchases from Malay-Sino Chemical Industries Sdn Bhd and Supplier A in the Periods Under Review, there can be no assurance that we will not be exposed to concentration risk in future. See Section 7.9 of this Prospectus for further details on our major suppliers.

5. RISK FACTORS (Cont'd)

While the long-standing business relationships that our Group had established with Malay-Sino Chemical Industries Sdn Bhd and Supplier A provided our Group with a consistent supply of quality products at competitive prices in the Periods Under Review, there can be no assurance that we will not encounter any disruption in supply, decrease in quality or increase in price of inorganic chemicals from Malay-Sino Chemical Industries Sdn Bhd and Supplier A in the future. Any disruption in supply or decrease in quality of inorganic chemicals from Malay-Sino Chemical Industries Sdn Bhd and Supplier A may adversely affect our business operations, and there can be no assurance that we will be able to obtain inorganic chemicals from existing or new suppliers in a timely manner or at similarly competitive prices and quality. Further, any increase in price of inorganic chemicals from Malay-Sino Chemical Industries Sdn Bhd and Supplier A may adversely affect our financial performance.

5.1.5 We are dependent on our management team for continued success and growth of our business

Our continued and future success largely depends on the continuing contribution of our management team, comprising our Deputy Chairman, Managing Director and Key Senior Management team, all of whom have substantial experience in the chemicals industry as well as within their respective fields of expertise.

Our Deputy Chairman, Managing Director and Key Senior Management team have years of working experience ranging from over 25 years to over 33 years in their respective fields of expertise, and/or within the chemicals industry. See Sections 9.2.1 and 9.3.2 of this Prospectus for further details on the profiles of our Deputy Chairman, Managing Director and Key Senior Management team.

We recognise that our Group's continuing success and future growth depend significantly on the capabilities and efforts of our management team. As such, any loss of these personnel simultaneously or within a short period of time, and our inability to find a suitable replacement in a timely manner, may create an unfavourable and material adverse impact on our Group's operations, financial performance and the future growth of our business. In the Periods Under Review and up to the LPD, we have not encountered any unexpected incidence of loss of personnel from our management team simultaneously or within a short period of time. However, there can be no assurance that any incidence of loss of members of our management team simultaneously or within a short period of time may not occur in the future and that we will be able to find a suitable replacement in a timely manner, which may in turn have a material adverse impact on our operations, financial performance and the future growth of our business.

5.1.6 We may not be able to successfully implement our future plans and business strategies

We plan to expand our Group's business through the following future plans and business strategies:

- (i) Expansion of our inorganic chemical manufacturing business through the construction of a new chlor-alkali plant manufacturing plant;
- (ii) Expansion of our total chemical management business through the construction of a new facility in Singapore and Malaysia respectively;
- (iii) Pursuit of acquisitions and investments in other companies;
- (iv) Continued development and growth of our product and service offerings; and
- (v) Expansion of our regional presence in Vietnam and Indonesia.

See Section 7.13 of this Prospectus for further details on our future plans and business strategies.

5. RISK FACTORS (Cont'd)

The implementation of our future plans and business strategies is subject to expenditures including capital expenditures, operational expenditures and other working capital requirements, which will increase our Group's overall operational cost, including overhead costs. This may result in an adverse impact to our profitability if we are unable to gain sufficient revenue following the execution of our business strategies. In addition, if our future plans and business strategies are not completed on schedule or within budget, this may adversely affect our Group's financial performance as well as our ability to pursue other growth opportunities.

Furthermore, the implementation of our future plans and business strategies may be influenced by factors beyond our control including, but not limited to, unfavourable global economic conditions or political environment, which may affect the commercial viability of our future plans and business strategies.

Hence, there can be no assurance that the effort and expenditure spent on the execution of our future plans and business strategies will yield expected results in expanding our business. We are also not able to guarantee the successful implementation of our future plans and business strategies, nor can we assure that we will be able to anticipate the business and operational risks arising from our future plans and business strategies. In the event of such failure, our business operations and financial performance may be adversely impacted.

5.1.7 We are subject to the risks relating to the political, economic, social and legal environment in the markets in which we serve

We principally operate in Malaysia, Singapore and Vietnam, as well as derive revenue from export sales, further details of which are set out in Section 7.3 of this Prospectus. Our business, prospects, financial condition and results of operations may be affected by any adverse development or uncertainties in the political, economic, social and/or legal conditions in Malaysia, Singapore and Vietnam, as well as the countries where our products are exported.

Any adverse development in the political and economic environment in Malaysia, Singapore and Vietnam, as well as in countries where our products are exported could materially or adversely affect our operations and financial performance. The developments that may influence consumer confidence and spending include, but not limited to, changes in political leadership, terrorism, riots, expropriation, nationalisation, unemployment trends, deterioration of international bilateral relationships, imposition of international trade sanctions, as well as changes in fiscal and monetary policies of the respective governments of each country such as inflation, deflation, methods of taxation, tax policies (including sales and services tax, excise, duties and tariffs), currency exchange controls and repatriation of profits.

Further, increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia, Singapore and Vietnam, as well as in the countries where our products are exported could materially and adversely affect our Group's business, financial performance, financial conditions and prospects.

Our Group could also be affected by new laws, regulations and guidelines that are introduced to govern our business activities whether in general or specific to the chemicals industry. Conducting our business in foreign countries requires us to comply with foreign laws and regulations covering various aspects of our operations, including trade laws, labour laws and licensing regulations, and these laws and regulations may change, or be updated and amended, from time to time, which are beyond our control.

While we have not encountered any material disruptions to our business operations resulting from changes to laws and regulations in Malaysia, Singapore and Vietnam in the Periods Under Review and up to the LPD, there can be no assurance that any legal developments in the future will not materially affect the business operations of our Group.

5. RISK FACTORS *(Cont'd)*

5.1.8 **Our business is exposed to interruptions or delays caused by outbreak of pandemic, unexpected equipment failures, electricity failures, water disruptions, fires as well as environmental factors (including natural disasters such as floods)**

We rely on machinery and equipment to store, process and/or distribute chemicals at our facilities and terminals. We also rely on machinery and equipment to manufacture chlor-alkali derivatives at our manufacturing plant in Banting. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. In addition, as our manufacturing and processing activities are dependent on continuous supply of electricity and water, any major disruptions to the supply of electricity or water may result in interruptions in our operations.

Further, the occurrence of natural disasters (e.g. floods) and damage caused by fires may also cause interruptions to the operations at our facilities, terminals and manufacturing plant, as well as damage to all or part of our inventory, machinery and equipment. In such event, our chemical storage, processing, distribution and manufacturing activities may experience interruptions or prolonged suspension, which may consequently affect our ability to fulfil our customers' orders in a timely manner. Further, any material damage to our inventory, machinery and equipment may result in our Group incurring significant costs for repair, refurbishment and/or replacement that may adversely impact our financial performance.

In the Periods Under Review and up to the LPD, our Group had experienced an incident of major floods due to continuous heavy rain which had disrupted our operations and caused damages at our Port Klang Facility 2, as well as a fire incident which had disrupted our operations and caused damages at our Seberang Perai Facility. The losses incurred from these incidents collectively amounted to approximately RM242,900, of which approximately RM216,400 was reimbursed to us under our insurance policies and the remaining was borne by our Group. As a majority of the losses incurred from these incidents were reimbursed to us under our insurance policies, there was no material impact to our Group's financial performance arising from these incidents. Further, there was no material disruption to our sales and delivery as we have sufficient inventory at other facilities to facilitate our sales.

Save for the abovementioned incidents, our Group has not experienced any occurrence of unexpected equipment failures or material damages to our inventory and facilities, terminals and manufacturing plant which had led to unanticipated downtime or prolonged disruption to our operations in the Periods Under Review and up to the LPD. However, there can be no assurance that such incidence will not occur in the future.

Further, the outbreak of pandemics of infectious diseases (e.g. COVID-19) or other health epidemics may create economic uncertainties globally, which may adversely affect business activities. The outbreak of pandemics may also result in the imposition of lockdown measures and accompanying SOPs to curb the spread of the virus, leading to disruptions and/or temporary suspension of business activities. While we were required to reduce our workforce capacity in compliance with the SOP outlined by MITI during the period of the COVID-19 pandemic, our business operations and financial performance were not adversely affected as our Group is considered an essential service provider. See Section 7.15 of this Prospectus for further details on the impact of COVID-19 on our business. Should there be any future outbreaks of infectious diseases similar to the COVID-19 pandemic, there can be no assurance that our business operations and financial performance will not be adversely and materially affected.

5.1.9 **Our delivery schedule may be affected by road accidents encountered by our in-house fleet of lorries and tankers**

As at the LPD, we have an in-house fleet of 15 lorries and 29 tankers, to cater for the delivery of chemicals to our customers from our facilities across Malaysia and Singapore. As such, we are exposed to the risk of road accidents involving our in-house fleet that may lead to damages of cargo and containers and/or disrupt our delivery schedules.

5. RISK FACTORS *(Cont'd)*

In the Periods Under Review, there have not been any material road accidents involving our in-house fleet. Nevertheless, there can be no assurance that such road accidents will not occur in future, and any resultant delay in our delivery schedule without prior notice to our customers may have an adverse impact on our reputation, financial condition, business and operations.

5.1.10 We are exposed to the risk of workplace health and safety hazards, as well as environmental safety breaches

(i) Workplace health and safety hazards

Our business operations are subject to laws and regulations relating to workplace health and safety requirements enacted or issued by government bodies. The primary legislation, regulations and industry code of practice applicable to our workplace health and safety practises are the Occupational Safety and Health Act 1994 in Malaysia; the Workplace Safety and Health Act 2006 and the Work Injury Compensation Act 2019 in Singapore; and the Labour Code 2019 in Vietnam. As at the LPD, save for our office in Vietnam, we do not have any in-house operated facilities located in Vietnam and as such, we rely on third-party service providers operating the facilities used to provide warehousing services to our Group in Vietnam to comply with the country's laws and regulations relating to workplace health and safety requirements.

See Section 7.20 of this Prospectus for further details on the legislation, regulations and industry code of practice applicable to our workplace health and safety practises.

As our Group's business operations involve the activities of warehousing, processing, handling and storage, manufacturing and transportation of chemicals, any improper management of these chemicals or the implementation of improper safety practices may be hazardous or detrimental to the health of our workers. For example, flammable and toxic chemicals require more attention when handling and our workers are required to be attired in protective gears such as gloves, goggles, safety helmets, safety vests, protective shoes, face shields, masks and/or respirators, to avoid direct contact with skin and inhalation of vaporised chemicals. Improper management of dangerous chemicals and/or improper safety practises may cause workplace accidents, which may result in serious injury to our workers or even fatalities. In the event of accidents, such incidence may subject our Group to investigations that may disrupt or lead to the suspension of our Group's operations, as well as lead to negative publicity and/or liabilities and legal proceedings filed against our Group which will have an adverse impact on our reputation and financial performance. In the Periods Under Review and up to the LPD, there were minor incidence of workplace accidents for our operations in Singapore in which the claims for the treatment of injuries by our employees were fully reimbursed to us under our insurance policies. Over the same period, there were no major workplace accidents that have resulted in any penalties imposed or notices issued by the relevant workplace health and safety authorities in Malaysia, Singapore and Vietnam in the course of our business operations which had a material adverse impact on our business operations and financial performance.

Further, in the Periods Under Review and up to the LPD, our Group's facilities, terminals and manufacturing plant have not been subject to any audit or inspection by the relevant health and safety authorities in Malaysia, Singapore and Vietnam that resulted in any material penalties imposed or stop work orders issued which had a material adverse impact on our business operations and financial performance. However, while our Group has put in place our safety and health policy, there can be no assurance that major workplace accidents may not occur in the future.

5. RISK FACTORS *(Cont'd)*

(ii) Environmental safety breaches

The primary legislation, regulations and industry code of practice applicable to our environmental safety practices include, but are not limited to, the following:

- In Malaysia, the Department of Environment regulates and oversees environmental pollution control through the EQA, as well as governs the disposal, storage, treatment, recovery, delivery and receipt of scheduled wastes through the Scheduled Wastes Regulations; and
- In Singapore, the National Environment Agency is the leading public organisation responsible for ensuring a clean and sustainable environment in Singapore. The Environmental Protection and Management Act 1999 consolidates the laws in Singapore relating to environmental pollution control, provides for the protection and management of the environment and resource conservation, and for purposes connected therewith. The Environmental Public Health Act 1987 consolidates the laws in Singapore relating to environmental public health and provides for matters connected therewith.

As we do not have any in-house operated facilities in Vietnam as at the LPD, we rely on third-party service providers operating the facilities used to provide warehousing services to our Group to comply with the country's laws and regulations relating to environmental safety practices.

