

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF TOPMIX BERHAD (“TOPMIX” OR “COMPANY”) DATED 27 MARCH 2024 (“ELECTRONIC PROSPECTUS”)**

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

### **Website**

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

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

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

Prospective investors should note that the Application Form is not available in electronic format.

### **Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Topmix take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

### **Close of Application**

Applications will be accepted from 10.00 a.m. on 27 March 2024 and will close at 5.00 p.m. on 4 April 2024. In the event there is any change to the timetable, Topmix will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities’ website.

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

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

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

The contents of the Electronic Prospectus 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 27 MARCH 2024



## TOPMIX BERHAD

Registration No. 202201011835 (1457532-M)  
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

(I) PUBLIC ISSUE OF 82,709,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:

- 19,693,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 7,877,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF TOPMIX BERHAD AND ITS SUBSIDIARIES; AND
- 55,139,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY AND SELECTED INVESTORS

(II) OFFER FOR SALE OF 19,693,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS AT AN ISSUE/OFFER PRICE OF RM0.31 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent



M&A SECURITIES SDN BHD

Registration No. 197301001503 (15017-H)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Prospectus has been registered by Bursa Securities. The registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

**YOU 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 173.**

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

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



TOPMIX BERHAD

P R O S P E C T U S



## TOPMIX BERHAD

Registration No. 202201011835 (1457532-M)  
(Incorporated in Malaysia under the Companies Act 2016)

8 & 10, Jalan Bistari 11, Taman Industri Jaya, 81300 Skudai, Johor, Malaysia.

Tel: +607-571 2060 | Fax: +607-511 3080

[www.topmixhpl.com](http://www.topmixhpl.com)

Our Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. 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.

M&A Securities Sdn Bhd, being the Principal Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), 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.

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

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("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 Group (as defined herein).

Securities listed on Bursa Securities are offered to the public premised on 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.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 21 November 2023. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

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

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Forms and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall 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 us nor our Principal Adviser nor any other advisers in relation to our IPO shall 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.

### **ELECTRONIC PROSPECTUS**

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

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the 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 (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

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

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

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

- (a) We and our Principal Adviser do not endorse and is not affiliated in any way with the Third-Party Internet Sites and is not responsible for the availability of, or the contents or any data, information, files 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;
- (b) We and our Principal Adviser are not responsible for the quality of products or services in the Third-Party Internet Sites, for fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third-Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

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

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**INDICATIVE TIMETABLE**

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All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

<b>Events</b>	<b>Tentative Dates</b>
Issuance of this Prospectus/Opening of Application	27 March 2024
Closing of Application	4 April 2024
Balloting of the Application	8 April 2024
Allotment of our IPO Shares to successful applicants	18 April 2024
Date of Listing	23 April 2024

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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All terms used are defined under "Definitions" commencing from page vii.

All references to "Topmix" and the "Company" in this Prospectus are to Topmix Berhad (Registration No. 202201011835 (1457532-M)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 2 decimal places (for percentages) or RM and sen for currency. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" and "Technical Glossary" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from our Management. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus.

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## **FORWARD-LOOKING STATEMENTS**

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All terms used are defined under "Definitions" commencing from page vii.

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, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements 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 Management's 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 "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) Demand for our products;
- (ii) Our business strategies;
- (iii) Our future earnings, cash flow and liquidity; and
- (iv) Our ability to pay future dividends.

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:

- (a) The economic, political and investment environment in Malaysia and globally;
- (b) Government policy, legislation or regulation; and
- (c) The COVID-19 pandemic and possible similar future outbreak(s).

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Section 8 - Risk Factors" and "Section 11 - Financial Information". 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 date of this Prospectus.

The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.



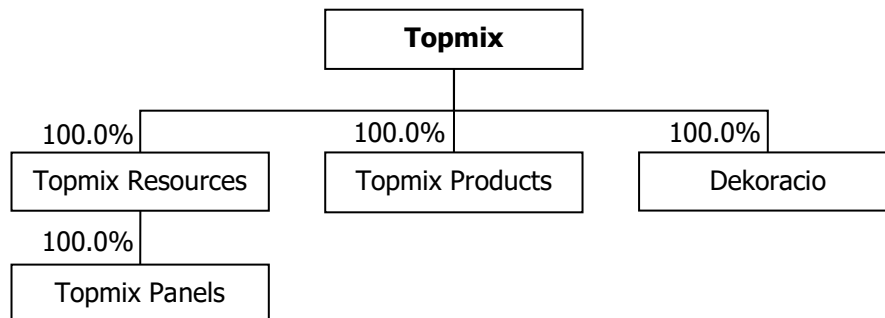
## DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

### COMPANIES WITHIN OUR GROUP:

"Dekoracio"	:	Dekoracio Top Sdn Bhd (Registration No. 201601041936 (1212878-X)), a wholly-owned subsidiary of Topmix
"Subsidiaries"	:	Collectively, Topmix Resources, Topmix Products and Dekoracio
"Topmix" or "Company"	:	Topmix Berhad (Registration No. 202201011835 (1457532-M))
"Topmix Group" or "Group"	:	Topmix and its subsidiaries, collectively
"Topmix Panels"	:	Topmix Panels (Malaysia) Sdn Bhd (Registration No. 202101036480 (1436780-H)), a wholly-owned subsidiary of Topmix Resources
"Topmix Products"	:	Topmix Products Sdn Bhd (Registration No. 201701041893 (1256066-M)), a wholly-owned subsidiary of Topmix
"Topmix Resources"	:	Topmix Resources Sdn Bhd (Registration No. 200601018697 (738450-T)), a wholly-owned subsidiary of Topmix

A diagrammatic illustration of our Group structure is as follows:



### GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Act"	:	Companies Act 2016
"Acquisition of Subsidiaries"	:	Acquisition by Topmix of the entire share capital of Subsidiaries from the Vendors for a purchase consideration of RM31,114,680 which was wholly satisfied by the issuance of 311,146,800 new Shares at an issue price of RM0.10 per Share.  The Acquisition of Subsidiaries was completed on 17 May 2023 and resulted in Topmix Resources, Topmix Products and Dekoracio becoming wholly-owned subsidiaries of Topmix
"ADA"	:	Authorised Depository Agent
"Application"	:	The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application

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**DEFINITIONS (Cont'd)**

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"Application Form"	:	The printed application form for the application of our IPO Shares accompanying this Prospectus
"ATM(s)"	:	Automated Teller Machine(s)
"Board"	:	Board of Directors of Topmix
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	:	Compounded annual growth rate
"CCC"	:	Certificate of Completion and Compliance
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"Closing Date"	:	The date adopted in this Prospectus as the last date for acceptance and receipt of Application
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto
"DDWG"	:	Due diligence working group for the purpose of our IPO
"Director"	:	Either an executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"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
"Electronic Share Application"	:	Application for our IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"FPE(s)"	:	Financial period(s) ended 30 September
"ft"	:	feet

## **DEFINITIONS (Cont'd)**

"FYE(s)"	:	Financial year(s) ended/ending 31 December, as the case may be
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Providence"	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Outlook of the Surface Decorative Products Market in Malaysia"
"Initial Public Offering" or "IPO"	:	Our initial public offering via our Public Issue and Offer for Sale
"Internet Participating Financial Institutions"	:	Participating financial institutions for Internet Share Application as listed in Section 15
"Internet Share Application"	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"IPO Price"	:	Our issue price/offer price of RM0.31 per Share pursuant to our Public Issue
"ISO"	:	International Organisation for Standardisation
"Issue Share(s)" or "IPO Share(s)"	:	The new Share(s) to be issued pursuant to our Public Issue subject to the terms and conditions of this Prospectus
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"J And T Resources"	:	J And T Resources Sdn Bhd (Registration No. 202201039886 (1485583-V))
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM56,754,490 comprising 393,856,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising our Public Issue and Listing, collectively
"LPD"	:	29 February 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
"m"	:	meter
"M&A Securities"	:	M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities

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**DEFINITIONS (Cont'd)**

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"MCO"	:	Movement control order
"MFRS"	:	Malaysian Financial Reporting Standards
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of Investment, Trade and Industry, Malaysia
"mm"	:	millimeter
"NA"	:	Net assets
"NBV"	:	Net book value
"OEM"	:	Original equipment manufacturer
"Offer for Sale"	:	The offer for sale by our Selling Shareholders of 19,693,000 Offer Shares at our IPO Price by way of private placement to selected investors
"Offer Shares"	:	19,693,000 existing Shares to be offered pursuant to our Offer for Sale
"Official List"	:	Means a list specifying all securities which have been admitted for listing on the ACE Market and not removed
"Participating Financial Institutions"	:	Participating financial institutions for Electronic Share Application, as listed in Section 15
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	The allocation of 7,877,000 Issue Shares to our eligible Directors and employees as well as persons who have contributed to the success of our Group
"Placement Agent"	:	M&A Securities
"Principal Adviser" or "Sponsor"	:	M&A Securities
"Promoters"	:	Collectively, Teo Quek Siang, Tan Lee Hong and J And T Resources
"Prospectus"	:	This prospectus dated 27 March 2024 in relation to our IPO
"Public Issue"	:	The public issue of 82,709,000 Issue Shares at our IPO Price
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission Malaysia

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**DEFINITIONS (Cont'd)**

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"Selling Shareholders"	:	Teo Quek Siang and Tan Lee Hong, whom are undertaking the Offer for Sale
"Shares" or "Topmix Shares"	:	Ordinary shares in Topmix
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991
"Specified Shareholders"	:	Collectively, Teo Quek Siang, Tan Lee Hong and J And T Resources
"sq ft"	:	Square feet
"SST"	:	Sales and Service Tax
"Underwriter"	:	M&A Securities
"Underwriting Agreement"	:	The underwriting agreement dated 5 February 2024 entered into between our Company and M&A Securities pursuant to our IPO
"Vendors"	:	Collectively, Teo Quek Siang and Tan Lee Hong

**PROPERTIES OWNED BY OUR GROUP:**

"Investment Property 1"	:	1 unit of 1 ½-storey cluster factory located at No. 23, Jalan Ekoperniagaan 2/8, Taman Ekoperniagaan, 81100 Johor Bahru, Johor. Further details on Investment Property 1 is set out in Section 6.17.1(vii)
"Investment Property 2"	:	1 unit of 1 ½-storey semi-detached factory located at No. 573, Jalan Idaman 3/7, Taman Perindustrian Senai, 81400 Senai, Johor. Further details on Investment Property 2 is set out in Section 6.17.1(viii)
"Seelong Land 1"	:	A vacant industrial freehold land bearing postal address No. 550, Jalan Seelong, Taman Perindustrian Senai, 81400 Seelong, Johor. Further details on Seelong Land 1 is set out in Section 6.17.1(v)
"Seelong Land 2"	:	A vacant industrial freehold land bearing postal address No. 551, Jalan Seelong, Taman Perindustrian Senai, 81400 Seelong, Johor. Further details on Seelong Land 2 is set out in Section 6.17.1(vi)

## **DEFINITIONS (Cont'd)**

- "Skudai Factory" : Property located at No. 28, Jalan Hang Lekir 12, Taman Industri Jaya, 81300 Skudai, Johor comprising:
- (i) Building 1  
1 unit of intermediate single storey detached factory with 2-storey office, a unit of pump house and refuse room
  - (ii) Building 2  
A new factory to be constructed on the vacant land within the Skudai Factory, which shall include 1 unit of single storey factory
- Further details on the Skudai Factory is set out in Section 6.17.1(iv)
- "Skudai HQ – Building 1" : 1 unit of 1 ½-storey semi-detached factory located at No. 8, Jalan Bistari 11, Taman Industri Jaya, 81300 Skudai, Johor. Further details on the Skudai HQ – Building 1 is set out in Section 6.17.1(i)
- "Skudai HQ – Building 2" : 1 unit of 1 ½-storey semi-detached factory located at No. 10, Jalan Bistari 11, Taman Industri Jaya, 81300 Skudai, Johor. Further details on the Skudai HQ – Building 2 is set out in Section 6.17.1(ii)
- "Subang Sales Office" : 1 unit of 2 ½-storey semi-detached factory located at No. 3, Jalan Subang 7, Taman Perindustrian Subang, 47600 Subang Jaya, Selangor. Further details on the Subang Sales Office is set out in Section 6.17.1(iii)

### **CURRENCIES:**

- "EUR" : Euro
- "RMB" : Ren Min Bi or Chinese Yuan
- "RM" and "sen" : Ringgit Malaysia and sen respectively
- "SGD" : Singapore Dollar
- "USD" : United States Dollar

### **TECHNICAL GLOSSARY:**

- Antibacterial : A substance that kills bacteria or stops bacteria from growing
- Antimicrobial : An agent that kills or stops the growth of microorganisms
- Antiviral : An antiviral drug or treatment used to cure an infection or disease caused by a virus
- Carcass : The main framework or body of a furniture piece designed for storage
- Computer numerical control ("CNC") machines : The automation of processes in the manufacturing sector that involves the use of computers to control machinery

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**DEFINITIONS (Cont'd)**

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Compact panels	:	A class of thicker HPL suitable for high-impact applications
Customer relationship management ("CRM")	:	A type of software used by businesses to track customer data and interactions
Decorative boards	:	Engraved or non-engraved PVC foam boards suitable for decorative and interior design purposes
Enterprise resource planning ("ERP")	:	A type of software used by businesses to manage business activities such as accounting, procurement, project management, risk management and compliance, and supply chain operations
Fixtures	:	Objects that are affixed or built into a property and cannot be removed without the use of tools. Fixtures include feature walls, doors, handrails, built-in shelves, kitchen counters and cabinets
Formaldehyde	:	A colourless, flammable and strong-smelling chemical that is used in plywood and other building materials
Generic HPL products	:	HPL products which are typically in solid pastel colours and have some texture imprinted on the surface
Hardware product dealers	:	Building material dealers who distribute our surface decorative products to their customers
Hardware product stockists	:	Building material stockist who operate their own retail chain of outlets or supply our surface decorative products to other hardware product dealers, interior designers and/or carpenters
High pressure laminate ("HPL")	:	A decorative laminate produced by layers of decorative paper and kraft paper treated under high temperature and pressure, suitable for various application
HPL products	:	Comprises generic HPL products, jointly designed HPL products and internally designed HPL products
Impregnation	:	A process where a partially cured melamine resin impregnated overlay paper is placed over non-impregnated décor paper. These layers are forcibly cured under pressure and heat, which fuses the layers together
Medium density fibreboards ("MDF")	:	A type of wood product which is made from wood fibres bonded under heat and pressure
Melamine faced chipboard ("MFC")	:	A composite wood product whereby chipboard is sandwiched between two sheets of melamine décor paper which have been printed with colours or patterns
MyHIJAU	:	A green recognition scheme endorsed by the Government of Malaysia, bringing together certified products and services that meet local and international environmental standards under one single mark
Polyvinyl chloride ("PVC")	:	A synthetic polymer with wide application across multiple industries

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**DEFINITIONS (Cont'd)**

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PVC edging	:	Thin and narrow PVC strips to cover the sides of exposed decorative surfaces
PVC plywood	:	A composite material formed from veneer sheets and resin laminated with PVC films, suitable for furniture making
Scratch tester	:	Scratch tester is used to test the objects surface hardness, friction and wear resistance
Short cycle press line machine	:	A machine used to press lamination of melamine décor paper on wood-based panels
Singapore Green Label	:	Singapore's environmental standard and certification label that endorses industrial and consumer products that are produced in an environmentally-friendly manner
SQL Software	:	An inventory accounting software
Substrates	:	A product made of wood, particleboard, plywood, medium density fibreboard, rattan, wicker, bamboo, or composite products with exposed wood grain
UL Greenguard	:	UL Greenguard certified products are tested and scientifically proven to have low chemical emissions
UL Greenguard Gold	:	UL Greenguard Gold certified products are tested and scientifically proven to emit even lower levels and incorporate a really low level of formaldehyde emissions
Volatile organic compound ("VOC")	:	Organic compounds that have a high vapour pressure at room temperature. VOCs are found in many products used to build and maintain homes
Wall panels	:	Impact-resistant decorative wall panels suitable for renovation and refurbishment projects

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name (Gender)</b>	<b>Designation</b>	<b>Address</b>	<b>Nationality</b>
Chang Tian Kwang (M)	Independent Non-Executive Chairman	1, Jalan Tegap 3 Taman Gaya 81800 Ulu Tiram Johor	Malaysian
Teo Quek Siang (M)	Managing Director	A99, Jalan Sengkang 2 Sengkang 81000 Kulai Johor	Malaysian
Tan Lee Hong (F)	Executive Director	A99, Jalan Sengkang 2 Sengkang 81000 Kulai Johor	Malaysian
Khor Hang Cheng (M)	Independent Non-Executive Director	33, Jalan SS2/111 47300 Petaling Jaya Selangor	Malaysian
William Lau Si Yi (M)	Independent Non-Executive Director	2, Jalan Delima 5/27 Taman Delima 81100 Johor Bahru Johor	Malaysian
Ng Yew Kuan (F)	Independent Non-Executive Director	16, Jalan Damai Jasa 8 Alam Damai, Cheras 56000 Kuala Lumpur	Malaysian

Notes:

M refers to male  
F refers to female

**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
William Lau Si Yi	Chairman	Independent Non-Executive Director
Khor Hang Cheng	Member	Independent Non-Executive Director
Ng Yew Kuan	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Khor Hang Cheng	Chairman	Independent Non-Executive Director
William Lau Si Yi	Member	Independent Non-Executive Director
Ng Yew Kuan	Member	Independent Non-Executive Director

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

**NOMINATING COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ng Yew Kuan	Chairman	Independent Non-Executive Director
Khor Hang Cheng	Member	Independent Non-Executive Director
William Lau Si Yi	Member	Independent Non-Executive Director

**REGISTERED OFFICE** : Level 5, Tower 8, Avenue 5  
Horizon 2, Bangsar South City  
59200 Kuala Lumpur

Telephone number: 03-2280 6388

**HEAD OFFICE** : 8 & 10, Jalan Bistari 11  
Taman Industri Jaya  
81300 Skudai  
Johor

Telephone number: 07-571 2060

**EMAIL ADDRESS AND WEBSITE** : Email address: investor.enquiries@topmixhpl.com  
Website: www.topmixhpl.com

**COMPANY SECRETARIES** : Wong Youn Kim (SSM PC NO. 201908000410) (MAICSA 7018778)  
(Chartered Secretary, Fellow Member of the Institute of Chartered Secretaries and Administrators (UK) and Malaysian Institute of Chartered Secretaries and Administrators)

Lim Li Heong (SSM PC NO. 202008001981) (MAICSA 7054716)  
(Chartered Secretary, Associate Member of the Institute of Chartered Secretaries and Administrators (UK) and Malaysian Institute of Chartered Secretaries and Administrators)

Wong Mee Kiat (SSM PC NO. 202008001958) (MAICSA 7058813)  
(Chartered Secretary, Associate Member of the Institute of Chartered Secretaries and Administrators (UK) and Malaysian Institute of Chartered Secretaries and Administrators)

Telephone number: 03-2280 6388

**AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO** : **CAS Malaysia PLT (Registration No. 201606003206 (LLP0009918-LCA) & AF 1476)**

B-5-1, IOI Boulevard  
Jalan Kenari 5  
Bandar Puchong Jaya  
47170 Puchong  
Selangor

Telephone number: 03-8075 2300

Partner-in-charge: Chen Voon Hann  
Approval number: 02453/07/2025 J  
(Chartered Accountant (Malaysia), Malaysian Institute of Accountants, Fellow Member of the Association of Chartered Certified Accountants)

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

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- PRINCIPAL ADVISER,  
SPONSOR,  
UNDERWRITER AND  
PLACEMENT AGENT** : **M&A Securities Sdn Bhd  
(Registration No. 197301001503 (15017-H))**  
45 & 47, Levels 3 and 7  
The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
  
Telephone number: 03-2284 2911
- SOLICITORS FOR OUR  
IPO** : **Lee & Tengku Azrina**  
Unit 13-01, Level 13  
Menara Landmark  
12, Jalan Ngee Heng  
80000 Johor Bahru  
Johor  
  
Telephone number: 07-223 8828
- SHARE REGISTRAR AND  
ISSUING HOUSE** : **Tricor Investor & Issuing House Services Sdn Bhd  
(Registration No. 197101000970 (11324-H))**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
  
Telephone number: 03-2783 9299
- INDEPENDENT MARKET  
RESEARCHER** : **Providence Strategic Partners Sdn Bhd  
(Registration No. 201701024744 (1238910-A))**  
67-1, Block D, Jaya One  
No. 72A, Jalan Prof Diraja Ungku Aziz  
46200 Petaling Jaya  
Selangor  
  
Telephone number: 03-7625 1769  
  
Person-in-charge: Elizabeth Dhoss  
(Bachelor of Business Administration from the University of  
Malaya)
- LISTING SOUGHT** : ACE Market of Bursa Securities

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## 2. APPROVALS AND CONDITIONS

### 2.1 APPROVALS AND CONDITIONS

#### 2.1.1 Bursa Securities

Bursa Securities had vide its letter dated 21 November 2023 approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

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

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

### 2.1.2 SC

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

The SC had, vide its letter dated 27 November 2023, approved our application in relation to the resultant equity structure of Topmix under the equity requirement for public listed companies for our Listing. The approval from SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Topmix is to allocate shares equivalent to 12.50% of its enlarged number of issued shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	To be complied
2.	Topmix is to make available at least 50.00% of the shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied

The effect of our Listing on the equity structure of Topmix shall be as follows:

Category of shareholders	As at 31 May 2023		After Listing	
	No. of Shares	%	No. of Shares	%
<b>Bumiputera</b>				
- Bumiputera investors to be approved by MITI	-	-	(1)49,232,000	12.50
- Bumiputera public investors via balloting	-	-	(1)9,846,500	2.50
<b>Total Bumiputera</b>	-	-	<b>59,078,500</b>	<b>15.00</b>
Non-Bumiputera	311,147,000	100.00	334,777,500	85.00
<b>Total Malaysians</b>	<b>311,147,000</b>	<b>100.00</b>	<b>393,856,000</b>	<b>100.00</b>
Foreigners	-	-	-	-
<b>TOTAL</b>	<b>311,147,000</b>	<b>100.00</b>	<b>393,856,000</b>	<b>100.00</b>

Note:

(1) Based on the assumption that the Shares offered to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.

### 2.1.3 Approval from MITI

The MITI had, vide its letter dated 3 December 2023, taken note and has no objection to our Listing.



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

### 2.2 MORATORIUM ON OUR SHARES

In accordance with Paragraph 3.19 of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Topmix Shares held by our Specified Shareholders as follows:

- (i) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("First 6-Month Moratorium");
- (ii) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45% of our total number of issued ordinary shares remain under moratorium for another period of 6 months ("Second 6-Month Moratorium"); and
- (iii) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of those Topmix Shares held under moratorium.

Details of our Specified Shareholders and their Shares which will be subject to the abovementioned moratorium, are set out below:

Specified Shareholders	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Shares held on year 2 after Listing		Shares held on year 3 after Listing	
	<sup>(1)</sup> No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %
Teo Quek Siang	45,831,400	11.64	27,870,392	7.08	18,580,261	4.72	9,290,130	2.36
Tan Lee Hong	29,001,800	7.36	17,636,196	4.48	11,757,464	2.98	5,878,732	1.49
J And T Resources	216,620,800	55.00	131,728,612	33.44	87,819,075	22.30	43,909,538	11.15
	<b>291,454,000</b>	<b>74.00</b>	<b>177,235,200</b>	<b>45.00</b>	<b>118,156,800</b>	<b>30.00</b>	<b>59,078,400</b>	<b>15.00</b>

Notes:

(1) After the Proposed Offer for Sale.

(2) Based on the enlarged share capital of 393,856,000 Shares.

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The shareholders of J And T Resources, namely Teo Quek Siang and Tan Lee Hong have undertaken not to sell, transfer or assign their shareholdings in J And T Resources during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium.

### 3. PROSPECTUS SUMMARY

**THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.**

#### 3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

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

No. of Shares to be issued under the Public Issue	82,709,000
- For application by the Malaysian Public <sup>(1)</sup>	19,693,000
- For Pink Form Allocations	7,877,000
- For private placement <sup>(2)</sup>	55,139,000
Offer for Sale	19,693,000
Enlarged number of Shares upon Listing	393,856,000
IPO Price per Share (RM)	0.31
Market capitalisation (calculated based on our IPO Price and enlarged number of Shares upon Listing) (RM)	122,095,360

Notes:

- (1) Including 9,846,500 Issue Shares made available to Bumiputera public investors.  
 (2) Including 49,232,000 Issue Shares made available to selected Bumiputera investors approved by MITI and 5,907,000 Issue Shares made available to selected investors.

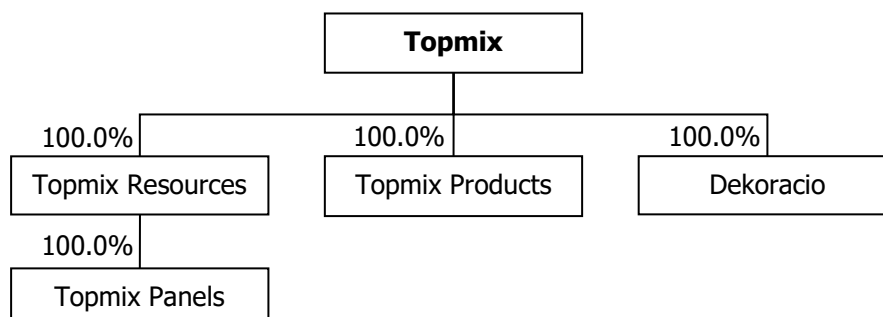
Our Specified Shareholders' entire shareholding after IPO will be under moratorium for 6 months from the date of Listing. Thereafter, our Specified Shareholders' shareholding amounting to 45% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 months.

Further details on the moratorium on our shares are set out in Section 2.2. Further details on our IPO are set out in Section 4.

#### 3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia on 31 March 2022 under the Act as a private limited company under the name of Topmix Sdn Bhd. On 29 May 2023, we converted into a public limited company and assumed our present name. We were incorporated as a special purpose vehicle to facilitate our Listing on the ACE Market.

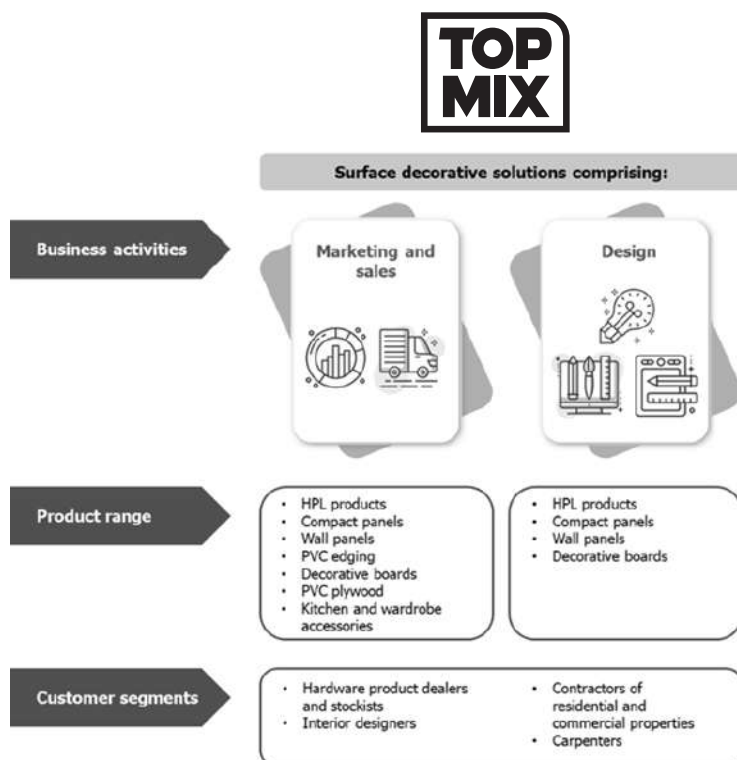
Our group structure as at the LPD is as follows:



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

We are principally involved in the marketing and sales of our own brands of surface decorative products. We also undertake the design of surface decorative products internally as well as in collaboration with third-party décor paper suppliers.

Our business model is depicted in the following diagram:



Further details of our Group and our business model are set out in Section 6.

The breakdown of our Group's revenue segmentation by principal markets is as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Malaysia	27,444	99.72	38,513	99.79	65,703	99.87
Indonesia	30	0.11	62	0.16	36	0.05
Singapore	47	0.17	13	0.03	22	0.03
Sri Lanka	-	-	7	0.02	17	0.03
Philippines	-	-	-	-	12	0.02
	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Malaysia	46,303	99.87	51,010	99.95
Indonesia	36	0.07	5	0.01
Singapore	12	0.03	22	0.04
Sri Lanka	-	-	-	-
Philippines	12	0.03	-	-
	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>

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

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**3.3 COMPETITIVE STRENGTHS**

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

- (i) Our product evolution has allowed us to position ourselves strategically in the surface decorative market in Malaysia. Over the years through our business dealings, we began engaging and interacting extensively with local interior designers to understand the needs, requirements and preferences of local consumers. To meet the local demand, we initiated collaborations with third-party décor paper suppliers to jointly design HPL products under our Topmix brand. We aim to position ourselves as a total surface decorative products company. To achieve this, we expanded our surface decorative solutions from HPL products to include compact panels, PVC edging, wall panels, decorative boards and PVC plywood which are marketed under our own brands. Our product and brand focus have contributed to the growth of our Group, as demonstrated by the growth in our Group's revenue from RM27.52 million in FYE 2020 to RM65.79 million in FYE 2022 and RM51.04 million in FPE 2023. The growth in our Group's revenue was also supported by the resumption of economic activities as well as construction activities in 2021, as we were able to more actively market our surface decorative products in the market.
- (ii) We have a wide range of surface decorative products for commercial and residential interior surface applications, including wall panels, counter tops, table tops as well as fixtures and displays. Our product range is diverse for various interior applications, with an array of design and texture offerings under each product category. Our ability to provide customised designs for our customers has helped us carve a niche for our Group and remain competitive throughout the years. As a brand owner, we will continue to strive to provide a wide range of surface decorative products of various designs, textures and colours, thereby allowing us to position ourselves favourably among customers.
- (iii) We are experiencing growing demand for our jointly designed as well as internally designed HPL products. It has allowed us to offer a wider range of surface decorative products to customers and consumers. Our Group recognises the importance of providing our customers with up-to-date and innovative designs to suit the latest market trends through our joint and internal product design activities. Hence, we consistently review and update our product catalogue with new designs every 2 to 3 years.
- (iv) We market eco-friendly surface decorative products. As at the LPD, all of our HPL products comply with the UL GREENGUARD and GREENGUARD Gold Certification (since year 2015), Singapore Green Label (since year 2015) and MyHIJAU standards (since year 2022). We believe our approach in prioritising eco-friendliness aligns with the increasing awareness for eco-friendly products among our customers and consumers, which influences their purchasing decisions.
- (v) Our Group is led by an experienced key senior management team that has accumulated years of experience in the surface decorative products industry. Our Managing Director, Teo Quek Siang is responsible for the formulation of business strategies and setting the overall business direction of our Group and oversees the implementation of our business strategies, and has over 18 years of experience in the surface decorative products industry.

Further details of our competitive strengths are set out in Section 6.8.