See Section 7.20 of this Prospectus for further details on the legislation, regulations and industry code of practice applicable to our environmental safety practices.

Chemicals such as chlorine and hydrochloric acid release harmful fumes which are non-environmentally friendly. Hence, this requires our facilities to install scrubber systems which draw the polluted air into the system to be treated. Our processing and manufacturing activities also produce scheduled wastes such as sludge which require the scheduled wastes to be properly handled and stored by our Group before being collected by licensed scheduled waste collectors for subsequent treatment and disposal.

Further, our trading and distribution activities involve the transportation of hazardous chemicals which require careful management to prevent spillages which may cause harm to the environment.

While we have taken necessary measures to prevent potential leakages and spillages of harmful fumes, scheduled wastes and hazardous chemicals into the environment, there can be no assurance that any unexpected accidents or damages to our scrubber systems, storage containers, or chemical processing, handling and manufacturing equipment which are beyond our control, will not result in harmful fumes, scheduled wastes or hazardous chemicals being discharged to the environment. The occurrence of such incident(s) may subject our Group to non-compliance under the relevant acts, which may result in penalties being imposed on our Group in the form of fines or imprisonment, or both. The imprisonment of relevant personnel of our Group may have an adverse impact on our reputation and business operations, and the imposition of material fines on our Group would have a negative impact on our financial performance. Further, should any accidents or damages to our scrubber systems, storage containers, or chemical processing, handling and manufacturing equipment resulting in significant pollution to the environment, our Group may be required to temporarily halt our operations to rectify these damages to prevent further pollution to the environment and may be subject to investigations that may disrupt or lead to the suspension of our Group's operations. This may, in turn, adversely affect the deliveries of orders to our customers as well as our financial performance.

5. RISK FACTORS (Cont'd)

In the Periods Under Review and up to the LPD, save for non-material non-compliances in respect of environmental matters which have been duly rectified, we have not been in breach of the abovementioned laws and regulations. However, although our Group has put in place standard operating procedures and preventive action plans in place to ensure our workplace and environmental health and safety measurements are in compliance with the relevant workplace and environmental health and safety laws and regulations, there can be no assurance that any unanticipated accidents or non-compliance will not occur in the future, and such incidence may lead to negative publicity and/or liabilities and legal proceedings filed against our Group which will have an adverse impact on our reputation and financial performance.

Additionally, our operations may also be affected if there are changes in the workplace and environmental health and safety laws, regulations and industry code of practice, and the compliance with new laws, regulations and code of practice may impose a significant cost to our Group. Any failure to comply with any new relevant laws and regulations may result in penalties and closure of our facilities to remedy our operational procedures. This may, in turn, disrupt our business operations and affect our ability to meet the agreed upon delivery schedule to our customers. Should this occur, it may materially and adversely affect our Group's business operations and financial performance.

5.1.11 We may not be able to secure funding, especially on terms favourable to us, to meet our capital requirement

Our ability to obtain external financing are subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the economy where we operate and the markets for our products, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide new loans.

The following table sets out our borrowings as at 30 June 2024, which comprise term loans, bankers' acceptances, and lease liabilities:

	30 June 2024
	RM'000
Term loans:	
Within the next 12 months ⁽¹⁾	28,873
After the next 12 months ⁽¹⁾	344,450
Bankers' acceptances:	
Within the next 12 months ⁽¹⁾	90,298
Lease liabilities:	
Within the next 12 months ⁽¹⁾	6,547
After the next 12 months ⁽¹⁾	10,117

Note:

(1) Referring to the repayment period of the borrowings.

If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business, financial condition and results of operations. During the Periods Under Review, we have not encountered any incidence of not being able to secure funding on terms favourable to us to meet our capital requirement. However, there can be no assurance that any required financing, either on a short-term or long-term basis, will be available to us on terms favourable to us or at all, in the future.

5. RISK FACTORS *(Cont'd)*

5.1.12 Our financial performance may be affected by adverse changes in interest rates

Our outstanding borrowings as at 30 June 2024 amounted to RM480.3 million, comprising term loans, bankers' acceptances, and lease liabilities. This translates to a gearing level of approximately 1.6 times.

In view that the interests charged on our bank borrowings are dependent on prevailing interest rates, any significant increase in interest rates will significantly increase our interest expenses and hence, will have an adverse impact on our financial performance. In addition, the agreements for credit facilities contain covenants which may limit our future operating and financing flexibility such as restrictions in future borrowings, creation of new securities and disposal of our capital assets. A breach of such covenants may result in the termination and/or enforcement of securities granted for the relevant credit facility. During the Periods Under Review, we have not encountered any incidence of significant increase in interest rates which had resulted in material adverse impact on our financial performance, as well as any incidence of breach of covenants contained in our credit facilities which had resulted in the termination and/or enforcement of securities granted for the relevant credit facility.

However, there can be no assurance that our financial performance would remain favourable in the event of any adverse change in interest rates and that there will not be any incidence of termination and/or enforcement of securities granted for our credit facilities in the future.

5.1.13 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations, which are subject to significant operating hazards and risks

We maintain insurance to protect against various possible losses and liabilities. The insurance policies maintained by our Group include fire, explosion and all risk on cargo policy, cargo insurance, burglary policy, machinery and equipment insurance, and public liability insurance.

We are subject to the risk that, in future, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. Moreover, if we were to incur a significant loss or liability for which we were not fully insured, the additional cost incurred by our Group may adversely affect our financial performance. In the Periods Under Review and up to the LPD, we have not encountered any incidence for which our insurance coverage is insufficient to cover the damages, losses and liabilities incurred which resulted in material adverse impact on our financial performance. However, there can be no assurance that our insurance coverage will be sufficient to cover all damages, losses and liabilities that may arise in connection with our Group's operations in the future, which in turn will have a material adverse impact on our financial performance.

5.1.14 We may be subject to impairment loss on receivables or bad debts

The credit period granted by our Group ranges from cash to 120 days from the date of our invoice. In the event that payments are not received within the credit period or there are defaults in payments by our customers, we may have to provide impairment losses on trade receivables or write off trade receivables as bad debts, which may adversely affect our financial performance.

The accumulated impairment loss for trade receivables as at the FPE 2024 was RM963,000. As at the LPD, RM8.8 million have yet to be collected by our Group, of which RM5.0 million or approximately 1.8% of our total receivables as at the FPE 2024 have exceeded the credit period. See Section 12.2.9(i) of this Prospectus for further details on the ageing analysis of our trade receivables.

5. RISK FACTORS (Cont'd)

In the Periods Under Review, our impairment loss and bad debts are not material due to the low frequency of occurrence and relatively small amount recorded. Impairment loss amounting to RM70,000 and RM130,000 were only recorded for the FYE 2022 and FPE 2024 respectively, whereas FYE 2021 and FYE 2023 were reversals of impairment loss. Further, bad debts amounting to RM45,000 were only recorded for the FYE 2021. However, there can be no assurance that any delay or failure in receiving payments in full from our customers will not occur in the future, which may cause material adverse impact on our financial performance.

5.1.15 We are exposed to the risk of theft or tampering of our inventories

Our business involves the warehousing and transportation of chemicals. Given that our Group has multiple facilities located across Malaysia and Singapore, as well as engaged third-party facility services in Malaysia, Singapore and Vietnam, the inventory of our chemicals is thus spread across various locations. This exposes our Group to the risk of theft or tampering of our inventories at our facilities, as well as theft or tampering during transit. Any instances of theft or tampering of our inventories at our facilities or during transit could expose us to financial losses and adversely impact our financial performance. Further, in the event that our inventories are tampered and sold to our customers, we may be subject to claims by our customers which may cause us to be liable for any damages or losses suffered. Such incidents may result in a negative perception of our Group's products and services which could affect our reputation in the industry.

In the Periods Under Review and up to the LPD, we have not encountered any incidence of theft or tampering of our inventories at our facilities as well as theft during transit. Nevertheless, there can be no assurance that such incidence will not occur in the future.

5.1.16 We may be involved in legal and other disputes or proceedings arising out of our operations from time to time and may face significant liabilities as a result

We may be involved, from time to time, in disputes with various parties such as landowners, landlords, suppliers, service providers, customers and other parties involved in the course of our business operations. Costs, time and management resources would have to be diverted towards defending such claims should they arise. Such disputes and claims may lead to legal proceedings, administrative proceedings and other proceedings against our Group. Any unfavourable decrees issued against our Group may cause us to suffer additional costs, delays and/or financial losses. We are unable to give any assurance that if disputes and claims arise, they will be settled on terms which are favourable to our Group; or if such disputes and claims result in litigation or arbitration, such judgement, order or award will not adversely affect our business operations, financial condition, prospects and reputation. In the Periods Under Review and up to the LPD, our Group has not been involved in any material disputes or proceedings arising out of our operations. Nevertheless, there can be no assurance that such disputes or proceedings will not occur in the future.

Further, we may also, from time to time, be subject to other proceedings such as tax reviews and audits. These matters in which we may be involved are subject to uncertainties, and their outcomes are difficult to predict. For example, TMK Banting has an income tax dispute with the Inland Revenue Board of Malaysia ("IRB"), where the IRB took the view that certain TMK Banting's expenses were non-deductible prior to the commencement of chemical manufacturing business, and capital allowances cannot be claimed until TMK Banting obtains its CCC for its manufacturing plant. As a result, TMK Banting is subject to additional tax amounting to RM6,296.64 and a penalty of RM944.49, totalling RM7,241.13 for YAs 2020 to 2022. TMK Banting will be able to carry forward business losses of RM6.7 million from YA 2022 to YA 2023 and YA 2024, while claiming of capital allowance of RM3.8 million will be deferred to YA 2024, thereby reducing the taxable statutory business income (if any) for YA 2024. TMK Banting settled both the additional tax and penalties on 3 October 2024. There can be no assurance that we will not be subject to tax dispute and additional tax liabilities or penalties as a result of such tax dispute in the future.

5. RISK FACTORS *(Cont'd)*

5.2 RISKS RELATING TO OUR INDUSTRY

5.2.1 We face competition risk from other industry players located in Malaysia, Singapore and Vietnam

The inorganic chemicals industry comprises upstream industry players such as manufacturers, as well as downstream industry players involved in the distribution of inorganic chemicals. While manufacturers as well as downstream players typically complement one another in the value chain, manufacturers may also supply their products directly to the end-user markets. As such, downstream industry players may compete with manufacturers

Our Group is principally involved in the provision of total chemical management comprising sourcing, processing and distribution of inorganic chemicals and value-added services, as well as the provision of chemical terminal services which encompasses bulk storage services. Further, we commenced the manufacturing of inorganic chemicals, comprising chlor-alkali derivatives, at our Banting Plant 1, in May 2024. As such, we face competition from both manufacturers and downstream industry players in Malaysia, Singapore and Vietnam.

Apart from existing industry players, we may also face competition from new industry players. However, the barriers of entry to the inorganic chemicals industry are high due to the high initial capital for the setup of facilities, comprising storage tanks, packaging, machinery and equipment, as well as substantial working capital requirements for the on-going purchase of supplies. Hence, if new industry players have the ability to secure sufficient sales to sustain their business operations in the long term and compete with the existing players in the market, they are likely to be able to sustain their business and remain competitive in the market.

Failure to remain competitive may adversely impact our Group's ability to sustain the sales secured from existing customers at current or increased levels in the future, as well as to attract new customers. As such, this may affect our Group's financial performance.

5.2.2 We are exposed to the risk on price volatility, availability and quality of inorganic chemicals and raw materials

The provision of total chemical management is contingent on the availability of inorganic chemicals, and the manufacturing of chlor-alkali derivatives is contingent on the availability of raw material used in our chlor-alkali process. Inorganic chemicals are natural commodities which are exposed to price volatility as a result of market demand and supply conditions. As such, we are exposed to the price volatility of the inorganic chemicals that we source and distribute, comprising alkalis, acids, salt and other chemical products, as disclosed in the analysis of ASP in Section 12.2.5(i) of this Prospectus. We are also exposed to price volatility for the purchase of raw materials such as salt, to manufacture chlor-alkali derivatives. However, there has been no material adverse impact on our financial performance as our Group commenced manufacturing activities at our Banting Plant 1 in May 2024. In the event where we are not able to pass on the increase in cost to our customers in a timely manner, our profitability may be adversely impacted.

Further, any shortages or decrease in the quality of inorganic chemicals may affect our business operations and there can be no assurance that we will be able to obtain inorganic chemicals from existing or new suppliers in a timely manner or at reasonably acceptable prices. In the event that we are required to pay higher prices to existing or new suppliers and that we are unable to pass on the increase in cost to our customers in a timely manner, our financial performance may be adversely affected.

5. RISK FACTORS *(Cont'd)*

In the Periods Under Review and up to the LPD, we have not encountered any incidence of significant fluctuation in prices which had resulted in a material adverse impact on our financial performance, as well as shortages of inorganic chemicals and raw materials which had adversely affected our business operations. However, there can be no assurance that any incidence of fluctuation in price or shortage of inorganic chemicals and raw materials may not occur in the future and that it will not have a material adverse impact on our financial performance and business operations.

5.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

5.3.1 The offering of our Shares may not result in an active and liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of shareholders to sell our Shares or the prices at which shareholders would be able to sell our Shares. Neither we nor our Promoter have an obligation to make a market for our Shares or, if such a market does develop, to sustain it. In addition, there can be no assurance that the trading price of our Shares will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate.

5.3.2 Our Share price and trading volume may be volatile

The market price of our Shares could be affected by numerous factors, some of which may not be within our control and may be unrelated or disproportionate to our financial results, including the following:

- General market, political and economic conditions;
- Trading liquidity of our Shares;
- Differences in our actual financial and operating results and those expected by investors and analysts;
- Changes in earnings estimates, projections and recommendations by financial analysts;
- Changes in market valuations of listed shares in general or shares of companies comparable to ours;
- Perceived prospects of our business and the industry in which we operate;
- Adverse media reports regarding us or our shareholders;
- Changes in government policy, legislation or regulation; and
- General operational and business risks.

In addition, many of the risks described in this Section could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Final Retail Price.

Over the past few years, the Malaysia, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that were not always related to the operating performance of such companies, including fluctuations as a result of developments in other markets. There can be no assurance that the price and trading of our Shares will not be subject to fluctuations.

5.3.3 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 1,000,000,000 Shares, of which 220,000,000 Shares, representing 22.0% of our enlarged issued Shares, will be held by investors participating in our IPO, and not less than 55.7% will be held by our Promoters via their direct and indirect interests in our Company. Save for the restrictions pursuant to the moratorium as set out in Section 2.2 of this Prospectus, our Shares sold in our IPO will be tradeable on the Main Market of Bursa Securities without restriction following our Listing.

5. RISK FACTORS *(Cont'd)*

In addition, our Promoters and other shareholders could dispose of some or all of our Shares that they hold after the moratorium period pursuant to their own investment objectives. If our shareholders sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

5.3.4 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

- The Sole Underwriter's exercise of their rights under the Retail Underwriting Agreement, or the Sole Bookrunner's exercise of their rights under the Placement Agreement, to discharge themselves of their obligations under such agreements;
- Our inability to meet the minimum public shareholding spread requirement of having at least 21.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing. See Section 2.1.3 of this Prospectus for details; or
- The revocation of the approvals from the relevant authorities for our Listing for whatever reason.

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

- The SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- Our Listing is aborted other than pursuant to a stop order by the SC under Section 245(7)(a) of the CMSA, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares and the proceeds from our Public Issue form part of our share capital:

- The SC issues a stop order under Section 245(1) of the CMSA, any issue of our Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- Our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) a solvency statement from the directors.

5. RISK FACTORS *(Cont'd)*

5.3.5 **Our ability to pay dividends in the future will depend upon our retained earnings, financial condition, cash flows, working capital requirements and covenants under our financing documents, and we may be affected by our payment of dividends**

We may choose to pay dividends out of cash generated from our operations after setting aside the necessary funds for capital expenditure and working capital and taking into account applicable restrictive covenants under our financing documents such that any declaration of dividends shall not exceed our distributable profits. Dividend payments are not guaranteed and our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends. See Section 12.5 of this Prospectus for further details of our dividend policy.

Further, if we or our subsidiaries incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends and we may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends. The payment of our dividends and the receipt of dividends from our subsidiaries may also be affected by the passing of new laws, adoption of new regulations, changes in accounting standards and other events outside our control. There can be no assurance that future dividends declared by our Board or any of our subsidiaries, if any, will not differ materially from historical dividend levels.

If we do not pay dividends, or we pay dividends at levels lower than anticipated by investors, the market price of our Shares may be negatively affected and the value of investment in our Shares may be reduced.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all.

5.3.6 **This Prospectus contains forward-looking statements which may not be accurate**

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including without limitation to those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements are made based on assumptions that we believe to be reasonable as at the date of this Prospectus. Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance, achievements, or industry results expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and government initiatives.

5. RISK FACTORS *(Cont'd)*

5.4 OTHER RISKS

5.4.1 **The interests of our substantial shareholders who control our Group may not always align with the interests of our other shareholders**

Immediately following the completion of the IPO, our current substantial shareholders and their immediate family members will own in aggregate at least 77.5% of the enlarged number of issued Shares. As a result, our substantial shareholders will be able to, in the foreseeable future, exercise significant influence over the outcome of matters requiring the vote of our shareholders including the re-election of Directors. Our substantial shareholders could also have significant influence in determining the outcome of any corporate transaction or other matters requiring the vote of our shareholders including mergers and acquisitions, consolidations, the sale of our assets and other significant corporate actions, unless they are required to abstain from voting either by law or by relevant guidelines or regulations.

There can be no assurance that the interests of our substantial shareholders will be aligned with those of our other shareholders. Some of our banking facilities contain provisions requiring Dato' Lee Soon Hian, Lee Hong Zhang, Lee Sen Zhang, Lee Tian Zhang, Lee Yan Ling, Leong Chao Seong and Wong Kin Wah to remain the single largest shareholder (direct/indirect) on an aggregate basis. There can be no assurance that Dato' Lee Soon Hian, Leong Chao Seong and/or Wong Kin Wah will not sell their Shares after the moratorium period, which could breach the shareholding covenants of these banking facilities, leading to the cancellation of our banking facilities and the immediate repayment of the amounts borrowed.

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

6.1.1 History and background

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 20 February 1989 as a private limited company under the name Taiko Marketing Sdn Bhd and is deemed registered under the Act. On 4 September 2023, our Company changed its name to TMK Chemical Sdn Bhd and was subsequently converted into a public limited company on 15 November 2023.

The history of our Group's business can be traced back to 1989 when Dato' Lee Soon Hian together with his brother, Dato' Lee Hau Hian established our Company. Our Company was then primarily involved in the provision of total chemical management of inorganic chemicals in Malaysia, in which we source and distribute inorganic chemicals comprising acids, alkalis, salts and other chemical products. We expanded our operations and geographic coverage in 2002 to include the southern region of Malaysia and East Malaysia when we opened our distribution and processing centres respectively in Pasir Gudang in Johor and Kuching. Dato' Lee Soon Hian acquired Dato' Lee Hau Hian's shares in 2006 and continued to drive the growth of TMK and expand our customer base. We are then able to provide timely services to our customers in an efficient manner through our storage and distribution facilities located in strategic locations nationwide. These facilities allow us to reduce transportation time, minimise handling time, enable faster delivery to meet our customers' expectations and reduce transportation costs as they are closer to the delivery location as requested by our customers. Dato' Lee Soon Hian's sister, Lee Oi Loon, had in the 2000s invested in our Company and has today emerged as one of our substantial shareholders. Over the years, we continued to expand our business in Malaysia, Singapore and Vietnam under various operating companies.

The principal activities of our Group include the provision of total chemical management comprising sourcing, processing and distribution of inorganic chemicals and value-added services, as well as the provision of chemical terminal services which encompasses bulk storage services. As at the LPD, we have 20 subsidiaries across Malaysia, Singapore and Vietnam. The principal activities of our subsidiaries are set out in Section 6.3 of this Prospectus.

6.1.2 Restructuring exercise

We carried out a restructuring exercise prior to our Listing which had involved the following exercises:-

- (i) on 6 September 2023, Chlor-AI entered into a capital contribution agreement with TMK Dai Hung whereby Chlor-AI contributed the capital contribution amount of VND45,220,000,000 (approximately RM8,788,326) into TMK Dai Hung. The transaction contemplated under this agreement was completed on 15 September 2023 resulting in an increase in TMK Dai Hung's charter capital from VND1,600,000,000 to VND46,820,000,000. Consequently, TMK Dai Hung was converted from a single-member limited liability company to a multi-member limited liability company with two capital contribution members, being TMKS and Chlor-AI respectively holding 3.4% and 96.6% of the charter capital of TMK Dai Hung on 3 October 2023;
- (ii) on 6 September 2023, Chlor-AI entered into the Business Transfer Deed with TMKS to acquire the assets set out therein from TMKS. The transfer of the assets (other than the licences for the SAP software) pursuant to the Business Transfer Deed was completed on 7 November 2023. The transfer of the licences for the SAP software was completed with effect from 22 November 2023. See Section 14.6.5 of this Prospectus for details of the Business Transfer Deed; and

6. INFORMATION ON OUR GROUP (Cont'd)

- (iii) on 31 January 2024, we entered into a shares sale agreement with Dato' Lee Soon Hian, Lee Hong Zhang, Lee Sen Zhang, Lee Tian Zhang, Lee Yan Ling, Lee Oi Loon, Leong Chao Seong, Wong Kin Wah and Loke Weng Han (collectively, the "**Chlor-Al Vendors**") pertaining to the Acquisition. See Section 14.6.4 of this Prospectus for details of the shares sale agreement. The Acquisition was completed on 8 February 2024, resulting in Chlor-Al becoming a wholly-owned subsidiary of our Company.

The purchase consideration for the Acquisition of RM697,900,000 ("**Purchase Consideration**") was satisfied in the following manner:

- (a) RM245.00 million to the Chlor-Al Vendors (except for Loke Weng Han) in cash;
- (b) RM5.00 million converted to SGD to Loke Weng Han in cash; and
- (c) RM447.90 million via issuance of new Shares at an issue price of RM12.1126 per TMK Share ("**Consideration Shares**").

The Purchase Consideration was arrived at on a willing buyer-willing seller basis based on a price-to-earning ("**PE**") ratio of 10.8 times ("**Agreed PE Ratio**") against the historical average PAT as stated in the audited financial statements of Chlor-Al, Island Transport and TMK Dai Hung for the FYEs 2020, 2021, 2022 and the unaudited financial statements for the 6-month financial period ended ("**FPE**") 30 June 2023. The detailed breakdown of the calculation of the Purchase Consideration is set out below:

	PAT (RM million)	PE ratio (times)	Purchase Consideration (RM million)
FYE 2020	35.2		
FYE 2021	56.8		
FYE 2022	93.6		
FPE 30 June 2023	40.6		
Historical average PAT (January 2020 to June 2023)	64.6	10.8	697.9

Name of Chlor-Al Vendors	No. of Chlor-Al sale shares acquired	% of Chlor-Al sale shares acquired	Purchase consideration (RM)	No. of Consideration Shares ⁽¹⁾	Value of Consideration Shares ⁽²⁾ (RM)	Cash consideration (RM)
Dato' Lee Soon Hian	218,998	27.4	191,047,904	10,122,654	122,611,194	68,436,706
Lee Hong Zhang	82,124	10.3	71,643,012	3,795,998	45,979,231	25,663,781
Lee Sen Zhang	82,124	10.3	71,643,012	3,795,998	45,979,231	25,663,781
Lee Tian Zhang	82,124	10.3	71,643,012	3,795,998	45,979,231	25,663,781
Lee Yan Ling	82,124	10.3	71,643,012	3,795,998	45,979,231	25,663,781
Leong Chao Seong	125,440	15.7	109,430,720	5,798,176	70,230,721	39,200,000
Lee Oi Loon	64,026	8.0	55,854,808	2,959,462	35,846,644	20,008,170
Wong Kin Wah	47,040	5.9	41,036,520	2,174,316	26,336,520	14,700,000
Loke Weng Han	16,000	2.0	13,958,000	739,563	8,957,997	5,000,000
Total	800,000	100.0	697,900,000	36,978,163	447,900,000	250,000,000

6. INFORMATION ON OUR GROUP (Cont'd)

In arriving at the Purchase Consideration, we had considered comparable trading multiples as the primary valuation methodology.

The comparable trading multiple analysis is based on the PE ratios of comparable listed companies involved in the trading and distribution of industrial chemicals. The details of the selected comparable companies are as follows:

Selected comparable company ⁽³⁾	Country	Market capitalisation ⁽⁴⁾ (RM'million)	PATAMI ⁽⁵⁾ (RM'million)	PE ratio (times)
Samchem Holdings Berhad	Malaysia	293.8	29.1	10.1
Ancom Nylex Berhad	Malaysia	1,005.6	75.1	13.4
Luxchem Corporation Berhad	Malaysia	502.8	28.1	17.9
Megachem Limited	Singapore	225.0 ⁽⁶⁾	18.8 ⁽⁷⁾	12.0
Brenntag SE	Germany	54,451.2 ⁽⁸⁾	3,950.9 ⁽⁹⁾	13.8
Average Range				13.4 10.1 – 17.9

The Agreed PE Ratio falls within the range of PE ratios of the selected comparable companies of between 10.1 times to 17.9 times, and is also below the average PE ratio of the selected comparable companies of 13.4 times.