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

#### 3.4 BUSINESS STRATEGIES

A summary of our business strategies are set out below:

- (i) We intend to expand into the assembly of MFC products. We see potential in introducing MFC products which will allow us to expand and broaden our range of surface decorative products. To support this expansion, we intend to:
  - (a) Construct a new factory for MFC assembly on the vacant land within Skudai Factory, namely Building 2. The construction of the Building 2 commenced in March 2023 and was completed in December 2023. We expect to obtain the CCC by April 2024, approval from Johor State Forestry Department and DOSH by June 2024 and commence operations in June 2024. The total construction cost of the Building 2 is estimated at RM2.50 million, of which RM1.44 million of the total construction cost will be funded via bank borrowings to be drawn and the remaining RM1.06 million will be funded via internally generated funds. We intend to utilise RM1.44 million of the proceeds from our Public Issue to repay the bank borrowings within 3 months from the Listing.
  - (b) Install 1 MFC assembly line which has a maximum production capacity of approximately 500 pieces per day based on 8 operating hours as well as a coldroom in Building 2. We will further install testing equipment at Building 1, as we anticipate that the MFC products assembly line will take up a significant space in Building 2. We intend to acquire machinery, equipment and motor vehicles amounting to RM2.11 million, of which RM1.88 million from the proceeds from our Public Issue will be utilised to repay finance leases to be used for the purchase of machinery and motor vehicles. In addition, we intend to hire 8 employees to operate the MFC products assembly line and have allocated RM0.27 million over 12 months from internally generated funds.
  - (c) We have allocated RM2.00 million of the proceeds to purchase and install an enterprise resource planning (ERP) software. We intend to adopt the ERP software throughout our Group to manage our day-to-day operational activities such as accounting, procurement, supply chain and assembly.
- (ii) We intend to further expand in Malaysia to capture business opportunities in the northern region of Peninsular Malaysia, primarily in the state of Pulau Pinang, to tap into its potential for surface decorative solutions, through establishing a sales office (including showroom and warehouse). We intend to utilise RM3.08 million from our proceeds to fund the establishment of this sales office in Pulau Pinang, which will include cost of settling up the sales office (including showroom and warehouse) (RM1.90 million), purchase of motor vehicles (RM0.34 million) and office equipment (RM0.07 million) as well as manpower requirement for 12 months (RM0.77 million).
- (iii) We intend to further strengthen our Topmix HPL mobile application to increase brand and product awareness. We will appoint a third-party software developer to enhance the functionality and versatility of our mobile application by incorporating augmented reality technology and introduce 360° virtual tour of our showroom at Skudai HQ. We have allocated RM0.60 million of the proceeds from our Public Issue to fund the enhancement of our Topmix HPL mobile application within 24 months of our Listing.
- (iv) We have allocated RM1.36 million to strengthen our marketing and sales activities via participating trade exhibitions (RM0.90 million), hiring new marketing and sales staff for Johor and Selangor sales offices (RM0.36 million) as well as advertising our products in trade magazines and organise product presentations (RM0.10 million). In addition, we have allocated RM0.94 million to expand our warehouse capacity in the central region of Peninsular Malaysia, which will be used for recruitment of new staff, acquisition of motor vehicles and leasing of a new warehouse in the central region of Peninsular Malaysia.

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

- (v) We intend to further strengthen the sales of our jointly designed as well as internally designed HPL product segments by intensifying our marketing and sales activities where we will place advertisements for these products in trade magazines as well as conduct product presentations with existing and prospective customers. We will also leverage on our digital channels, namely our website, social media accounts and our Topmix HPL mobile application to further promote our jointly designed as well as internally designed HPL products.

Further details on our business strategies are set out in Section 6.19.

#### 3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 8. Some of the more important risk factors are summarised below:

- (i) We are dependent on Zhejiang Rexin Decorative Material Co Ltd ("Rexin") and Melatone Group (comprising Melatone Sdn Bhd and Melatone Ltd) which accounted for 75.52% to 81.81% of our total purchases for FYEs 2020, 2021, 2022 and FPE 2023. The loss of these major suppliers or a major disruption to their operations will result in a shortage of supplies and will have an adverse impact on our financial performance.
- (ii) Our Group does not enter into any long-term agreements with our customers and our Group's revenue are derived based on purchase orders. The absence of long-term agreements may result in the fluctuation of our Group's revenue and overall financial performance.
- (iii) We are exposed to foreign exchange fluctuation risks, where our purchases of supplies from our overseas suppliers amounted to between 65.31% and 73.63% of our total purchases. Significant fluctuations in foreign exchange rates will have an impact on our financial performance in the event that we are unable to pass the increase in cost to our customers in a timely manner or at all.
- (iv) We may be affected by price fluctuations or shortage of supplies. The nature of our business requires us to obtain sufficient quantities of supplies in a timely manner at competitive prices in order to continue our operations and meet the demand of our customers. Any material shortages or disruptions in the supply of raw materials will result in price increases which will adversely affect our business operations and financial performance in the event that we are unable to pass the increase in cost to our customers in a timely manner or at all.
- (v) Our products are susceptible to evolving market trends and consumer preferences on designs. Our success depends on our ability to anticipate, identify, interpret and respond to the evolving market trends and offer products and designs with sufficient market appeal. In the event that our products and designs are unable to keep up with the changing consumer preferences, we will experience loss in product demand and market share.

#### 3.6 DIRECTORS, KEY SENIOR MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Directors and key senior management are as follows:

<b>Name</b>	<b>Designation</b>
<b>Directors</b>	
Chang Tian Kwang	Independent Non-Executive Chairman
Teo Quek Siang	Managing Director
Tan Lee Hong	Executive Director
Khor Hang Cheng	Independent Non-Executive Director
William Lau Si Yi	Independent Non-Executive Director
Ng Yew Kuan	Independent Non-Executive Director
<b>Key senior management</b>	
Fong Wang Ying	Operations Manager
Siow Li Ling	Financial Controller
Lee Jia Yong	Marketing and Sales Manager

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

Further details of our Directors and key senior management are set out in Sections 5.2 and 5.3 respectively.

The details and shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are as follows:

Name/ Nationality	<sup>(1)</sup> Before IPO				<sup>(2) (3)</sup> After IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Promoters and substantial shareholders</b>								
Teo Quek Siang / Malaysian	55,677,900	17.89	<sup>(4)</sup> 255,469,100	82.11	45,831,400	11.64	<sup>(4)</sup> 245,622,600	62.36
Tan Lee Hong / Malaysian	38,848,300	12.49	<sup>(4)</sup> 272,298,700	87.51	29,001,800	7.36	<sup>(4)</sup> 262,452,200	66.64
J And T Resources / Malaysia	216,620,800	69.62	-	-	216,620,800	55.00	-	-

Notes:

(1) Based on the share capital of 311,147,000 Shares after the Acquisition of Subsidiaries.

(2) Based on the enlarged share capital of 393,856,000 Shares after the IPO.

(3) After the Offer for Sale.

(4) Deemed interested by virtue of his/her spouse's shareholdings in our Group and J And T Resources. As at the LPD, the shareholders and their respective shareholdings in J And T Resources are Teo Quek Siang (60.00%) and Tan Lee Hong (40.00%).

Further details of the Promoters and substantial shareholders are set out in Section 5.1.2.

### 3.7 UTILISATION OF PROCEEDS

The estimated gross proceeds arising from our Public Issue amounting to RM25.64 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Estimated timeframe for utilisation (from the date of Listing)	RM'000	%
Expansion into assembly of melamine faced chipboard (MFC) products	60 months	5,318	20.74
Business expansion, marketing and sales	24 months	5,978	23.32
General working capital	24 months	11,344	44.24
Estimated listing expenses	1 month	3,000	11.70
		<b>25,640</b>	<b>100.00</b>

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.10. The gross proceeds arising from the Offer for Sale of approximately RM6.10 million shall accrue entirely to our Selling Shareholders.

**3. PROSPECTUS SUMMARY (Cont'd)****3.8 FINANCIAL AND OPERATIONAL HIGHLIGHTS**

The selected financial and operational information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

**3.8.1 Historical combined and consolidated statements of profit or loss and other comprehensive income**

The following table sets out the financial highlights of our historical audited combined and consolidated statements of profit or loss and other comprehensive income for the FYEs 2020 to 2022 and FPE 2022 to 2023:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	27,521	38,595	65,790	46,363	51,037
Cost of sales	(18,030)	(24,820)	(42,306)	(29,827)	(32,640)
GP	9,491	13,775	23,484	16,536	18,397
PBT	3,246	5,869	11,625	7,766	8,035
PAT attributable to owners of the Company	2,362	4,418	8,527	5,662	5,555
EBIT	3,697	6,662	12,845	8,667	8,919
EBITDA	4,640	7,479	13,879	9,425	9,761
GP margin (%)	34.49	35.69	35.70	35.67	36.05
PBT margin (%)	11.79	15.21	17.67	16.75	15.74
PAT margin (%)	8.58	11.45	12.96	12.21	10.88
Effective tax rate (%)	27.23	24.72	26.65	27.09	30.86
EPS (sen) <sup>(1)</sup>	0.76	1.42	2.74	1.82	1.79
Diluted EPS (sen) <sup>(2)</sup>	0.60	1.12	2.17	1.44	1.41

Notes:

- (1) Calculated based on the PAT attributable to owners of the Company divided by the share capital of 311,147,000 Shares before the IPO.
- (2) Calculated based on the PAT attributable to owners of the Company divided by the enlarged share capital of 393,856,000 Shares after the IPO.

Further details on the financial information are set out in Sections 12 and 13.

There were no exceptional or extraordinary items during the financial years/period under review. Our audited financial statements for the financial years/period under review were not subject to any audit qualifications.



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

#### 3.8.2 Pro Forma Consolidated Statements of Financial Position

The following table sets out a summary of the Pro Forma Consolidated Statements of Financial Position of our Group, to show the effects of the material subsequent event, Public Issue and utilisation of the proceeds from our Public Issue.

It is presented for illustrative purposes only and should be read together with the Pro Forma Consolidated Statements of Financial Position as set out in Section 13.

	<b>Topmix</b>	<b>I</b>	<b>II</b>	<b>II</b>
	<b>As at 30 September 2023</b>	<b>After material subsequent event <sup>(1)</sup></b>	<b>After I and after Public Issue</b>	<b>After II and after utilisation of the proceeds from Public Issue</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>				
Total non-current assets	30,392	30,392	30,392	32,487
Total current assets	38,062	37,762	63,402	57,699
<b>TOTAL ASSETS</b>	<b>68,454</b>	<b>68,154</b>	<b>93,794</b>	<b>90,186</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	31,115	31,115	56,755	55,593
Merger reserve	(30,415)	(30,415)	(30,415)	(30,415)
Retained earnings	34,251	33,951	33,951	32,835
<b>TOTAL EQUITY/ NA</b>	<b>34,951</b>	<b>34,651</b>	<b>60,291</b>	<b>58,013</b>
Total non-current liabilities	20,060	20,060	20,060	20,060
Total current liabilities	13,443	13,443	13,443	12,113
<b>TOTAL LIABILITIES</b>	<b>33,503</b>	<b>33,503</b>	<b>33,503</b>	<b>32,173</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>68,454</b>	<b>68,154</b>	<b>93,794</b>	<b>90,186</b>
Number of Shares in issue ('000)	311,147	311,147	393,856	393,856
NA per Share (RM)	0.11	0.11	0.15	0.15
Loan and borrowings (including lease liabilities) (All interest bearing debts)	26,026	26,026	26,026	25,883
Gearing (times) <sup>(2)</sup>	0.74	0.75	0.43	0.45
Current ratio (times) <sup>(3)</sup>	2.83	2.81	4.72	4.76

Notes:

- (1) Includes the dividend declared and paid amounting to RM0.30 million after 30 September 2023 as shown in Note 3 of the Pro Forma Consolidated Statements of Financial Position in Section 13.
- (2) Calculated based on the total loan and borrowings (including lease liabilities) of our Group divided by the total equity of our Group.
- (3) Calculated based on total current assets divided by total current liabilities of our Group.

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

#### 3.8.3 Operational highlights

We are principally involved in the marketing and sales of our own brands of surface decorative products. We also undertake the design of surface decorative products internally as well as in collaboration with third-party décor paper suppliers.

In addition, we import and distribute surface decorative accessories in Malaysia, and hold the exclusive dealership to the STARAX range of kitchen and wardrobe accessories.

The breakdown of our Group's revenue segmentation by product category is as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
HPL products <sup>(1)</sup>	25,166	91.44	36,032	93.36	62,089	94.38
Other surface decorative products <sup>(2)</sup>	1,492	5.42	1,521	3.94	3,402	5.17
Kitchen and wardrobe accessories	863	3.14	1,042	2.70	299	0.45
	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>
	<b>Unaudited</b>		<b>Audited</b>			
	<b>FPE 2022</b>		<b>FPE 2023</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
HPL products <sup>(1)</sup>	44,078	95.07	48,041	94.13		
Other surface decorative products <sup>(2)</sup>	2,070	4.47	2,718	5.33		
Kitchen and wardrobe accessories	215	0.46	278	0.54		
	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>		

Notes:

(1) HPL products comprising:

<b>HPL Products</b>	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Generic HPL	20,307	80.69	26,947	74.79	45,694	73.59
Jointly design HPL	4,856	19.30	9,067	25.16	16,366	26.36
Internally designed HPL	3	0.01	18	0.05	29	0.05
	<b>25,166</b>	<b>100.00</b>	<b>36,032</b>	<b>100.00</b>	<b>62,089</b>	<b>100.00</b>
<b>HPL Products</b>	<b>FPE 2022</b>		<b>FPE 2023</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
Generic HPL	32,762	74.33	35,128	73.12		
Jointly design HPL	11,306	25.65	12,890	26.83		
Internally designed HPL	10	0.02	23	0.05		
	<b>44,078</b>	<b>100.00</b>	<b>48,041</b>	<b>100.00</b>		

(2) Comprising compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

For the past 3 FYEs 2020 to 2022 and FPE 2023, our major customers contributed to 25.72%, 26.65%, 26.44% and 25.73% of our revenues in the FYE 2020, 2021, 2022 and FPE 2023. Our major customers comprised hardware product dealers who procured our surface decorative products for retail to their customers.

**3. PROSPECTUS SUMMARY (Cont'd)****3.9 DIVIDENDS**

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. The payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

Dividends declared and paid by our subsidiaries, namely Topmix Resources and Topmix Products during FYEs 2020 to 2022 and FPE 2023 were as follows:

	<u>FYE 2020</u> <u>RM'000</u>	<u>FYE 2021</u> <u>RM'000</u>	<u>FYE 2022</u> <u>RM'000</u>	<u>FPE 2023</u> <u>RM'000</u>
Dividends declared and paid	-	(1) 530	-	(2) 700

Notes:

(1) FYE 2021

- (a) RM0.20 million in respect of FYE 2021 was declared on 17 March 2021 and paid on 31 March 2021; and
- (b) RM0.33 million in respect of FYE 2021 was declared on 17 December 2021 and paid on 31 December 2021.

(2) FPE 2023

- (a) RM0.70 million in respect of FYE 2022 was declared on 10 January 2023 and paid on 12 January 2023.

Subsequent to FPE 2023 and up to the LPD, Topmix Resources had on 26 February 2024 declared a dividend of RM0.30 million in respect of FPE 2023. The dividend was paid on 29 February 2024. Our Board do not foresee that dividend paid subsequent to FPE 2023 would affect the execution and implementation of our future plans or strategies moving forward. Further, we do not intend to declare and pay any dividends from the LPD up to the point of our Listing.

Further details of our dividends are set out in Section 11.13.

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## **4. PARTICULARS OF OUR IPO**

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### **4.1 INTRODUCTION**

This Prospectus is dated 27 March 2024. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with Bursa Securities. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC. Neither Bursa Securities nor the ROC takes any responsibility for its contents.

We have obtained the approval from Bursa Securities vide its letter dated 21 November 2023, for, amongst others, our admission to the Official List of the ACE Market and for the listing of and quotation for our entire enlarged share capital on the ACE Market.

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, amongst others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable supplemental Prospectus. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are not authorised or unlawful, or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Principal Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

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

Applications for the Issue Shares may be made using either of the following:

<b>Type of application form</b>	<b>Category of Investor</b>
White Application Form or Electronic Share Application or Internet Share Application	Malaysian Public (for individuals)
White Application Form	Malaysian Public (for non-individuals, e.g. corporations, institutions etc)
Pink Form Applications	Our eligible Directors and employees as well as persons who have contributed to the success of our Group

**You must have a CDS Account when applying for our IPO Shares.** In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares.

Please refer to Section 15 for further details on the procedures for application for our IPO Shares. Details of the ADAs that you may open a CDS Account can be obtained at the following link:

[https://www.bursamalaysia.com/trade/trading\\_resources/brokers\\_for\\_equities/list\\_of\\_participating\\_organisations](https://www.bursamalaysia.com/trade/trading_resources/brokers_for_equities/list_of_participating_organisations)

If you are an individual with a CDS Account, you may make an Application by way of Electronic Share Application. You are required to furnish your CDS Account number to the Participating Financial Institution by keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

If you have a CDS Account and an existing account to their internet financial services of an Internet Participating Financial Institutions, you can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

#### 4. PARTICULARS OF OUR IPO (*Cont'd*)

##### 4.2 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 27 March 2024 and will remain open until at 5.00 p.m. on 4 April 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

##### 4.3 IMPORTANT TENTATIVE DATES

<b>Events</b>	<b>Tentative Dates</b>
Issuance of this Prospectus/Opening of Application	27 March 2024
Closing Date	4 April 2024
Balloting of the Application	8 April 2024
Allotment of our IPO Shares to successful applicants	18 April 2024
Date of Listing	23 April 2024

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

##### 4.4 DETAILS OF OUR IPO

###### 4.4.1 Public Issue

A total of 82,709,000 Issue Shares, representing 21.00% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

###### (i) Malaysian Public

19,693,000 Issue Shares, representing 5.00% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (a) 9,846,500 Issue Shares made available to public investors; and
- (b) 9,846,500 Issue Shares made available to Bumiputera public investors.

###### (ii) Our eligible Directors and employees as well as persons who have contributed to the success of our Group

7,877,000 Issue Shares, representing 2.00% of our enlarged share capital, will be reserved for our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.4.3.

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

55,139,000 Issue Shares, representing 14.00% of our enlarged share capital, have been reserved for private placement in the following manner:

- (a) 49,232,000 Issue Shares made available for selected Bumiputera investors approved by MITI; and
- (b) 5,907,000 Issue Shares made available for selected investors.

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

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

There is no over-allotment or "greenshoe" option that will result in an increase in the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

We are not aware of any person who intends to subscribe for more than 5% of the Public Issue.

##### 4.4.2 Offer for Sale

A total of 19,693,000 Offer Shares, representing 5.00% of our enlarged share capital, are offered by our Selling Shareholders to selected investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

The details of our Selling Shareholders and their relationship with our Group are as follows:

Name / Address	Relationship with our Group	Before IPO		Offer Shares offered		After IPO	
		No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
Teo Quek Siang / A99, Jalan Sengkang 2 Sengkang 81000 Kulai Johor	Promoter, substantial shareholder and Managing Director	55,677,900	17.89	9,846,500	2.50	45,831,400	11.64
Tan Lee Hong / A99, Jalan Sengkang 2 Sengkang 81000 Kulai Johor	Promoter, substantial shareholder and Executive Director	38,848,300	12.49	9,846,500	2.50	29,001,800	7.36

Notes:

(1) Based on the share capital of 311,147,000 Shares after the Acquisition of Subsidiaries.

(2) Based on the enlarged share capital of 393,856,000 Shares after the IPO.

The Offer for Sale enables us to meet the public shareholding spread. Further details of our Selling Shareholders, who are also our Promoters and substantial shareholders can be found in Section 5.1.

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

##### 4.4.3 Pink Form Allocations

We have allocated 7,877,000 Issue Shares to our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

<b>Category</b>	<b>No. of eligible persons</b>	<b>Aggregate no. of Issue Shares allocated</b>
Our eligible Directors	4	1,400,000
Our eligible employees	54	1,553,000
Persons who have contributed to the success of our Group	25	4,924,000
	<b>83</b>	<b>7,877,000</b>

Our eligible Directors and key senior management intend to subscribe to their Issue Shares allocated under the Pink Form Allocations.

Pink Form Allocations which are not accepted by our eligible Directors and employees will be re-allocated to other eligible Directors set out in Section 4.4.3(i) and eligible employees at the discretion of our Board.

##### (i) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on their anticipated contribution to our Group. Their roles and responsibilities to our Group are further set out in Section 5.5. Teo Quek Siang (our Managing Director) and Tan Lee Hong (our Executive Director) have opted not to participate in the Pink Form Allocations as they are our substantial shareholders.

Details of the proposed allocation to our eligible Directors are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Chang Tian Kwang	Independent Non-Executive Chairman	500,000
Khor Hang Cheng	Independent Non-Executive Director	300,000
William Lau Si Yi	Independent Non-Executive Director	300,000
Ng Yew Kuan	Independent Non-Executive Director	300,000
		<b>1,400,000</b>

##### (ii) Allocation to eligible employees

The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

- (a) The employee must be at least 18 years of age;
- (b) The employee must have his/her employment confirmed in writing; and
- (c) The employees' seniority, position, length of service and contribution to our Group.



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

Included in the allocation to our eligible employees are the proposed allocation to the key senior management as set out below:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Fong Wang Ying	Operations Manager	150,000
Siow Li Ling	Financial Controller	200,000
Lee Jia Yong	Marketing and Sales Manager	150,000
		<b>500,000</b>

**(iii) Allocation to persons who have contributed to the success of our Group**

Persons who have contributed to the success of our Group are our customers and suppliers.

The number of IPO Shares to be allotted to those persons who have contributed to the success of our Group shall be based on amongst others, the nature and terms of their business relationship with us as well as the level of contribution and support to our Group. This includes the length of their relationship with us, the volume and value of products supplied/purchased in the past FYEs/FPE as well as for future FYEs/FPE.

**4.5 BASIS OF ARRIVING AT OUR IPO PRICE**

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Principal Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) The PE Multiple of approximately 14.29 times based on our EPS of 2.17 sen for the FYE 2022, calculated based on our PAT attributable to the owners of the Company for the FYE 2022 of RM8.53 million and our enlarged share capital of 393,856,000 Shares upon Listing;
- (ii) Our pro forma consolidated NA per Share as at 30 September 2023 after our IPO of RM0.15 based on our consolidated NA as at 30 September 2023 of RM58.01 million (after the material subsequent event, Public Issue and utilisation of the proceeds from our Public Issue) and our enlarged share capital of 393,856,000 Shares upon Listing;
- (iii) Our historical financial track record for the past FYEs 2020 to 2022 and FPE 2022 to FPE 2023 summarised as follows:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	27,521	38,595	65,790	46,363	51,037
GP	9,491	13,775	23,484	16,536	18,397
PAT attributable to owners of the Company	2,362	4,418	8,527	5,662	5,555

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

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
EPS (sen) <sup>(1)</sup>	0.76	1.42	2.74	1.82	1.79

Note:

(1) Calculated based on our PAT attributable to owners of the Company divided by the share capital of 311,147,000 Shares before our IPO.

- (iv) Our competitive strengths as set out in Section 6.8; and
- (v) Our Group's business strategies as further described in Section 6.19.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 before deciding to invest in our Shares.

**4.6 SHARE CAPITAL, CLASSES OF SHARES AND RANKING**

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

<b>Details</b>	<b>No. of Shares</b>	<b>RM</b>
<b>Share capital</b>		
As at the date of this Prospectus	311,147,000	31,114,700
To be issued pursuant to our Public Issue	82,709,000	25,639,790
<b>Enlarged share capital upon our Listing</b>	<b>393,856,000</b>	<b>56,754,490</b>
<b>Offer for Sale</b> <sup>(1)</sup>	19,693,000	6,104,830
<b>Market capitalisation</b> <sup>(2)</sup>		<b>122,095,360</b>

Notes:

(1) Our Offer for Sale will not have any effect on our share capital.

(2) Based on our IPO Price and our enlarged number of shares upon Listing.

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally amongst one another.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

The Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

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

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held.

#### 4.7 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) To provide an opportunity for the Malaysian Public, our eligible Directors and employees as well as persons who have contributed to the success of our Group to participate in our equity;
- (ii) To enable our Group to raise funds for the purposes specified in Section 4.10;
- (iii) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise; and
- (iv) To gain recognition through our listing status which will enhance our Group's reputation in the marketing of our products and to retain and attract new, skilled employees in the industry.

#### 4.8 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and our enlarged share capital of 393,856,000 Shares upon Listing, our total market capitalisation is estimated to be RM122,095,360 upon Listing.

#### 4.9 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma consolidated NA per Share immediately after our IPO.

	<b>RM</b>
IPO Price	0.31
Pro forma consolidated NA per Share as at 30 September 2023	0.11
Pro forma consolidated NA per Share as at 30 September 2023 after taking into account the material subsequent event <sup>(1)</sup> and Public Issue	0.15
Pro forma consolidated NA per Share as at 30 September 2023 after taking into account the material subsequent event <sup>(1)</sup> , Public Issue and utilisation of the proceeds from our Public Issue	0.15
Decrease in the pro forma consolidated NA per Share to our new public investors	(0.16)
Dilution in the pro forma consolidated NA per Share as a percentage of our IPO Price	51.61%

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

Note:

- (1) Includes the dividend declared and paid amounting to RM0.30 million after 30 September 2023 as shown in Note 3 of the Pro Forma Consolidated Statements of Financial Position in Section 13.

Further details of our pro forma consolidated NA per Share as at 30 September 2023 are set out in Section 13.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	(1) No. of Shares	Total consideration RM	Average effective cost per Share RM
Teo Quek Siang <sup>(2)</sup>	55,677,900	5,567,790	0.10
Tan Lee Hong <sup>(2)</sup>	38,848,300	3,884,830	0.10
J And T Resources	216,620,800	21,662,080	0.10
	<b>311,147,000</b>	<b>31,114,700</b>	

Notes:

- (1) Issued pursuant to the Acquisition of Subsidiaries.
- (2) Including 100 Shares held by each of them as subscriber shareholders of Topmix.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

**4.10 UTILISATION OF PROCEEDS****4.10.1 Public Issue**

The estimated gross proceeds arising from our Public Issue amounting to RM25.64 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Reference	Estimated timeframe for utilisation <sup>(1)</sup>	RM'000	%
Expansion into assembly of melamine faced chipboard (MFC) products	(i)	60 months	5,318	20.74
Business expansion, marketing and sales	(ii)	24 months	5,978	23.32
General working capital	(iii)	24 months	11,344	44.24
Estimated listing expenses	(iv)	1 month	3,000	11.70
			<b>25,640</b>	<b>100.00</b>

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

Note:

(1) From the date of listing of our Shares.

Pending the utilisation of the proceeds from our Public Issue, the funds will be placed with licenced financial institutions as deposits.

##### (i) Expansion into assembly of MFC products

Part of our strategy and business plan is to expand into the assembly of MFC products. Additional details of our expansion plan are set out in Section 6.19.1.

We have allocated RM5.32 million, which will be used in the following manner:

No.	Details	RM'000	%
(a)	Repayment of bank borrowings drawn for the construction of Building 2	1,440	27.08
(b)	Purchase of machinery and motor vehicles	1,878	35.31
(c)	Purchase of enterprise resource planning (ERP) software	2,000	37.61
		<b>5,318</b>	<b>100.00</b>

##### (a) Repayment of bank borrowings drawn for the construction of Building 2

We have approximately 19,461 sq ft of vacant land within the Skudai Factory for our business expansion needs. As such, we intend to expand into the assembly of MFC products through the setting up of a new assembly plant on the vacant land within the Skudai Factory, namely Building 2. The envisioned Building 2 will have a total built-up area of approximately 9,964 sq ft which would allow us to house a new assembly line for MFC products (2,803 sq ft) and warehouse (7,161 sq ft).

The total construction cost of Building 2 is estimated at RM2.50 million, of which RM1.44 million of the total construction cost will be funded via bank borrowings to be drawn and the remaining RM1.06 million will be funded via internally generated funds.

The breakdown of the construction cost for Building 2 is estimated as follows:

Description	Total estimated cost (RM'000)
Construction works <sup>(1)</sup>	1,168
Mechanical and engineering works	245
Infrastructural works	577
Professional fees <sup>(2)</sup>	138
Authority and utilities	216
Contingencies	156
	<b>2,500</b>

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

Notes:

- (1) Comprising building materials, earthworks, piling works and construction works.
- (2) Comprising project consultation and legal fees.

We had on 30 December 2022 secured bank borrowings of RM1.44 million to part finance the construction of Building 2. The loan carries an effective interest rate of 5.42% per annum and is for a term of 20 years.

In October 2022, we received the planning permission and in February 2023 we received the building plan approval, both from the Iskandar Puteri City Council. The construction of Building 2 commenced in March 2023 and was completed in December 2023. We expect to obtain the CCC by April 2024, approval from Johor State Forestry Department and DOSH by June 2024 and commence operations in June 2024 and as at the LPD, RM0.77 million of our internally generated funds have been utilised. As at the LPD, we had drawn RM0.93 million of bank borrowings. The remaining RM0.51 million is expected to be drawn progressively by March 2024 based on the construction milestones of Building 2.

We intend to utilise RM1.44 million of the proceeds from our Public Issue to repay this loan within 3 months from the Listing. There is no additional interest charged from the early repayment of this loan.

Based on the above, the expected annual interest savings is approximately RM0.08 million per annum (calculated based on the effective interest rate). However, the actual interest savings may vary depending on the then applicable interest rates, which is based on the prevailing base lending rates. The repayment of bank borrowings is to improve the cash flow position of our Group.

In the event that the construction of Building 2 is delayed, save for higher than anticipated construction costs, there is no material adverse impact on the Group. If the actual cost of construction is higher than the amount budgeted, the deficit will be funded via internally generated funds. Conversely, if the cost is lower than the amount budgeted, the excess will be utilised for our working capital requirements.

Kindly refer to Section 6.19.1(i) on the construction timeline of Building 2.

**(b) Purchase of machinery and motor vehicles**

We intend to utilise RM1.88 million of the proceeds to repay the finance leases which will be used for the purchase of the following machinery and motor vehicles:

<b>Description</b>	<b>Purpose</b>	<b>No. of units</b>	<b>Total estimated cost RM'000</b>
Short cycle press line machine <sup>(1)</sup>	Press lamination of melamine décor paper on chipboard	1	1,285

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

<b>Description</b>	<b>Purpose</b>	<b>No. of units</b>	<b>Total estimated cost RM'000</b>
Forklifts <sup>(2)</sup>	Transporting raw materials and finished goods	2	293
Delivery truck <sup>(2)</sup>	Delivery of finished goods	1	300
			<b>1,878</b>

Notes:

<sup>(1)</sup> We entered into the finance lease for this machinery in July 2023.

<sup>(2)</sup> We target to enter into these finance leases during June 2024.

Kindly refer to Section 6.19.1(ii) for further details.

**(c) Purchase of ERP software**

We have also allocated RM2.00 million of the proceeds from our Public Issue to purchase and install an ERP software to manage our Group's operations. We intend to adopt the ERP software throughout our Group to manage our day-to-day operational activities such as accounting, procurement, supply chain and assembly. By migrating to this new ERP system from our present SQL Software, we will be able to manage our surface decorative product inventories including MFC products assembly activities whereby data on the purchasing of raw materials, inventories of raw materials, work-in-progress and final MFC products can be easily recorded, accessed and analysed. Kindly refer to Section 6.19.1(iii) on the features and capabilities of the new ERP software that we intend to acquire in comparison to our present SQL Software.

The total cost for the ERP software is estimated at RM2.37 million which consist of implementation cost of RM0.48 million and RM1.89 million for 5 years of ERP software licencing fees, maintenance and support services. We intend to utilise RM2.00 million of the proceeds from our Public Issue for this purpose while the remaining RM0.37 million will be funded via internally generated funds.

**(ii) Business expansion, marketing and sales**

Approximately RM5.98 million will be used for our business expansion, marketing and sales in the following manner:

<b>No.</b>	<b>Details</b>	<b>RM'000</b>	<b>%</b>
(a)	Establishment of a sales office (including showroom and warehouse) in Pulau Pinang	3,082	51.55
(b)	Marketing and sales activities	1,960	32.79
(c)	Expansion of warehouse capacity in the central region of Peninsular Malaysia	936	15.66
		<b>5,978</b>	<b>100.00</b>

**4. PARTICULARS OF OUR IPO (Cont'd)****(a) Establishment of a sales office (including showroom and warehouse) in Pulau Pinang**

We currently operate primarily in the state of Johor, where our headquarters is based, and in Selangor where we have a sales office and warehouse. We aspire to further expand geographically to the northern region of Peninsular Malaysia, primarily in the state of Pulau Pinang, to tap into its potential for surface decorative solutions, through establishing a sales office (including showroom and warehouse).

We have allocated RM3.08 million of the proceeds from our Public Issue to fund the establishment of this sales office in Pulau Pinang within the next 24 months upon Listing, details of which are as follows:

<b>Description</b>	<b>No. of units / pax</b>	<b>Total estimated cost RM'000</b>
<b>Sales office (including showroom and warehouse)</b>		
Rental (for 24 months)	-	1,200
Renovation expenses	-	100
Racking system and work trolleys	-	44
Showroom construction	-	500
Server room	-	60
<b>Motor vehicles</b>		
Forklift	1	100
Lorries	2	240
<b>Office equipment</b>		
Computers	10	40
Office equipment such as furniture and fittings	20	30
<b>Manpower recruitment (for 12 months)</b>		
Marketing and sales executives	5	285
Warehouse supervisor	1	42
Warehouse assistant	7	218
Delivery driver	2	84
Customer service executives	2	84
Accounts executives	1	55
		<b><u>3,082</u></b>

If the actual cost of establishing the sales office is higher than the amount budgeted, the deficit will be funded via internally generated funds. Conversely, if the cost is lower than the amount budgeted, the excess will be utilised for our working capital requirements.