Notes:

- (1) *The number of new TMK Shares issued pursuant to the Acquisition is calculated by dividing the Consideration Shares with the valuation of TMK*, multiplied by the number of existing TMK Shares in issue.*

** The valuation of TMK is determined using the same basis used to arrive at the Purchase Consideration, being the Agreed PE Ratio multiplied by the historical average PAT of TMK as per the audited consolidated financial statements of TMK for the FYEs 2020, 2021 and 2022 of RM57.4 million, RM63.7 million and RM55.8 million, respectively, as well as the unaudited consolidated PAT of TMK for and the FPE 30 June 2023 available as at 31 July 2023 of RM4.5 million.*

- (2) *Calculated based on the TMK price per Share of RM12.1126. The basis in determining the valuation of TMK is set out in note (1) above.*

- (3) *The comparable companies were selected based on their respective principal activities in the specialty chemicals industry and are broadly comparable to Chlor-Al and have been identified on a best effort basis based on publicly available information and are selected for illustrative purposes only. It should be noted that the comparable companies are not exhaustive and may not be directly comparable to Chlor-Al due to various factors which include, among others, scale and composition of products, business activities, capital and shareholding structure, geographical coverage of business activities, operating history, profit track record, financial strength, risk profile, prospects and marketability and liquidity of the comparable companies' securities. The comparable trading multiple analysis reflects the market trades of the securities in the comparable companies and as such, may not reflect the premium associated with an acquisition of controlling interest.*

- (4) *As at 31 July 2023.*

6. INFORMATION ON OUR GROUP (Cont'd)

- (5) *PATAMI is based on the trailing twelve (12) months financial results up to 31 July 2023, being the latest available financial results as at 31 July 2023.*
- (6) *Based on an exchange rate of SGD1.0000 : RM3.4094 (being BNM's middle rate for as at 31 July 2023).*
- (7) *Based on an exchange rate of SGD1.0000 : RM3.1912 (average middle rate for 2022, obtained from BNM).*
- (8) *Based on an exchange rate of EUR1.0000 : RM5.0005 (being BNM's middle rate for as at 31 July 2023).*
- (9) *Based on an exchange rate of EUR1.0000 : RM4.6296 (average middle rate for 2022, obtained from BNM).*

Source: Capital IQ

6.1.3 Share capital

Our issued share capital is RM494,101,697.15, comprising 780,000,000 Shares as at the LPD. Our Company does not have any treasury shares as at the LPD.

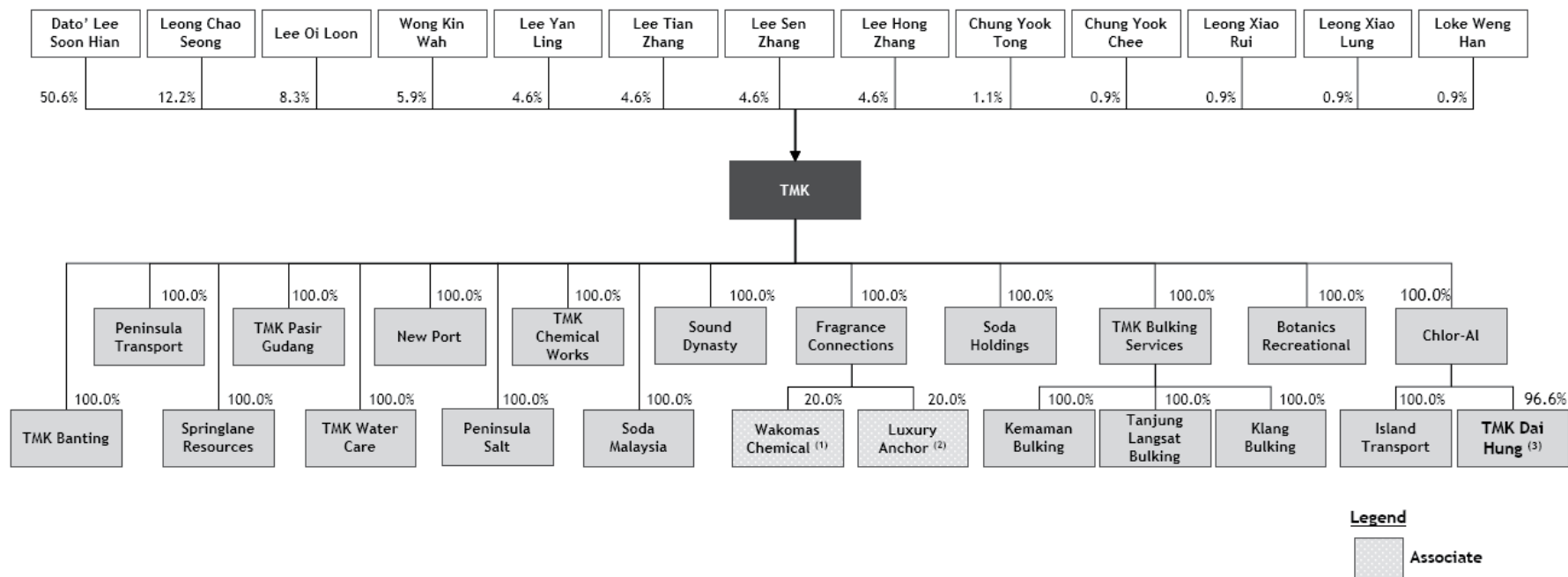
Save as disclosed below, there has been no change in our issued share capital during the Periods Under Review as disclosed in this Prospectus and up to the LPD:

Date allotment	of	No. of Shares allotted	Nature of transaction	No. of cumulative Shares	Cumulative issued share capital (RM)
8 February 2024		36,978,163	Pursuant to the Acquisition	83,178,163	494,101,697.15
24 October 2024		696,821,837	Pursuant to the Subdivision	780,000,000	494,101,697.15

6. INFORMATION ON OUR GROUP (Cont'd)

6.2 OUR GROUP STRUCTURE

Our group structure as at the LPD is as follows:

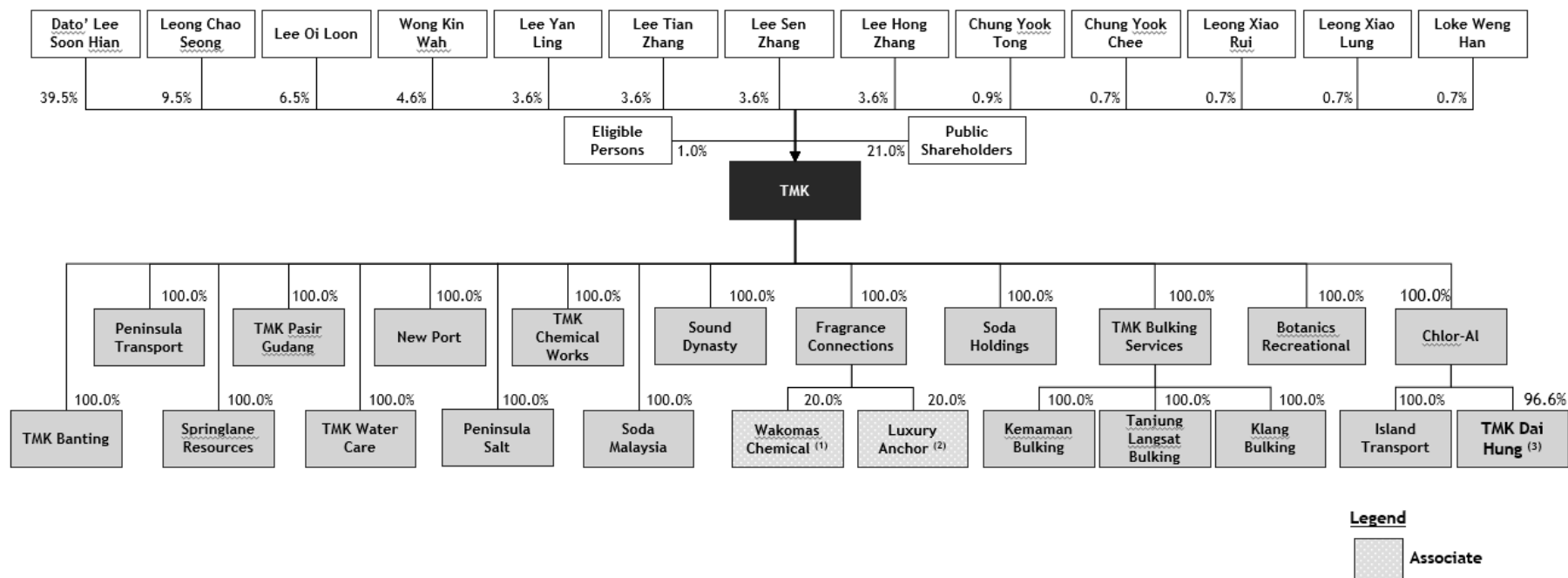


Notes:

- (1) The remaining 80.0% equity interest in Wakomas Chemical is held by Lam Weng Wah (70%) and Lee Siew Mee (10%), respectively. Lam Weng Wah is a director of Wakomas Chemical and Lee Siew Mee is his spouse. Lam Weng Wah and Lee Siew Mee are not involved in our Group's business and do not have any relationship with our Promoters, substantial shareholders, Directors and Key Senior Management.
- (2) The remaining 80.0% equity interest in Luxury Anchor is held by Lam Weng Wah (70%) and Lee Siew Mee (10%), respectively. Lam Weng Wah is a director of Luxury Anchor.
- (3) The remaining 3.4% equity interest in TMK Dai Hung is held by TMKS. In turn, the equity interest in TMKS is 78% held by Torsgate, 16% held by Leong Chao Seong and 6% held by Wong Kin Wah. Torsgate's equity interest is 89.5% held by Stafford and 10.5% held by Lee Oi Loon; whereas, the equity interest in Stafford is 40% held by Dato' Lee Soon Hian, and 15% each held by Lee Hong Zhang, Lee Sen Zhang, Lee Tian Zhang and Lee Yan Ling.

6. INFORMATION ON OUR GROUP (Cont'd)

Our group structure upon the Listing is as follows:



Notes:

- (1) The remaining 80.0% equity interest in Wakomas Chemical is held by Lam Weng Wah (70%) and Lee Siew Mee (10%), respectively. Lam Weng Wah is a director of Wakomas Chemical and Lee Siew Mee is his spouse. Lam Weng Wah and Lee Siew Mee are not involved in our Group's business and do not have any relationship with our Promoters, substantial shareholders, Directors and Key Senior Management.
- (2) The remaining 80.0% equity interest in Luxury Anchor is held by Lam Weng Wah (70%) and Lee Siew Mee (10%), respectively. Lam Weng Wah is a director of Luxury Anchor.
- (3) The remaining 3.4% equity interest in TMK Dai Hung is held by TMKS. In turn, the equity interest in TMKS is 78% held by Torsgate, 16% held by Leong Chao Seong and 6% held by Wong Kin Wah. Torsgate's equity interest is 89.5% held by Stafford and 10.5% held by Lee Oi Loon; whereas, the equity interest in Stafford is 40% held by Dato' Lee Soon Hian, and 15% each held by Lee Hong Zhang, Lee Sen Zhang, Lee Tian Zhang and Lee Yan Ling.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3 OUR SUBSIDIARIES AND ASSOCIATES

Our subsidiaries and associates as at the LPD are as follows:

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
Subsidiaries of TMK				
Botanics Recreational (201401013030 (1089114-T))	14 April 2014 Malaysia	RM6,135,000	100.0	Investment holding ⁽²⁾
Chlor-AI (197602462D)	11 December 1976 Singapore	SGD800,000	100.0	Manufacture of basic chemicals N.E.C. and wholesale trade of a variety of goods without a dominant product (business as wholesalers and retailers of chemical relating products) ⁽¹⁾
Fragrance Connections (200101016653 (552410-T))	5 July 2001 Malaysia	RM300,000	100.0	Investment holding
New Port (197601004531 (30470-P))	16 December 1976 Malaysia	RM2,000,000	100.0	Provision of storage facilities for bulk liquid chemicals, drumming and transportation services
Peninsula Salt (202101020061 (1420361-U))	31 May 2021 Malaysia	RM21,900,000	100.0	Yet to commence operations. Its intended principal activity is investment holding
Peninsula Transport (201901038080 (1347410-X))	21 October 2019 Malaysia	RM5,300,000	100.0	Provision of transportation services
Sound Dynasty (201101006608 (934745-X))	3 March 2011 Malaysia	RM35,200,000	100.0	Investment and letting of real properties, provision of maintenance and related services and provision of storage and packing services
Soda Holdings (202101005868 (1406167-U))	18 February 2021 Malaysia	RM22,000	100.0	Yet to commence operations. Its intended principal activity is investment holding
Springlane Resources (201201012879 (986396-V))	12 April 2012 Malaysia	RM5,431,500	100.0	Renting of office premises
Soda Malaysia (201301009162 (1039004-M))	19 March 2013 Malaysia	RM2	100.0	Investment holding ⁽²⁾

6. INFORMATION ON OUR GROUP (Cont'd)

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
TMK Bulking Services (201901020042 (1329371-P))	7 June 2019 Malaysia	RM50,336,000	100.0	Investment holding
TMK Banting (200601024311 (744065-P))	13 August 2006 Malaysia	RM207,100,000	100.0	Manufacturing and trading of chemicals
TMK Pasir Gudang (200801010926 (812214-U))	3 April 2008 Malaysia	RM2,500,000	100.0	Renting of warehouse storage space
TMK Chemical Works (200801023743 (825066-M))	11 July 2008 Malaysia	RM100,000	100.0	Yet to commence operations. Its intended principal activities are manufacturing and trading in chemicals
TMK Water Care (200801003273 (804557-H))	29 January 2008 Malaysia	RM100,000	100.0	Yet to commence operations. Its intended principal activity is manufacturing of chemicals
Subsidiaries of Chlor-AI				
Island Transport (201903445H)	29 January 2019 Singapore	SGD250,000	100.0	Freight transport arrangement (provision of transportation services)
TMK Dai Hung (0305778066)	9 June 2008 Vietnam	VND46,820,000,000	96.6	Implementing the rights to export, import goods and wholesaling chemicals according to regulations of law
Subsidiaries of TMK Bulking Services				
Klang Bulking (202001011873 (1368193-W))	20 May 2020 Malaysia	RM50,000	100.0	Yet to commence operations. Its intended principal activity is provision of storage facilities and transportation facilities
Kemaman Bulking (199501029024 (358230-A))	6 September 1995 Malaysia	RM35,486,000	100.0	Provision of bulking installation services
Tanjung Langsat Bulking (201301009159 (1039001-D))	19 March 2013 Malaysia	RM18,560,000	100.0	Provision of storage and warehousing in bulk cargoes
Associate companies of TMK				
Luxury Anchor (201101024177 (952313-U))	11 July 2011 Malaysia	RM3,560,000	20.0	Property investments

6. INFORMATION ON OUR GROUP (Cont'd)

Name / (Registration number)	Date and country of incorporation	Share capital	Our effective equity interest (%)	Principal activities
Wakomas Chemical (199601015520 (387870-U))	18 May 1996 Malaysia	RM2,500,000	20.0	Dealer and wholesaler of chemical and fertiliser products

Notes:

- (1) The expression "N.E.C." utilised herein shall have the meaning "not elsewhere classified".
- (2) Companies with no subsidiaries, proposed subsidiaries or immediate investment plans.

As at the LPD, our Company does not have any joint ventures.

The details of our subsidiaries as at the LPD are as follows:

6.3.1 Botanics Recreational

Botanics Recreational was incorporated in Malaysia under the Companies Act 1965 on 14 April 2014 and is deemed registered under the Act as a private limited company under its present name.

Botanics Recreational is principally engaged in investment holding. The principal place of business of Botanics Recreational is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Botanics Recreational is RM6,135,000 comprising 6,135,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Botanics Recreational during the Periods Under Review and up to the LPD:

Date of allotment	No. of ordinary shares	Consideration	Cumulative issued share capital (RM)
15 February 2021	3,990,000	Otherwise than cash ⁽¹⁾	4,740,000
30 March 2021	1,395,000	Otherwise than cash	6,135,000

Note:

- (1) 3,990,000 redeemable convertible non-cumulative preference shares were redeemed and converted to fresh issue of 3,990,000 ordinary shares, the details of which are as follows:

Date	No. of preference shares	Nature of transaction	Consideration	No. of outstanding RCNCPS
15 February 2021	3,990,000 redeemable convertible non-cumulative preference shares ("RCNCPS")	Redeemed and converted to 3,990,000 ordinary shares	-	Nil

Botanics Recreational is a wholly-owned subsidiary of our Company. As at the LPD, Botanics Recreational does not have any subsidiary, associate or joint venture.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.2 Chlor-AI

Chlor-AI was incorporated in Singapore under the Companies Act 1967 of Singapore on 11 December 1976 as a private company limited by shares under the name of Thai Singapore Manufacturing (Pte) Limited. It assumed its present name with effect from 27 April 1985.

Chlor-AI is principally engaged in the manufacture of basic chemicals N.E.C. and wholesale trade of a variety of goods without a dominant product (business as wholesalers and retailers of chemical relating products). The registered office address and principal place of business of Chlor-AI is at 75B Neil Road, Singapore 088902.

As at the LPD, the issued share capital of Chlor-AI is SGD800,000 comprising 800,000 ordinary shares. There has been no change in the issued share capital of Chlor-AI during the Periods Under Review and up to the LPD.

Chlor-AI is a wholly-owned subsidiary of our Company. Save for Island Transport and TMK Dai Hung which are direct subsidiaries, as at the LPD, Chlor-AI does not have any subsidiary, associate or joint venture.

6.3.3 Fragrance Connections

Fragrance Connections was incorporated in Malaysia under the Companies Act 1965 on 5 July 2001 and is deemed registered under the Act as a private limited company under its present name.

Fragrance Connections is principally engaged in investment holding. The principal place of business of Fragrance Connections is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Fragrance Connections is RM300,000 comprising 300,000 ordinary shares. There has been no change in the issued share capital of Fragrance Connections during the Periods Under Review and up to the LPD.

Fragrance Connections is a wholly-owned subsidiary of our Company. Fragrance Connections has a 20% equity interest in Luxury Anchor and Wakomas Chemical. As at the LPD, save for Luxury Anchor and Wakomas Chemical, Fragrance Connections does not have any subsidiary, associate or joint venture.

6.3.4 New Port

New Port was incorporated in Malaysia under the Companies Act 1965 on 16 December 1976 and is deemed registered under the Act as a private limited company under its present name.

New Port is principally engaged in the provision of storage facilities for bulk liquid chemicals, drumming and transportation services. The principal place of business of New Port is at Jalan Dermaga, Lorong Sawit Satu, Pasir Gudang Free Zone, 81707 Pasir Gudang, Johor.

As at the LPD, the issued share capital of New Port is RM2,000,000 comprising 2,000,000 ordinary shares. There has been no change in the issued share capital of New Port during the Periods Under Review and up to the LPD.

New Port is a wholly-owned subsidiary of our Company. As at the LPD, New Port does not have any subsidiary, associate or joint venture.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.5 Peninsula Salt

Peninsula Salt was incorporated in Malaysia under the Act on 31 May 2021 as a private limited company under its present name.

Peninsula Salt has yet to commence operations and its intended principal activity is investment holding. The principal place of business of Peninsula Salt is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Peninsula Salt is RM21,900,000 comprising 21,900,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Peninsula Salt since its incorporation and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
31 May 2021	1	Cash	1
29 September 2023	13,886,999	Otherwise than cash	15,400,000
8 December 2023	1,513,000	Cash	21,900,000
	6,500,000	Cash	21,900,000

Peninsula Salt is a wholly-owned subsidiary of our Company. As at the LPD, Peninsula Salt does not have any subsidiary, associate or joint venture.

6.3.6 Peninsula Transport

Peninsula Transport was incorporated in Malaysia under the Act on 21 October 2019 as a private limited company under its present name.

Peninsula Transport is principally engaged in the provision of transportation services. The principal place of business of Peninsula Transport is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Peninsula Transport is RM5,300,000 comprising 5,300,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Peninsula Transport during the Periods Under Review and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
16 November 2020	249,998	Cash	250,000
11 November 2022	2,050,000	Cash	5,000,000
29 September 2023	2,700,000	Otherwise than cash	5,300,000
	150,000	Cash	5,300,000
	150,000	Otherwise than cash	5,300,000

Peninsula Transport is a wholly-owned subsidiary of our Company. As at the LPD, Peninsula Transport does not have any subsidiary, associate or joint venture.

6.3.7 Sound Dynasty

Sound Dynasty was incorporated in Malaysia under the Companies Act 1965 on 3 March 2011 and is deemed registered under the Act as a private limited company under its present name.

6. INFORMATION ON OUR GROUP (Cont'd)

Sound Dynasty is principally engaged in investment and letting of real properties, provision of maintenance and related services and provision of storage and packing services. The principal place of business of Sound Dynasty is at PLO 74 (PTD 4606), Jalan Nibong 1/1, Kawasan Perindustrian Tanjung Langsat, 81700 Pasir Gudang, Johor.

As at the LPD, the issued share capital of Sound Dynasty is RM35,200,000 comprising 35,200,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Sound Dynasty during the Periods Under Review and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
24 May 2022	5,700,000	Otherwise than cash ⁽¹⁾	5,700,002
25 November 2022	2,905,696	Cash	35,200,000
	26,594,302	Otherwise than cash	

Note:

- (1) 5,700,000 RNCPS were redeemed and converted to fresh issue of 5,700,000 ordinary shares, the details of which are as follows:

<u>Date</u>	<u>No. of preference shares</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>No. of outstanding RNCPS</u>
24 May 2022	5,700,000	Redeemed and converted to 5,700,000 ordinary shares	-	Nil
	redeemable non-cumulative preference shares ("RNCPS")			

Sound Dynasty is a wholly-owned subsidiary of our Company. As at the LPD, Sound Dynasty does not have any subsidiary, associate or joint venture.

6.3.8 Soda Holdings

Soda Holdings was incorporated in Malaysia under the Act on 18 February 2021 as a private limited company under its present name.

Soda Holdings has yet to commence operations and its intended principal activity is investment holding. The principal place of business of Soda Holdings is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Soda Holdings is RM22,000 comprising 22,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Soda Holdings since its incorporation and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
18 February 2021	1	Cash	1
7 October 2022	21,999	Otherwise than cash	22,000

Soda Holdings is a wholly-owned subsidiary of our Company. As at the LPD, Soda Holdings does not have any subsidiary, associate or joint venture.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.9 Springlane Resources

Springlane Resources was incorporated in Malaysia under the Companies Act 1965 on 12 April 2012 and is deemed registered under the Act as a private limited company under its present name.

Springlane Resources is principally engaged in the renting of office premises. The principal place of business of Springlane Resources is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Springlane Resources is RM5,431,500 comprising 710,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Springlane Resources during the Periods Under Review and up to the LPD:

Date	No. of shares	Nature of transaction	Consideration	Cumulative issued share capital (RM)	No. of outstanding RNCPS
1 June 2022	7,000,000 RNCPS	Redeemed out of capital	-	7,650,000	Nil
7 August 2022	290,000 ordinary shares	Reduction of share capital by cancelling 290,000 ordinary shares in Springlane Resources pursuant to Section 117 of the Act	-	5,431,500	Nil

Springlane Resources is a wholly-owned subsidiary of our Company. As at the LPD, Springlane Resources does not have any subsidiary, associate or joint venture.

6.3.10 Soda Malaysia

Soda Malaysia was incorporated in Malaysia under the Companies Act 1965 on 19 March 2013 and is deemed registered under the Act as a private limited company under the name of Perfect Visual Sdn Bhd. It assumed its present name on 29 April 2013.

Soda Malaysia is principally engaged in investment holding. The principal place of business of Soda Malaysia is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Soda Malaysia is RM2 comprising 2 ordinary shares. There has been no change in the issued share capital of Soda Malaysia during the Periods Under Review and up to the LPD.

Soda Malaysia is a wholly-owned subsidiary of our Company. As at the LPD, Soda Malaysia does not have any subsidiary, associate or joint venture.

6.3.11 TMK Bulking Services

TMK Bulking Services was incorporated in Malaysia under the Act on 7 June 2019 as a private limited company under the name of Taiko Bulking Services Sdn Bhd. It assumed its present name on 6 September 2023.

6. INFORMATION ON OUR GROUP (Cont'd)

TMK Bulking Services is principally engaged in investment holding. The principal place of business of TMK Bulking Services is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of TMK Bulking Services is RM50,336,000 comprising 50,336,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of TMK Bulking Services during the Periods Under Review and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
	10,766	Cash	
11 November 2022	39,439,233	Otherwise than cash	39,450,000
29 September 2023	10,886,000	Otherwise than cash	50,336,000

TMK Bulking Services is a wholly-owned subsidiary of our Company. As at the LPD, the direct subsidiaries of TMK Bulking Services are Klang Bulking, Kemaman Bulking and Tanjung Langsat Bulking, details of which are set out in this Section 6.3 of this Prospectus. Save for the foregoing, TMK Bulking Services does not have any subsidiary, associate or joint venture as at the LPD.