As at the LPD, we are in the midst of identifying a suitable premise with built-up area of 15,000 – 20,000 sq ft in Seberang Perai, Pulau Pinang. We intend to enter into a tenancy agreement by the second quarter of 2024. Thereafter, we will start the recruitment of manpower and purchase the motor vehicles and office equipment.

Kindly refer to Section 6.19.2 for further details.



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

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**(b) Marketing and sales activities****(aa) Enhancement of Topmix HPL mobile application**

In 2022, we launched our in-house Topmix HPL mobile application which can be downloaded from the App Store, Google Play Store and Huawei AppGallery. Our mobile application allows access to our latest e-catalogues and also provides an interactive do-it-yourself (DIY) design experience, whereby customers are able to match different designs of HPL products, compact panels and wall panels in the built-in 2D location layouts, for ease of design space visualisation.

In order to further enhance the functionality and versatility of our mobile application, we intend to:

- Incorporate augmented reality technology

We intend to incorporate augmented reality technology such that our customers and consumers will be able to envision the application of our surface decorative products in their respective interior spaces. They will be able to upload photographs of their existing interior spaces such as kitchens, living rooms or bedrooms onto our mobile application. With augmented reality technology, customers and consumers will be able to place surface decorative products onto each interior surface such as the kitchen wall or counter top, living room wall or table top, thereby providing them with a better tool for visualisation.

- Introduce 360 virtual tour of our showroom

We intend to introduce a virtual version of our showroom at Skudai HQ. This virtual showroom will be an interactive environment that allows customers to virtually explore and compare our surface decorative products, thereby extending our retail space beyond physical outlets to the virtual space. It will allow us to reach and engage existing and potential customers regardless of their geographical location. This virtual showroom can provide insightful analytics of customer behaviour to better optimise our sales process.

We have allocated RM0.60 million of the proceeds from our Public Issue to fund the enhancement of our mobile application to be utilised within 24 months of our Listing. Kindly refer to Section 6.19.3 for further details.

**(bb) Trade exhibitions**

We participate in the International Architecture, Interior Design and Building Exhibition (ARCHIDEX) and REKA Interior Exhibition (RIX) as exhibitors to create awareness and engage with customers. We have allocated RM0.90 million of the proceeds from our Public Issue for the participation cost for these exhibitions for the year 2024 and 2025.

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

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**(cc) Hiring of marketing and sales staff**

In order to strengthen our Marketing and Sales team, we have allocated RM0.36 million of the proceeds from our Public Issue to fund the recruitment of 5 new marketing and sales staff (managerial level and executive level) for our Skudai HQ (2 persons) and Subang Sales Offices (3 persons) for 12 months upon Listing.

**(dd) Advertising and promotional activities**

We intend to advertise our products in trade magazines as well as organise product presentations to existing and potential customers to create brand and product awareness. This will allow us to keep existing and potential customers updated on our products and their features.

We intend to advertise our brands and products on digital trade magazines and platforms. We will also initiate online advertising campaigns on digital trade magazines and platforms during new product launches. We intend to leverage on marketing automation platform for our promotional activities where our advertisements and promotional materials are pushed automatically to specific targeted customers through websites.

Specific to product presentations, we intend to develop presentation materials and miniature samples of our surface decorative products. This will enable customers to view the design and feel the textures of our surface decorative products.

We have allocated RM0.10 million of the proceeds from our Public Issue to fund advertising and product presentation activities within 12 months upon Listing.

**(c) Expansion of warehouse capacity in the central region of Peninsular Malaysia**

We intend to expand our warehouse capacity in the central region, as this will allow us to keep more inventories of surface decorative products and fulfil orders from our customers in a more timely and cost efficient manner.

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

We have allocated RM0.94 million of the proceeds from our Public Issue to fund the recruitment of new staff, acquisition of motor vehicles and leasing of a new warehouse in the central region of Peninsular Malaysia, details of which are as follows:

<b>Description</b>	<b>No. of units / pax</b>	<b>Total estimated cost RM'000</b>
<b>Additional warehouse</b>		
Rental (for 24 months)	-	360
<b>Motor vehicles</b>		
Forklift	1	120
Lorries	2	240
<b>Office equipment</b>		
Computers	6	24
<b>Manpower recruitment (for 12 months)</b>		
Warehouse assistants	2	62
Warehouse drivers	2	84
Customer service executive	1	46
		<b>936</b>

Presently our storage capacity at Subang Sales Office is 7,115 sq ft. As at the LPD, we are in the midst of identifying a suitable premise with built-up area of 10,000 – 15,000 sq ft in the central region of Peninsular Malaysia. We intend to enter into a tenancy agreement by the second quarter of 2024. Thereafter, we will start the recruitment of manpower and purchase the motor vehicles and office equipment.

**(iii) General working capital**

HPL is the largest component of our cost of sales, representing between 82.67% and 86.59% for 3 FYEs 2020 to 2022 and FPE 2023. The purchase of supplies for the past 3 FYEs 2020 to 2022 and FPE 2023 was made using bank borrowings and internally generated funds as follows:

	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Purchase made via:								
- Bank borrowings	15,987	76.92	18,766	82.47	39,726	95.29	35,211	95.96
- Internal funds	4,797	23.08	3,988	17.53	1,964	4.71	1,482	4.04
	<b>20,784</b>	<b>100.00</b>	<b>22,754</b>	<b>100.00</b>	<b>41,690</b>	<b>100.00</b>	<b>36,693</b>	<b>100.00</b>

Approximately RM11.34 million of the proceeds from our Public Issue has been earmarked to supplement the working capital requirements of our Group within 24 months upon Listing. The proceeds shall be used for the purchase of HPL products and other surface decorative products such as compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

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

With the additional working capital of RM11.34 million, we aim to reduce our usage of banking facilities which will in turn reduce our interest expenses and improve our profitability.

**(iv) Estimated listing expenses**

The amount of RM3.00 million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:

<u>Details</u>	<u>RM'000</u>
Professional fees <sup>(1)</sup>	1,801
Underwriting, placement and brokerage fees	804
Fees to authorities	73
Printing and advertising fees	185
Others <sup>(2)</sup>	137
	<u>3,000</u>

Notes:

- (1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

Any variations from the amounts budgeted above shall be adjusted towards or against, as the case may be, the proceeds allocated for working capital.

**4.10.2 Offer for Sale**

The Offer for Sale is expected to raise gross proceeds of approximately RM6.10 million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.16 million.

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#### **4. PARTICULARS OF OUR IPO (Cont'd)**

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##### **4.11 UNDERWRITING AND PLACEMENT ARRANGEMENT, COMMISSION AND BROKERAGE**

###### **4.11.1 Underwriting arrangement, placement arrangement and commission**

Our Underwriter will underwrite 27,570,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 3.00% of the total value of the underwritten Shares at our IPO Price.

Any of our Issue Shares which are not subscribed for by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement. If all of our Issue Shares offered to the Malaysian Public are oversubscribed, shares not subscribed for under the Pink Form Allocations, if any, will be made available for application by the Malaysian Public. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

The allocation of Issue Shares to selected Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

- (a) Any unsubscribed Issue Shares allocated to selected Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting.
- (b) After (a) above, the remaining portion will be made available for:
  - (i) Malaysian Public, in the event of an oversubscription; or
  - (ii) application by way of private placement to selected investors to be identified, the proportion of which will be determined by our Board and Placement Agent.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI.

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of Issue Shares will be the number of Issue Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to a ballot to be conducted in a manner approved by our Board. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner.

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#### **4. PARTICULARS OF OUR IPO (*Cont'd*)**

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##### **4.11.2 Placement arrangement and commission**

The balance 55,139,000 Issue Shares from the Public Issue available for application by selected Bumiputera investors approved by MITI and selected investors as well as 19,693,000 Offer Shares available for application by selected investors will not be underwritten and shall be placed out by our Placement Agent.

We are obliged to pay our Placement Agent a placement fee of 2.50% of the value of those Issue Shares to be placed out to selected Bumiputera investors approved by MITI and selected investors set out in Section 4.4.1(iii). The placement fee of 2.50% of the value of those Offer Shares to be placed out to selected investors set out in Section 4.4.2 by our Placement Agent at our IPO Price will be borne entirely by the Selling Shareholders.

##### **4.11.3 Brokerage fees**

Brokerage is payable in respect of the Issue Shares at the rate of 1.00% of the value of those Issue Shares in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

#### **4.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 27,570,000 Issue Shares ("Underwritten Shares").

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

##### **4.12.1 Conditions precedent**

- (i) The obligations of the Underwriter under the Underwriting Agreement are conditional upon:
  - (a) The Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:
    - (1) no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group taken as a whole from that subsequent to the date of the Underwriting Agreement; or
    - (2) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings as set out in the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;
  - (b) The Underwriter receiving a certificate in the form or substantially in the form contained in Second Schedule (Certificate) of the Underwriting Agreement dated the Closing Date signed by the duly authorised officers of our Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as set out in the Underwriting Agreement;

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

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- (c) The Underwriter receiving copies certified by a director or the company secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the directors:
  - (1) approving the Prospectus and the application forms, the Underwriting Agreement and the transactions contemplated by it; or
  - (2) authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;
- (d) the Underwriting Agreement being duly signed by all parties and stamped;
- (e) the issue, offer and subscription of the IPO Shares not being prohibited or impeded by any statute, order, rule, directive, guideline, (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the IPO Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the IPO Shares and/or the Listing have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;
- (f) The Underwriter being satisfied that our Company has complied with and that the Listing and the IPO are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;
- (g) The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("Index") being not lower than 90% of the level of the Index for at least 3 consecutive Market Days between the date of the Underwriting Agreement and the Closing Date, both dates inclusive;
- (h) There being no breach of and/or failure to perform any of the terms and/or the undertakings contained in the Underwriting Agreement by our Company;
- (i) Bursa Securities having registered the Prospectus;
- (j) The offering of the IPO Shares having been approved by Bursa Securities and any other relevant authority or authorities and remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;
- (k) The Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon the Underwriter's (in this regard, in its capacity as the placement agent ("Placement Shares")) receipt of the full subscription monies for the Placement Shares on or before the last date for payment of the Placement Shares;
- (l) The delivery to the ROC of the Prospectus for registration in accordance with the requirements of Sections 154 and 155 of the Act;

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

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- (m) The launching of the Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing; and
- (n) The completion of the Acquisition of Subsidiaries, (collectively, the "Conditions Precedent").
- (ii) If after the Conditions Precedent have been complied with but our Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations.
- (iii) The Underwriter may waive all or any of the Conditions Precedent except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement.
- (iv) If any of the Conditions Precedent in items (i)(c), (d), (g) (h) and/or (n) above are not satisfied within 3 months from the date of the Underwriting Agreement or such other date as the Underwriter and our Company may from time to time agree in writing and/or if any of the conditions in items (i)(a), (b), (e) to (j) to the extent not waived are not satisfied by the Closing Date, the Underwriter after consultation with our Company will thereupon be entitled to terminate the Underwriting Agreement by notice in writing to our Company. In such event the Underwriting Agreement will automatically be terminated and the parties to the Underwriting Agreement will be released and discharged from their obligations, except for the liability of our Company for payments of costs and expenses incurred prior to or in connection with such termination.

**4.12.2 Termination**

- (i) Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to our Company given at any time before the Closing Date, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares and pursuant thereto terminate the Underwriting Agreement if:
  - (a) There is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to our Company;
  - (b) Our Company withholds any information of a material nature from the Underwriter, which, in the reasonable opinion of any underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the IPO or the distribution or sale of the IPO Shares;
  - (c) There has occurred, happened or come into effect any material and adverse change to the business or financial condition of our Company or our Group;



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

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- (d) There has occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter (including without limitation to, acts of government, strikes, national disorder, declaration of a state emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc) which would have, or can reasonably be expected to have, a material adverse effect on the business or the operation of our Company or our Group or the success of the IPO or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms;
  - (e) There is the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would materially prejudice the success of the IPO;
  - (f) Any government, requisition or other occurrence of any nature whatsoever which would or is likely to have a material adverse effect on the financial and operational condition of our Company; or
  - (g) There is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement.
- (ii) Upon the Underwriter serving the notice of termination in accordance with item (i) above:
- (a) the Underwriter will be released and discharged of its obligations without prejudice to its rights; and
  - (b) the Underwriting Agreement will thereafter be of no further force or effect and no party will be under any liability to any others in respect of the Underwriting Agreement, except that our Company will remain liable in respect of:
    - (1) any of our obligations and liabilities in relation to representations, warranties and undertakings and right to be indemnified by our Company;
    - (2) for full payment of the underwriting commission, costs and expenses already incurred up to the date on which such notice was given and for the payment of any taxes, duties or levies; and
    - (3) to refund to the Underwriter the subscription monies, if any, relating to the Underwritten Shares without any deduction.

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

### 5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Promoters and substantial shareholders' shareholdings

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

Name/ Nationality	<sup>(1)</sup> Before IPO				<sup>(2) (3)</sup> After IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Teo Quek Siang / Malaysian	55,677,900	17.89 <sup>(4)</sup>	255,469,100	82.11	45,831,400	11.64 <sup>(4)</sup>	245,622,600	62.36
Tan Lee Hong / Malaysian	38,848,300	12.49 <sup>(4)</sup>	272,298,700	87.51	29,001,800	7.36 <sup>(4)</sup>	262,452,200	66.64
J And T Resources / Malaysia	216,620,800	69.62	-	-	216,620,800	55.00	-	-

Notes:

- (1) Based on the share capital of 311,147,000 Shares after the Acquisition of Subsidiaries.
- (2) Based on the enlarged share capital of 393,856,000 Shares after the IPO.
- (3) After the Offer for Sale.
- (4) Deemed interested by virtue of his/her spouse's shareholdings in our Group and J And T Resources.

Our Promoters and substantial shareholders do not have different voting rights from the other shareholders of our Group.

#### 5.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

##### (i) Teo Quek Siang

Teo Quek Siang, a Malaysian, age 46, is our Managing Director. He is responsible for the formulation of our Group's overall business strategies, setting the overall business direction of our Group and oversees the implementation of our business strategies. He was appointed to our Board on 31 March 2022.

In April 2001, Teo Quek Siang obtained a Diploma in Commerce from Southern College. In 2022, he obtained a Postgraduate Diploma in Business Administration from Training Qualifications UK.

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

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Upon graduation, Teo Quek Siang commenced his career in August 2001 as a Marketing Executive with ECX Freight Services (M) Sdn Bhd, a company principally involved in the provision of air, sea and road freight forwarding services, where he was responsible for developing marketing strategies and overseeing marketing activities. In 2009, he left ECX Freight Services (M) Sdn Bhd.

In 2006, he co-founded NSP Trading & Marketing Sdn Bhd (now known as Topmix Resources). Between 2006 and 2009, he was concurrently working as the Marketing Executive of ECX Freight Services (M) Sdn Bhd and as a Director of NSP Trading & Marketing Sdn Bhd. Upon leaving ECX Freight Services (M) Sdn Bhd in 2009, he focused on the business development activities of NSP Trading & Marketing Sdn Bhd. He then started getting involved in the day-to-day operations and managing the strategic direction of Topmix Resources in 2011.

In 2016, he co-founded Dekoracio with Tan Lee Hong and was concurrently appointed as a Director.

In 2017, he co-founded Topmix Products with Tan Lee Hong and was concurrently appointed as a Director.

Teo Quek Siang is the spouse of Tan Lee Hong and a major shareholder of J And T Resources.

Kindly refer to Section 5.2.3 for his involvement in other business activities outside our Group.

**(ii) Tan Lee Hong**

Tan Lee Hong, a Malaysian, age 47, is our Executive Director. She is responsible for the implementation of business strategies formulated by our Managing Director. In addition, she oversees the marketing and sales, business and product design as well as procurement activities of our Group. She also monitors the day-to-day operations of our Group.

In 1999, Tan Lee Hong obtained a Diploma in Business Studies from HELP Institute.

In 2000, Tan Lee Hong joined Forever Living Products (M) Sdn Bhd where she was an independent sales agent involved in promoting the company's health products.

Tan Lee Hong ceased her involvement in Forever Living Products (M) Sdn Bhd in August 2011 when she became a shareholder of NSP Trading & Marketing Sdn Bhd (now known as Topmix Resources) and was concurrently appointed as a Director.

In 2016, she co-founded Dekoracio with Teo Quek Siang and was concurrently appointed as a Director.

In 2017, she co-founded Topmix Products with Teo Quek Siang and was concurrently appointed as a Director.

Tan Lee Hong is the spouse of Teo Quek Siang and a major shareholder of J And T Resources.

Kindly refer to Section 5.2.3 for her involvement in other business activities outside our Group.

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


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**(iii) J And T Resources**

J And T Resources was incorporated as a private limited company under the Act on 27 October 2022.

The principal activity of J And T Resources is investment holding of shares in companies. As at the LPD, J And T Resources has a share capital of RM1,000.00 comprising 1,000 ordinary shares.

On 17 May 2023, Teo Quek Siang, Tan Lee Hong and J And T Resources entered into the share sale agreement with our Group for the Acquisition of Subsidiaries and J And T Resources was nominated to accept 216,620,800 Topmix Shares, representing 69.62% equity interest of our Group as at the LPD.

As at the LPD, the Directors and shareholders and their respective shareholdings in J And T Resources are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Teo Quek Siang	Malaysian	600	60.00	<sup>(1)</sup> 400	40.00
Tan Lee Hong	Malaysian	400	40.00	<sup>(1)</sup> 600	60.00

Note:

<sup>(1)</sup> Deemed interested by virtue of his/her spouse's shareholdings in J And T Resources.

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

### 5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation on 31 March 2022 are as follows:

Promoters/ Substantial Shareholders	<sup>(1)</sup> As at incorporation				<sup>(2)</sup> After the Acquisition of Subsidiaries				<sup>(3)</sup> <sup>(4)</sup> After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Teo Quek Siang	100	50.00	<sup>(5)</sup> 100	50.00	55,677,900	17.89	<sup>(5)</sup> 255,469,100	82.11	45,831,400	11.64	<sup>(5)</sup> 245,622,600	62.36
Tan Lee Hong	100	50.00	<sup>(5)</sup> 100	50.00	38,848,300	12.49	<sup>(5)</sup> 272,298,700	87.51	29,001,800	7.36	<sup>(5)</sup> 262,452,200	66.64
J And T Resources	-	-	-	-	216,620,800	69.62	-	-	216,620,800	55.00	-	-

Notes:

- (1) Comprising 200 subscriber shares.
- (2) Based on the share capital of 311,147,000 Shares after the Acquisition of Subsidiaries.
- (3) Based on the enlarged share capital of 393,856,000 Shares after the IPO.
- (4) After the Offer for Sale.
- (5) Deemed interested by virtue of his/her spouse's shareholdings in our Group and J And T Resources.

### 5.1.4 Persons exercising control over the corporation

Save for our Promoters, Teo Quek Siang, Tan Lee Hong and J And T Resources, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)****5.1.5 Substantial shareholders' remuneration and benefits**

Save for the issuance of our Shares under the Acquisition of Subsidiaries, dividends paid as well as remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.4, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:

	<b>Remuneration and benefits</b>	<b>Dividends declared and paid</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>FYE 2021</b>			
Teo Quek Siang	383	298	681
Tan Lee Hong	382	232	614
<b>FYE 2022</b>			
Teo Quek Siang	505	-	505
Tan Lee Hong	503	-	503
<b>FPE 2023</b>			
Teo Quek Siang	708	395	1,103
Tan Lee Hong	704	305	1,009

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

### 5.2 DIRECTORS

#### 5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO are set out below:

Name	Designation / Nationality	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chang Tian Kwang	Independent Non-Executive Chairman / Malaysian	-	-	-	-	<sup>(5)</sup> 500,000	0.12	-	-
Teo Quek Siang	Managing Director / Malaysian	55,677,900	17.89	<sup>(4)</sup> 255,469,100	82.11	<sup>(3)</sup> 45,831,400	11.64	<sup>(4)</sup> 245,622,600	62.36
Tan Lee Hong	Executive Director / Malaysian	38,848,300	12.49	<sup>(4)</sup> 272,298,700	87.51	<sup>(3)</sup> 29,001,800	7.36	<sup>(4)</sup> 262,452,200	66.64
Khor Hang Cheng	Independent Non-Executive Director / Malaysian	-	-	-	-	<sup>(5)</sup> 300,000	0.08	-	-
William Lau Si Yi	Independent Non-Executive Director / Malaysian	-	-	-	-	<sup>(5)</sup> 300,000	0.08	-	-
Ng Yew Kuan	Independent Non-Executive Director / Malaysian	-	-	-	-	<sup>(5)</sup> 300,000	0.08	-	-

Notes:

- <sup>(1)</sup> Based on the share capital of 311,147,000 Shares after the Acquisition of Subsidiaries.
- <sup>(2)</sup> Based on the enlarged share capital of 393,856,000 Shares after the IPO.
- <sup>(3)</sup> After the Offer for Sale.
- <sup>(4)</sup> Deemed interested by virtue of his/her spouse's shareholdings in our Group and J And T Resources.
- <sup>(5)</sup> Assuming that our Directors fully subscribe for their respective entitlements under the Pink Form Allocations.

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

### 5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

#### (i) **Chang Tian Kwang**

Chang Tian Kwang, a Malaysian, aged 59, is our Independent Non-Executive Chairman. He was appointed to our Board on 16 May 2023.

In August 1990, Chang Tian Kwang graduated with a Bachelor of Accounting from University of Malaya. He has been a member of Malaysian Institute of Accountants (MIA) since July 1993.

In April 1990, Chang Tian Kwang commenced his career as an Audit Assistant with Kassim Chan & Co (now known as Deloitte Malaysia), a professional services firm, where he was responsible for performing financial and statutory audit on clients of the firm.

In March 1991, he left Kassim Chan & Co and joined KPMG Peat Marwick (now known as KPMG PLT), a professional services firm, as an Audit Assistant and was subsequently promoted to the position of Audit Senior and Audit Supervisor in April 1993 and January 1994, respectively. During his tenure with KPMG Peat Marwick, he was responsible for planning and conducting audit assignments on clients of the firm.

In April 1994, he left KPMG Peat Marwick and joined Vicmark Holdings Sdn Bhd (a company principally involved in the wholesale of clothing and clothing accessories) in May 1994 as Financial Controller cum Administration Manager, where his main responsibilities included overseeing the accounts department and liaising with Government departments.

In August 1994, he left Vicmark Holdings Sdn Bhd and joined V.S. Industry Berhad ("V.S. Industry") (a company involved in investment holding of companies involved in original equipment manufactured and original design manufactured products and manufacturing, assembling and sale of electronic and electrical products and plastic moulded components and parts) in September 1994 as an Accountant and was subsequently promoted to the position of Financial Controller in 1996. He was involved in the listing exercise of V.S. Industry on the Main Market of Bursa Securities where he acts as a liaison person between the respective advisers and V.S. Industry. Upon listing of V.S. Industry on the Main Market of Bursa Securities in June 1998, he was appointed as the Joint Company Secretary of V.S. Industry in August 1998. His responsibilities in the company included accounting and finance, taxation, treasury, corporate finance, company secretarial and overseeing the company's management information system. In November 2000, he was appointed as an Alternate Director of V.S. Industry. Further, he led a team of accountants in the subsidiary of V.S. Industry that is operating in China, namely V.S. International Group Limited, in its listing exercise on the Main Board of Hong Kong Stock Exchange in 2002.

In 2014, he retired from V.S. Industry and has not been in employment subsequent to his retirement. In September 2018, he was appointed to the board of AME Elite Consortium Berhad (a company principally involved in property development, property management and maintenance services and listed on the Main Market of Bursa Securities), as Independent Non-Executive Director, a position he presently holds.

In March 2022, he was appointed as the Independent Non-Executive Director of K. Seng Seng Corporation Berhad, a company listed on the Main Market of Bursa Securities and is involved in the investment holding of companies involved in the manufacturing and processing of stainless steel related products, trading of industrial hardware including marine hardware and consumables as well as engineering works, fabrication and installation of glove



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

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dipping line and trading of glove dipping line parts. He was re-designated to Independent Non-Executive Chairman in April 2022 and resigned in October 2022.

Kindly refer to Section 5.2.3 for his involvement in other business activities outside our Group.

**(ii) Teo Quek Siang**

Teo Quek Siang is our Managing Director. His profile is set out in Section 5.1.2.

**(iii) Tan Lee Hong**

Tan Lee Hong is our Executive Director. Her profile is set out in Section 5.1.2.

**(iv) Khor Hang Cheng**

Khor Hang Cheng, a Malaysian, aged 74, is our Independent Non-Executive Director. He was appointed to our Board on 16 May 2023, and is also the chairman of our Remuneration Committee and member of our Audit and Risk Management Committee and Nominating Committee.

In 1976, Khor Hang Cheng graduated with a Bachelor of Science from University of London, United Kingdom. In June 1978, he graduated with a Postgraduate Diploma in Business Administration from University of Malaya. Further in 2004, he graduated with a Master of Business Administration from Charles Stuart University, Australia.

Upon graduation, Khor Hang Cheng commenced his career in June 1978 as an Assistant Manager with Sunrise Supermart, where he was involved in the day-to-day operations of the convenience store.

In 1979, he left Sunrise Supermart and joined Frank Enterprise Sdn Bhd as a Commodity Trading Advisor, where he was tasked with providing advice and services related to the trading of commodity futures and options on the Tokyo Commodity Exchange.

In 1981, he left Frank Enterprise Sdn Bhd and co-founded The Blooming Florist, which is principally involved in the sale of flowers and floral arrangements.

In 1982, he left The Blooming Florist and joined Menard Cosmetics (M) Sdn Bhd, a cosmetics products manufacturer as a Marketing Executive, where he was responsible for implementing marketing plans to promote Menard cosmetic products.

In 1984, he left Menard Cosmetics (M) Sdn Bhd and joined Speria Sdn Bhd as a Marketing Executive, where he was tasked with implementing marketing plans to promote a range of soft drink products.

In 1985, he left Speria Sdn Bhd and joined Guthrie Malaysia Trading Corporation Sdn Bhd as a Manager for the Consumer and Sport Division. At that point in time, Guthrie Malaysia Trading Corporation Sdn Bhd was a trading subsidiary of Kumpulan Guthrie Berhad. During his tenure with Guthrie Malaysia Trading Corporation Sdn Bhd, he was responsible for promoting the consumer and sports products of the company.

In 1992, he left Guthrie Malaysia Trading Corporation Sdn Bhd and joined Khind-Mistral (M) Sdn Bhd (now known as Khind Marketing (M) Sdn Bhd) which principally involved in the marketing and distribution of the Khind range of electrical products as a Marketing Manager. Khind-Mistral (M) Sdn Bhd is a wholly-owned subsidiary of Khind Holdings Berhad (a company

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

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listed on the Main Market of Bursa Securities). He was subsequently promoted to the positions of General Manager of the International Trade Division (1993-2003), General Manager (2004-2008) and Director (2009-2015) before retiring in March 2015. During his tenure with Khind-Mistral (M) Sdn Bhd, he was responsible for developing and overseeing business strategies for the marketing and sale of electrical home appliances and wiring accessories.

In July 2015, he joined Vistage Malaysia Sdn Bhd as a CEO Coach, a position he continues to hold until to-date, where he is tasked with providing executive coaching to small and mid-size businesses.

**(v) William Lau Si Yi**

William Lau Si Yi, a Malaysian, aged 36, is our Independent Non-Executive Director. He was appointed to our Board on 16 May 2023. He is also the chairman of our Audit and Risk Management Committee and member of our Remuneration Committee and Nominating Committee.

In May 2012, William Lau Si Yi graduated from Monash University, Australia with a Bachelor of Business and Commerce in Accounting. He has been a member of Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Certified Public Accountants (MICPA) since 2017. He has also been a member of the Chartered Accountants Australia and New Zealand (CAANZ) since 2018. Further in 2021, he obtained his Audit Licence to practice as an approved company auditor from the Ministry of Finance.

William Lau Si Yi commenced his career in January 2012 as an Audit Associate with Ernst & Young PLT, a professional services firm, and was subsequently promoted as an Audit Senior in 2014. During his tenure with Ernst & Young PLT, he handled audit assignments for private and public companies in Malaysia. He was also involved in special audits for various corporate exercises including initial public offerings, acquisitions and disposals of subsidiaries in Malaysia and overseas and due diligence audits. In 2016, he resigned from this position and continued to pursue his MICPA qualification.

In 2018, he joined RSM Malaysia PLT, a professional services firm, as an Audit Assistant Manager and was subsequently promoted to Audit Manager in 2019. During his tenure with RSM Malaysia PLT, he was responsible for managing and leading engagement teams to perform audits on listed companies as well as initial public offering engagements. He also assisted in managing the firm's new branch office in Johor Bahru, where he was tasked with overseeing the branch's performance, providing staff training, reviewing audit work, implementing business setup procedures, designing protocols and controls and providing corporate advisory services to clients. He was promoted to Senior Audit Manager in January 2022.

In November 2022, he left RSM Malaysia PLT and became the sole practitioner of William Lau & Co, an audit firm where he is responsible for the daily management of the firm. In April 2023, he set up WLC Tax Consultancy Sdn Bhd, a company involved in the provision of business management consultancy services, accounting services and tax consultancy services.

Kindly refer to Section 5.2.3 for his involvements in other business activities outside our Group.

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

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**(vi) Ng Yew Kuan**

Ng Yew Kuan, a Malaysian, aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 16 May 2023, and is also the chairman of our Nominating Committee and member of our Remuneration Committee and Audit and Risk Management Committee.

In 1990, Ng Yew Kuan obtained her A-Level qualification from HELP College. In 2000, she obtained her Chartered Institute of Management Accountants (CIMA) qualification, while in employment at the same time. She has been a member of CIMA and a member of the Malaysian Institute of Accountants (MIA) since 2000.

Upon her graduation, Ng Yew Kuan pursued her CIMA qualification on a full-time basis from 1990 to 1993. Thereafter, she commenced her career in 1993 as an Assistant Accountant with Boral Concrete (Malaysia) Sdn Bhd, a company principally involved in the manufacturing of ready-mix concrete, where she was tasked with preparing management accounts, management reports and budgets. During this time, she continued to pursue her CIMA qualification on a part-time basis.

In January 1997, she left Boral Concrete (Malaysia) Sdn Bhd and joined Bandag (Malaysia) Sdn Bhd, a company principally involved in the provision of retread products and services, in the same month as an Accountant, where she was responsible for preparing management reports, consolidated accounts and budgets as well as reviewing monthly financial reports.

In 2001, she left Bandag (Malaysia) Sdn Bhd and joined Accel Graphic System Sdn Bhd in 2002 as the Finance and Administrative Manager. Accel Graphic System Sdn Bhd is company that is principally involved in the provision of printing products and solutions, including printing machinery and equipment as well as offset printing inks and chemistry. During her tenure with Accel Graphic System Sdn Bhd, she was responsible for overseeing the accounting, administrative and human resource functions as well as setting up internal control procedures.

In 2005, she left Accel Graphic System Sdn Bhd and joined GEA Ecoflex (Asia) Sdn Bhd in 2006, a company principally involved in the manufacturing of plate heat exchanger products, as the Finance and Administrative Manager in 2006. During her tenure with GEA Ecoflex (Asia) Sdn Bhd, she was responsible for overseeing daily accounting operations, reviewing monthly financial accounting activities and implementing the internal control system.

In November 2012, she left GEA Ecoflex (Asia) Sdn Bhd and joined O.Y.L. Technology Sdn Bhd (now known as Daikin Electronic Devices Malaysia Sdn Bhd), a company principally involved in the manufacturing of electronic controllers of air-conditioning systems and building control systems in December 2012 as the Finance and Administrative Manager. During her tenure with O.Y.L. Technology Sdn Bhd, she was responsible for overseeing the overall financial operations as well as reviewing financial reports and existing financial control systems of the company.

In September 2014, she left O.Y.L. Technology Sdn Bhd and joined Sanden Air Conditioning (Malaysia) Sdn Bhd, a company principally involved in the manufacturing of air-conditioning systems in October 2014 as a Finance Consultant, where she assisted in setting up the GST implementation procedures within the company.