6.3.12 TMK Banting

TMK Banting was incorporated in Malaysia under the Companies Act 1965 on 13 August 2006 and is deemed registered under the Act as a private limited company under the name of Taiko Resources Sdn Bhd. It assumed its present name on 29 September 2023.

TMK Banting is principally engaged in manufacturing and trading of chemicals. The principal place of business of TMK Banting is at Lot 66099, Jalan Graphite 2, Kawasan Perindustrian Bandar Mahkota, 42700 Banting, Selangor.

As at the LPD, the issued share capital of TMK Banting is RM207,100,000 comprising 207,100,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of TMK Banting during the Periods Under Review and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
29 July 2022	65,000,000	Otherwise than cash	110,000,000
29 September 2023	63,300,000	Otherwise than cash	173,300,000
	18,800,000	Cash	207,100,000
8 December 2023	15,000,000	Otherwise than cash	

TMK Banting is a wholly-owned subsidiary of our Company. As at the LPD, TMK Banting does not have any subsidiary, associate or joint venture.

6.3.13 TMK Pasir Gudang

TMK Pasir Gudang was incorporated in Malaysia under the Companies Act 1965 on 3 April 2008 and is deemed registered under the Act as a private limited company under the name of Adunan Bestari Sdn Bhd. On 19 January 2009, it changed its name to Taiko NPK Sdn Bhd and subsequently assumed its present name on 29 September 2023.

6. INFORMATION ON OUR GROUP (Cont'd)

TMK Pasir Gudang is principally engaged in renting of warehouse storage space. The principal place of business of TMK Pasir Gudang is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of TMK Pasir Gudang is RM2,500,000 comprising 2,500,000 ordinary shares. There has been no change in the issued share capital of TMK Pasir Gudang during the Periods Under Review and up to the LPD.

TMK Pasir Gudang is a wholly-owned subsidiary of our Company. As at the LPD, TMK Pasir Gudang does not have any subsidiary, associate or joint venture.

6.3.14 TMK Chemical Works

TMK Chemical Works was incorporated in Malaysia under the Companies Act 1965 on 11 July 2008 and is deemed registered under the Act as a private limited company under the name of Taiko Waste Management Sdn Bhd. On 2 August 2016, it changed its name to Taiko Chemical Works Sdn Bhd and subsequently assumed its present name on 6 September 2023.

TMK Chemical Works has yet to commence operations and its intended principal activities are manufacturing and trading in chemicals. The principal place of business of TMK Chemical Works is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of TMK Chemical Works is RM100,000 comprising 100,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of TMK Chemical Works during the Periods Under Review and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
7 October 2022	50,000	Otherwise than cash	100,000

TMK Chemical Works is a wholly-owned subsidiary of our Company. As at the LPD, TMK Chemical Works does not have any subsidiary, associate or joint venture.

6.3.15 TMK Water Care

TMK Water Care was incorporated in Malaysia under the Companies Act 1965 on 29 January 2008 and is deemed registered under the Act as a private limited company under the name of Cultivative Focus Sdn Bhd. On 11 April 2014, it changed its name to Taiko Water Care Sdn Bhd and subsequently assumed its present name on 6 September 2023.

TMK Water Care has yet to commence operations and its intended principal activity is manufacturing of chemicals. The principal place of business of TMK Water Care is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, the issued share capital of TMK Water Care is RM100,000 comprising 100,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of TMK Water Care during the Periods Under Review and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
7 October 2022	49,998	Otherwise than cash	50,000
29 September 2023	40,000	Otherwise than cash	100,000
	10,000	Cash	

TMK Water Care is a wholly-owned subsidiary of our Company. As at the LPD, TMK Water Care does not have any subsidiary, associate or joint venture.

6.3.16 Island Transport

Island Transport was incorporated in Singapore under the Companies Act 1967 of Singapore on 29 January 2019 as a private company limited by shares under its present name.

Island Transport is principally engaged in freight transport arrangement (provision of transportation services). The registered office address and principal place of business of Island Transport is at 75B Neil Road, Singapore 088902.

As at the LPD, the issued share capital of Island Transport is SGD250,000 comprising 250,000 ordinary shares. There has been no change in the issued share capital of Island Transport during the Periods Under Review and up to the LPD.

Island Transport is a wholly-owned subsidiary of Chlor-Al. As at the LPD, Island Transport does not have any subsidiary, associate or joint venture.

6.3.17 TMK Dai Hung

TMK Dai Hung was incorporated in Vietnam under the laws of Vietnam on 9 June 2008 as a limited liability company under the name of Taiko - Dai Hung Chemicals Co., Ltd. and assumed its present name on 27 October 2023.

TMK Dai Hung is principally engaged in implementing the rights to export, import goods and wholesaling chemicals according to regulations of law. The principal place of business of TMK Dai Hung is at No. 01, Dinh Le Street, Ward 13, District 4, Ho Chi Minh City, Vietnam.

As at the LPD, the total investment capital (including the contribution capital and the mobilised capital) of TMK Dai Hung is VND48,420,000,000 equivalent to USD2,100,000 and the charter capital of TMK Dai Hung is VND46,820,000,000 equivalent to USD2,000,000. Save as disclosed below, there has been no change in the charter capital of TMK Dai Hung during the Periods Under Review and up to the LPD, in particular:

<u>Date of investment</u>	<u>Consideration</u>	<u>Charter capital</u>
15 September 2023	In cash	VND46,820,000,000

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, the capital contribution members of TMK Dai Hung and their respective ownership in TMK Dai Hung are as follows:

<u>Capital contribution member</u>	<u>Charter capital</u>	<u>%</u>
Chlor-AI	VND45,220,000,000	96.6
TMKS	VND1,600,000,000	3.4

As at the LPD, TMK Dai Hung does not have any subsidiary, associate or joint venture.

6.3.18 Klang Bulking

Klang Bulking was incorporated in Malaysia under the Act on 20 May 2020 as a private limited company under its present name.

Klang Bulking has yet to commence operations and its intended principal activity is the provision of storage facilities and transportation facilities. The principal place of business of Klang Bulking is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Klang Bulking is RM50,000 comprising 50,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Klang Bulking during the Periods Under Review and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
11 November 2022	49,999	Otherwise than cash	50,000

Klang Bulking is a wholly-owned subsidiary of TMK Bulking Services. As at the LPD, Klang Bulking does not have any subsidiary, associate or joint venture.

6.3.19 Kemaman Bulking

Kemaman Bulking was incorporated in Malaysia under the Companies Act 1965 on 6 September 1995 and is deemed registered under the Act as a private limited company under the name of Resolute Front Sdn Bhd. On 1 December 1995, it changed its name to See Sen Bulking Installation Sdn Bhd and subsequently assumed its present name on 13 March 2020.

Kemaman Bulking is principally involved in the provision of bulking installation services. The principal place of business of Kemaman Bulking is at Lot 4735, Jalan Telaga Simpul, Mukim Teluk Kalong, 24000 Kemaman, Terengganu.

As at the LPD, the issued share capital of Kemaman Bulking is RM35,486,000 comprising 35,486,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Kemaman Bulking during the Periods Under Review and up to the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
24 May 2022	4,970,000	Otherwise than cash ⁽¹⁾	5,086,000
2 December 2022	4,923,000	Cash	32,300,000
	22,291,000	Otherwise than cash	
29 September 2023	3,186,000	Otherwise than cash	35,486,000

6. INFORMATION ON OUR GROUP (Cont'd)

Note:

(1) 4,970,000 redeemable preference shares were redeemed and converted to fresh issue of 4,970,000 ordinary shares, the details of which are as follows:

Date	No. of preference shares	Nature of transaction	Consideration	No. of outstanding RPS
24 May 2022	4,970,000 redeemable preference shares ("RPS")	Redeemed and converted to 4,970,000 ordinary shares	-	Nil

Kemaman Bulking is a wholly-owned subsidiary of TMK Bulking Services. As at the LPD, Kemaman Bulking does not have any subsidiary, associate or joint venture.

6.3.20 Tanjung Langsat Bulking

Tanjung Langsat Bulking was incorporated in Malaysia under the Companies Act 1965 on 19 March 2013 and is deemed registered under the Act as a private limited company under the name of Truly Venture Sdn Bhd. On 3 May 2013, it changed its name to Potash Asia Sdn Bhd and subsequently assumed its present name on 17 December 2018.

Tanjung Langsat Bulking is principally involved in the provision of storage and warehousing in bulk cargoes. The principal place of business of Tanjung Langsat Bulking is at B2-6-01, Blok B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

As at the LPD, the issued share capital of Tanjung Langsat Bulking is RM18,560,000 comprising 18,560,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Tanjung Langsat Bulking during the Periods Under Review and up to the LPD:

Date of allotment	No. of ordinary shares	Consideration	Cumulative issued share capital (RM)
11 November 2022	18,559,998	Otherwise than cash	18,560,000

Tanjung Langsat Bulking is a wholly-owned subsidiary of TMK Bulking Services. As at the LPD, Tanjung Langsat Bulking does not have any subsidiary, associate or joint venture.

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

None of our Shares and share capital in our subsidiaries were issued and allotted at a discount or have any special terms or instalment payment terms. Our issued Shares and the issued shares of our subsidiaries are fully paid-up.

As at the LPD, neither our Company nor our subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

During the last financial year and up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other companies' securities.

7. BUSINESS OVERVIEW

7.1 HISTORY AND MILESTONES OF OUR GROUP

Year	Key Milestone and Event
1989	<ul style="list-style-type: none"> • TMK was incorporated on 20 February 1989 by our co-founders, namely Dato' Lee Soon Hian and Dato' Lee Hau Hian (i.e. who exited our Company when he sold his entire equity interest of 28.2% in 2006 to Dato' Lee Soon Hian), to commence business in the provision of total chemical management of inorganic chemicals in Malaysia, in which we source and distribute inorganic chemicals comprising acids, alkalis, salts and other chemical products.
1992	<ul style="list-style-type: none"> • Our business expanded and we began to engage the warehousing services of a third-party company to receive and store our Group's products for a storage tank capacity of 2,500 MT. The third-party company's liquid bulk facility was located in North Port, Klang, Selangor. We ceased the engagement of their services subsequent to acquiring a new facility from a third party in 2017 (i.e. Port Klang Facility 2), which remains as our existing facility up until to-date.
2001	<ul style="list-style-type: none"> • We continued expanding and rented our first facility in Pasir Gudang to store our products. With this facility, we expanded our offerings to include the provision of chemical processing services, and handling and storage services to our customers. We ceased renting this facility subsequent to acquiring a new facility from a third party in 2008 (i.e. Pasir Gudang Facility), which remains as our existing facility up until to-date.
2002	<ul style="list-style-type: none"> • We expanded into East Malaysia and rented a facility in Kuching, Sarawak, which was used as our processing facility, and handling and storage facility. We ceased renting this facility subsequent to renting and commencing operations from a new facility in 2023 (i.e. Kuching Facility), which remains as our existing facility up until to-date. • We rented a facility in Seberang Perai, Penang, which was used as our processing facility, and handling and storage facility. We ceased renting this facility subsequent to constructing and commencing operations from a new facility in 2021 (i.e. Seberang Perai Facility), which remains as our existing facility up until to-date. • We engaged the warehousing services of another third-party company to receive and store our Group's products for a storage tank capacity of 7,700 MT. The third-party company's liquid bulk facility was located in North Port, Klang, Selangor. We ceased the engagement of their services subsequent to engaging the services of another third-party company at a new facility in 2015 (i.e. Port Klang Facility 1), which remains as our existing facility up until to-date. • We expanded our regional presence into Singapore through the acquisition of 90% equity interest in Chlor-Al on 9 October 2002, a Singapore-based company involved in the distribution of inorganic chemicals, via TMK. The assets of Chlor-Al included a piece of land with a facility in Tuas, Singapore ("Singapore Facility 1"), and was used as our liquid bulk facility, processing facility, and handling and storage facility. In February 2009, our shares in Chlor-Al were fully transferred to Austen Pacific Ltd, a company with common shareholders as our Group. Despite the transfer of shares, there were no changes to the management and reporting structure of Chlor-Al. In 2023, we undertook a restructuring exercise prior to our Listing. See Section 6.1.2 and 6.2 of this Prospectus for further details on our Group's restructuring exercise and our Group structure as at the LPD.

7. BUSINESS OVERVIEW (Cont'd)

Year	Key Milestone and Event
2004	<ul style="list-style-type: none"> We acquired another piece of land with a facility adjacent to our Singapore Facility 1 ("Singapore Facility 2") from a third party, as our business continued to expand and we required more space to store our products. Singapore Facility 1 and Singapore Facility 2 had a combined total storage tank capacity of 400 MT.
2008	<ul style="list-style-type: none"> We acquired a new facility in Pasir Gudang, Johor, from a third party, which had a total storage tank capacity of 494 MT ("Pasir Gudang Facility") and was used as our liquid bulk facility, processing facility, and handling and storage facility. We rented an additional facility in Pasir Gudang, Johor which was used as our dry bulk facility, and handling and storage facility. We ceased renting this facility subsequent to constructing and commencing operations from a new facility in 2023 (i.e. Tanjung Langsung Facility), which remains as our existing facility up until to-date. We expanded our regional presence into Vietnam through the incorporation of TMK Dai Hung on 9 June 2008 via TMKS. TMKS held 49.0% equity interest in TMK Dai Hung, with the remaining equity interest of 51.0% being held by Dai Hung Chemicals Co., Ltd (i.e. which exited TMK Dai Hung when it sold its entire equity interest of 51.0% in 2009 to TMKS). We set up our operations at a rented office in Ho Chi Minh City. In June 2010, our shares in TMKS were fully transferred to Torsgate, a company with common shareholders as our Group. Despite the transfer of shares, there were no changes to the management and reporting structure of TMK Dai Hung. In 2023, we undertook a restructuring exercise prior to our Listing. See Section 6.1.2 and 6.2 of this Prospectus for further details on our Group's restructuring exercise and our Group structure as at the LPD.
2010	<ul style="list-style-type: none"> On 20 April 2010, we acquired 100% equity interest in New Port, a company that was involved in the provision of storage facilities for liquid bulk chemicals and transportation services, via TMK. The assets of New Port included a liquid bulk terminal with storage tank capacity of 15,100 m³ in Pasir Gudang, Johor ("Pasir Gudang Terminal"). With the assets acquired, we expanded our offerings to include the provision of chemical terminal services through Pasir Gudang Terminal. Further details on the chemical terminal services offered by our Group are as set out in Section 7.2.1(ii) of this Prospectus. <p>Over the years, we gradually expanded the storage tank capacity of our Pasir Gudang Terminal to 58,000 MT by constructing additional liquid bulk storage tanks as follows:</p> <ul style="list-style-type: none"> - 1 liquid bulk storage tank in 2012; - 2 liquid bulk storage tanks in 2017; - 3 liquid bulk storage tanks in 2018; - 2 liquid bulk storage tanks in 2019; and - 2 liquid bulk storage tanks in 2021. <ul style="list-style-type: none"> We engaged the warehousing services of a third-party company in Singapore to store our Group's product with a storage tank capacity of 4,500 m³. We also engaged their services to provide handling and storage services to our customers in Singapore. The third-party company's liquid bulk facility was located in Sakra Avenue, Singapore ("Singapore Facility 3").
2011	<ul style="list-style-type: none"> Our business in Vietnam expanded and we began to engage warehousing services of a third-party company in Vietnam to store our Group's dry bulk chemicals. We also engaged their services to provide handling and storage services to our customers in Vietnam. The third-party company's facility was located in Phu My Town, Ba Ria – Vung Tau Province ("Vietnam Facility 1").

7. BUSINESS OVERVIEW (Cont'd)

Year	Key Milestone and Event
2015	<ul style="list-style-type: none"> • We engaged the warehousing services of a third-party company in East Malaysia to store our Group's products. We also engaged their services to provide handling and storage services to our customers in East Malaysia. The third-party company's liquid bulk facility was located in Bintulu, Sarawak ("Bintulu Facility"). • We engaged the warehousing services of another third party to store our Group's product. The third-party company's liquid bulk facility was located in Port Klang, Selangor ("Port Klang Facility 1").
2017	<ul style="list-style-type: none"> • We acquired a facility in Port Klang, Selangor, from a third-party company, to be used as our liquid bulk facility, processing facility, and handling and storage facility, which has a total storage tank capacity of 375 MT ("Port Klang Facility 2"). • We engaged the warehousing services of another third-party company in Vietnam to store our Group's product for a storage tank capacity of 4,500 MT. The third-party company's liquid bulk facility was located in Phu My Town, Ba Ria – Vung Tau Province, Vietnam ("Vietnam Facility 2"). • We acquired a piece of industrial land of approximately 44 acres in Banting, Selangor, from a third-party company, to be used for the construction of our Banting Plant 1 ("Banting Land"). Our Banting Plant 1 will be used for the manufacturing of inorganic chemicals, focusing primarily on chlor-alkali derivatives.
2018	<ul style="list-style-type: none"> • We commenced the demolition of the existing structures on Banting Land as well as the procurement of equipment for our Banting Plant 1.
2019	<ul style="list-style-type: none"> • We achieved an international standard of compliance to quality assurance and quality control when we obtained our ISO 9001:2015 certification for the scope of provision of trading, warehousing, manufacturing, and distribution of chemicals, from Société Générale de Surveillance United Kingdom Ltd and SGS (Malaysia) Sdn Bhd.
2020	<ul style="list-style-type: none"> • We engaged the warehousing services of another third party in Vietnam to store our Group's dry bulk chemicals. We also engage their services to provide handling and storages services to our customers in Vietnam. The third-party company's facility was located in Ha Long City, Quang Ninh Province ("Vietnam Facility 3"). • We commenced construction of our Banting Plant 1.
2021	<ul style="list-style-type: none"> • We rented a facility in Port Klang, Selangor for use as our product improvement facility ("Port Klang Facility 3") where chemical products are customised for specific industrial uses. • We commenced the equipment installation at our Banting Plant 1. • We also commenced construction of the following facilities: <ul style="list-style-type: none"> (i) March 2021 : a liquid bulk terminal on a piece of land in Kemaman Terengganu, that we acquired from a third party in 2018. The terminal comprises a storage tank capacity of approximately 10,480 MT ("Kemaman Bulk Terminal").

7. BUSINESS OVERVIEW (Cont'd)

Year	Key Milestone and Event
	<p>We completed the construction and commenced operations of our Kemaman Bulk Terminal in May 2023 to provide, receive and store liquid bulk chemicals;</p>
(ii) April 2021	<p>: a facility on a piece of land in Tanjung Langsat, Johor, that we acquired from a third party in 2011.</p> <p>We completed the construction and commenced operations of our Tanjung Langsat Facility in January 2023. This facility is as our dry bulk facility, and handling and storage facility, with a storage capacity of 46,770 MT ("Tanjung Langsat Facility"); and</p>
(iii) April 2021	<p>: a facility on a piece of land in Seberang Perai, Penang, that we acquired from a third party in 2019.</p> <p>We completed the construction and commenced operations of our Seberang Perai Facility in September 2021. This facility is used as our liquid bulk facility, processing facility, and handling and storage facility, with a storage tank capacity of 494 MT ("Seberang Perai Facility")</p>
2022	<ul style="list-style-type: none"> • We engaged the warehousing services of a third-party company to receive and store our Group's dry bulk chemicals. The third-party company's facility was located in Port Klang, Selangor ("Port Klang Facility 4"). • We obtained our Certificate of Conformity for Good Distribution Practice for Medical Devices from Medivice Certification Sdn Bhd. This certification certifies that we are able to maintain the quality, safety and performance of medical devices throughout the supply chain, which includes supply of chemicals classified as medical devices.
2023	<ul style="list-style-type: none"> • We obtained our Environmental Management System – ISO 14001:2015 certification for the scope of 'Provision of marketing, production, warehousing and distribution of chemicals', from BSI Assurance UK Limited. • We obtained the MD Status from MDEC for the implementation of our digitisation plan which is expected to improve the efficiency of our operations both in Malaysia and overseas, as well as granting our Group access to incentives, rights and privileges from the Malaysian Government. • We rented a facility in Kuching, Sarawak to be used as our processing facility, and handling and storage facility ("Kuching Facility").
2024	<ul style="list-style-type: none"> • In April 2024, we commenced the construction of a new facility in Port Klang, Selangor, to be used as our dry bulk facility, processing facility and product improvement facility ("New Port Klang Facility"). The land for our new dry bulk facility, product improvement facility and processing facility was acquired from a third party in 2022. See Section 7.13.2(b) of this Prospectus for further details on the construction of the facility. • The construction of our Banting Plant 1 was completed and we commenced operations in May 2024. With that, our business activities expanded to include the manufacturing of inorganic chemicals, focusing primarily on chlor-alkali derivatives.

7. BUSINESS OVERVIEW (Cont'd)

7.2 OUR BUSINESS

7.2.1 Our principal business activities

Our Group is principally involved in the provision of total chemical management comprising sourcing, processing and distribution of inorganic chemicals and value-added services, as well as the provision of chemical terminal services which encompasses bulk storage services. The inorganic chemicals that we offer comprise acids, alkalis, salts and other chemical products. We operate through our 15 facilities (i.e. comprising a combination of liquid bulk facility, dry bulk facility, processing facility, handling and storage facility and/or product improvement facility) located across Malaysia, Singapore and Vietnam, as well as 2 liquid bulk terminals located in Malaysia. Further, we also commenced the manufacturing of inorganic chemicals comprising chlor-alkali derivatives, namely sodium hydroxide (i.e. caustic soda), chlorine, hydrochloric acid, sodium hypochlorite and hydrogen at our Banting Plant 1, in May 2024.

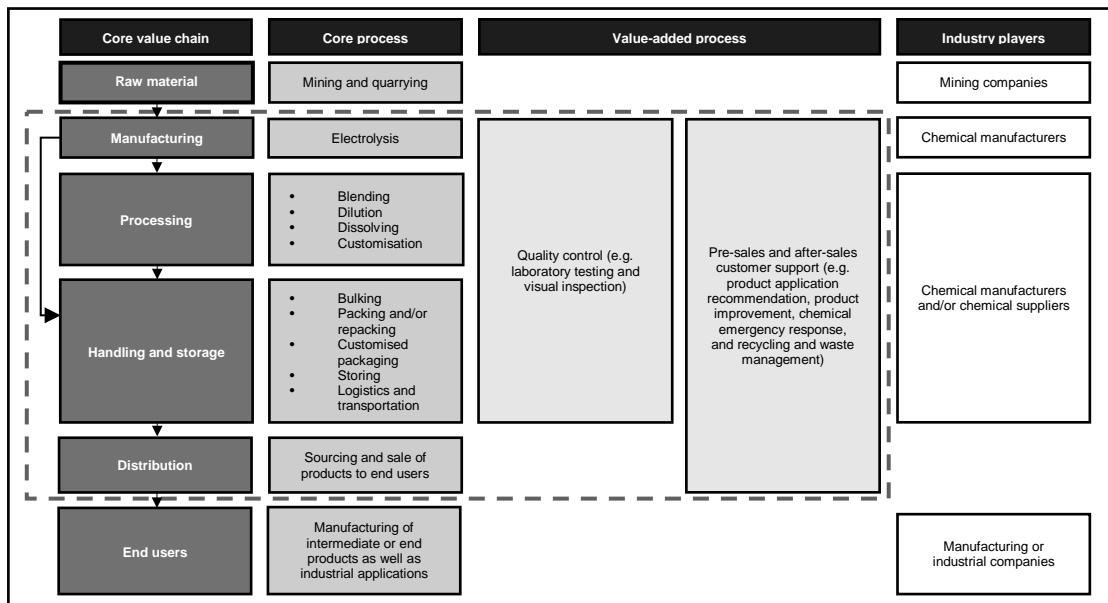
An overview of our business activities is illustrated below:

Principal activities	Provision of total chemical management	Provision of chemical terminal services	Manufacturing of inorganic chemicals
Products	<ul style="list-style-type: none"> Acid Alkali Salt Other chemical products (e.g. oleochemical, sulphur and iron powder) 		<ul style="list-style-type: none"> Sodium hydroxide (i.e. caustic soda) Chlorine Hydrochloric acid Sodium hypochlorite Hydrogen
Facilities	<u>Malaysia, Singapore and Vietnam:</u> <ul style="list-style-type: none"> Liquid bulk facilities Dry bulk facilities Processing facilities Handling and storage facilities 	<u>Malaysia:</u> <ul style="list-style-type: none"> Liquid bulk terminals 	<u>Malaysia:</u> <ul style="list-style-type: none"> Manufacturing plant
Offices	<u>Headquarters:</u> <ul style="list-style-type: none"> Petaling Jaya, Selangor 	<u>Facility offices:</u> <ul style="list-style-type: none"> Selangor Johor Penang Terengganu Sarawak 	<u>Regional sales office:</u> <ul style="list-style-type: none"> Ipoh, Perak
			<u>Branch offices:</u> <ul style="list-style-type: none"> Tuas and Neil Road, Singapore Ho Chi Minh City, Vietnam
Customers	<ul style="list-style-type: none"> Manufacturers Industrial companies Trading companies and distributors 		

Inorganic chemicals are derived from inorganic compounds. Inorganic compounds are derived from non-living natural resources such as minerals, rocks and metal ores, and processed into a wide range of chemical products required primarily in the manufacturing sector for various industries. Inorganic chemicals are utilised in a wide variety of manufacturing and industrial processes across numerous industries, including but not limited to cleaning agents and detergents; construction; semi-conductor; glove; energy generation and fuel; environment and agrichemical; food and beverages; healthcare and pharmaceuticals; cosmetics and personal care products; plastics; pulp and paper; scheduled waste management; and water treatment industries.