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

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In September 2015, she left Sanden Air Conditioning (Malaysia) Sdn Bhd and assisted in her husband's business (computer hardware trading and software development services) between October 2015 and July 2016. She joined Seepex (M) Sdn Bhd in August 2016 as the Senior Finance Manager, where she was tasked with overseeing the overall accounting and finance functions of the company. Seepex (M) Sdn Bhd is a company that is principally involved in marketing and distributing progressive cavity pumps. In 2022, she was appointed as a Director, a position that she continues to hold until to-date, where she is responsible for managing and overseeing the daily operations of the company.

Kindly refer to Section 5.2.3 for her involvement in other business activities outside our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)****5.2.3 Principal business performed outside our Group**

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

**(i) Chang Tian Kwang**

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<b><u>Present involvement</u></b>						
1. AME Elite Consortium Berhad	Investment holding of companies involved in property development, property management and maintenance services	Independent Non-Executive Director	5 September 2018	-	*	-
<b><u>Past involvement</u></b>						
1. K. Seng Seng Corporation Berhad	Investment holding of companies involved in the manufacturing and processing of stainless steel related products, trading of industrial hardware including marine hardware and consumables as well as engineering works, fabrication and installation of glove dipping line and trading of glove dipping line parts	Independent Non-Executive Director	31 March 2022	Re-designated on 11 April 2022	-	-
		Independent Non-Executive Chairman	11 April 2022	31 October 2022	-	-

Note:

\* Negligible.

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

**(ii) Teo Quek Siang**

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<b><u>Present involvement</u></b>						
1. J And T Resources	Investment holding of shares in companies	Director and shareholder	27 October 2022	-	60.00	(1) 40.00
<b><u>Past involvement</u></b>						
1. TS Laminate Pte Ltd (Formerly known as Topmix Laminate Pte Ltd)	Marketing and sales of surface decorative products	Director and shareholder	18 March 2015	1 January 2022	-	-
2. Deko Panel Sdn Bhd	Wholesale of wood panel products (Dissolved on 13 April 2022)	Director and shareholder	20 December 2019	-	33.33	-
3. JobReferral Services Sdn Bhd	Recruitment agency	Director and shareholder	13 September 2011	31 March 2023	-	-
4. U Floor Sdn Bhd	Sale of floor surfacing products	Indirect shareholdings via Topmix Resources	-	-	-	-

Note:

(1) Deemed interested by virtue of his spouse's shareholdings in this company.

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

**(iii) Tan Lee Hong**

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<b><u>Present involvement</u></b>						
1. J And T Resources	Investment holding of shares in companies	Director and shareholder	27 October 2022	-	40.00	<sup>(1)</sup> 60.00
<b><u>Past involvement</u></b>						
1. TS Laminate Pte Ltd (Formerly known as Topmix Laminate Pte Ltd)	Marketing and sales of surface decorative products	Director and shareholder	18 March 2015	1 January 2022	-	-
2. Food Oriental Sdn Bhd	Provision of food catering services (Dissolved on 10 January 2022)	Director and shareholder	31 December 2020	-	30.00	-
3. TID Interior Sdn Bhd	Provision of interior decorations (Dissolved on 6 January 2023)	Director and shareholder	25 August 2020	-	60.00	-
4. U Floor Sdn Bhd	Sale of floor surfacing products	Indirect shareholdings via Topmix Resources	-	-	-	-

Note:

<sup>(1)</sup> Deemed interested by virtue of her spouse's shareholdings in this company.

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

**(v) William Lau Si Yi**

<u>Partnership</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of registration</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<b><u>Present involvement</u></b>						
1. William Lau & Co	Audit firm	Sole practitioner	7 July 2021	-	100.00	-
2. WLC Tax Consultancy Sdn Bhd	Provision of business management consultancy services, accounting services and tax consultancy services	Director and shareholder	13 April 2023	-	90.00	-

**(vi) Ng Yew Kuan**

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<b><u>Present involvement</u></b>						
1. Seepex (M) Sdn Bhd	Trading of pumps and spare parts	Director	29 August 2022	-	-	-

As at the LPD, the directorships of our Directors in other companies are in compliance with the Listing Requirements.

The involvement of our Directors in business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Managing Director and Executive Director in business activities outside our Group does not require significant amount of time, and hence does not affect his ability to perform his executive role and responsibilities to our Group. The involvement of our Independent Non-Executive Directors in business activities outside our Group will not affect their contribution to our Group.



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

**5.2.4 Directors' and key senior management's remuneration and benefits**

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2022, FYE 2023 and financial year ending 2024 ("FYE 2024") are as follows:

<b>FYE 2022</b>	<b>Directors' fees</b>	<b>Salaries</b>	<b>Bonuses</b>	<b>Benefits-in-kind and allowance</b>	<b>Total</b>
<b>Director</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Executive Directors</b>					
Chang Tian Kwang	-	-	-	-	-
Khor Hang Cheng	-	-	-	-	-
William Lau Si Yi	-	-	-	-	-
Ng Yew Kuan	-	-	-	-	-
<b>Executive Directors</b>					
Teo Quek Siang	-	473	-	32	505
Tan Lee Hong	-	473	-	30	503

<b>FYE 2023</b>	<b>Directors' fees <sup>(1)</sup></b>	<b>Salaries</b>	<b>Bonuses</b>	<b>Benefits-in-kind and allowance</b>	<b>Total</b>
<b>Director</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Executive Directors</b>					
Chang Tian Kwang	40	-	-	*	40
Khor Hang Cheng	32	-	-	*	32
William Lau Si Yi	32	-	-	*	32
Ng Yew Kuan	32	-	-	*	32
<b>Executive Directors</b>					
Teo Quek Siang	-	674	-	34	708
Tan Lee Hong	-	674	-	30	704

<b>Proposed for FYE 2024</b>	<b>Directors' fees</b>	<b>Salaries</b>	<b>Bonuses</b>	<b>Benefits-in-kind and allowance</b>	<b>Total</b>	<b>Amount paid from 1 January 2024 to 29 February 2024</b>
<b>Director</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Executive Directors</b>						
Chang Tian Kwang	60	-	-	2	62	11
Khor Hang Cheng	48	-	-	2	50	8
William Lau Si Yi	48	-	-	2	50	8
Ng Yew Kuan	48	-	-	2	50	8
<b>Executive Directors</b>						
Teo Quek Siang	-	750	-	34	784	117
Tan Lee Hong	-	750	-	30	780	118

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

Notes:

\* Negligible.

(1) Directors' fees for our Non-Executive Directors from May 2023 to December 2023.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYEs 2022, 2023 and 2024 are as follows:

Key senior management	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM	RM	RM
Fong Wang Ying	200,000 – 250,000	-	200,000 – 250,000
Siow Li Ling	100,000 – 150,000	-	100,000 – 150,000
Lee Jia Yong	100,000 – 150,000	-	100,000 – 150,000

Key senior management	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM	RM	RM
Fong Wang Ying	200,000 – 250,000	-	200,000 – 250,000
Siow Li Ling	150,000 – 200,000	-	150,000 – 200,000
Lee Jia Yong	150,000 – 200,000	-	150,000 – 200,000

Proposed for FYE 2024 Key senior management	Remuneration band (in bands of RM50,000)			Amount paid from 1 January 2024 to 29 February 2024 RM'000
	Remuneration	Benefits-in-kind	Total	
	RM	RM	RM	
Fong Wang Ying	250,000 – 300,000	-	250,000 – 300,000	51
Siow Li Ling	200,000 – 250,000	-	200,000 – 250,000	37
Lee Jia Yong	200,000 – 250,000	-	200,000 – 250,000	34

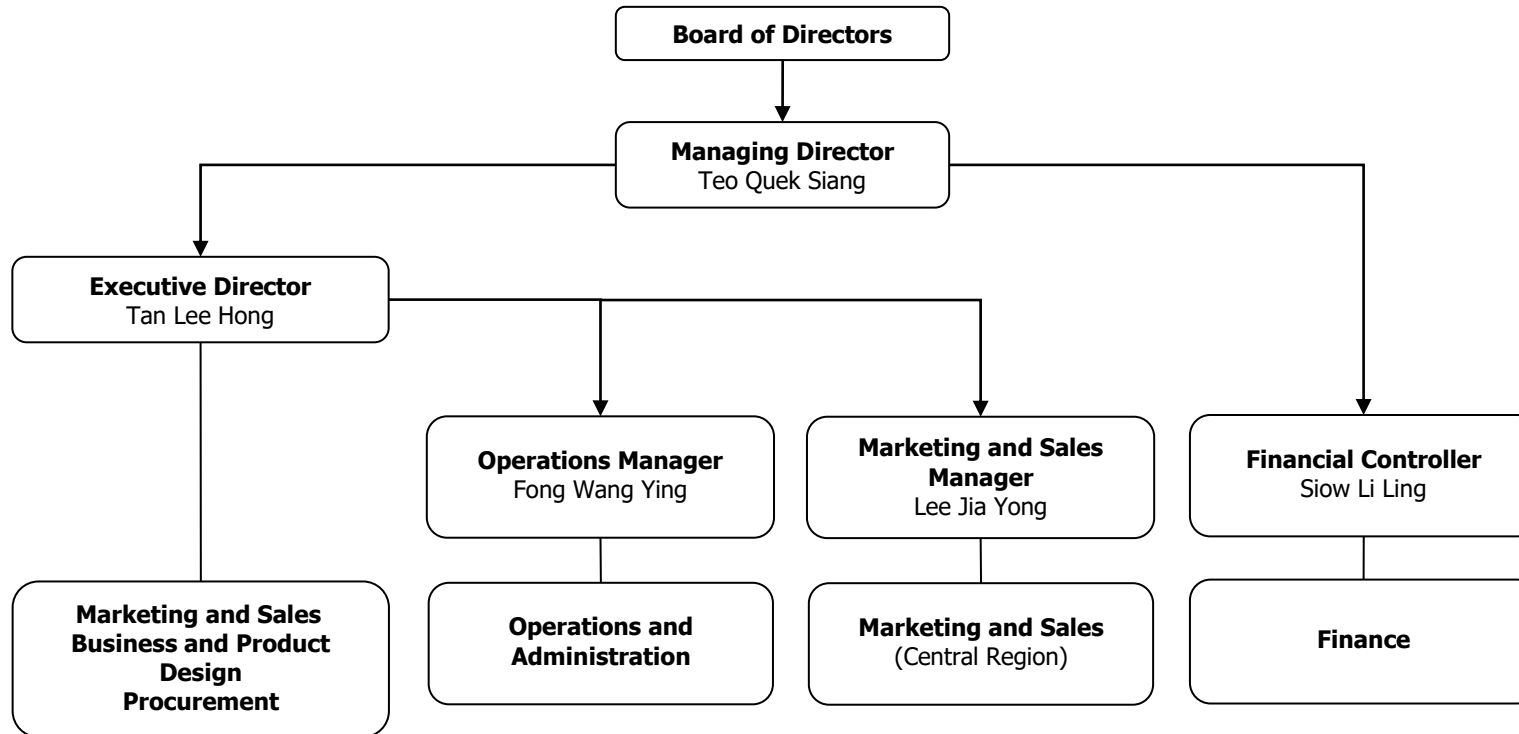
The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees must be further approved by our shareholders pursuant to an ordinary resolution passed at a general meeting. Please refer to Section 14.2 for further details.

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

**5.3 KEY SENIOR MANAGEMENT**

**5.3.1 Management Structure**



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

**5.3.2 Key senior management's shareholdings**

The shareholdings of our key senior management (other than Teo Quek Siang and Tan Lee Hong) in our Company before and after our IPO are set out below:

Name	Designation/ Nationality	Before IPO <sup>(1)</sup>				After IPO <sup>(2) (3)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Fong Wang Ying	Operations Manager / Malaysian	-	-	-	-	<sup>(3)</sup> 150,000	0.04	-	-
Siow Li Ling	Financial Controller / Malaysian	-	-	-	-	<sup>(3)</sup> 200,000	0.05	-	-
Lee Jia Yong	Marketing and Sales Manager / Malaysian	-	-	-	-	<sup>(3)</sup> 150,000	0.04	-	-

Notes:

- <sup>(1)</sup> Based on the share capital of 311,147,000 Shares after the Acquisition of Subsidiaries.
- <sup>(2)</sup> Based on the enlarged share capital of 393,856,000 Shares after the IPO.
- <sup>(3)</sup> Assuming that our key senior management fully subscribe for their respective entitlements under the Pink Form Allocations.

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

### 5.3.3 Profiles of key senior management

The profiles of our key senior management (other than Teo Quek Siang and Tan Lee Hong) are as follows:

#### (i) Fong Wang Ying

Fong Wang Ying, a Malaysian, aged 46, is our Operations Manager. She is responsible for managing the overall operations of our Group in relation to administrative and human resource matters as well as overseeing our warehouse operations.

In 1999, Fong Wang Ying obtained a Diploma in Executive Secretaryship from Raffles Education Group. In June 2000, she obtained the Certificate of Completion for ABE-Diploma II (The Association of Business Executives) from KTC Group of Institutes. In February 2024, she obtained Master of Business Administration from University of South Wales.

Upon her diploma graduation, Fong Wang Ying commenced her career in September 2000 as a Human Resource Officer with ASM Technology (M) Sdn Bhd (now known as ASMPT Malaysia Sdn Bhd), a wholly-owned subsidiary of ASMPT Limited (a company listed on the Hong Kong Stock Exchange) that is principally involved in the provision of hardware and software solutions for the manufacture of semiconductors and electronics. She was subsequently promoted to Senior Human Resource Officer in 2012, where she was responsible for assisting the human resources manager in overseeing key human resource functions including recruitment, payroll and general administration.

In May 2013, she left ASM Technology (M) Sdn Bhd and joined Almer Malaysia Sdn Bhd in the same month as an Assistant Human Resource cum Administrative Manager, before being promoted to Human Resource/Administrative Manager cum Assistant Warehouse Manager in 2015. Almer Malaysia Sdn Bhd is a company that is principally involved in producing spray dried ingredients to be used in beverage systems and food products. During her tenure with Almer Malaysia Sdn Bhd, she was responsible for developing human resource policies, directing and coordinating human resource activities including employment, compensation and benefits, labour relations and training, conducting yearly Hazard Analysis Critical Control Points (HACCP) audits as well as overseeing warehouse operations.

In February 2016, she left Almer Malaysia Sdn Bhd. In June 2016, she joined Syarikat Sin Kwang Plastic Industries Sdn Bhd, a wholly-owned subsidiary of SKP Resources Berhad (a company listed on Main Market of Bursa Securities) that is principally involved in manufacturing plastic products as Human Resource Manager, where she was responsible for developing and maintaining the human resources management system, coordinating recruitment and retention activities, revising compensation and benefits policies as well as coordinating compliance audits.

In May 2017, she left Syarikat Sin Kwang Plastic Industries Sdn Bhd and joined Capital City Property Sdn Bhd, a wholly-owned subsidiary of Capital World Limited (a company listed on Catalist Board of Singapore Exchange) in August 2017, as Human Resources Manager and was subsequently promoted to Senior Human Resources Manager in January 2019. Capital City Property Sdn Bhd is a company that is principally involved in property development and property investment. During her tenure with Capital City Property Sdn Bhd, she was responsible for setting performance standards and evaluating human resource teams, ensuring human resource operations adhere to legal standards, managing labour cost controls, overseeing recruitment and training processes as well as analysing and updating compensation and benefits policies.

In May 2019, she left Capital City Property Sdn Bhd and joined our Group as the Operations Manager in June 2019, a position she continues to hold until to-date.

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

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**(ii) Siow Li Ling**

Siow Li Ling, a Malaysian, aged 28, is our Financial Controller. She is responsible for the planning, implementation and management of accounting and financial functions of our Group, including business and financial planning, budgeting, forecasting and financial reporting.

In 2015, Siow Li Ling obtained a Diploma in Accounting and Business from the Association of Chartered Certified Accountants ("ACCA"). She has also been a member of the ACCA and a member of the Malaysian Institute of Accountants (MIA) since 2021.

After completing her Sijil Pelajaran Malaysia (SPM) in 2013, Siow Li Ling commenced her career in 2014 with JM Consultants PLT, an accounting services firm, as an Account Executive, while pursuing her Diploma in Accountancy. During her tenure with the company, she was involved in the preparation of financial reports for statutory audits and income tax submissions.

In June 2017, she left JM Consultants PLT and joined Koo & Co, a professional services firm, in the same month as an Audit cum Tax Associate, where she was involved with audit assignments involving private companies in Malaysia and preparation of income tax submissions for companies.

In April 2018, she left Koo & Co and joined KPMG PLT, a professional services firm, in the same month as an Audit Associate. She was subsequently promoted to the position of Audit Senior Associate in 2020 and Audit Assistant Manager in January 2021. During her tenure with KPMG PLT, she was involved in audit assignments for private and public listed companies in Malaysia.

In December 2021, she left KPMG PLT and joined our Group in January 2022 as our Financial Controller, a position she continues to hold until to-date.

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

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**(iii) Lee Jia Yong**

Lee Jia Yong, a Malaysian, aged 31, is our Marketing and Sales Manager. He is responsible for developing our Group's marketing strategies and pursuing business development opportunities in the central region of Peninsular Malaysia, managing our marketing and sales team at our Subang Sales Office as well as setting and reviewing the sales targets of our Subang Sales Office.

In 2010, he completed his secondary education and obtained a Sijil Pelajaran Malaysia (SPM) at Sekolah Menengah Kebangsaan Gemas, Negeri Sembilan.

After completing his SPM, Lee Jia Yong commenced his career in 2013 as a Sales Executive in Topmix Hardware (KL) Sdn Bhd ("Topmix Hardware")\* (now known as Lamigo Resources Sdn Bhd), a hardware products distributor, where he was responsible for promoting the company's HPL products to prospective customers and responding to customer enquiries.

In November 2017, he left Topmix Hardware and joined our Group in December 2017 as a Marketing and Sales Representative under Topmix Resources, where he was tasked to promote our surface decorative products. He was subsequently promoted to the position of Assistant Manager in July 2019 and was responsible for planning and managing marketing and sales activities. In January 2022, he was promoted to the position of Marketing and Sales Manager (Central Region) under Topmix Products, a position he continues to hold until to-date.

Note:

\* Tan Lee Hong was previously a director and shareholder in Topmix Hardware. She ceased to be a director of Topmix Hardware on 5 January 2016. She sold her shares to non-related parties and ceased to be a shareholder on 31 October 2018, respectively. Topmix Hardware had on 4 November 2018 changed its name to Lamigo Resources Sdn Bhd. Topmix Hardware is currently not related to our Group or our Promoters.

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

**5.3.4 Principal business performed outside our Group**

Save as disclosed below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

**(i) Fong Wang Ying**

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment</u>	<u>Date of termination</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<b><u>Past involvement</u></b>						
1. EK Top Global Enterprise (The partnership was terminated on 13 October 2022)	Sale of food, hardware, cleaning chemical and daily consumer products	Partner	16 August 2020	13 October 2022	50.00	-

**5.4 RELATIONSHIPS AND/OR ASSOCIATIONS**

Save as disclosed below, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management:

- (i) Teo Quek Siang and Tan Lee Hong, both of whom are our Promoters, substantial shareholders and Directors, are husband and wife; and
- (ii) Teo Quek Siang and Tan Lee Hong are the directors and major shareholders of J And T Resources, our Promoter and substantial shareholder.

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

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**5.5 BOARD PRACTICE****5.5.1 Board**

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (i) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed, including supervising and assessing corporate behaviour and conduct of the business of our Group;
- (ii) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced and supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (iii) Together with management, to promote good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;
- (iv) To review, challenge and decide on management's proposals for our Group, and to monitor its implementation by management;
- (v) Identifying the principal risks and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;
- (vi) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- (vii) To ensure that our Group has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance;
- (viii) To ensure that key senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and key senior management;
- (ix) To review the effectiveness and implementation of anti-bribery and anti-corruption policy and framework;
- (x) To review and approve our Group's annual business plans, financial statements and annual reports;
- (xi) To ensure the integrity of our Company's financial and non-financial reporting;
- (xii) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- (xiii) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

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

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

<b>Name</b>	<b>Date of appointment as Director</b>	<b>Date of expiration of the current term in office</b>	<b>Approximate no of years in office as at the LPD</b>
Chang Tian Kwang	16 May 2023	At the next Annual General Meeting of our Company to be held in year 2025	Less than 1 year
Teo Quek Siang	31 March 2022	At the next Annual General Meeting of our Company to be held in year 2024	1 year 10 months
Tan Lee Hong	31 March 2022	At the next Annual General Meeting of our Company to be held in year 2024	1 year 10 months
Khor Hang Cheng	16 May 2023	At the next Annual General Meeting of our Company to be held in year 2026	Less than 1 year
William Lau Si Yi	16 May 2023	At the next Annual General Meeting of our Company to be held in year 2026	Less than 1 year
Ng Yew Kuan	16 May 2023	At the next Annual General Meeting of our Company to be held in year 2025	Less than 1 year

In accordance with our Constitution, any Director appointed during the year shall hold office until the next following annual general meeting, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. An election of directors shall take place each year.

The members of our Board are set out in Sections 1 and 5.2.

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("MCCG") which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have a Board comprising a majority of Independent Non-Executive Directors, that our chairperson of the Board should not be a member of our Audit and Risk Management Committee, Remuneration Committee or Nominating Committee, and to have at least 30% women directors on our Board.

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

### **5.5.2 Audit and Risk Management Committee**

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility to oversee our Group's financial reporting matters and risk management. Our Audit and Risk Management Committee has full access to all information and documents/ resources as well as to the internal and external auditors and key senior management of our Group. The Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

#### **External Auditor**

- (i) To consider and recommend to our Board on the appointment and re-appointment of our external auditors and to fix their fees (audit and non-audit), resignation or dismissal of our external auditors after assessing their suitability, objectivity, independence and capabilities as well as the effectiveness of the external audit process;
- (ii) To review the following with our external auditors and report the same to our Board:
  - (a) audit plan, its scope and nature;
  - (b) audit report;
  - (c) evaluation of the system of internal controls;
  - (d) the assistance given by our employees to the external auditors, including any difficulties or disputes with management encountered during audit; and
  - (e) external auditors' management letter and management's response thereto.
- (iii) To review and monitor the provision of non-audit services by our external auditors and/or its affiliate firms, including the nature of the non-audit services, fee of the non-audit services individually and in aggregate relative to the external audit fees, and safeguards deployed to eliminate or reduce any threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided.

#### **Financial Reporting**

- (i) To review and recommend our quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, any significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions and how these matters are addressed, significant adjustments arising from our audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (ii) To demonstrate an appropriate level of vigilance and scepticism towards, among others, detection of any financial anomalies or irregularities in our financial statements;
- (iii) To review and provide advice on whether our financial statements taken as a whole provide a true and fair view of our Group's financial position and performance; and
- (iv) To ask probing questions to ascertain whether our financial statements are consistent with operational and other information known, particularly where there are significant matters requiring judgement.

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

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**Risk Management**

- (i) To oversee and recommend the risk management policies and procedures of our Group;
- (ii) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;
- (iii) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (iv) To set reporting guidelines for our Management to report to the committee on the effectiveness of our Group's management of its business risks;
- (v) To review the risk profile of our Group and to evaluate the measure taken to mitigate the business risks to safeguard shareholders' investments and our Group's assets; and
- (vi) To review the adequacy of our management's response to issues identified to risk registers, ensuring that our risks are managed within our Group's risk appetite.

**Internal Audit**

- (i) To consider and approve the appointment of internal auditors, internal audit fee and any question of resignation or dismissal;
- (ii) To review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (iii) To review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors;
- (iv) To consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings;
- (v) To review and decide on the budget allocated to the internal audit function;
- (vi) To appraise or assess annually the performance of members of the internal audit function, including the ability, competency and qualifications of the internal audit team and/or outsourced internal auditors (if any) to perform its duties; and
- (vii) To monitor the overall performance of our Group's internal audit function and review whether the internal audit function is carried out in accordance with a recognised framework.

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

### Others

- (i) To conduct periodic review of the involvements of our Managing Director and Executive Directors in the companies outside of our Group, in which they have executive functions to ensure that it does not affect their role and responsibilities within our Group;
- (ii) To review and monitor any related party transaction/business dealings entered into by our Group and any conflict of interest situation that may arise within our Group, including any transaction, procedure or course of conduct that raises questions on management integrity, to ensure that they are conducted on arms' length basis and on normal commercial terms in the ordinary course of business and based on terms that are fair to our Group;
- (iii) To perform the oversight function over the administration of whistleblowing policy that is approved and adopted by our Board and to protect the values of transparency, integrity, impartiality and accountability where our Group conducts its business and affairs;
- (iv) To enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds our Group's credibility to all our stakeholders;
- (v) To consider the major findings of internal investigations and our management's response;
- (vi) To verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by our Group (if any);
- (vii) To review findings, queries or investigation by the regulatory agencies (if any); and
- (viii) To perform such other functions as may be requested by our Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at the LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
William Lau Si Yi	Chairman	Independent Non-Executive Director
Khor Hang Cheng	Member	Independent Non-Executive Director
Ng Yew Kuan	Member	Independent Non-Executive Director

Our Nominating Committee and Board will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

### 5.5.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

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

- (i) To establish and recommend to our Board, the remuneration package for Executive Directors and key senior management such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by our Group;
- (ii) To review and recommend to our Board the remuneration packages of Non-Executive Directors for shareholders' approval at the Annual General Meeting;
- (iii) To consider other remunerations or rewards to retain, motivate and attract Directors and key senior management;
- (iv) To assist our Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and key senior management;
- (v) To recommend to the Board any performance related pay schemes for our Group;
- (vi) To ensure fees and benefits payable to Directors, and any compensation for loss of employment of Executive Directors are approved by shareholders at general meetings of our Company in accordance with the Act; and
- (vii) To perform such other functions as may be requested by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at the LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Khor Hang Cheng	Chairman	Independent Non-Executive Director
William Lau Si Yi	Member	Independent Non-Executive Director
Ng Yew Kuan	Member	Independent Non-Executive Director

**5.5.4 Nominating Committee**

The Nominating Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (i) To review the composition and size of our Board and determine the criteria for membership on our Board, which may include, among other criteria, issues of character, judgment, independence, diversity, age, expertise, corporate experience, integrity, competence, length of service and other commitments;
- (ii) To identify, consider, nominate, or recommend for the approval of our Board, candidates to fill Board vacancies or new positions to strengthen our Board's composition as and when they arise (including candidates nominated by shareholders). Before any appointment is made by our Board, evaluate the balance of skills, knowledge, experience and diversity on our Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;

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

- (iii) To assist our Board to assess and evaluate circumstances where a Director involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving the declaration of the same from our Director and thereafter, to inform the Audit and Risk Management Committee of the same. After deliberation with the Audit and Risk Management Committee, to recommend to our Board on the necessary actions to be taken in the circumstances where there is a conflict of interest;
- (iv) In identifying suitable candidates, the Nominating Committee shall:
  - (a) consider open advertising or the services of external advisers to facilitate the search;
  - (b) consider candidates from a wide range of backgrounds; and
  - (c) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on our Board, including gender and availability of time to devote to the position.
- (v) To establish and implement processes for the conduct of the fit and proper assessment prior to the nomination of any candidate to be appointed as Director or making recommendation for the re-election of an existing Director who is retiring by rotation at the Annual General Meeting;
- (vi) To assess annually the effectiveness of our Board as a whole, Board Committees, the performance and contribution of each individual Director and our Managing Director having regard to including his/her character, competence, integrity, experience and time commitment, the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board. All assessments and evaluation carried out by the Nominating Committee in the discharge of its duties shall be disclosed in the annual report;
- (vii) To evaluate, review and assess the performance of our Board and key senior management including, taking into consideration our Group's performance in managing material sustainability risks and opportunities and the achievement of sustainability targets;
- (viii) To assess the independence of the Independent Directors annually, and when any new interest or relationship develops and confirm the conduct of this assessment in the annual report of our Group and in any notice convening a general meeting seeking approval for the appointment, re-appointment or continuation in office of Independent Directors;
- (ix) To develop and review criteria for the annual assessment of our Board, Board Committees, individual Directors and independence of our Independent Directors;
- (x) To recommend to the Board the appointment, cessation, suspension, dismissal and/or any staff movement including re-designation, re-deployment, transfer or secondment of key senior management of our Group;
- (xi) To review the fulfilment of Directors' training for each financial year and disclose details in the annual report as appropriate;

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

- (xii) To review the application of our Group's fit and proper policy in the nomination and re-election of Directors into the Nominating Committee Statement in the annual report;
- (xiii) To review with the Managing Director and the Executive Director, their goals and objectives and to assess their performance against these objective as well as their contribution to the corporate strategy;
- (xiv) To give full consideration to succession planning for Directors and key senior management, taking into account the challenges and opportunities faced by our Group, and the required skills and expertise that are needed by our Board in future;
- (xv) To review periodically the composition of each committee of our Board and make recommendations to our Board for the creation of additional committees or the change in mandate or dissolution of committees;
- (xvi) To review the term of office and performance of all our Board Committees annually to determine whether such Board Committees and its members have carried out their duties in accordance with their terms of reference;
- (xvii) To establish and oversee the application of our Group's diversity policy for the Board and key senior management;
- (xviii) To review and recommend to our Board, the development and implementation of the relevant policies and procedures on nomination related matters concerning our Group; and
- (xix) To perform such other functions as may be requested by our Board.

The recommendations of our Nominating Committee are subject to the approval of our Board.

The members of our Nominating Committee as at the LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ng Yew Kuan	Chairman	Independent Non-Executive Director
Khor Hang Cheng	Member	Independent Non-Executive Director
William Lau Si Yi	Member	Independent Non-Executive Director

**5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS**

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group, with our Directors or key senior management personnel.



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

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**5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

As at the LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

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

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**6. INFORMATION ON OUR GROUP**

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**6.1 INCORPORATION AND HISTORY**

Our Company was incorporated in Malaysia under the Act on 31 March 2022 as a private limited company under the name Topmix Sdn Bhd. On 29 May 2023, we converted into a public limited company and assumed our present name. We were incorporated as a special purpose vehicle to facilitate the Listing.

**Our corporate developments**

Our Group started with the incorporation of NSP Trading & Marketing Sdn Bhd (currently known as Topmix Resources) on 21 June 2006 by Teo Quek Siang (27.00% equity interest) and other third parties, namely Teo Guek Ching (33.00% equity interest), Ching Hock Ngee (20.00% equity interest) and Tey Boon Peng (20.00% equity interest). Teo Guek Ching is the sister of Teo Quek Siang. Teo Quek Siang was concurrently appointed as a Director. In the same year, NSP Trading & Marketing Sdn Bhd commenced its business in the import, trading and marketing of high pressure laminate (HPL) products from a rented shop lot unit in Taman Johor Jaya, Johor.

In 2011, Tan Lee Hong became a shareholder upon acquisition of 3.00% equity interest from Ching Hock Ngee and 20.00% equity interest from Tey Boon Peng for a consideration of RM11,500 in total and was concurrently appointed as a Director. During the same year, Lim Kok Siong, brother-in-law of Teo Quek Siang became a shareholder upon acquisition of 17.00% equity interest from Ching Hock Ngee and 33.00% equity interest from Teo Guek Ching for a consideration of RM25,000 in total. As a result, the shareholders of NSP Trading & Marketing Sdn Bhd were Teo Quek Siang (27.00% equity interest), Tan Lee Hong (23.00% equity interest) and Lim Kok Siong (50.00% equity interest).

On 21 October 2011, NSP Trading & Marketing Sdn Bhd assumed its present name of Topmix Resources.

In October 2013, Teo Quek Siang further increased his shareholding to 60.00% upon acquisition of 33.00% shares from Lim Kok Siong for a consideration of RM16,500. Concurrently, Tan Lee Hong further increased her shareholding to 40.00% upon acquisition of 17.00% shares from Lim Kok Siong for a consideration of RM8,500.

On 19 December 2016, Teo Quek Siang and Tan Lee Hong incorporated Dekoracio with 40.00% and 60.00% equity interest, respectively, and were concurrently appointed as Directors. Dekoracio was incorporated to facilitate our expansion into surface solutions for counter tops and table tops.

On 16 November 2017, Teo Quek Siang and Tan Lee Hong incorporated Topmix Products, each holding 50.00% equity interest, and were concurrently appointed as Directors. Topmix Products was incorporated to facilitate our expansion into the central region of Peninsular Malaysia.

On 2 November 2021, we incorporated Topmix Panels as a wholly-owned subsidiary of Topmix Resources. Topmix Panels was incorporated to facilitate our expansion into PVC plywood products.

On 17 May 2023, the Acquisition of Subsidiaries were completed whereby Topmix Resources, Topmix Products and Dekoracio became our wholly-owned subsidiaries. Kindly refer to Section 6.2.1 for further details.

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

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**Our business growth**

In 2006, we commenced our business in the importation, trading and marketing of HPL products. During this period, we sourced and imported ready-made generic HPL products from foreign suppliers in China. The generic HPL products that we procured from foreign suppliers are typically designed for the international market. As they are generic in nature, these HPL products may also be sold by foreign suppliers to other HPL trading companies in Malaysia.

HPL products are used to decorate and protect commercial and residential interior surface as well as furniture products including counter tops, table tops, cabinets and fixtures. Consumers are able to use HPL products to create uniquely textured or organic surface, and showcase artistic creativity of the space being decorated. HPL products are gaining traction as a surface decorative material that enhances the aesthetic appeal of commercial and residential spaces.

We procure generic HPL products that are in solid pastel colours and have some texture imprinted on the surface of the product. While these HPL products are generic in nature, there is consistently high demand for these products as we select specific designs that are versatile in complementing the décor theme of the space being decorated. Thus, we continue to carry generic HPL products that are in demand and generate consistent sales among our customers.

Over time, our customers increasingly began demanding for newer designs based on the latest international design trends. Resulting from this, we made the decision to start our own brand to represent the HPL products that we market under our Group, which at this point were generic HPL products. This would allow us to transform our business model from being an importer and trader of HPL products to being a brand owner of HPL products. During this period, we selected a range of generic HPL products which we began marketing under our Topmix brand to customers in Malaysia. These generic HPL products were supplied to our Group by OEMs.

As our business was growing, we relocated from a rented shop lot unit in Taman Johor Jaya, Johor to a rented semi-detached factory in Taman Tan Sri Yaacob, Johor in 2011. In 2011, we began promoting our TOPMIX brand among local hardware product dealers and stockists as well as interior designers, contractors of residential and commercial properties and carpenters. Promoting our TOPMIX brand allowed us to begin distinguishing our brand and HPL products in the local market.

We also began engaging and interacting extensively with local interior designers to understand the needs, requirements and preferences of local consumers. We further realised that there is a growing local preference for textured HPL products.

As such, we began exploring the potential of introducing HPL products based on the preferences of the local market under our TOPMIX brand. We also began exploring joint designing collaboration opportunities with our suppliers in order to build our design capabilities and develop products that met the latest demands of the local market. As part of our strategy of being a brand owner and undertaking joint development activities, we began to source for third-party décor paper suppliers. We also began to source for OEMs of HPL products that are able to manufacture the designs, colours and textures that we require, meet our quality and volume requirements, and offer after-manufacturing support in terms of warranty for manufacturing defects.

In 2015, we began to introduce HPL products that were jointly designed by our Group in collaboration with third-party décor paper suppliers. As at the LPD, we have collaborations with 8 foreign third-party décor paper suppliers and 1 local third-party décor paper supplier. Our Group would purchase HPL products from our OEMs which were made from décor paper supplied by third-party décor paper suppliers. Notwithstanding this expansion in our HPL product range, we continued procuring and marketing generic HPL products.

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

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In 2016, we expanded our product range with the introduction of compact panels and PVC edging products. Compact panels are a thicker form of HPL products, and have a higher level of impact resistance and structural integrity, making them suitable to be used as counter tops and table tops. PVC edging is a thin and narrow strip of decorative finishing product used to cover the exposed rough sides of surface products such as wood panels, and are intended to improve their appearance for aesthetic purposes. The manufacturing of the compact panels and PVC edging products are done by our OEMs.

Further in 2016, we relocated to Skudai HQ – Building 1 (a property we acquired in 2015) from our rented semi-detached factory in Taman Tan Sri Yaacob, Johor. This relocation was in line with the growth of our business and expanded product range offering.

During 2018, we acquired Skudai HQ – Building 2 which is adjacent to Skudai HQ – Building 1 to support our business growth. During the year, we established our presence in the central region of Peninsular Malaysia with the opening of our new sales office and warehouse located in a rented factory premise in Sunway City, Selangor.

In 2020, our Business and Product Design team began undertaking design works internally for HPL products, specifically in instances where our customers approached us for customised designs. During the year, we expanded our product range to include PVC plywood panels as well as decorative boards. PVC plywood panels are used for furniture carcass applications. We market our PVC plywood panels to hardware product dealers as well as carpenters, where the latter assemble these panels into internal furniture carcasses. Decorative boards are engraved PVC foam boards for commercial and residential applications, such as decorative door panels and partitions. The engraving of decorative boards is carried out internally by our Group. We procured laminated PVC plywood panels from third party plywood suppliers in Malaysia in a variety of designs and surfaces as well as matching PVC edging for sale to hardware product dealers as well as carpenters.

In 2020, we began marketing and selling kitchen and wardrobe accessories by a German brand namely Hettich, which included among others, hinges, drawer systems, sliding doors and folding door systems, as value-add products which are complementary to our PVC plywood furniture carcass products. These products were sourced from SH Hybrid Trading Sdn Bhd and Hettich Singapore (S.E.A.) Pte Ltd in FYE 2020 and FYE 2021, respectively.

In 2020, we completed the acquisition of the Subang Sales Office, which we then relocated our central region sales office and warehouse in 2021 to support our business growth in the central region of Peninsular Malaysia and expanded product range.

In 2021, we acquired the Skudai Factory which has an existing single-storey detached factory with 2-storey office (Building 1). Building 1 is used as a warehouse and it houses our CNC machines which are used to cut compact panels and engrave decorative boards. During the same year, Topmix Resources was certified compliant to ISO 9001:2015 by GCL International Ltd.

In 2022, we launched a range of wall panels. Wall panels are lightweight surface decorative materials that can be installed onto existing walls or over tiles, making them suitable for renovation and refurbishment projects. In the same year, Dekoracio was appointed as the exclusive dealer of STARAX kitchen and wardrobe accessories in Malaysia by Star Mutfak ve Mobilya AKS SAN.TIC.A.S. for the period from 3 March 2022 to 31 December 2024. The STARAX brand is of Turkish origin. The STARAX range of kitchen and wardrobe accessories provide space-saving kitchen and furniture accessory solutions. It is complementary to our current range of surface decorative products as it allows us to offer customers a more holistic and seamless design and product range for kitchens, living rooms and bedrooms. We discontinued

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

marketing and selling the Hettich brand of kitchen and wardrobe accessories following our appointment as the exclusive dealer of STARAX kitchen and wardrobe accessories in Malaysia.

On 1 September 2022, Topmix Resources entered into an OEM manufacturing and supply agreement with Zhejiang Rexin Decorative Material Co Ltd, a China-based manufacturer. Under this agreement, Zhejiang Rexin Decorative Material Co Ltd shall manufacture HPL products, compact panels and wall panels based on the product specifications and designs determined by our Group, and will be marketed under our brands. The HPL products, compact panels and wall panels manufactured by Zhejiang Rexin Decorative Material Co Ltd will be exclusive to our Group in Malaysia. Zhejiang Rexin Decorative Material Co Ltd is our largest supplier for HPL products for FYEs 2020 to 2022 and FPE 2023. Please refer to Section 6.22 on the salient terms of the OEM manufacturing and supply agreement.

### 6.1.1 Share capital

As at the LPD, our share capital is RM31,114,700.00 comprising 311,147,000 Shares. The movements in our share capital since the date of our incorporation are set out below:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration RM</b>	<b>Cumulative share capital RM</b>
31 March 2022	200	20.00	20.00
17 May 2023	311,146,800	31,114,680.00	31,114,700.00

## 6.2 OUR GROUP STRUCTURE

To formalise our listing group in preparation for our Listing, we undertook the following transaction:

### 6.2.1 Acquisition of Subsidiaries

In preparation for our Listing, we undertook the Acquisition of Subsidiaries. On 17 May 2023, we entered into a share sale agreement with Teo Quek Siang, Tan Lee Hong and J And T Resources whereby we acquired the entire equity interest in Topmix Resources, Topmix Products and Dekoracio from Teo Quek Siang and Tan Lee Hong for a total purchase consideration of RM31,114,680.00 ("SSA"). The Acquisition of Subsidiaries was completed on 17 May 2023.

#### **Purchase consideration of the subsidiaries**

The total purchase consideration of RM31,114,680.00 for the Acquisition of Subsidiaries was arrived at after taking into consideration the combined audited NA of the Subsidiaries as at 31 December 2022 amounting to RM31,114,790.00, as follows:

<b>Subsidiaries</b>	<b>NA (RM)</b>	<b>Purchase consideration (RM)</b>	<b>No of Shares issued</b>	<b>Reference</b>
Topmix Resources	28,089,547	28,089,500	280,895,000	(i)
Topmix Products	2,634,517	2,634,480	26,344,800	(ii)
Dekoracio	390,726	390,700	3,907,000	(iii)
<b>Combined NA</b>	<b>31,114,790</b>	<b>31,114,680</b>	<b>311,146,800</b>	

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

The purchase consideration for the Acquisition of Subsidiaries was satisfied by the issuance of 311,146,800 new Shares at an issue price of RM0.10 per share to the Vendors in the following manner:

**(i) Topmix Resources**

<b>Vendors</b>	<b>No. of Topmix Resources shares acquired</b>	<b>%</b>	<b>Purchase consideration RM</b>	<b>No. of Shares issued</b>
Teo Quek Siang	300,000	60.00	16,853,700	168,537,000
Tan Lee Hong	200,000	40.00	11,235,800	112,358,000
	<b>500,000</b>	<b>100.00</b>	<b>28,089,500</b>	<b>280,895,000</b>

**(ii) Topmix Products**

<b>Vendors</b>	<b>No. of Topmix Products shares acquired</b>	<b>%</b>	<b>Purchase consideration RM</b>	<b>No. of Shares issued</b>
Teo Quek Siang	50,000	50.00	1,317,240	13,172,400
Tan Lee Hong	50,000	50.00	1,317,240	13,172,400
	<b>100,000</b>	<b>100.00</b>	<b>2,634,480</b>	<b>26,344,800</b>

**(iii) Dekoracio**

<b>Vendors</b>	<b>No. of Dekoracio shares acquired</b>	<b>%</b>	<b>Purchase consideration RM</b>	<b>No. of Shares issued</b>
Teo Quek Siang	40,040	40.00	156,280	1,562,800
Tan Lee Hong	60,060	60.00	234,420	2,344,200
	<b>100,100</b>	<b>100.00</b>	<b>390,700</b>	<b>3,907,000</b>

**Nomination of J And T Resources to accept partial Topmix Shares**

Pursuant to the SSA, Teo Quek Siang and Tan Lee Hong nominated J And T Resources, an investment holding company owned by Teo Quek Siang (60.00% equity interest) and Tan Lee Hong (40.00% equity interest), to accept 216,620,800 Topmix Shares to be issued to them pursuant to the Acquisition of Subsidiaries in the following manner:

<b>Vendors</b>	<b>Shares to be allotted from Acquisition of Subsidiaries</b>	<b>Shares nominated</b>	<b>After nomination of shares</b>	<b>%</b>
Teo Quek Siang	183,272,200	(127,594,400)	55,677,800	17.89
Tan Lee Hong	127,874,600	(89,026,400)	38,848,200	12.49
J And T Resources	-	216,620,800	216,620,800	69.62
	<b>311,146,800</b>		<b>311,146,800</b>	<b>100.00</b>

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

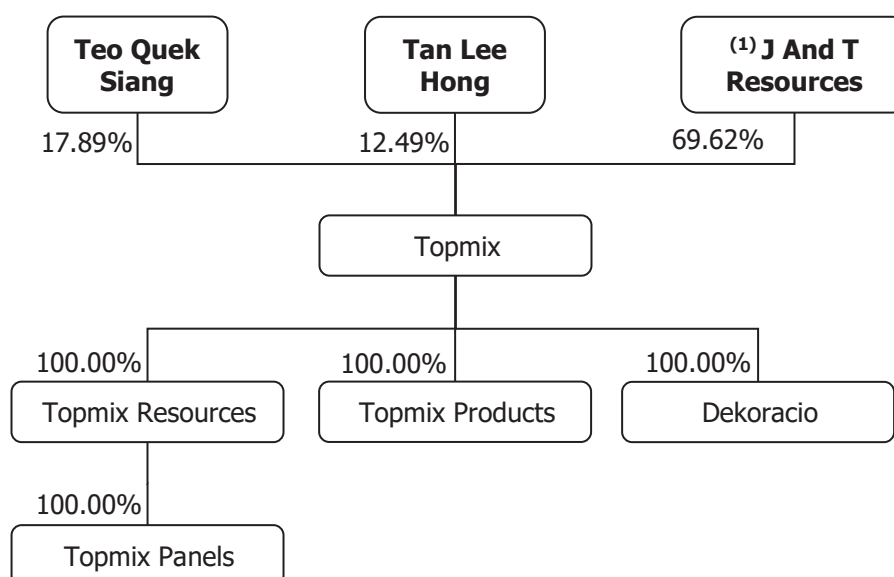
The Acquisition of Subsidiaries was completed on 17 May 2023. Thereafter, Topmix Resources, Topmix Products and Dekoracio became our wholly-owned subsidiaries.

The new Shares issued pursuant to the Acquisition of Subsidiaries rank equally in all respects with our existing Shares.

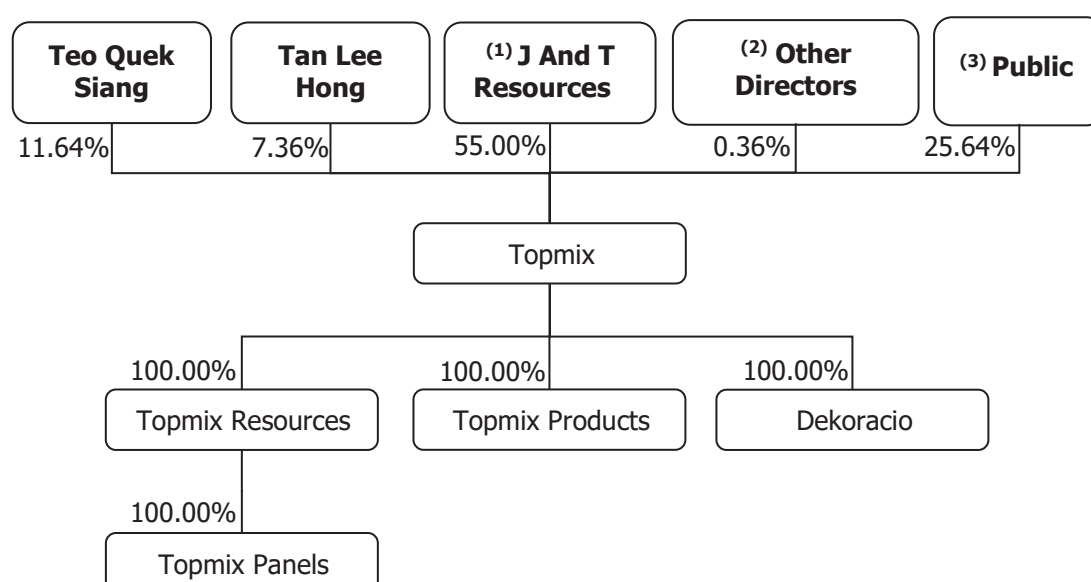
### 6.2.2 Our Group structure

Our Group structure as at the LPD and after the Listing is set out below:

#### (i) As at the LPD



#### (ii) After the Public Issue



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

Notes:

- (1) J And T Resources is owned by Teo Quek Siang (60.00% equity interest) and Tan Lee Hong (40.00% equity interest).
- (2) Comprising Pink Form Allocations to our eligible Directors who are not deemed as public shareholders. Further details of our Pink Form Allocations are set out in Section 4.4.3.
- (3) Comprising the Malaysian Public, selected Bumiputera investors approved by MITI and selected investors as set out in Sections 4.4.1(i) and 4.4.1(iii) and Pink Form Allocations to our eligible employees as well as persons who have contributed to the success of our Group as set out in Section 4.4.3. These shareholders are deemed as public shareholders.

### 6.3 SUBSIDIARIES

Details of our subsidiaries as at the LPD are set out below:

Company	Registration No. (Company No.)	Date / Place of incorporation	Principal place of business	Effective equity interest (%)	Principal activities
Topmix Resources (1)	200601018697 (738450-T)	21 June 2006 / Malaysia	Malaysia	100.0	Design, marketing and sales of HPL products, compact panels and wall panels; and  Marketing and sales of decorative boards
Topmix Products (2)	201701041893 (1256066-M)	16 November 2017 / Malaysia	Malaysia	100.0	Marketing and sales of HPL products, PVC edging, wall panels, decorative boards, PVC plywood products, kitchen and wardrobe accessories; and  Marketing, sales and provision of installation services for compact panels
Dekoracio (1)	201601041936 (1212878-X)	19 December 2016 / Malaysia	Malaysia	100.0	Marketing, sales and provision of installation services for compact panels;  Marketing and sales of wall panels, PVC edging, kitchen and wardrobe accessories; and  Design, marketing and sales of decorative boards



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

Company	Registration No. (Company No.)	Date / Place of incorporation	Principal place of business	Effective equity interest (%)	Principal activities
<b>Subsidiary of Topmix Resources</b>					
Topmix Panels <sup>(1)</sup>	202101036480 (1436780-H)	2 November 2021 / Malaysia	Malaysia	100.0	Marketing and sales of PVC plywood products

Notes:

(1) Sold nationwide in Malaysia, except for the central region.

(2) Sold mainly in the central region.

As at the LPD, we do not have any associated companies.

### 6.4 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, there were no other material investments made by us for the past 3 FYEs 2020 to 2022, FPE 2023 and up to the LPD:

Description	FYE 2020	FYE 2021	FYE 2022	FPE 2023	From 1 October 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:					
Freehold land	-	<sup>(1)</sup> 7,216	-	-	-
Machinery and equipment	23	77	<sup>(2)</sup> 278	10	117
Motor vehicles	200	85	<sup>(3)</sup> 872	105	161
Office equipment, furniture and fittings <sup>(4)</sup>	153	287	48	13	27
Renovation <sup>(5)</sup>	278	621	152	-	21
Computer equipment	32	56	50	6	4
Right-of-use assets comprising: <sup>(6)</sup>					
Leasehold lands and buildings	<sup>(i)</sup> 5,152	<sup>(ii)</sup> 5,689	-	-	-
Factory building <sup>(iii)</sup>	-	-	-	398	-
Building under construction <sup>(iv)</sup>	-	-	-	1,642	331
	<b>5,838</b>	<b>14,031</b>	<b>1,400</b>	<b>2,174</b>	<b>661</b>

Notes:

(1) Acquisition of 2 freehold industrial lands located at Seelong, Johor (Seelong Land 1 and Seelong Land 2) for future use. Kindly refer to Sections 6.16(ii), 6.16(iii), 6.17.1(v) and 6.17.1(vi) for further details.

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

- (2) Mainly comprising the purchase of 1 unit of CNC machine (RM0.10 million) used to cut compact panels and engrave decorative boards and installation of roller shutter at Skudai HQ (RM0.13 million).
- (3) Comprising the purchase of 1 unit of passenger car (RM0.64 million) and 2 units of lorries (RM0.23 million) during FYE 2022. All motor vehicles set out above are purchased via finance lease.
- (4) Purchase of office equipment, furniture and fittings for our Skudai Factory – Building 1, Skudai HQ and Subang Sales Office.
- (5) Renovation works carried out mainly in our Subang Sales Office.
- (6) Right-of-use assets resulting from the application on the MFRS 16 for leases entered into by our Group for tenure of more than 1 year comprising:
- (i) FYE 2020 – acquisition of a leasehold land and building (Subang Sales Office). Kindly refer to Section 6.17.1(iii) for further details;
  - (ii) FYE 2021 – acquisition of a leasehold land and building (Skudai Factory). Kindly refer to Sections 6.16(i) and 6.17.1(iv) for further details;
  - (iii) FPE 2023 – rental of warehouse. Kindly refer to Section 6.17.2 for further details; and
  - (iv) FPE 2023 and up to the LPD – construction of our Skudai Factory – Building 2. Kindly refer to Section 6.17.1(iv) for further details.

The material investments set out above were primarily financed by a combination of lease liabilities, term loans and internally generated funds.

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past 3 FYEs 2020 to 2022, FPE 2023 and up to the LPD:

<b>Description</b>	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FPE</b>	<b>From 1</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>October</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>2023 up</b>
					<b>to the</b>
					<b>LPD</b>
					<b>RM'000</b>
Property, plant and equipment comprising:					
Machinery and equipment	7	59	-	-	-
Motor vehicles	-	67	(1) 389	-	-
Office equipment, furniture and fittings	6	32	-	1	3
Renovation	-	61	-	-	-
Computer equipment	-	-	-	-	7
Right-of-use assets comprising:					
Factory building	-	(2) 288	-	-	-
	<b>13</b>	<b>507</b>	<b>389</b>	<b>1</b>	<b>10</b>

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

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Notes:

- (1) Comprising the disposal of 1 unit of passenger car to a non-related party during FYE 2022.
- (2) We relocated from a building leased from a third party to the Subang Sales Office. Resulting from the cessation of this lease, the right-of-use asset of RM0.29 million was derecognised.

Kindly refer to Section 11.6.1 for details of our material capital commitments as at the LPD.

**6.5 PUBLIC TAKE-OVERS**

Since our incorporation up to the LPD, there were:

- (i) No public take-over offers by third parties in respect of our Shares; and
- (ii) No public take-over offers by our Company in respect of other companies' shares.

As at the LPD, we have not identified any other companies' shares for acquisition.

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

### 6.6 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

We are principally involved in the marketing and sales of our own brands of surface decorative products. We also undertake the design of surface decorative products internally as well as in collaboration with third-party décor paper suppliers.

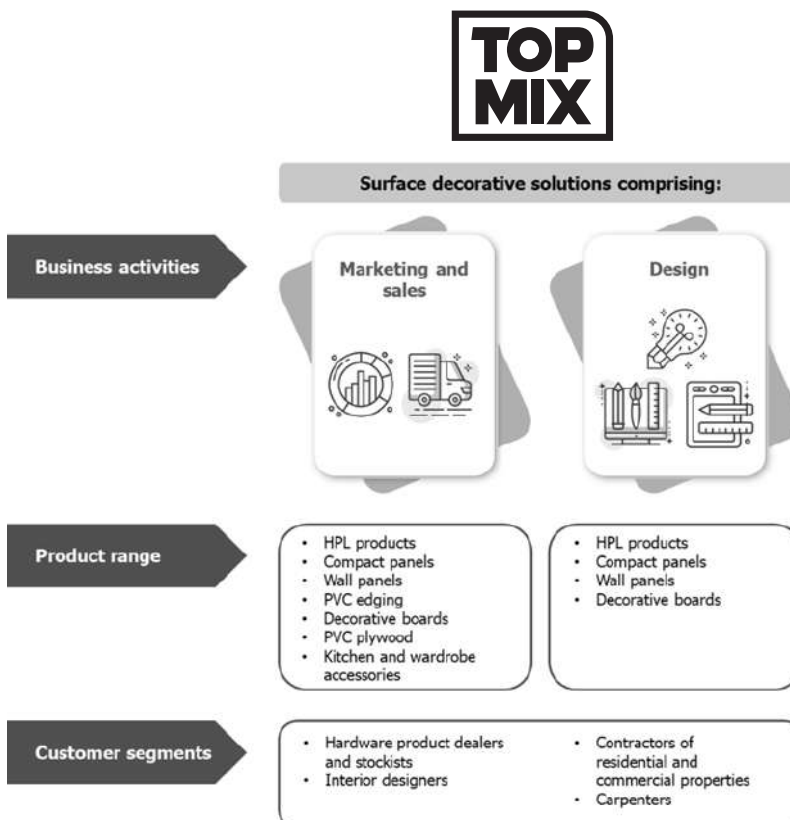
Our surface decorative products mainly comprise HPL products. We also market and sell compact panels, PVC edging, wall panels, decorative boards and PVC plywood. Our surface decorative products are used in a variety of commercial and residential interior surface applications, including wall panels, counter tops, table tops, furniture as well as fixtures and displays.

In addition, we import and distribute surface decorative accessories (comprising kitchen and wardrobe accessories) in Malaysia, and hold the exclusive dealership to the STARAX range of kitchen and wardrobe accessories, which are complementary to our current range of surface decorative products as it allows us to offer customers a more holistic and seamless design and product range for kitchens, living rooms and bedrooms.

We also offer consultation and installation works for compact panel products, in selected instances based on the requirements of our customers, primarily comprising interior designers. We leverage on our internal team of installers as well as third-party installers for installation works depending on the complexity level and location of installation site.

Our customers comprise hardware product dealers and stockists, interior designers, contractors of residential and commercial properties and carpenters.

Our current business model is as depicted below:

















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

Our range of surface decorative brands and products as well as their applications are as illustrated below:

**TOP MIX**

Range of surface decorative solutions:

 <b>HPL products</b>  <ul style="list-style-type: none"> <li>• Counter tops</li> <li>• Table tops</li> <li>• Cabinets</li> <li>• Fixtures</li> </ul>	 <b>Compact panels</b>  <ul style="list-style-type: none"> <li>• Counter tops</li> <li>• Table tops</li> </ul>	 <b>PVC edging</b>  <ul style="list-style-type: none"> <li>• Exposed sides of decorative surfaces</li> </ul>	 <small>(a)</small> <b>Wall panels</b>  <ul style="list-style-type: none"> <li>• Interior wall panels</li> </ul>
 <small>(a)</small> <b>Decorative boards</b>  <ul style="list-style-type: none"> <li>• Interior walls</li> <li>• Fixtures</li> </ul>	 <b>PVC plywood</b>  <ul style="list-style-type: none"> <li>• Furniture carcasses</li> </ul>	 <b>Accessories</b>  <ul style="list-style-type: none"> <li>• Kitchen</li> <li>• Wardrobe</li> </ul>	

Note:

- (a) The trademark applications were submitted on 26 October 2022 and are pending approval as at the LPD.

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

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### **6.6.1 Our business activities**

#### **(i) Marketing and sales of surface decorative products and accessories**

We are principally involved in the marketing and sales of surface decorative products and accessories. Our main surface decorative products are HPL products. We also market compact panels, PVC edging, wall panels, decorative boards and PVC plywood as well as kitchen and wardrobe accessories.

We provide our customers with a wide range of surface decorative products in terms of designs, textures and colour. We have surface decorative products of various price ranges to meet the requirements of our customers.

Our HPL products are marketed under the TOPMIX brand, while compact panels and PVC plywood are marketed under the DEKOTOP and TOPPLY brands. The trademarks for the TOPMIX, DEKOTOP and TOPPLY brands are owned by our Group. We also market our PVC edging, wall panels and decorative boards under DEKOEDGE, DEKOWALL and DEKOBORD brands. The trademark for DEKOEDGE has been registered while the trademark applications for DEKOWALL and DEKOBORD have been submitted and are pending approval as at the LPD.

Our main surface decorative products are HPL products. We carry the following categories of HPL products:

##### **(a) Generic HPL products**

We primarily source and procure generic HPL products from OEMs of HPL products. We select generic HPL products that are versatile in complementing commercial and residential décor themes, and add elegance and sophistication to the space being decorated. These generic HPL products are typically in solid pastel colours and have some texture imprinted on the surface of the product. As we are able to generate consistently high sales from our customers, we continue to offer generic HPL products as part of our surface decorative product range.

We only purchase finished generic HPL products from our OEMs. We do not purchase décor paper as it is an intermediate raw material used in the manufacturing activities of our OEMs. However, our OEMs will (i) design and manufacture the generic décor paper used in our HPL products in-house and/or (ii) procure the décor paper for generic HPL products from third-party décor paper suppliers, who then supply the manufactured décor papers to our OEMs for the manufacture of finished products.

Our OEMs supply finished generic HPL products to our Group on an exclusive basis, whereby they are not able to sell, market and distribute these generic HPL products to any other third party in Malaysia.

We market and distribute generic HPL products to hardware product dealers and stockists nationwide in Malaysia. We also market our generic HPL products to interior designers, contractors of residential and commercial properties and carpenters. Our Group does not have exclusivity to the designs of generic HPL products that we market.

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

Some of the generic HPL products that we market are as follows:



(b) Jointly designed HPL products, in collaboration with third-party décor paper suppliers

We market a range of jointly designed HPL products for which our Group has exclusive rights to the colourways of décor paper used in the production of our HPL products in Malaysia. Colourways refer to the colour or combination of colours in which a given pattern is printed on décor paper. In this respect, our third-party décor paper suppliers have undertaken (via written confirmations) that (i) any specific design sold to Topmix Resources are completely exclusive in the Malaysia market and (ii) that the third-party décor paper suppliers shall not direct, or indirectly, initiate or encourage, any offers or proposals relating to the sale of colourway exclusively granted to Topmix Resources in the Malaysia market.

The third-party décor paper suppliers that we collaborate with are:

- I.Decor Exp. Imp Co. Ltd
- Impress Diseno Iberia, S.A.
- Schattdecor SE
- Lamigraf, S.A.
- Interprint Décor (Malaysia) Sdn Bhd
- Surteco Pte Ltd
- LOMA s.r.l. (Confaloneori)
- Chiyoda Europa NV
- Industrias Losan, S.A. (MIMMETIC)

Our OEMs are responsible for procuring jointly designed décor paper from third-party décor paper suppliers as they are intermediate raw materials in the manufacturing activities of our OEMs. We do not directly purchase décor paper from third-party décor paper suppliers. We only procure finished jointly designed HPL products from our OEMs. The design and manufacture of décor paper for jointly designed HPL products is undertaken by third-party décor paper suppliers, who then supply the manufactured décor papers to our OEMs for the manufacture of finished products.

Third-party décor paper suppliers supply jointly designed décor paper for our Group on an exclusive basis, whereby they are not able to market and sell these jointly designed décor paper to any other third party in Malaysia.

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

Our OEMs supply finished jointly designed HPL products to our Group on an exclusive basis, whereby they are not able to sell, market and distribute these jointly designed HPL products to any other third party in Malaysia.

We market and distribute our jointly designed HPL products to hardware product dealers and stockists nationwide in Malaysia. Our jointly designed HPL products are also made available to interior designers, contractors of residential and commercial properties and carpenters.

Some of the jointly designed HPL products that we market are as follows:

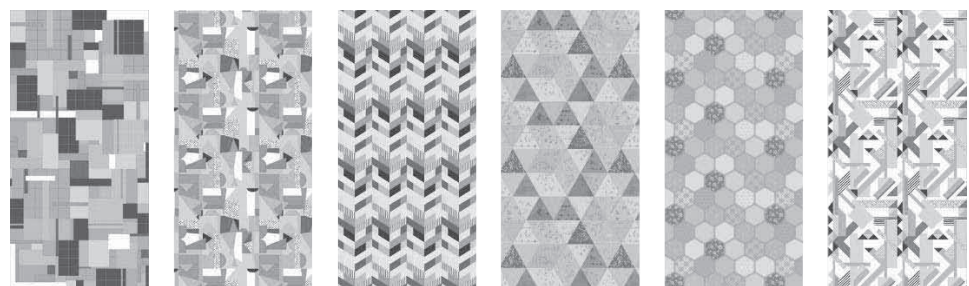


Please refer to Section 6.6.1(ii)(a) for further details on the process that our Group undertakes involving third-party décor paper suppliers and OEMs for our joint design activities.

(c) Internally designed HPL products

We offer customers customised designs HPL products based on their requirements and specific preferences. In these instances, we are engaged by customers to undertake customised HPL product design with limited production volume.

Some of our internally designed HPL products that we market are as follows:



Please refer to Section 6.6.1(ii)(b) for further details on the process that our Group undertakes involving OEMs for our internal design activities.



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

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We renew our collection of surface decorative products periodically by launching and marketing 80 to 100 new product designs every 2 to 3 years. As at the LPD, our range of surface decorative products that we market comprises approximately 480 designs in our catalogue, of which approximately 190 HPL designs are unique and exclusive to our Group in Malaysia, as our Group has exclusive rights to the colourways of décor paper used in the production of these HPL products in Malaysia.

We also market a range of kitchen and wardrobe accessories under the STARAX brand. We have been appointed as the exclusive dealer of STARAX kitchen and wardrobe accessories in Malaysia by Star Mutfak ve Mobilya AKS SAN.TIC.A.S. for the period from 3 March 2022 to 31 December 2024. The exclusive dealership is expected to be further extended by another 3 years after its expiry.

Our Group's marketing approach has enabled us to acquire a wide range of customers ranging from local hardware product dealers and stockists as well as interior designers, contractors of residential and commercial properties and carpenters.