7. BUSINESS OVERVIEW (Cont'd)

The value chain of the inorganic chemicals industry is as follows:



Notes:

- [Dashed box] denotes the key segments of the inorganic chemicals industry value chain in which our Group is involved.
- This list is not exhaustive.

Further details of each of our business activities are as described below:

(i) Provision of total chemical management

We are involved in the provision of total chemical management comprising sourcing, processing and distribution of a wide range of inorganic chemicals and value-added services. The inorganic chemicals that we offer comprise acids, alkalis, salts and other chemical products. See Section 7.2.2 of this Prospectus for further details on our Group's product offerings. Our customers are mainly local and overseas manufacturers and industrial companies which use inorganic chemicals in their manufacturing and/or industrial processes, as well as trading companies and distributors. See Section 7.2.5 of this Prospectus for further details on our customers and the industries that we serve.

Our inorganic chemicals are sourced from our network of local and international manufacturers and distributors. Further, to support our key value proposition as a total chemical management company, we have also established a network of suppliers for our packaging materials and logistics delivery. Our suppliers are identified based on competitive advantages, product quality, production capacity, lead time, pricing structure, timely delivery, regulation compliance and after-sales services. We also continuously source additional or alternative suppliers to expand our existing supply network and continuously improve our capability to cater to the demands of our customers. See Section 7.9 for further details on our suppliers.

In addition, we provide chemical processing services to our customers which entail the customisation of chemicals to achieve our customer's product specification and customised concentrations through dissolving, blending or dilution. Our facilities in which we carry out our processing activities are set out in Section 7.2.3 of this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

Our distribution activities involve the management of logistics arrangement for the delivery of inorganic chemicals to our customer's designated location from our facilities and third-party facilities. We utilise in-house transportation as well as third-party logistics services to deliver the inorganic chemicals to our customers. As at the LPD, we have an in-house fleet of 15 lorries and 29 tankers, to cater for the delivery of inorganic chemicals to our customers from our facilities across Malaysia and Singapore. Depending on the delivery arrangement and availability of in-house fleet, we utilise third-party logistics services to support our delivery of inorganic chemicals to our customers in Malaysia, Singapore and Vietnam, as well as exporting to other overseas countries. In addition, we may also distribute inorganic chemicals through pipelines which transport the chemicals directly from storage tanks at our facilities to our customers' storage tanks. Distribution through pipelines is currently offered to 1 customer located within the vicinity of our Singapore Facility 3.

Our total chemical management also encompasses value-added services which comprise the provision of handling and storage services for our customer's products according to the needs and instructions of our customers. Handling services involve repacking dry and liquid bulk chemicals into individual packaging; and repacking of liquid bulk, liquid packaging and dry packaging chemicals into customised packaging and/or with customised labelling. Storage services involve the receipt and storage of customers' products at our liquid bulk facilities, dry bulk facilities and storage facilities. We will manage the repacking and release of our customer's products according to their instructions.

Further, our value-added services also include quality control inspection such as laboratory testing and visual inspection upon the receipt of inorganic chemicals, after chemical processing and prior to the delivery of inorganic chemicals; as well as pre-sales and after-sales support services such as product application recommendation, product improvement, chemical emergency response, site safety inspection, and recycling and waste management.

As at the LPD, we have a total of 15 facilities across Malaysia, Singapore and Vietnam, comprising in-house operated facilities and third-party facilities, to support our provision of total chemical management. Our facilities may be a combination of liquid bulk facility, dry bulk facility, processing facility, handling and storage facility, and/or product improvement facility, depending on the activities carried out through the facility. See Section 7.2.3 of this Prospectus for details of the locations of our operations, facility types and operational activities carried out.

(ii) Provision of chemical terminal services

We are involved in the provision of chemical terminal services which involve providing bulk storage services for liquid chemicals at our liquid bulk terminal located within the port. We take receipt of our customers' products and store it in our storage tanks. The liquid chemicals are received directly from ocean vessels, through installed pipelines that connect directly to our storage tanks located at the terminal. We receive, store and manage the release of our customer's products for delivery to our customer's designated location according to their instructions. Our chemical terminal services are offered to customers who require liquid storage and delivery services in bulk quantity.

We also manage the logistics arrangement for the delivery of chemicals to our customer's designated location under our provision of chemical terminal services. We utilise in-house transportation (i.e. the same in-house fleet of 29 tankers as at the LPD) as well as third-party logistics services to deliver the chemicals to our customer's designated location.

7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, our chemical terminal services are provided through our Pasir Gudang Terminal. Further as at the LPD, our Kemaman Bulk Terminal is used for the storage of our Group's liquid bulk chemicals and we have yet to commence providing chemical terminal services through this liquid bulk terminal. As and when demand arises in the future, we may utilise our Kemaman Bulk Terminal for the provision of chemical terminal services. Further details on our liquid bulk terminals are set out in Section 7.2.3 of this Prospectus.

(iii) Manufacturing of inorganic chemicals

We commenced the manufacturing of inorganic chemicals comprising chlor-alkali derivatives, namely sodium hydroxide (i.e. caustic soda), chlorine, hydrochloric acid, sodium hypochlorite and hydrogen at our Banting Plant 1 in May 2024. Sodium hydroxide, chlorine, hydrochloric acid, sodium hypochlorite and hydrogen are produced through the electrolysis of brine (i.e. salt water).

Our Banting Plant 1 has an annual manufacturing capacity of 37,000 electrochemical units ("ECU"), which is equivalent to 216,000 MT of sodium hydroxide at a concentration of 32%. See Section 7.7 of this Prospectus for further details on the manufacturing capacity of our Banting Plant 1.

We sell and distribute the sodium hydroxide, chlorine, hydrochloric acid and sodium hypochlorite that are manufactured at our Banting Plant 1. However, the hydrogen manufactured at our Banting Plant 1 is fully consumed internally as fuel source and as raw material for the manufacturing of hydrochloric acid. Where our customers require customised concentrations which vary from the standard concentrations manufactured and/or require repacking services, we will deliver the manufactured inorganic chemicals to our processing facility, and handling and storage facility located nearest to our customer's location to undergo processing and repacking before delivery to our customer.

The sodium hydroxide, hydrochloric acid and sodium hypochlorite manufactured at our Banting Plant 1 is sold in bulk quantity and delivered from our Banting Plant 1 to our customers using tankers; or sold in individual packaging and delivered from our processing facilities, and handling and storage facilities to our customers using lorries. The chlorine manufactured at our Banting Plant 1 is stored in drums due to safety purposes, and is delivered to our customers in lorries. We utilise in-house transportation (i.e. the same in-house fleet of 15 lorries and 29 tankers as at the LPD) as well as third-party logistics services to deliver the inorganic chemicals manufactured at our Banting Plant 1 to our customers.

7. BUSINESS OVERVIEW (Cont'd)

7.2.2 Our products

We offer inorganic chemicals comprising acids, alkalis and salts, as well as other chemical products. As at the LPD, we carry an SKU of 4,427 chemicals, comprising different types of chemicals and where each chemical type may have different derivatives, grades, concentrations, form and distribution size. Each type of inorganic chemicals can be supplied in various derivatives, grades and customisable concentrations, and may be supplied in liquid and/or dry form according to the requirements of our customers.

The table below sets out the products of our Group by the categories of acids, alkalis, salts and other chemical products as at the LPD:

Categories of chemical	Examples of types of chemicals	Maximum distribution quantity⁽¹⁾	Examples of industrial applications
Acids	Sulphuric acid, nitric acid, chlorine ⁽²⁾ , hydrochloric acid, phosphoric acid	21,000 L / 30 MT	Chemicals and specialty chemicals, rubber products, agrichemical and livestock farming, electrical and electronic products, industrial water and water treatment, food and beverages, manufacturing of metal goods
Alkalis	Sodium hydroxide (i.e. caustic soda), sodium carbonate (i.e. soda ash), sodium hypochlorite, potassium hydroxide, hydrated lime	21,000 L / 30 MT	Glass, chemicals and specialty chemicals, food and beverages, electrical and electronic products, industrial water and water treatment, oil and gas refining, cleaning agents and detergent
Salts	Salt, aluminium sulphate, sodium sulphate, calcium chloride, sodium silicate	21,000 L / 30 MT	Chemicals and specialty chemicals, cleaning agents and detergent, industrial water and water treatment, electrical and electronic product, pulp and paper, rubber products, textiles
Other chemical products	Oleochemical, sulphur, iron powder	21,000 L / 30 MT	Chemicals and specialty chemicals, rubber products, oil and gas refining, industrial water and water treatment, electrical and electronic products, food and beverages, cleaning agents and detergent

Notes:

(1) Referring to the maximum quantity of chemical that can be distributed per vehicle, which is determined by the maximum laden weight of the goods vehicle as specified in the conditions of the Operator's Licence issued by APAD pursuant to the Land Public Transport Act of 2010. Measurement of liquid form inorganic chemical is measured in L, whereas dry form inorganic chemical is measured in MT.

7. BUSINESS OVERVIEW (Cont'd)

(2) Chlorine is distributed in individual drums of 0.93 MT in lorries which are able to hold up to 10 drums in each delivery.

The table below sets out the breakdown of our Group's sales volume by products for the Periods Under Review:

	FYE 31 December						FPE 30 June	
	2021		2022		2023		2024	
	MT ⁽²⁾	%	MT ⁽²⁾	%	MT ⁽²⁾	%	MT ⁽²⁾	%
Acids	256,977	18.4	278,335	21.3	264,882	18.9	132,359	22.7
Alkalis	685,216	49.2	593,154	45.5	604,697	43.1	347,574	59.7
Salts	428,500	30.8	419,443	32.2	520,163	37.1	95,360	16.4
Other chemical products ⁽¹⁾	22,242	1.6	12,498	1.0	12,362	0.9	6,818	1.2
Total	1,392,935	100.0	1,303,430	100.0	1,402,104	100.0	582,111	100.0

Notes:

(1) Includes organic chemicals such as oleochemical, sulphur and iron powder. The offering of such products are usually to complement the sale of certain inorganic chemicals to our customers.

(2) Product volume has been converted to MT for all sales.

The products that our Group sources and distributes primarily comprise inorganic chemicals. While our Group also offers other chemical products which include organic chemicals such as oleochemical, the offering of such products is usually to complement the sale of certain inorganic chemicals to our customers. In the Periods Under Review, the sale of inorganic chemicals comprising, acids, alkalis and salts contributed 93.3%, 95.4%, 94.8% and 98.8% respectively to our Group's revenue, while other chemical products contributed the remaining 6.7%, 4.6%, 5.2% and 1.2% respectively to our Group's revenue.

All our products may be distributed in different distribution sizes of bulk or individual packaging, in which further elaborations and illustrations are as detailed below:

- (i) Liquid bulk distribution refers to the distribution of liquid form inorganic chemicals in bulk quantities of up to 21,000 L in isotanks and tankers, as well as distribution through pipelines which transport liquid form inorganic chemicals directly from storage tanks at our facilities to our customers' storage tanks. Distribution through pipelines is usually offered to customers located within the vicinity of our facilities;
- (ii) Dry bulk distribution refers to the distribution of solid form inorganic chemicals in bulk quantities of up to 30 MT in tipper trucks and pneumatic tankers;
- (iii) Liquid packaging refers to the distribution of liquid form inorganic chemicals in individual carboys, drums and intermediate bulk containers ("IBCs") which typically range from 5 L to 1,000 L; and

7. BUSINESS OVERVIEW (Cont'd)

(iv) Dry packaging refers to the distribution of solid form inorganic chemicals in individual bags and jumbo bags which typically range from 0.005 MT to 1.5 MT.

(i) Liquid bulk distribution



Distribution in isotankers

(ii) Dry bulk distribution



Distribution in pneumatic tankers

7. BUSINESS OVERVIEW (Cont'd)

(iii) Liquid packaging



Distribution in individual carboys



Distribution in individual drums



Distribution in individual IBCs

(iv) Dry packaging



Distribution in individual bags



Distribution in individual jumbo bags