Our customer acquisition and retention activities are aimed at attracting long term customers. We aim to build and maintain relationships with our customers through our business development and marketing activities so as to cultivate loyal customers that continue to procure surface decorative products from our Group. We continuously build and improve our marketing strategy using feedback from our customers. We aim to improve marketing efficiencies as we continue to develop our product range, increase brand awareness and improve repeat order rates.

Our marketing strategy can be divided into the following categories:

**(aa) Brand marketing**

Our brand marketing strategy is a long-term plan to increase the position and perception of our brands in the market.

We aim to make our surface decorative products accessible to consumers at affordable prices. As such, we have curated our brands to represent quality, durability and affordable products that are underpinned by exclusive designs. In particular, the TOPMIX and DEKOTOP brands represent a range of HPL products and compact panels of multiple designs, textures and price points.

We create brand and product awareness through publication of product catalogues, brochures and flyers, product presentations, participation in trade exhibitions and digital marketing. Please refer to Section 6.11 for further details on our business development and marketing activities.

**(bb) Other marketing**

Other marketing principally consists of social media activities and showrooms that we use to showcase our surface decorative products and accessories, and increase brand awareness.

As at the LPD, we have 2 showrooms which are located in our Skudai HQ and Subang Sales Office.

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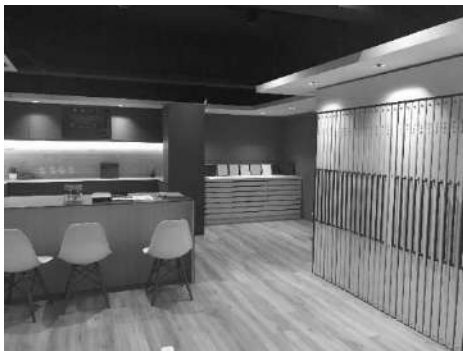
**6. INFORMATION ON OUR GROUP (Cont'd)**

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**Our Skudai HQ showroom**



**Our Subang Sales Office**



We distribute our surface decorative products and accessories to a large base of hardware product dealers and stockists nationwide in Malaysia. We also supply our surface decorative products and accessories to interior designers, contractors of residential and commercial properties and carpenters.

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

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Hardware product dealers typically order surface decorative products from our Group when they receive corresponding orders from their customers. Comparatively, stockists typically order a wide range of surface decorative products from our Group and in larger volumes for subsequent sales to their customers. Stockists may operate their own retail chain of outlets or supply our surface decorative products to other hardware product dealers, interior designers, contractors of residential and commercial properties and/or carpenters. Thus, purchase orders from stockists are generally for a minimum volume of 1 pallet (comprising approximately 300 units) of surface decorative products, while purchase orders from hardware product dealers typically do not exceed the volume of 1 pallet.

We also undertake consultation and installation works for compact panel products, in selected instances based on the requirements of our customers, primarily comprising interior designers. We leverage on our internal team of installers as well as third-party installers for installation works depending on the complexity level and location of installation site.

**(ii) Joint design of surface decorative products**

Our product design process involves extensive engagements and interactions with local interior designers to understand the needs, requirements and preferences of local consumers. Through this, our Marketing and Sales team is able to identify market opportunities, consumer preferences as well as latest lifestyle and fashion trends. This enables us to build a portfolio of surface decorative products that meet the preferences of our local customers and consumers in terms of design, textures and colours. We maintain an in-house repository of all our product designs, which also serve as inspiration for future product designs.

We undertake joint product design together with our third-party décor paper suppliers, as well as internal product design (as set out in Section 6.6.1(ii)(b) below).

**(a) Joint design of HPL products, compact panels and wall panels**

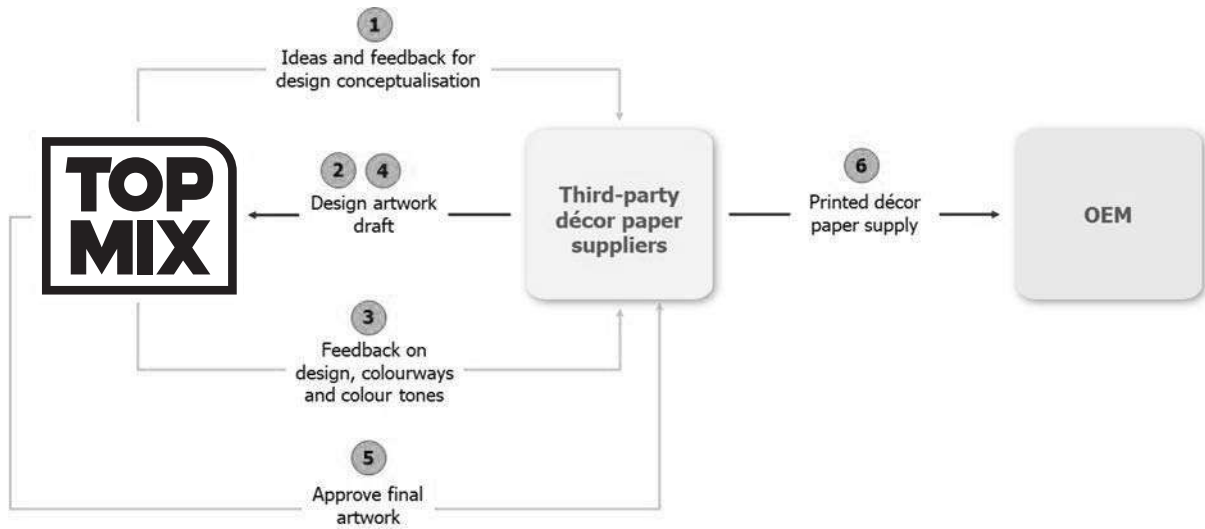
We collaborate with third-party décor paper suppliers to jointly design the décor papers that are used in HPL products, compact panels and wall panels.

Under this model, our third-party décor paper suppliers will develop the designs of décor paper. Our Group's Business and Product Design team will provide feedback on design, colourways and colour tones of the décor paper based on the preferences of the local market.

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

The process that our Group undertakes involving third-party décor paper suppliers and OEMs for our joint design activities is illustrated below:



1. Our Business and Product Design team draws inspiration for new designs, textures and colours from our observations of local market trends and consumer preferences, current lifestyle and fashion trends from the local and foreign markets, as well as feedback from interior designers and consumers.

Our Business and Product Design team identifies motifs or features that our target consumers would value and provides feedback to third-party décor paper suppliers for incorporation in subsequent new designs of HPL products, compact panels and wall panels.

2. The third-party décor paper suppliers will develop the draft design artwork of the décor paper. They will subsequently send the draft design artwork files to our Business and Product Design team for feedback on design, colourways and colour tones.
3. Our Business and Product Design team will provide feedback on design, colourways and colour tones of the draft design artwork.
4. The third-party décor paper suppliers will incorporate our feedback in the final design of décor paper. They will subsequently send the draft design artwork files to our Business and Product Design team for approval.
5. The draft design artwork that is approved by our Business and Product Design will become the final artwork. We will send the approved final artwork to the third-party décor paper suppliers.
6. The third-party décor paper suppliers will print the décor paper. Printed décor paper supplies will be delivered to our OEMs for manufacturing activities.

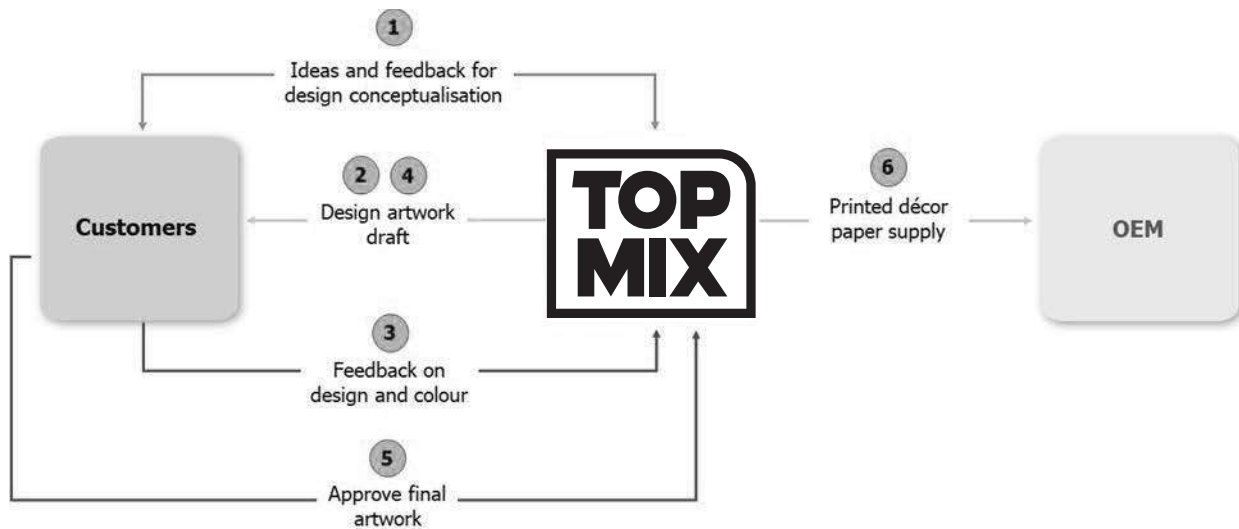
Our Group has exclusive rights to the colourways of décor paper used in the production of our HPL products, compact panels and wall panels in Malaysia.

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

### (b) Internal design of HPL products and decorative boards

Our Business and Product Design team also undertakes product design for décor paper used in HPL products and decorative boards. This is specific to instances where we are engaged by our customers or consumers for customised design with limited production volume.

The process that our Group undertakes involving OEMs for our internal product design activities is illustrated below:



1. Our Business and Product Design team seeks to understand the requirements of our customers including consumer preferences, purpose and placement of the product in a particular building. Customers may also provide ideas and feedback to our Business and Product Design team for incorporation in the product design.
2. Our Business and Product Design team will develop the draft design artwork of the décor paper. They will subsequently send the draft design artwork files to our customers for feedback on design and colour tones.
3. Our customers will provide feedback on design and colour tones of the draft design artwork.
4. Our Business and Product Design team will incorporate feedback from customers in the final design of décor paper. They will subsequently send the draft design artwork files to the customers for approval.
5. The draft design artwork that is approved by our customers will become the final artwork.

In instances where the production volume requirement is limited (i.e. less than 50 units), we will typically print the décor paper internally. However, in instances where the production volume is more than 50 units, we will send the final artwork to third-party décor paper suppliers who will print the décor paper based on our volume requirement. As at the LPD, the production volume requirement for our internal designs have not exceeded 50 units, and as such we are able to print the décor papers internally. In respect of internal designs

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








to be outsourced to third-party decor paper suppliers for printing, we will incorporate a copyright notice in our purchase order, which allows us to enforce our rights in the event of violation.

6. Printed décor paper supplies will be delivered to our OEMs for manufacturing activities.

As at the LPD, our Business and Product Design team comprises 6 employees under the leadership of Tan Lee Hong, our Executive Director. The designs made by our Business and Product Design team belong to our Group.

### 6.6.2 Our range of products

Our surface decorative products and accessories are as follows:

Brands	Products	Description
	HPL	Decorative laminate produced from melamine overlay, melamine impregnated décor paper and kraft paper, suitable for various applications
	Compact panels	A class of thicker HPL suitable for high-impact applications
	PVC edging	Thin and narrow PVC strips to cover sides of exposed decorative surfaces
 <sup>(a)</sup>	Wall panels	Easy-to-install impact resistant decorative wall panels suitable for renovation and refurbishment projects
 <sup>(a)</sup>	Decorative boards	Engraved PVC foam boards suitable for decorative and interior design purposes
	PVC plywood	A composite material formed from veneer sheets and resin laminated with PVC films, suitable for furniture making
	Kitchen and wardrobe accessories	Space-saving kitchen and wardrobe accessories to complement our surface decorative products

Note:

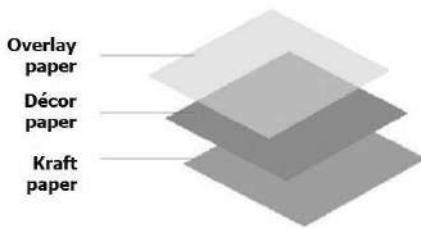
- (a) The trademark applications were submitted on 26 October 2022 and are pending approval as at the LPD.

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

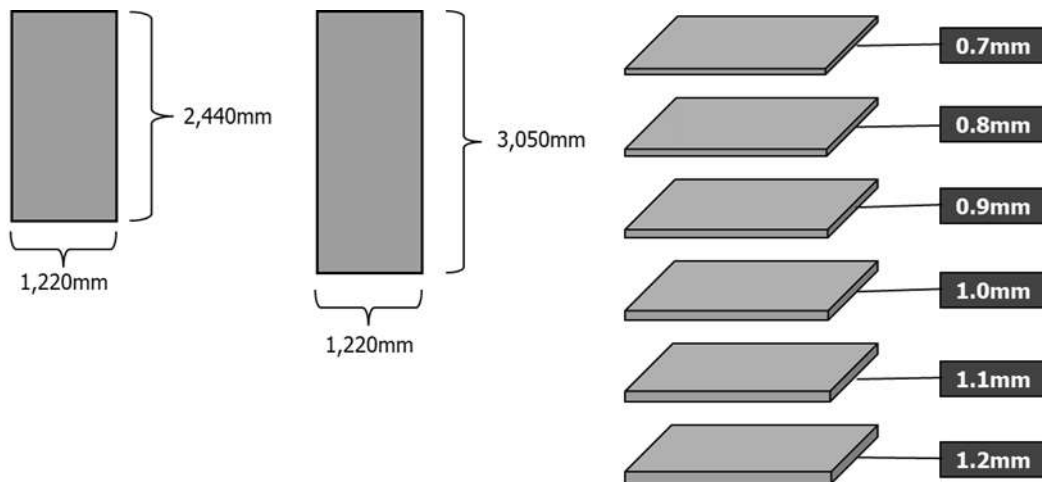
A detailed description of our surface decorative products and accessories are as follows:

**(i) HPL products**



HPL is a laminated product primarily used as a decorative surface. It is made up of an overlay paper, a layer of décor paper (printed paper with various patterns and designs for the surface appearance) and several layers of kraft paper (heavy weight unprinted paper acting as the base). These layers are forcibly cured under pressure and heat and hence fused together to form a laminate that is then bonded to a substrate, such as plywood, particleboards and medium-density fibreboards (MDF), as a decorative surface.

Our HPL products are marketed under the TOPMIX brand. Our HPL product lines are available in a variety of solid colours and woodgrain patterns. They are available in dimensions of 1,220mm x 2,440mm and 1,220mm x 3,050mm as well as thickness ranging from 0.7mm to 1.2mm.



Our HPL products are certified to have low chemical emissions, indicating that they are low in formaldehyde emissions, thus environmentally-friendly and safe to be used. Formaldehyde is a common indoor air pollutant and a type of volatile organic compound (VOC), which is a carbon-based chemical that easily becomes vapour or gas, that can cause irritation to one's eyes, nose, throat and skin as its level increases. Our HPL products are scuff and wear-resistant, stain and mark free, impact-resistant and water-resistant. They are also certified to have fire retardant, antibacterial and antiviral properties, making them durable and easy to maintain.

Our Group's HPL products have been certified compliant with the UL GREENGUARD and GREENGUARD Gold Certification (since year 2015), Singapore Green Label (since year 2015) and MyHIJAU standards (since year 2022). The abovementioned certifications are applicable to our generic, jointly designed and internally designed HPL products. Additional information on our products' certifications are set out in Section 6.15.1.

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

### (ii) Compact panels

Compact panels, also known as compact laminates or phenolic resin sheets, are a class of HPL that has a thickness of over 2mm. The added thickness and density give compact panels a higher level of impact resistance and structural integrity, making it suitable to be used in areas with high traffic. While HPL is designed to be bonded to supporting substrates, compact laminates thicker than 5mm are solid grade and self-supporting, and thus do not require a layer or substrate to hold it firm during installation.

Our compact panel products are marketed under the DEKOTOP brand and have features such as thermal self-healing, low light reflection, anti-fingerprint, water repellent, scuff resistance and fire retardant. They have an ultra-matte surface that is easy to maintain. Our compact panel products are suitable for application as wall fixtures, table tops as well as counter tops.

### (iii) PVC edging

Edge banding is a thin and narrow strip of decorative finishing product used to cover the exposed rough sides of surface products such as HPL and wood panels. It provides a smooth transition from the surface to the edge of surface products and hence improves their appearance for aesthetic purposes. It also serves a functional purpose, as it acts as a barrier against dirt and moisture, thus improving the overall durability and longevity of the surface.



Our PVC edging products are marketed under the DEKOEDGE brand. They are available in roll form with the length of 100m, width of 23mm and 46mm as well as solid colours, patterns and woodgrains.

### (iv) Wall panels

Wall panels are single pieces of materials that serve as coverings of the wall for aesthetic purposes. They are usually flat and cut into specific shapes, such as squares, rectangles and hexagons, and are glued or attached to the wall to form a uniform design. Decorative wall panels are installed over walls to add aesthetic appeal, while other types of wall panels serve functional or structural purposes such as insulation and soundproofing. Wall panels are a popular option for wall coverings as they are durable as well as easy to clean and maintain. They are considered cost-effective in the long run as they only require a one-time installation and minimal upkeep, in addition to being easy to replace, compared to paint or other finishing materials that may require regular reapplications and touch-ups.

We market our wall panel products under the DEKOWALL brand. Our wall panels are lightweight. They provide a time-saving and cost-effective wall covering solution as they can be installed directly onto existing walls or over tiles, making them suitable for renovation and refurbishment projects. They are also water-resistant, antiviral, antibacterial, fire retardant, impact-resistant as well as stain and scuff-resistant. All of the features enable our wall panels to be appropriate for a variety of interior design applications in households such as living rooms, kitchens and bathrooms, commercial buildings such as hotel lobbies, lifts and retail stores and public sector buildings such as educational institutions and healthcare facilities.



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

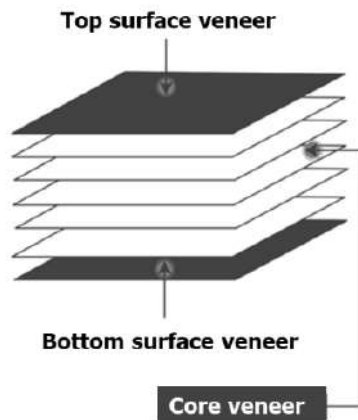
**(v) Decorative boards**



PVC foam board is a rigid, lightweight and easy-to-fabricate board used in various commercial and residential applications, such as door panels, partitions and sign boards. It is made from a mixture of PVC resin and foaming agents such as calcium powder and additives foamed at high temperatures and pressed into shape. It comes with a variety of grades/densities, offering options for short-term or long-term applications. It can be machine saw cut, die cut, printed, painted, mounted and laminated. It can be recycled and is generally considered to be an eco-friendlier option than wood.

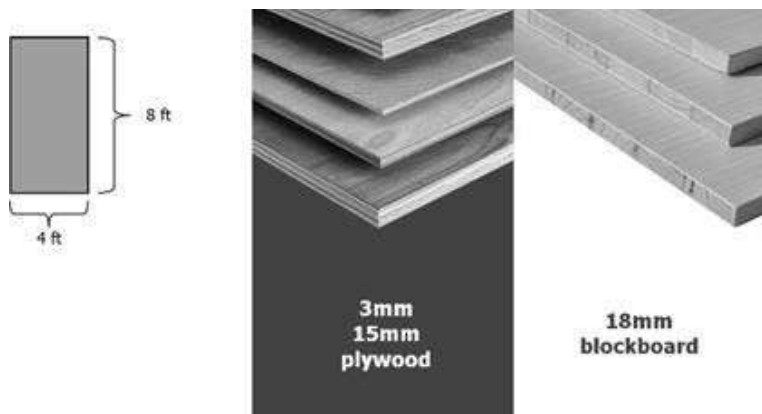
We market both non-engraved PVC foam boards and engraved PVC foam boards under the DEKOBBOARD brand. Our engraving services are included in the product pricing. Our decorative board products are intended for wall decorations and various other interior design purposes. They are anti-termite, antifungal, odourless, water-resistant, heat-resistant, easy to clean as well as resistant to weather, shock and abrasion. Such features ensure the durability and ease of maintenance of our decorative board products. Our decorative board products are available in super matte finishing, soft touch surface, anti-fingerprint properties which make it suitable for a variety of horizontal and vertical applications.

**(vi) PVC plywood**



A plywood is a composite material formed by binding resin and veneer sheets. It is produced by gluing and compressing three or more odd number of sheets of veneer (thin sheets of wood with uniform thickness) together that is laminated with decorative PVC, with the grains of adjacent veneer sheets glued at right angles for strength.


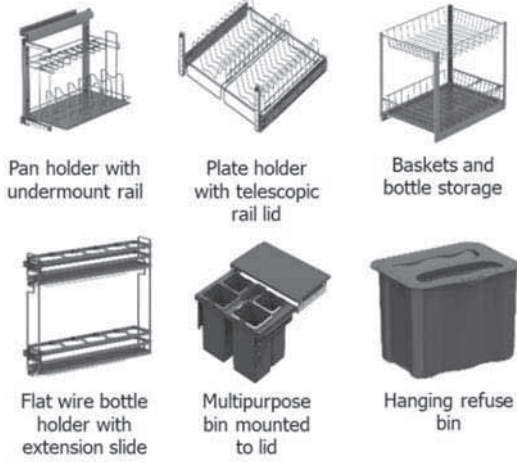


Our PVC laminated plywood products are marketed under the TOPPLY brand. They are available in a variety of designs and surfaces as well as matching edging and are supplemented with matching screw stickers. They come in the size of 4 ft x 8 ft and are available in thicknesses of 3mm, 15mm and 18mm for a variety of furniture carcass applications.












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

**(vii) Kitchen and wardrobe accessories**

We are the exclusive dealer of STARAX, a Turkish brand of kitchen and wardrobe accessories, in Malaysia. The STARAX range that we distribute are space-saving kitchen and wardrobe accessories.

<b>Product group</b>	<b>Components</b>	<b>Application</b>
Larder	 <p>Telescopic larder      Twin larder</p>	Food storage solution
Under workbench	 <p>Pan holder with undermount rail      Plate holder with telescopic rail lid      Baskets and bottle storage</p> <p>Flat wire bottle holder with extension slide      Multipurpose bin mounted to lid      Hanging refuse bin</p>	Food and utensil storage solution
Under workbench corner	 <p>Corner holder mounted to lid      Anti slip corner turn board</p>	Cabinet cookware storage solution
Inside cupboard shelf	 <p>Anti-slip surface shelf lift</p>	Food and utensil storage solution

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

<b>Product group</b>	<b>Components</b>	<b>Application</b>
Wardrobe	 Turning mirror  Turning shoe rack with telescopic rail  Iron holder	Apparel and footwear storage
	 Folding iron board  Telescopic rail aluminium trouser rack  Wire shelf with telescopic rail	
	 Shelf unit with rail  Aluminium drawer with telescopic rack  Shoe holder	

The STARAX kitchen and wardrobe accessories complements our current range of surface decorative products as it allows us to offer customers a more holistic and seamless design and product range for kitchens, living rooms and bedrooms.

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

### 6.6.3 Key machinery and equipment

A summary of the key machinery and equipment owned and used by us are set out below:

<b>Machinery and equipment</b>	<b>Function</b>	<b>No of units</b>	<b>Average lifespan (years)</b>	<b>Average age (years)</b>	<b>NBV as at 30 September 2023 RM'000</b>
CNC machine	To cut compact panels and engrave decorative boards	2	10	3.5	108

We utilise CNC machines to cut compact panels and engrave specific designs onto decorative boards for our customers. These designs may either be provided to us by our customers, or developed by our Business and Product Design team based on the requirements of our customers.

### 6.6.4 Principal business segments and markets

The breakdown of our Group's revenue segmentation by product category is as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
HPL products <sup>(1)</sup>	25,166	91.44	36,032	93.36	62,089	94.38
Other surface decorative products <sup>(2)</sup>	1,492	5.42	1,521	3.94	3,402	5.17
Kitchen and wardrobe accessories	863	3.14	1,042	2.70	299	0.45
	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>
	<b>Unaudited</b>		<b>Audited</b>			
	<b>FPE 2022</b>		<b>FPE 2023</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
HPL products <sup>(1)</sup>	44,078	95.07	48,041	94.13		
Other surface decorative products <sup>(2)</sup>	2,070	4.47	2,718	5.33		
Kitchen and wardrobe accessories	215	0.46	278	0.54		
	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>		

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

Notes:

(1) HPL products comprising:

HPL Products	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Generic HPL	20,307	80.69	26,947	74.79	45,694	73.59
Jointly designed HPL	4,856	19.30	9,067	25.16	16,366	26.36
Internally designed HPL	3	0.01	18	0.05	29	0.05
	<b>25,166</b>	<b>100.00</b>	<b>36,032</b>	<b>100.00</b>	<b>62,089</b>	<b>100.00</b>

HPL Products	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Generic HPL	32,762	74.33	35,128	73.12
Jointly designed HPL	11,306	25.65	12,890	26.83
Internally designed HPL	10	0.02	23	0.05
	<b>44,078</b>	<b>100.00</b>	<b>48,041</b>	<b>100.00</b>

(2) Comprising compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

The breakdown of our Group's revenue segmentation by principal markets is as follows:

Countries	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	27,444	99.72	38,513	99.79	65,703	99.87
Indonesia	30	0.11	62	0.16	36	0.05
Singapore	47	0.17	13	0.03	22	0.03
Sri Lanka	-	-	7	0.02	17	0.03
Philippines	-	-	-	-	12	0.02
	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>

Countries	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Malaysia	46,303	99.87	51,010	99.95
Indonesia	36	0.07	5	0.01
Singapore	12	0.03	22	0.04
Sri Lanka	-	-	-	-
Philippines	12	0.03	-	-
	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>

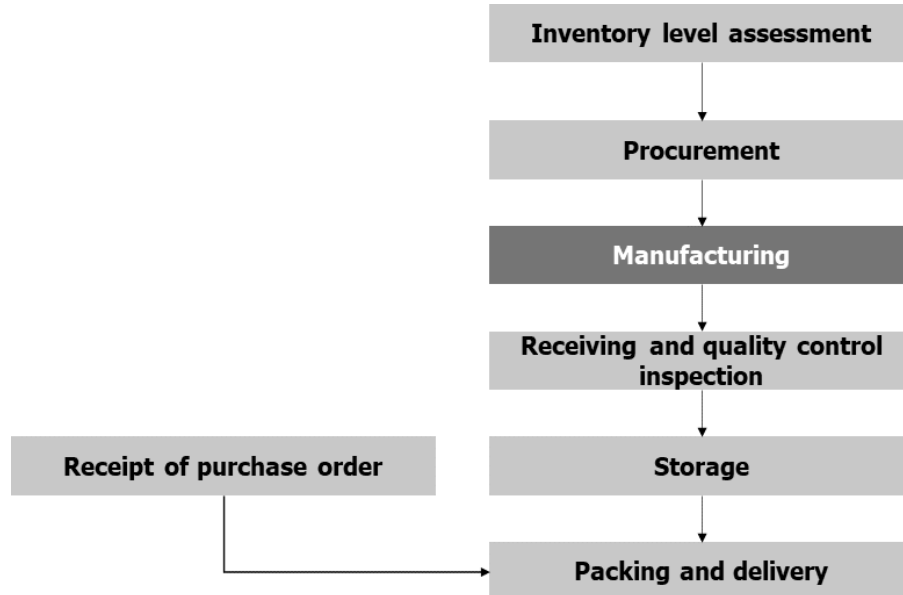
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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.7 DESCRIPTION OF OUR BUSINESS

#### 6.7.1 Our business processes

A summary of the process flow that we undertake for our Group's core HPL products are as illustrated below:



#### (i) Generic and jointly designed HPL products

##### (aa) Inventory level assessment

We will conduct inventory level assessment on a weekly basis and identify the HPL product designs to be replenished. The inventory level at which each range of product is to be replenished depends upon the turnover rate of the product and the lead time required for the product to arrive, minimum quantity required for the order, and pricing of the product.

##### (bb) Procurement

Our Group will issue purchase orders to OEMs for the replenishment of HPL products.

For clarity, our Group does not directly purchase décor paper from third-party décor paper suppliers as they are intermediate raw materials used in the production of HPL products. Thus, our OEMs are responsible for procuring jointly designed décor paper from third-party décor paper suppliers, and they also design and manufacture generic décor paper as part of their manufacturing process. We only procure finished HPL products from OEMs.

##### (cc) Manufacturing

We select our OEMs based on their ability to manufacture the designs, colours and textures that we require, meet our quality and volume requirements, and offer after-manufacturing support in terms of warranty for manufacturing defects.

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

The manufacturing process of HPL products that is carried out by our OEMs is as illustrated below:



Our OEMs receive the printed décor papers. Our OEMs will procure other required raw materials, namely overlay paper, kraft paper and adhesives.

Décor paper provides the pattern, woodgrain or solid colour for a sheet of laminate. Overlay paper gives laminate its surface strength and scratch resistance. Overlay paper is saturated with melamine resin, cured and cut to size. Both décor paper and overlay paper may be stored in rolls or cut to sheet size and stored until needed. Sheets of décor paper and overlay paper are pulled and assembled in sets based on production run needs.

At the same time, the kraft paper, which makes up the core of laminate, undergoes a similar process. Kraft paper arrives in bulk and is placed in a paper storage area. The kraft paper is taken to the phenolic treater, where it is saturated with phenolic resin, cured and rolled or cut to size. The kraft paper is then assembled based on the sheet laminate thickness.

Décor paper, overlay paper and kraft paper are assembled at the press and heated under high heat and pressure (hence the name high pressure laminate). The décor and kraft papers are then sandwiched between two stainless steel textured plates, which impart the tactile finish (such as gloss, matte or patterned textures) on the completed laminate sheet.

Once the press cycle is complete, the HPL sheets are taken to a sander. The edges of each sheet are trimmed, and the back is sanded to provide better adhesion in fabrication.

HPL sheets are then cut to size, typically in 4 ft x 8 ft. The result is finished HPL products, which are stored prior to packing and delivery

### (dd) Receiving and quality control inspection

The OEMs will deliver our orders of HPL products to our Skudai HQ.

Upon receiving delivery of HPL products, we will conduct inspection on the product type, quantity and quality to ensure that the products received are in accordance with the purchase order and are in good condition.

If the product type and quantity received are not in accordance with the purchase order and/or products are found to have defects, we will notify the OEMs immediately. We will communicate with the OEMs for the replacement of products or refunds.

### (ee) Storage

Thereafter, the HPL products will be stored in our warehouse, according to their allocated shelves and/or bays. We will immediately update the inventory level in SQL Software, our inventory accounting system. Concurrently, we will update the product pricing when there is a revision of price from OEMs.

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

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**(ff) Receipt of purchase order**

Upon receiving enquiries from customers, we will check our inventory on the availability and price of the enquired products. A quotation based on the types and quantity of products requested will be provided to our customers.

Upon the acceptance of quotation, our customers will place a purchase order with us on the types, quantity required and timing of delivery.

**(gg) Packing and delivery**

Confirmed orders will be forwarded to our warehouse personnel to pack and prepare the products for delivery to our customers.

The delivery orders will then be processed and we will arrange for in-house delivery or third-party logistics depending on the location. Logistical costs are either borne by us or by our customers, subject to the location of delivery and order volume.

We bear the transportation cost within Peninsular Malaysia for deliveries using our in-house delivery vehicles, as well as for deliveries within Peninsular Malaysia using third-party logistics for orders with a minimum volume of 6 units. Our customers will bear the transportation cost for deliveries of orders with volume below 6 units.

For deliveries to East Malaysia, our Group will bear the sea freight transportation costs for orders with a minimum volume of 250 units. Our customers will bear the sea freight transportation cost for deliveries of orders with volume below 250 units.

**(ii) Internally designed HPL products**

For internally designed HPL products, we are engaged by our customers or consumers for customised design with limited production volume.

As such, our procurement activities will only commence once we have received a purchase order from our customers or consumers and they have approved the design artwork.

Thereafter, the business processes of manufacturing, receiving and quality control inspection, storage, packing and delivery processes that we undertake for internally designed HPL products are similar to that we undertake for generic and jointly designed HPL products. Please refer to Section 6.7.1(i)(cc) to (gg) for further details on the manufacturing, receiving and quality control inspection, storage, packing and delivery processes.

**6.7.2 Operating capacities and output**

As our Group does not undertake any material manufacturing or processing activities, conventional measures of production capacity and utilisation are not relevant to our operations.



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

### 6.7.3 Interruption to business operations

Save for the interruptions to our business operations arising from the COVID-19 pandemic, we did not experience any other interruptions to our operations which had a significant effect on our business. The impact on our business operations pursuant to the COVID-19 pandemic is detailed as follows:

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

Our business operations were temporary halted during MCO 1.0 as follows:

	<u>Period of suspension</u>
<b>MCO 1.0</b>	18 March 2020 – 2 May 2020

Upon the uplifting of MCO 1.0, our Group resumed activities in accordance with the specific guidelines and the applicable standard operating procedures, including workforce capacity restrictions.

When movement and workforce capacity restrictions were in place, our sales and marketing activities were not materially affected as we were still able to continue engaging with our existing customers and reaching out to new potential customers. Our Marketing and Sales team was required to work remotely from home when not allowed in office and remain contactable by our customers. Our Marketing and Sales team held virtual product presentations, actively posted on our digital marketing platforms and sent catalogues to our customers by courier.

#### (ii) Impact on our supply chain

We procure products from both domestic and overseas suppliers. We experienced a 2-week delay in obtaining products from one of our suppliers based in Shanghai due to the Shanghai lockdown in 2022. However, the issue was subsequently been resolved as our supplier changed the shipping port from the Port of Shanghai to Port of Ningbo-Zhoushan. Notwithstanding this delay, we were not materially impacted by the disruptions in supply chain as we maintain an inventory level for at least 2 months as our Group's standard practice.

#### (iii) Impact on our business cash flows, liquidity, financial position and financial performance

We do not expect any material impact to the sustainability of our business operations in the foreseeable future as:

- (a) Our business operations have normalised as at the LPD;
- (b) We did not experience any cancellation in purchase orders during the lockdown period;
- (c) Our Group recorded an overall increase in revenue from FYE 2019 to FYE 2022 and FPE 2023 (FYE 2019: RM29.84 million, FYE 2020: RM27.52 million, FYE 2021: RM38.60 million, FYE 2022: RM65.79 million and FPE 2023: RM51.04 million), save for FYE 2020 where the COVID-19 pandemic caused a slowdown in construction and renovation activities due to the operating capacity restrictions that were imposed throughout 2020; and

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

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- (d) As at the LPD, our Group recorded cash and bank balances of RM8.57 million, fixed deposits with licensed bank of RM0.53 million and total banking facilities (including lease liabilities) of approximately RM39.49 million (of which RM25.62 million has been utilised).

We have not experienced any material impact to our cash flows, liquidity, financial position and financial performance from the impact of COVID-19.

We do not anticipate any financial difficulties in meeting our obligations to sustain our business operations in the future.

**(iv) Impact to our business and earning prospects**

The COVID-19 pandemic caused a slowdown in construction and renovation activities decreased during FYE 2020 due to the operating capacity restrictions that were imposed throughout 2020. As a result, our revenue declined from RM29.84 million in FYE 2019 to RM27.52 million in FYE 2020.

As restrictions were eventually lifted and economic activities as well as construction activities increased in 2021. Further, the reopening of the economy spurred the demand for renovation among commercial and residential property owners. As a result, our revenue rebounded significantly by 40.26% in the FYE 2021. Our revenue further increased by 70.44% in FYE 2022 to reach RM65.79 million compared to FYE 2021. For the FPE 2023, our Group recorded a revenue of RM51.04 million.

Premised on the above, we do not expect any material impact to our business and earning prospects.

**(v) Strategy and steps taken to address the impact of COVID-19 pandemic**

As Malaysia has since transited to the endemic phase, our present COVID-19 standard operating procedures include the following:

- (a) Requiring all employees to visit clinics or hospitals for diagnosis and treatment immediately if they have developed any COVID-19 symptoms and have not recovered after being in quarantine for a specified period; and
- (b) Reminding all employees and workers of the importance of health protection and good hygiene practises.

Since the beginning of the COVID-19 pandemic and up to the LPD, the total costs for the implementation of COVID-19 standard operating procedures since the beginning of the pandemic is approximately RM0.05 million, which is not material to our Group.

**(vi) Impact of COVID-19 on our Group under the endemic phase of COVID-19**

There is no material impact on our Group under the endemic phase of COVID-19 and we do not expect any material impact on our Group during this period. Nevertheless, we will continue to implement stringent standard operating procedures as precautionary measures to avoid the spread of COVID-19 in our premises.

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

### **6.8 COMPETITIVE STRENGTHS**

#### **6.8.1 Our product and brand focus have supported our business growth**

Our product evolution has allowed us to position ourselves strategically in the surface decorative market in Malaysia. At the inception of our business, we began by importing ready-made generic HPL products from suppliers in China for our trading and marketing. Over the years through our business dealings, we began engaging and interacting extensively with local interior designers to understand the needs, requirements and preferences of local consumers. We began to see the potential for newer designs based on the latest international design trends to meet the demands of local customers. To meet the local demand, we initiated collaborations with third-party décor paper suppliers to jointly design HPL products under our Topmix brand. This allowed us to increase our product range every 2 to 3 years, for which we release updated product catalogues to inform our customers and consumers on our new HP product designs.

In our 2021/2023 product catalogue release, we added 44 new generic HPL product designs, 46 new jointly designed HPL designs and 11 new internally designed HPL products to our range of HPL products. These new additions have expanded our HPL product range in terms of design options, colourways, colour tones as well as product size configurations. As an illustration, most HPL products are sold to consumers in configurations of 1,220mm x 2,440mm. However, this configuration may not be suitable for properties with high ceilings. Thus, we have expanded our product configuration to also include HPL products with 1,220mm x 3,050mm configuration as this will allow for a more seamless wall finish for properties with high ceilings.

We aim to position ourselves as a total surface decorative products company. To achieve this, we expanded our surface decorative solutions from HPL products to include compact panels, PVC edging, wall panels, decorative boards and PVC plywood which are marketed under our own brands. This allows us to be a one-stop centre for customers who are looking to furnish residential and commercial properties, as we are able to offer them a wide range of different types of surface decorative products.

We believe that our competitive pricing has allowed us to meet the needs of a wider market. As an illustration, our woodgrain series and marble series of HPL products are priced approximately 50% and 60% below those of foreign HPL brands that are available in Malaysia, respectively. This pricing strategy has allowed us to offer HPL products of comparable quality to foreign HPL brands at affordable prices, thereby making our HPL products more accessible to a wider market.

Our product and brand focus have contributed to the growth of our Group, as demonstrated by the growth in our Group's revenue from RM27.52 million in FYE 2020 to RM65.79 million in FYE 2022 and RM51.04 million in FPE 2023. The growth in our Group's revenue was also supported by the resumption of economic activities as well as construction activities in 2021, as we were able to more actively market our surface decorative products in the market.

#### **6.8.2 We have a wide range of surface decorative products for commercial and residential interior surface applications**

Our surface decorative products are used in a variety of commercial and residential interior surface applications, including wall panels, counter tops, table tops as well as fixtures and displays. As at the LPD, our range of surface decorative products that we market comprises approximately 480 designs in our catalogue, of which approximately 190 HPL designs are unique and exclusive to our Group in Malaysia, as our Group has exclusive rights to the colourways of décor paper used in the production of these HPL products in Malaysia.

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

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Our product range is diverse for various interior applications, with an array of design and texture offerings under each product category. We also provide options to customise the designs for some of our products without minimum order quantity as we are committed to meet the specific needs and requirements of our customers and consumers. We also offer customised engraving for customers who have such requirements. Such engraving designs may be provided to us by our customers, or developed by our Business and Product Design team based on preferences and requirements of our customers. Our ability to provide customised designs for our customers has helped us carve a niche for our Group and remain competitive throughout the years.

We also hold inventories of a wide range of surface decorative products which provides us with a competitive advantage to secure and meet customer demand for immediate supply of products. Holding inventory also supports in effective planning and management of delivery schedules according to our customer's timeline.

As a brand owner, we will continue to strive to provide a wide range of surface decorative products of various designs, textures and colours, thereby allowing us to position ourselves favourably among customers.

**6.8.3 We are experiencing growing demand for our jointly designed as well as internally designed HPL products**

Our product design activities have contributed to the growth of our business over the years. It has allowed us to offer a wider range of surface decorative products to customers and consumers.

Approximately 19.31% to 26.88% of our sales for the past 3 FYEs and FPE 2023 are from the sale of jointly designed as well as internally designed HPL products. Between FYE 2020 and FYE 2022, our sales of jointly designed HPL products grew at a CAGR of 83.58%, while our sales of internally designed HPL products grew at a CAGR of 210.91%. Between FPE 2022 and FPE 2023, our sales of jointly designed HPL products grew at a CAGR of 14.01%, while our sales of internally designed HPL products grew at a CAGR of 130.00%. The growth in our sales of jointly designed HPL products and internally designed HPL products was due to the increase in HPL products designs launched by our Group which met the needs, requirements and preferences of local consumers, and our business development and marketing efforts to promote these products.

Our product design process involves extensive engagements and interactions with local interior designers to understand the needs, requirements and preferences of local consumers. Through this, our Marketing and Sales team is able to identify market opportunities, consumer preferences as well as latest lifestyle and fashion trends. This enables us to build a portfolio of surface decorative products that meet the preferences of our local customers and consumers in terms of design, textures and colours. We maintain an in-house repository of all our product designs, which also serve as inspiration for future product designs.

Our Group recognises the importance of providing our customers with up-to-date and innovative designs to suit the latest market trends through our joint and internal product design activities. Hence, we consistently review and update our product catalogue with new designs every 2 to 3 years. Our new designs emphasise on aesthetic appearances as well as eco-friendly attributes. Our customers primarily comprise hardware product dealers and stockists, as well as interior designers, contractors of commercial and residential properties and carpenters who use our surface decorative products in their projects. Our relationships with these customers also serve as a feedback mechanism for us to understand market demand and customer preferences.

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

We will continue to expand our jointly designed and internally designed HPL product segments in order to capture market growth opportunities.

### 6.8.4 We market eco-friendly surface decorative products

As at the LPD, all of our HPL products comply with the UL GREENGUARD and GREENGUARD Gold Certification (since year 2015), Singapore Green Label (since year 2015) and MyHIJAU standards (since year 2022). Products with UL GREENGUARD Certification have been tested and scientifically proven to have low chemical emissions. Further, products that have the Singapore Green Label are environmentally preferred products that meet certain eco-standards. Products that carry the MyHIJAU mark are certified compliant with the Green Label Certification (ISO 14024 Type I ECO-Labels) under Singapore Green Labelling Scheme.

We believe our approach in prioritising eco-friendliness aligns with the increasing awareness for eco-friendly products among our customers and consumers, which influences their purchasing decisions.

### 6.8.5 We have an experienced key senior management team

Our Group is led by an experienced key senior management team that has accumulated years of experience in the surface decorative products industry.

Our Managing Director, Teo Quek Siang, is responsible for the formulation of business strategies and setting the overall business direction of our Group and supervising the key senior management in implementing and achieving our business strategies, and has over 18 years of experience in the surface decorative products industry.

Teo Quek Siang is supported by the following key senior management personnel:

<u>Name</u>	<u>Designation</u>	<u>Years of relevant working experience</u>
Tan Lee Hong	Executive Director	13
Fong Wang Ying	Operations Manager	5
Siow Li Ling	Financial Controller	10
Lee Jia Yong	Marketing and Sales Manager	11

The knowledge and experience of our key senior management will continue to contribute to the growth of our Group.

## 6.9 SEASONAL OR CYCLICAL EFFECTS

We typically experience higher product demand and sales during time periods leading up to festive seasons such as Chinese New Year and *Hari Raya Puasa* when it is common for commercial and residential sectors to undertake renovation and refurbishment projects ahead of festive celebrations.

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

### 6.10 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

The breakdown of the inputs purchased by our Group for the FYEs 2020, 2021, 2022 and FPE 2023 is as follows:

	Countries	FYE 2020 <sup>(1)</sup>		FYE 2021 <sup>(1)</sup>		FYE 2022 <sup>(1)</sup>	
		RM'000	%	RM'000	%	RM'000	%
HPL products	China, Malaysia, South Korea and Thailand	17,758	85.44	21,091	92.69	37,888	90.88
Other surface decorative products <sup>(2)</sup>	China, Malaysia and South Korea	1,256	6.04	976	4.29	3,669	8.80
Kitchen and wardrobe accessories	Malaysia, Türkiye and Singapore	1,770	8.52	687	3.02	133	0.32
<b>Total</b>		<b>20,784</b>	<b>100.00</b>	<b>22,754</b>	<b>100.00</b>	<b>41,690</b>	<b>100.00</b>
	Countries	FPE 2022 <sup>(1)</sup>		FPE 2023 <sup>(1)</sup>			
		RM'000	%	RM'000	%		
HPL products	China, Malaysia, South Korea and Thailand	30,677	90.19	35,441	96.59		
Other surface decorative products <sup>(2)</sup>	China, Malaysia and South Korea	3,204	9.42	1,204	3.28		
Kitchen and wardrobe accessories	Malaysia and Türkiye	133	0.39	48	0.13		
<b>Total</b>		<b>34,014</b>	<b>100.00</b>	<b>36,693</b>	<b>100.00</b>		

Notes:

<sup>(1)</sup> Our Group's local and foreign purchases for the FYEs 2020, 2021 and 2022 and FPE 2022 and 2023 are as follow:

	Local purchases (%)	Foreign purchases (%)
<b>FYE</b>		
2020	33.14	66.86
2021	28.91	71.09
2022	26.35	73.65
<b>FPE</b>		
2022	26.61	73.39
2023	26.37	73.63

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

- (2) Comprising compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

Our major purchases are HPL products, which comprised 85.44%, 92.69% and 90.88% and 96.59% of our purchases in the FYEs 2020, 2021, 2022 and FPE 2023, respectively. Of these, 49.32%, 51.55%, 55.46% and 53.04% of our HPL products in the FYEs 2020, 2021, 2022 and FPE 2023, respectively were imported from China.

Save for the interruption in the supply of imported products due to COVID-19, our Group has not encountered any material interruptions in the supply of materials for our business operations. Please refer to Section 6.7.3 for further details on the impact of COVID-19 on our supply chain.

### 6.11 BUSINESS DEVELOPMENT AND MARKETING ACTIVITIES

Our Marketing and Sales team, led by Tan Lee Hong, our Executive Director, is responsible for enhancing awareness for our brands and surface decorative products and accessories by developing and executing marketing strategies, building and maintaining customer relationships, monitoring marketing and sales activities, as well as gathering customer and consumer feedback on our products for future improvement.

We create brand and product awareness through:

#### (i) Publication of product catalogues, brochures and flyers

Our main promotional tool is our product catalogue. It comprises product samples where our existing and potential customers can see the real colour, texture and design of our products. We review and upgrade our product catalogues every 2 to 3 years to incorporate the latest designs as well as new products. We also utilise brochures and flyers as additional promotional materials.

#### (ii) Product showrooms

We have established 2 showrooms which are located in Johor and Selangor respectively where we showcase all our surface decorative products, kitchen and wardrobe accessories in our showrooms. This allows our customers to deliberate and select from a wide range of products. Our showroom staff are also able to offer recommendations and proposals to meet the preferences and requirements of our customers.

#### (iii) Product presentations

We conduct product presentations to existing and potential customers especially when there are new designs or product launches, such that they are able to stay updated on our products and their features. Product presentations also serve as a direct channel for us to obtain feedback from our existing and potential customers regarding our products and services.





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

We have participated in the following trade exhibitions:

<b>Year</b>	<b>Trade exhibition</b>	<b>Location</b>
2015	ARCHIDEX 2015	Kuala Lumpur Convention Centre
2016	ARCHIDEX 2016	Kuala Lumpur Convention Centre
2017	ARCHIDEX 2017	Kuala Lumpur Convention Centre
2018	ARCHIDEX 2018	Kuala Lumpur Convention Centre
2019	ARCHIDEX 2019	Kuala Lumpur Convention Centre
2021	ARCHIDEX 2021	Virtual
2022	ARCHIDEX 2022	Kuala Lumpur Convention Centre and virtual
2022	RiX 2022	Kuala Lumpur Convention Centre
2023	ARCHIDEX 2023	Kuala Lumpur Convention Centre
2023	RiX 2023	Kuala Lumpur Convention Centre

Note:

\* ARCHIDEX 2020 was postponed to 7 – 10 July 2021 in light of the COVID-19 pandemic.

Our Group's booth during past ARCHIDEX events is as illustrated below:



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

### (vi) CRM marketing




We subscribe to a third-party cloud-based CRM tool to undertake CRM marketing. We utilise this CRM tool for customer database management and sales management whereby the:

- (a) Customer database management module allows us to collect and organise information, communication and interactions as well as documents relating to existing and potential customers in a systematic and secure manner; and
- (b) Sales management module allows us to plan and update sales activities with existing and potential customers.

Our Marketing and Sales team will key in and continuously update the information of potential and existing customers (being sales leads) such as contact details, past purchases and product types that they express interests in, through data collection via our website, social media channels, registered users of our mobile application as well as participants of trade exhibitions. Subsequently, our Marketing and Sales team will regularly reach out to the sales leads to provide promotional materials and conduct product presentations. The CRM marketing tool has allowed us to effectively identify and convert leads into actual sales, track and maintain customer relationships as well as improve our branding and marketing strategies through data-driven insights.

### 6.12 INTELLECTUAL PROPERTIES

Save for the trademarks disclosed below, we have not registered any brand names, patents, industrial design or other intellectual property rights:

No.	Trademark no. / Registered owner	Design/Mark	Validity	Place of registration
(i)	TM2019012933 / Topmix Resources		10 April 2019 to 10 April 2029	Malaysia
(ii)	TM2021024811 / Topmix Resources		7 September 2021 to 7 September 2031	Malaysia
(iii)	TM2021024808 / Topmix Resources		7 September 2021 to 7 September 2031	Malaysia

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

<b>No.</b>	<b>Trademark no. / Registered owner</b>	<b>Design/Mark</b>	<b>Validity</b>	<b>Place of registration</b>
(iv)	TM2011015229 / Topmix Resources		23 August 2021 to 23 August 2031	Malaysia
(v)	TM2021024807 / Topmix Resources		7 September 2021 to 7 September 2031	Malaysia
(vi)	TM2022028283 / Topmix Resources		26 October 2022 to 26 October 2032	Malaysia
(vii)	TM2022028286 / Topmix Resources (Applicant)		Application was made on 26 October 2022 and is pending <sup>(1)</sup>	Malaysia
(viii)	TM2022028284 / Topmix Resources (Applicant)		Application was made on 26 October 2022 and is pending <sup>(2)</sup>	Malaysia

## Notes:

- (1) MyIPO has issued a provisional refusal against the trademark registration on 5 July 2023 on the grounds that (i) the applied trademark of "DEKOWALL" is non-distinctive for registration purpose and (ii) it is confusingly similar / identical to a prior mark i.e. "Decowall merchandising systems" registered in Class 20 and prior mark submitted by Tan Lee Hong on behalf of Topmix Resources. The prior mark submitted by Tan Lee Hong and referred to by MyIPO in its refusal letter was **DEKOWALL** which Tan Lee Hong has discontinued the application to facilitate the registration by Topmix Resources. Topmix Resources is given 2 months to submit its written appeal or request for ex-parte hearing to overcome the provisional refusal. Topmix Resources had filed its application for hearing on 8 August 2023 and the hearing date has not been fixed.
- (2) MyIPO has issued a provisional refusal against the trademark registration on 5 May 2023 on the ground that the applied trademark of DEKOBORD is confusingly similar / identical to a prior mark submitted by Tan Lee Hong on behalf of Topmix Resources. The prior mark submitted by Tan Lee Hong and referred to by MyIPO in its refusal letter was **DEKOBORD** which Tan Lee Hong has discontinued the application to facilitate the registration by Topmix Resources. Topmix Resources had filed its written appeal to MyIPO on 7 June 2023 and has not received decision from MyIPO in relation to the written appeal.

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

In respect of the trademarks (vii) and (viii), the revenue generated for the past 3 FYEs and FPE 2023 for products sold under these trademarks are as follows:

Products supplied under the respective trademarks	Revenue contribution			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
DEKOBORD	61	65	102	42
DEKOWALL	-	-	409	280

If the appeals for the registration of the trademarks (vii) and (viii) are refused by MyIPO, our Group will cease to use the existing trademarks and market the DEKOBORD and DEKOWALL products under our other registered trademarks or other alternative trademarks to be submitted for registration.

Pending the appeals, we may continue to use the DEKOBORD and DEKOWALL marks without the registration. For avoidance of doubt, it is not mandatory to register a trademark before using it under the Malaysian law. Although we will not be entitled to initiate legal action under the statutory legislations which govern the registration of trademarks, our Group may still be able to bring passing off action against any person using a mark which is similar or identical to our trademarks pursuant to common law principles in the event of non-registration of the above trademarks.

In any event, our Group's ability to provide products to our customers is not dependent upon the successful registration of the trademarks. Therefore, we do not foresee any financial and operational impact if the trademarks are not registered or from the proposed cessation of use of these trademarks.

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

### 6.13 LICENCES AND PERMITS

Save as disclosed below, there are no other major approvals, major licences and permits required for us to carry out our operations. As at the LPD, we hold valid business licences for our operations.

	<b>Licence holder / Issuing authority</b>	<b>Nature of approval or licences</b>	<b>Date of issue / Date of expiry</b>	<b>Licence content / Material conditions imposed</b>	<b>Compliance status</b>
1.	Topmix Panels / Inspector of Factories and Machinery	Certificate of Fitness for a unit of air receiver with the registration no. JH PMT 93438	12 January 2024 / 8 April 2025	<ol style="list-style-type: none"> <li>1. The air receiver is located at Topmix Panels' premises at Skudai Factory.</li> <li>2. The certification is valid until the date of expiry, unless it is suspended, cancelled or early terminated in any manner whatsoever under the provisions of the Factories and Machinery Act 1967 and provided that the provisions in the Factories and Machinery Act 1967 and relevant regulations pertaining to the unfired pressured vessel are not contravened.</li> </ol>	Complied
2.	Topmix Panels / Inspector of Factories and Machinery	Certificate of Fitness for a unit of air receiver with the registration no. JH PMT 93418	12 January 2024 / 8 April 2025	<ol style="list-style-type: none"> <li>1. The air receiver is located at Topmix Panels' premises at Skudai Factory.</li> <li>2. The certification is valid until the date of expiry, unless it is suspended, cancelled or early terminated in any manner whatsoever under the provisions of the Factories and Machinery Act 1967 and provided that the provisions in the Factories and Machinery Act 1967 and relevant regulations pertaining to the unfired pressured vessel are not contravened.</li> </ol>	Complied

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

	<b>Licence holder / Issuing authority</b>	<b>Nature of approval or licences</b>	<b>Date of issue / Date of expiry</b>	<b>Licence content / Material conditions imposed</b>	<b>Compliance status</b>
3.	Topmix Panels / Inspector of Factories and Machinery	Approval for installation of machine at Skudai Factory	20 July 2022 / N/A	Topmix Panels is allowed to install machine as stated in its application form dated 15 July 2022 in accordance with the approved plans.	Complied
4.	Topmix Products / Inspector of Factories and Machinery	Certificate of Fitness for a unit of passenger lift with the registration no. SL PMA 30557	6 January 2024 / 4 April 2025	<ol style="list-style-type: none"> <li>1. The passenger lift is located at Topmix Products' premises at Subang Sales Office.</li> <li>2. The certification is valid until the date of expiry, unless it is suspended, cancelled or early terminated in any manner whatsoever under the provisions of the Factories and Machinery Act 1967 and provided that the provisions in the Factories and Machinery Act 1967 and relevant regulations pertaining to the hoisting machine are not contravened.</li> <li>3. The machine must be operated by a qualified person recognised and registered with Department of Occupational Safety and Health.</li> </ol>	Complied
5.	Topmix Panels / Malaysian Timber Industry Board ("MTIB")	Registration as trader of timber products	20 October 2023 / 19 October 2024	<ol style="list-style-type: none"> <li>1. Topmix Panels is allowed to purchase, sell and store timber products and timber based products for domestic market.</li> <li>2. The registration is valid for 1 year from the issuance of registration letter. The application for renewal together with relevant documents must be submitted within 60 days before the expiry.</li> </ol>	Complied

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

	<b>Licence holder / Issuing authority</b>	<b>Nature of approval or licences</b>	<b>Date of issue / Date of expiry</b>	<b>Licence content / Material conditions imposed</b>	<b>Compliance status</b>
6.	Topmix Products / MTIB	Registration as trader of timber products	20 October 2023 / 19 October 2024	<ol style="list-style-type: none"> <li>1. Topmix Products is allowed to purchase, sell and store timber products and timber based products for domestic market.</li> <li>2. The registration is valid for 1 year from the issuance of registration letter. The application for renewal together with relevant documents must be submitted within 60 days before the expiry.</li> </ol>	Complied
7.	Topmix Panels / MIDA	Exemption for manufacturing licence	18 August 2023 / N/A	<ol style="list-style-type: none"> <li>1. Topmix Panels is exempted for having manufacturing licence for MFC production.</li> <li>2. If Topmix Panels' number of employees and/or shareholders' fund increase beyond the exemption requirements, application for manufacturing licence must be submitted in accordance with Section 4 of Industrial Coordination Act 1975.</li> </ol>	Complied

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

### 6.14 RESEARCH AND DEVELOPMENT

For the past 3 FYEs, FPE 2023 and up to the LPD, we have not undertaken any research and development activity as it is not relevant to our business.

### 6.15 QUALITY ASSURANCE/CONTROL AND TECHNOLOGY USED

#### 6.15.1 Quality assurance and quality control procedures

We place emphasis on the quality of our products and have in place a quality management system. As a testament to our emphasis on quality, Topmix Resources has been certified compliant to ISO 9001:2015, the details of which are as follows:

<u>Year first awarded</u>	<u>Current validity period</u>	<u>Certification</u>	<u>Scope</u>	<u>Awarding body</u>
<b>Topmix Resources</b>				
2021	27 April 2023 – 19 May 2024 <sup>(1)</sup>	ISO 9001:2015	Design and trading of surface decorative products specialising in HPL	GCL International Ltd

Further, our HPL products have also been certified compliant to the following standards:

<u>Year first awarded</u>	<u>Current validity period</u>	<u>Certification</u>	<u>Scope</u>	<u>Awarding body</u>
<b>Topmix Resources</b>				
2015	26 February 2022 – 25 February 2024 <sup>(2)</sup>	Singapore Green Label	Environmentally preferred surface covering in accordance with SEC Green Label Category 42: Surface Covering Version 2	Singapore Environment Council
2015	3 September 2015 – 30 September 2024	UL GREENGUARD Certification	HPL products certified for low chemical emissions in accordance with UL 2818-2022 Standard for Chemical Emissions for Building Materials, Finishes and Furnishings	UL, LLC
2015	3 September 2015 – 30 September 2024	UL GREENGUARD Gold Certification	HPL products certified for low chemical emissions in accordance with UL 2818-2022 Gold Standard for Chemical Emissions for Building Materials, Finishes and Furnishings	UL, LLC



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

<b>Year first awarded</b>	<b>Current validity period</b>	<b>Certification</b>	<b>Scope</b>	<b>Awarding body</b>
2022	30 August 2022 – 25 February 2024 <sup>(3)</sup>	Use of MyHIJAU mark in compliance with Green Label Certification (ISO 14024 Type I ECO-Labels) under Singapore Green Labelling Scheme	HPL products for building sector	Malaysian Green Technology And Climate Change Corporation

**Notes:**

- (1) The application for renewal has been submitted and the reassessment audit has been conducted on 28 and 29 February 2024. The renewal is expected to be obtained by end April 2024.
- (2) The application for renewal has been made on 5 March 2024 and expected to be obtained by end April 2024.
- (3) The application for renewal will be submitted after the renewal of Singapore Green Label certification and expected to be obtained by end April 2024.

We maintain a set of comprehensive quality control and assurance procedures that are intended to ensure the quality and condition of all our products.

- (i) We ensure that we procure from OEMs that possess the relevant certifications of compliance with the regulatory and industry standards based on the specifications of the products;
- (ii) We appoint a supervisor to perform checks during the cutting of compact panels and engraving of decorative boards to ensure consistent quality and finishing. The end products will undergo a final inspection;
- (iii) We conduct visual and measurement inspection on incoming inventory upon arrival at our warehouses for surface defects and variations in dimensions and thickness. This is to ensure that the products procured from suppliers meet our specifications;
- (iv) We ensure that our products are well packed prior to delivery to avoid potential damage during the shipment process; and
- (v) In the event of manufacturing defects, we will return the defective products to our suppliers and request for replacements or refunds. We have received refunds amounting to RM60,605, RM39,289, RM26,783 and RM25,119 from our suppliers in the FYEs 2020, 2021, 2022 and FPE 2023.

**6.15.2 Technology used**

Our Group uses the following technologies for our business operations:

**(i) Design software**

Our Group uses design software such as AutoCAD, Photoshop, Illustrator, InDesign, and Lightroom for our product design activities.

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

<b>Software</b>	<b>Details</b>
AutoCAD	A desktop design and drafting software used to create and edit 2-dimensional images / designs of surface decorative products.
Photoshop	A desktop graphics software that used to create and edit 2-dimensional images / designs of surface decorative products.
Illustrator	A desktop graphics software that used to create and edit 2-dimensional images / designs of surface decorative products. This software is also used to develop marketing materials such as product catalogues, brochures and flyers.
InDesign	A desktop publishing and page layout designing software used to develop marketing materials such as product catalogues, brochures and flyers.
Lightroom	A photograph and video editing software used to develop marketing materials such as product catalogues, brochures and flyers.

**(ii) Customer relationship management (CRM) tool**

Our Group subscribes to a third-party cloud-based CRM tool for customer database management and sales management:

- Customer database management module allows us to collect and organise information, communication and interactions as well as documents relating to existing and potential customers in a systematic and secure manner; and
- Sales management module allows us to plan and update sales activities with existing and potential customers.

This CRM tool stores information of existing and potential customers by location in a centralised database accessible by our Marketing and Sales team which is then used to identify sales opportunities, streamline communication and sales and marketing processes, maintain customer relationships and perform market analysis.

**6.16 MATERIAL CONTRACTS**

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries during the past 3 FYEs 2020 to 2022, FPE 2023 and up to the date of this Prospectus:

- (i) Sale and purchase agreement dated 31 May 2021 between Topmix Resources and SBJ Ventures Sdn Bhd for the acquisition of the Skudai Factory for a purchase consideration of RM5.40 million. This sale and purchase agreement was completed on 5 November 2021.
- (ii) Sale and purchase agreement dated 1 July 2021 between Topmix Resources and MPSI Networks Sdn Bhd for the acquisition of a parcel of land (Seelong Land 1) held under Geran 340342 Lot 53757, Mukim of Senai, District of Kulai, State of Johor for a purchase consideration of RM3.39 million. This sale and purchase agreement was completed on 30 September 2021.

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

- (iii) Sale and purchase agreement dated 1 July 2021 between Topmix Resources and MPSI Networks Sdn Bhd for the acquisition of a parcel of land (Seelong Land 2) held under Geran 340344 Lot 53758, Mukim of Senai, District of Kulai, State of Johor for a purchase consideration of RM3.45 million. This sale and purchase agreement was completed on 30 September 2021.
- (iv) OEM Manufacturing and Supply Agreements
  - (a) The OEM Manufacturing and Supply Agreement dated 1 September 2022 entered into between Topmix Resources and Zhejiang Rexin Decorative Material Co Ltd;
  - (b) The OEM Manufacturing and Supply Agreement dated 1 July 2022 entered into between Topmix Resources and Melatone Ltd; and
  - (c) The OEM Manufacturing and Supply Agreement dated 1 July 2022 entered into between Topmix Resources and Melatone Sdn Bhd.

The salient terms of the agreements are out in Section 6.22.

- (v) Deed of assignment between Tan Lee Hong and Topmix Resources dated 3 October 2022. Pursuant to the assignment, Tan Lee Hong assigned the rights, title and interest of the following trademarks to Topmix Resources for a cash consideration of RM5,000:

<b>Registration No</b>	<b>Validity period of each trademark</b>
TM2019012933	10 April 2019 – 10 April 2029
TM2011015229	23 August 2021 – 23 August 2031
TM2021024807	7 September 2021 – 7 September 2031
TM2021024808	7 September 2021 – 7 September 2031
TM2021024811	7 September 2021 – 7 September 2031

The cash consideration of RM5,000 is based on the costs incurred by Tan Lee Hong in the registration of these trademarks. The trademarks are assigned together with goodwill of the business connected with and symbolised by the trademarks, including the right to renew any registration included in the trademarks, the right to apply and deal with the necessary authorities for the registration of such trademarks within or outside Malaysia. The assignment was completed on 17 October 2022.

- (vi) Share sale agreement dated 17 May 2023 entered into between our Company and the Vendors (namely Teo Quek Siang and Tan Lee Hong) and J And T Resources for the Acquisition of Subsidiaries. The Acquisition of Subsidiaries was completed on 17 May 2023.
- (vii) Underwriting agreement dated 5 February 2024 entered into between our Company and M&A Securities for an underwriting of 27,570,000 Issue Shares as set out in Section 4.11.1. Please refer to Section 4.12 for the salient terms of the Underwriting Agreement.

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

### 6.17 MATERIAL PROPERTIES OF OUR GROUP

#### 6.17.1 Properties owned by our Group

Summary of the properties owned by our Group as at the LPD are as follows:

	<b>Details</b>	<b>Location</b>	<b>Purpose</b>	<b>Reference</b>
(1)	<b>Skudai HQ – Building 1 and Skudai HQ – Building 2</b>  2 units of 1 ½-storey semi-detached factory	Skudai, Johor	For use as our head office, showroom and warehouse	Sections 6.17.1(i) and (ii)
(2)	<b>Subang Sales Office</b>  1 unit of 2 ½-storey semi-detached factory	Subang Jaya, Selangor	For use as our office, showroom and warehouse	Section 6.17.1(iii)
(3)	<b>Skudai Factory</b>  1 unit of intermediate single storey detached factory with 2-storey office, 1 unit of pump house and refuse room	Skudai, Johor	For use as our warehouse and for our future manufacturing operations	Sections 6.17.1(iv)
(4)	<b>Seelong Land 1 and Seelong Land 2</b>  2 parcels of vacant land	Seelong, Johor	For future use	Sections 6.17.1(v) and (vi)
(5)	<b>Investment Property 1</b>  1 unit of 1 ½-storey cluster factory	Johor Bahru, Johor	Investment property	Section 6.17.1(vii)
(6)	<b>Investment Property 2</b>  1 unit of 1 ½-storey semi-detached factory	Senai, Johor	Investment property	Section 6.17.1(viii)

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

**(i) Skudai HQ – Building 1**

Particulars of title	:	PN 13617 Lot 66393, Mukim of Pulai, District of Johor Bahru, State of Johor
Address	:	No. 8, Jalan Bistari 11, Taman Industri Jaya, 81300 Skudai, Johor
Registered proprietor	:	Topmix Resources
Land area based on title	:	21,797.60 sq ft
Tenure / category of land use	:	Leasehold for 991 years expiring 3 September 2911 with a remaining leasehold period of approximately 887 years / Industrial
Description, existing use and age of building	:	The property comprises a 1 ½-storey semi-detached factory. The property has a built-up area of 17,053 sq ft. The age of the building is 9 years.  As at the LPD, it is used as our head office, showroom and warehouse.
NBV as at 30 September 2023	:	RM2.75 million
Building compliance	:	CCC dated 29 June 2015 and Approved Building Plan dated 17 April 2023 for renovations
Encumbrances	:	Charged to Alliance Bank Malaysia Berhad and Alliance Islamic Bank Berhad

**(ii) Skudai HQ – Building 2**

Particulars of title	:	PN 13616 Lot 66392, Mukim of Pulai, District of Johor Bahru, State of Johor
Address	:	No. 10, Jalan Bistari 11, Taman Industri Jaya, 81300 Skudai, Johor
Registered proprietor	:	Topmix Resources
Land area based on title	:	21,786.90 sq ft
Tenure / category of land use	:	Leasehold for 991 years expiring 3 September 2911 with a remaining leasehold period of approximately 887 years / Industrial
Description, existing use and age of building	:	The property comprises 1 ½-storey semi-detached factory. The property has a built-up area of 16,513 sq ft. The age of the building is 9 years.  As at the LPD, it is used as our office, showroom and warehouse.
NBV as at 30 September 2023	:	RM3.56 million
Building compliance	:	CCC dated 29 June 2015 and Approved Building Plan dated 17 April 2023 for renovations
Encumbrances	:	Charged to Alliance Bank Malaysia Berhad and Alliance Islamic Bank Berhad

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

**(iii) Subang Sales Office**

Particulars of title	:	HSD 283589 PT 359, Mukim of Pekan Penaga, District of Petaling, State of Selangor
Address	:	No. 3, Jalan Subang 7, Taman Perindustrian Subang, 47600 Subang Jaya, Selangor
Registered proprietor	:	Topmix Resources
Land area based on title	:	13,346.82 sq ft
Tenure / category of land use	:	Leasehold for 99 years expiring 16 September 2111 with a remaining leasehold period of approximately 87 years / Industrial
Description, existing use and age of building	:	2 ½-storey semi-detached factory with a built-up area of 7,900 sq ft. The age of the building is 11 years.  As at the LPD, it is used as our office, showroom and warehouse.
NBV as at 30 September 2023	:	RM4.89 million
Building compliance	:	(i) CCC dated 11 January 2013 (ii) Temporary building permit dated 31 December 2021 <sup>(1)</sup> (iii) CCC dated 11 January 2023
Encumbrances	:	Charged to RHB Islamic Bank Berhad

**(iv) Skudai Factory**

Particulars of title	:	PN 13385 Lot 66381, Mukim of Pulai, District of Johor Bahru, State of Johor
Address	:	No. 28, Jalan Hang Lekir 12, Taman Industri Jaya, 81300 Skudai, Johor
Registered proprietor	:	Topmix Resources
Land area based on title	:	43,563.00 sq ft
Tenure / category of land use	:	Leasehold for 991 years expiring 3 September 2911 with a remaining leasehold period of approximately 887 years / Industrial
Description and existing use	:	<b><u>Building 1</u></b>  An intermediate single storey detached factory with 2-storey office, a unit of pump house and refuse room. The property has a built-up area of 10,392 sq ft. The age of the building is 6 years.  As at the LPD, it is used as our warehouse and it houses our CNC machines which are used to cut compact panels and engrave decorative boards.

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

**Building 2**

A new factory to be constructed on the vacant land within the Skudai Factory, which shall include 1 unit of single storey factory with a built-up area of 9,964 sq ft. Building 2 shall cater to our expansion into assembly of melamine faced chipboard (MFC) products as set out in Section 6.19.1.

NBV as at 30 : RM6.08 million  
September 2023

Building compliance : CCC dated 24 January 2018 (for Building 1)

Encumbrances : Charged to Alliance Bank Malaysia Berhad and Alliance Islamic Bank Berhad

**(v) Seelong Land 1**

Particulars of title : Geran 340342 Lot 53757, Mukim of Senai, District of Kulai, State of Johor

Address : No. 550, Jalan Seelong, Taman Perindustrian Senai, 81400 Seelong, Johor

Registered proprietor : Topmix Resources

Land area based on : 86,626.50 sq ft  
title

Tenure / category of : Freehold / Industrial  
land use

Description and : A parcel of vacant industrial land.  
existing use

The land is held for future operation or storage use. We have no immediate plans to generate revenue from this land and have no intention to dispose this land.

NBV as at 30 : RM3.58 million  
September 2023

Building compliance : N/A

Encumbrances : Charged to RHB Islamic Bank Berhad

**(vi) Seelong Land 2**

Particulars of title : Geran 340344 Lot 53758, Mukim of Senai, District of Kulai, State of Johor

Address : No. 551, Jalan Seelong, Taman Perindustrian Senai, 81400 Seelong, Johor

Registered proprietor : Topmix Resources

Land area based on : 84,036.60 sq ft  
title

Tenure / category of : Freehold / Industrial  
land use

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

Description existing use	and	: A parcel of vacant industrial land.  The land is held for future operation or storage use. We have no immediate plans to generate revenue from this land and have no intention to dispose this land.
NBV as at 30 September 2023	:	RM3.64 million
Building compliance	:	N/A
Encumbrances	:	Charged to RHB Islamic Bank Berhad

### (vii) Investment Property 1

Particulars of title	:	HSD 577805 PTD 196246, Mukim of Tebrau, District of Johor Bahru, State of Johor
Address:	:	No. 23, Jalan Ekoperniagaan 2/8, Taman Ekoperniagaan, 81100 Johor Bahru, Johor
Registered proprietor	:	Topmix Resources
Land area based on title	:	9,041.68 sq ft
Tenure / category of land use	:	Freehold / Industrial
Description, existing use and age of building	:	The property comprises 1 ½-storey cluster factory. The property has a built-up area of 5,225 sq ft. The age of the building is 6 years.  As at the LPD, it is held as an investment property and rented to a third-party tenant. We have no plans to dispose this property and will continue to hold it as an investment property.
NBV as at 30 September 2023	:	RM1.76 million
Building compliance	:	CCC dated 18 January 2018
Encumbrances	:	Charged to Alliance Bank Malaysia Berhad and Alliance Islamic Bank Berhad

### (viii) Investment Property 2

Particulars of title	:	HSD 58359 PTD 103154, Mukim of Senai, District of Kulai, State of Johor
Address	:	No. 573, Jalan Idaman 3/7, Taman Perindustrian Senai, 81400 Senai, Johor
Registered proprietor	:	Topmix Resources
Land area based on title	:	10,688.56 sq ft



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

Tenure / category of land use : Freehold / Industrial

Description, existing use and age of building : 1½ storey semi-detached factory with a built-up area of 8,630 sq ft. The age of the building is 11 years.

As at the LPD, it is held as an investment property and rented to a third-party tenant. We have no plans to dispose this property and will continue to hold it as an investment property.

NBV as at 30 September 2023 : RM0.61 million

Building compliance : CCC dated 21 June 2013

Encumbrances : Charged to Alliance Bank Malaysia Berhad and Alliance Islamic Bank Berhad

### Note:

(1) Temporary building permit ("TBP")

During year 2021, we erected a temporary extension with brickwall and metal deck roof at the side and rear compound of our factory to create a covered storage area. This covered storage area measures approximately 5,902.17 sq ft and is used to store our inventory.

Under the Street, Drainage and Building Act 1974 ("Street, Drainage and Building Act"), prior written permission of the local authority is required among others for any partition, compartment, loft, roof, ceiling or other structures built in a building, any deviation from any plans or specifications approved by the local authorities, or any alteration to a building otherwise than allowed by the local authority or by-laws made under the Street, Drainage and Building Act. Failure to obtain the local authorities' prior written approval for the above may subject the person in breach to fines or imprisonment or both, if convicted. Depending on the applicable provisions of the Street, Drainage and Building Act in breach, the maximum fines may range from RM25,000 to RM50,000 and additional daily fines for continuing offences after conviction, and the maximum imprisonment term may be up to 3 years. The Street, Drainage and Building Act also stipulates that any person who occupies a building or any part of a building without a CCC may be subject to a fine of RM250,000 or imprisonment for up to 10 years or both, if convicted.

Pursuant to the Selangor Uniform Building Bylaws 1986, a temporary permit may be issued at the discretion of the local authority for the erection of a temporary building for a limited period to be specified upon the expiration of which the building shall be demolished.

We had through our appointed consultant submitted the necessary applications and had on 31 December 2021 obtained a TBP for the temporary extension. The TBP is renewable annually and the latest renewal is valid from 1 January 2024 to 31 December 2024. We were not subject to any fines, compounds or additional fees by Majlis Bandaraya Subang Jaya.

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

As at the LPD, the renewal fee for the TBP is RM604.30 for each year. If we fail to renew the TBP upon expiry, we will be required to remove the temporary extension. The cost of removal is estimated to be RM68,000 and is not expected to materially affect our financial position. In such event, we will relocate and store our inventory in the new warehouse to be leased as set out in Section 6.19.4(ii).

As at the LPD, all of our properties are not in breach of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

### 6.17.2 Property rented by our Group

Details of the property rented by us as at the LPD are set out below:

No.	Description	Owner / Tenant	Existing Use	Built-up area	Period of tenancy / Rental per annum
1.	Double storey semi-detached light industry factory / No. 11, Jalan Hang Lekir 12, Taman Industri Jaya, 81300 Skudai, Johor	Dickson Aluminium Work Sdn Bhd / Dekoracio	Warehouse	5,389 sq ft	15 April 2023 to 14 April 2025 / RM90,000

As at the LPD, the property rented by our Group is not in breach of any land use or regulatory requirements.

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

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### **6.18 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES**

#### **6.18.1 Regulatory requirements**

The following is an overview of the regulatory requirements governing our Group which are material to our business:

##### **(i) Local Government Act 1976**

Under Section 102 of the Local Government Act 1976 ("LGA"), the relevant local authority may exercise and perform within such area all or any powers and duties conferred on them under the LGA 1976 or by any by-laws, rules or regulations passed pursuant to the LGA 1976. The powers include the issuance of licences and the imposition of any conditions and restrictions (if any) on the licences as they deem fit.

The Group conducts its business at places which are within the local area of Iskandar Puteri City Council ("MBIP") and Subang Jaya City Council ("MBSJ").

Pursuant to the powers conferred by LGA, MBIP and MBSJ passed the by-laws to regulate the trade and business licences as well as signage licences.

The Licensing of Trades, Businesses and Industries and Professions (MBIP) By-Laws 1982 imposes any person who wishes to use any place or premise within the area of MBIP for any trade, business or industry to first apply and obtain a licence. Failure to obtain and hold this licence constitutes an offence, which, on conviction, is punishable by a fine not exceeding RM2,000 or by imprisonment of a term not exceeding 1 year or both. If the non-compliance continues after conviction, it may also result in a further fine not exceeding RM200 for each day of non-compliance.

The Licensing of Trades, Businesses and Industries (MBSJ) By-Laws 2007 provides that no person shall operate any activity of trade or use any place or premise in the local area of MBSJ without a licence issued by the licensing authority and any person who fails to comply with this requirement shall, on conviction, be liable to a fine not exceeding RM2,000 or imprisonment for a term not exceeding 1 year or to both. If the non-compliance continues after conviction, it may also result in a further fine not exceeding RM200 for each day of non-compliance.

As at the LPD, our Group possesses the valid business premises and signage licences for our business premises.

##### **(ii) Industrial Co-ordination Act 1975**

The Industrial Co-ordination Act 1975 ("ICA 1975") requires manufacturing companies with shareholders' funds of RM2.50 million and above or engaging 75 or more full-time paid employees to apply for a manufacturing licence from the MITI. Failure to observe and adhere to the licensing requirements under the ICA 1975 will constitute an offence which is punishable on conviction by a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 per day during which the non-compliance continues.

"Manufacturing activity" with its grammatical variations and cognate expressions means the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade.

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

As at the LPD, our Group is not involved in manufacturing activities. However, we are required to obtain a manufacturing licence or an exemption thereof in order to commence the assembly of MFC products. We have received the exemption for manufacturing licence from MIDA on 18 August 2023. Kindly refer to Section 6.19.1 for further details on our plans to expand into the assembly of MFC products.

### **(iii) Factories and Machinery Act 1967**

- (a) Section 34(2)(a) of the Factories and Machinery Act 1967 ("FMA") stipulates that "no person shall except with the written permission of the Inspector of Factories and Machinery ("F&M Inspector") begin to use any premises as a factory until one month after he has served on the F&M Inspector a written notice. Contravention of which shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 1 year or to both.

Section 36(1) of FMA states that no person shall install or caused to be installed (a) any machinery in any factory or (b) any machinery in respect of which a certificate of fitness is prescribed, except with the written approval of the F&M Inspector. Any person who contravenes Section 36(1) of FMA shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both.

As at the LPD, we have received a written approval from the F&M Inspector for installation of machinery in accordance with Sections 34 and 36 of the FMA at our Skudai Factory.

- (b) Section 19(1) of the FMA further states that no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the FMA. Machinery which require certificate of fitness are stated in Regulation 10(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 to include steam boiler, unfired pressure vessel or hoisting machine other than a hoisting machine driven by manual power so long as such machinery remains in service.

The Inspector shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time as a valid certificate of fitness is issued. Further, any person who contravenes Section 19(1) of FMA shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 3 years or to both.

As at the LPD, we are utilising 2 units of air receivers at our Skudai Factory which have been issued with certificates of fitness. In addition, there is 1 unit of electrical passenger lift in our Subang Sales Office which has been issued with a certificate of fitness. Save for the above, we do not own or use any other machinery which requires a certificate of fitness under the FMA.

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

### **(iv) Malaysian Timber Industry Board (Incorporation) Act 1973**

Pursuant to the Section 2(1) of Malaysian Timber Industry Board (Incorporation) Act 1973 ("MITBI Act"), "timber" is defined as products, or any of the products, listed in the First Schedule of MITBI Act which includes the following:

- (a) Laminated timber;
- (b) Reconstituted wood products (e.g. particle board/chipboard, waferboard, flakeboard, oriented strand board and bio-composite products);
- (c) Fibreboard (e.g. medium density fibreboard, insulating board, hardboard and biocomposite products);
- (d) Plywood, veneered panels, similar laminated wood (e.g. blockboard, laminboard and battenboard); and
- (e) Wooden furniture of a kind used in offices, kitchen and bedroom; other wooden furniture: baby walker; fume cupboard for use in medical laboratory; other wooden furniture.

Section 2(1) of MITBI Act also defined "trader" as a person who carries on the business of selling, trading, distributing or marketing of timber for the purpose of domestic market.

Section 13(1) of MITBI Act states that no person shall carry on any activity as a trader, unless he is registered in accordance with MITBI Act.

Section 13(2) of MITBI Act states that any person who contravenes Section 13(1) of MITBI Act (mentioned above) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or to both.

As at the LPD, Topmix Panels and Topmix Products have registered with MTIB as trader of timber products in relation to the sale of PVC plywood panels under the TOPPLY brand. Topmix Panels shall notify MTIB for the change of status to a trader of timber products with manufacturing activity prior to the commencement of its proposed MFC products assembly operations.

### **(v) Johor Wood-Based Industries Enactment 1986 ("Wood-Based Industries Enactment")**

Pursuant to Section 3(1) of the Wood-Based Industries Enactment, no person shall site, construct, erect, establish, operate or maintain a wood-based industry, except under and in accordance with a licence issued to him by the state authority and signed by the State Director of Forestry.

Any person who sites, constructs, erects, establishes, operates or maintains a wood-based industry, or who does any act towards such siting, construction, erection, establishment, operation or maintenance, without having first obtained a licence under Section 3(1) shall be guilty of an offence under the Wood-Based Industries Enactment and pursuant to Section 27, he shall, on conviction, be liable to be punished with imprisonment for a term not exceeding one year, or with fine not exceeding RM2,000, or with both such imprisonment and fine.

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

In addition, Section 23 of the Wood-Based Industries Enactment provides that where a person charged with an offence is a body corporate, every person, who at the time of the commission of such offence is a director or officer of that body corporate may be charged jointly in the same proceedings with the body corporate, and where the body corporate is convicted of such offence, every such director or officer shall be deemed to be guilty of the offence unless he proves that the offence was committed without his knowledge and that he took reasonable precautions to prevent its commission.

The proposed MFC products assembly to be undertaken by Topmix Panels at Skudai Factory Building 2 falls within the definitions of "furniture mill" and "woodworking mill" under the Wood-Based Industries Enactment, which require a wood-based industry licence to be obtained prior to its operations. Please refer to our tentative timeframe for obtaining the wood-based industry licence in Section 6.19.1(i) below.

There are no other regulatory requirements and/or major environmental issues which may materially affect our operations and utilisation of our assets as at the LPD.

### **6.18.2 Environmental issues**

Our Board has adopted an ESG Integrated Policy and Framework, which encompasses various aspects of ethical business practices, addressing the relevant ESG issues responsibly. Our ESG Integrated Policy and Framework aims to integrate the principles of sustainability into our Group's strategies, policies and procedures, promote sustainable practices and create a culture of sustainability within the Group and community.

#### **(i) Environmental**

Our Group is committed to delivering quality products that meet the expectations and requirements of our customers and minimising the environmental impact that arises from our operations.

As part of our continuous effort and commitment to ensure product quality, we have obtained:

- (a) Singapore Green Label accreditation for the scope of "environmentally preferred surface covering in accordance with SEC Green Label Category 42: Surface Covering Version 2";
- (b) UL GREENGUARD and UL GREENGUARD Gold Certification accreditation for the scope of "product certified for low chemical emissions in accordance with UL 2818-2013 Gold Standard for Chemical Emissions for Building Materials, Finishes and Furnishings" respectively; and
- (c) Use of MyHIJAU mark in compliance with Green Label Certification (ISO 14024 Type I ECO-Labels) under Singapore Green Labelling Scheme for the scope of HPL products for building sector".

Our Group strives to:

- Decrease our energy consumption and carbon footprint by promoting energy conservation practices;
- Reduce our overall water consumption by promoting water conservation practices; and

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

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- Promote efficient waste management practices such as reducing, reusing, and recycling in our office and warehousing facilities.

### **(ii) Social**

Our Group is committed to act responsibly in our business operations, as well as in supporting our community.

Our Group has implemented standard operating procedures in compliance with guidelines by the relevant authorities to ensure that employees can continue working while safeguarding the interests of shareholders.

In response to the COVID-19 pandemic, we have provided daily pandemic-related essentials such as face masks and test kits to employees who require them. During the COVID-19 pandemic, we had installed a sanitation tunnel at the Skudai HQ for employees to sanitise themselves before entering our premises.

We are committed to providing our employees with a working environment that aligns with the International Labour Organisation's Fair Recruitment Initiative. We ensure that our recruitment practices are based on labour standards, developed through social dialogue and promote gender equality. We strive to ensure that all our employees are hired based on their skills and experience through a fair selection process. We also offer learning, training and development opportunities to our employees throughout their careers to ensure they acquire the necessary skills for their roles and to progress within our Group.

Our Group is also committed to ensuring that all individuals are free from unlawful discrimination, irrespective of race, colour, sex/gender, religion, national origin, age, disability, genetic information, marital status, or any other classification protected by law. We seek to support women, minorities, veterans and individuals with disabilities and strive to empower all our employees to reach their full potential.

We are dedicated to giving back to the community through a range of initiatives, including donations, and sponsorships.

### **(iii) Corporate governance**

Our Group is committed to adhering to a high standard of corporate governance practices. We recognise the importance of governance sustainability and as such, we conduct our business dealings in a professional and ethical manner to uphold good corporate governance practices.

Our Board recognises the importance of a sound risk management framework and internal control system for good corporate governance based on the Malaysian Code on Corporate Governance 2021. Disclosure of relevant information concerning sustainability will improve the transparency of our management and promote greater confidence in our organisation as a whole.

We practise zero-tolerance towards fraud, bribery, corruption, money laundering and the financing of terrorism. To this end, our Group has implemented an Anti-Bribery and Corruption Policy as well as Whistleblowing Policy.

We have also adopted a Personal Data Protection Notice, which complies with the Personal Data Protection Act, 2010 in order to protect the personal data that we obtain from our customers, vendors, suppliers, service providers and/or employees.

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

**6.19 BUSINESS STRATEGIES**

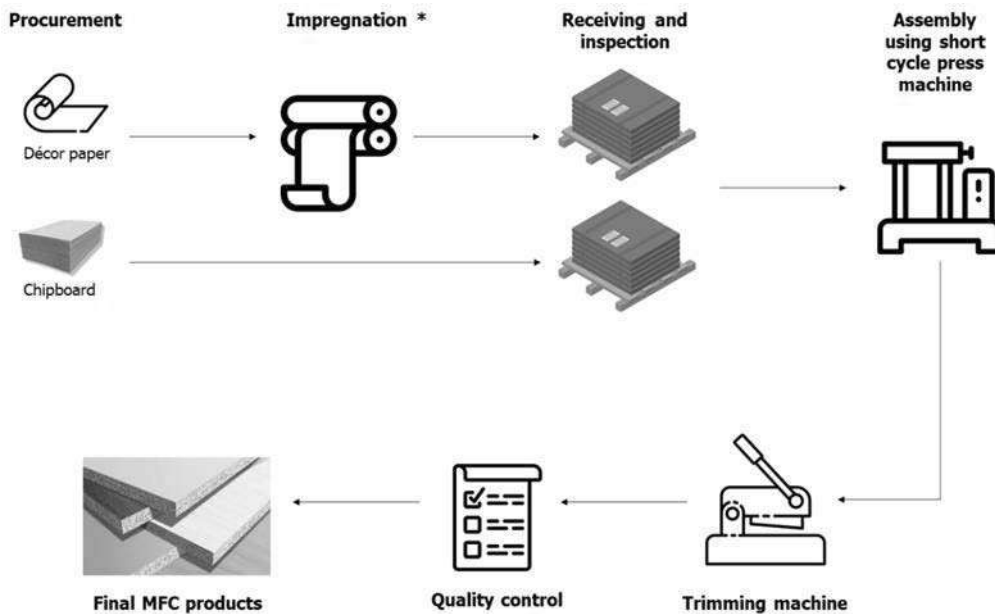
**6.19.1 We intend to expand into the assembly of MFC products**

MFC is essentially a composite wood product whereby chipboard is sandwiched between two sheets of melamine décor paper which have been printed with colours or patterns. The sheets of melamine décor paper are pressed onto the top and bottom surfaces of the chipboard using both pressure and temperature. During the pressing process, the top and bottom press plate may have textures on them so that when the melamine décor paper is pressed onto the chipboard, the woodgrain texture is simultaneously imprinted. MFC differs from HPL products in that it is pressed at lower pressure.

We see potential in introducing MFC products which will allow us to expand and broaden our range of surface decorative products. MFC products are a cost effective surface decorative product option which we can offer as an alternative to contractors of residential and commercial projects for application in furniture carcasses in products such as cupboards and tables. By supplementing the furniture carcasses with MFC and using our HPL products for the cabinet and cupboard doors as well as table tops, customers can get a fully assembled product based on the colour scheme of their selected HPL product and MFC product, at competitive prices. The expansion into this new product segment will allow us to target new customer segments, namely furniture product manufacturers. We intend to market MFC products to furniture manufacturers by appointing dealers to distribute and sell our MFC products in Malaysia.

The main raw materials for the production of MFC products are chipboards and melamine décor paper. Chipboards are wood products made from wood chips and a synthetic resin or other suitable binder, which is pressed and extruded. Specific to melamine décor paper, we will leverage on the décor paper designs that we use for generic HPL products and jointly designed HPL products. This will allow us to offer customers and consumers a more seamless design of internal furniture carcass that match the exterior surfaces of their furniture products (i.e. external cabinet and cupboard doors).

The assembly of MFC products is as illustrated below:





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

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Notes:

- \* The impregnation process is outsourced to a third-party manufacturer.
- 1. We procure décor paper and chipboards. Depending on the MFC products being produced, we will either procure décor paper from OEMs that produce generic décor paper or third-party décor paper suppliers that we collaborate with for jointly designed HPL products. The procured décor paper will be delivered to a third-party manufacturer for the impregnation process. As at the LPD, we do not have plans to jointly design décor paper specifically for MFC products.

We will also procure chipboards from local chipboard suppliers. The chipboards will be delivered to Building 2 of our Skudai Factory.

- 2. The impregnation of décor paper will be carried out by a third-party manufacturer. The rationale for outsourcing the impregnation process is due to the limited production space availability once we have installed the short cycle press line machine in Building 2 of our Skudai Factory. As such, we do not have plans to carry out the impregnation process internally at this juncture.

During the impregnation process, décor papers and melamine resin are forcibly cured under heat, which fuses them together to become melamine décor paper.

- 3. Melamine décor paper and chipboards will be delivered to Building 2 of our Skudai Factory where we perform incoming inspection on the product type, quantity and quality to ensure that the products received are in accordance with the purchase order and are in good condition.

The melamine décor paper and chipboards will then be loaded onto the loading conveyor of the short cycle press machine for assembly. Melamine décor paper is bonded to chipboards when resin penetrates into the surface pores of the chipboards as a result of a combination of heat and pressure. The cured melamine resin will create a surface that is resistant to a variety of environmental effects. An embossing plate is used as the top and bottom press plates during the bonding process in the short cycle press machine to create the texture imprints of woodgrain for finishing effect. The result of the hot-pressing process is work-in-progress MFC products.

- 4. Work-in-progress MFC products are trimmed as per the required sizes and shapes. The trimming machine is attached to the short cycle pressing machine.
- 5. Upon trimming, the work-in-progress MFC products will undergo quality control inspection. We will conduct visual and measurement inspection on these work-in-progress MFC products for surface defects and variations in dimensions and thickness. Work-in-progress MFC products that pass the quality control inspection are final MFC products, namely MFC boards.
- 6. The MFC boards are stored prior to packing and delivery to our customers.

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

In order to commence the assembly of MPC products we will construct a new factory, purchase the required machinery, equipment and motor vehicles as well as enterprise resource planning (ERP) software as follows:

### (i) Construction of new factory for MFC assembly

On 31 May 2021, we acquired the Skudai Factory with a land area of 43,563 sq ft with an existing Building 1 with built-up area of 10,392 sq ft. The Building 1, which takes up approximately 7,880 sq ft of the land area, is being used as a warehouse and houses our CNC machines which are used to cut compact panels and engrave decorative boards (DEKOBORD).

We have approximately 19,461 sq ft of vacant land within Skudai Factory for our business expansion needs. As such, we intend to expand into the assembly of MFC products through the setting up of a new assembly plant on the vacant land within Skudai Factory, namely Building 2. The envisioned Building 2 will have a total built-up area of approximately 9,964 sq ft which would allow us to house a new assembly line for MFC products (2,803 sq ft) and warehouse (7,161 sq ft).

The total construction cost of Building 2 is estimated at RM2.50 million, of which RM1.44 million of the total construction cost will be funded via bank borrowings to be drawn and the remaining RM1.06 million will be funded via internally generated funds. We had on 30 December 2022 secured bank borrowings of RM1.44 million to part finance the construction of Building 2.

In October 2022, we received the planning permission and in February 2023 we received the building plan approval, both from the Iskandar Puteri City Council. The construction of Building 2 commenced in March 2023 and was completed in December 2023. We expect to obtain the CCC by April 2024, approval from Johor State Forestry Department and DOSH by June 2024 and commence operations in June 2024 and as at the LPD, RM0.77 million of our internally generated funds have been utilised. As at the LPD, we had drawn RM0.93 million of bank borrowings. The remaining RM0.51 million is expected to be drawn progressively by March 2024 based on the construction milestones of Building 2.

We intend to utilise RM1.44 million of the proceeds from our Public Issue to repay the bank borrowings within 3 months from the Listing. There is no additional interest charged from the early repayment of this loan.

The key milestones for the construction of our Building 2 are as follows:

<b>Estimated timeframe</b>	<b>Milestones</b>
March 2023	<ul style="list-style-type: none"> <li>• Commencement of building construction</li> </ul>
September 2023	<ul style="list-style-type: none"> <li>• Purchase of machinery and equipment</li> </ul>
December 2023	<ul style="list-style-type: none"> <li>• Completion of building construction</li> </ul>
April 2024	<ul style="list-style-type: none"> <li>• Approval and issuance of CCC</li> <li>• Application to Johor State Forestry Department for wood-based industry licence</li> <li>• Application to Department of Occupational Safety and Health (DOSH) for installation of machinery and equipment</li> </ul>

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

<b>Estimated timeframe</b>	<b>Milestones</b>
June 2024	<ul style="list-style-type: none"> <li>• Approval from Johor State Forestry Department and DOSH</li> <li>• Installation of machinery and equipment</li> <li>• Commence operations</li> </ul>

We are required to obtain a manufacturing licence or an exemption thereof in order to commence the assembly of MFC products. We have received the exemption for manufacturing licence from MIDA on 18 August 2023.

**(ii) Purchase of machinery, equipment and motor vehicles**

We will purchase a new assembly line, motor vehicles, testing equipment and install a coldroom for storage purposes. We will install 1 MFC assembly line which has a maximum production capacity of approximately 500 pieces per day based on 8 operating hours as well as a coldroom in Building 2. The coldroom will be used for the storage of melamine décor paper in a temperature and humidity controlled environment to prevent moisture absorption that will affect its quality. We will further install testing equipment at Building 1, as we anticipate that the MFC products assembly line will take up a significant space in Building 2. We intend to commence the operations of our MFC assembly line at the initial stage with 8-hour daily working shifts.

We plan to acquire the following machinery, equipment and motor vehicles to be placed at Skudai Factory:

<b>Description</b>	<b>Purpose</b>	<b>Source of financing</b>	<b>Location to be installed</b>	<b>No. of units</b>	<b>Total estimated cost RM'000</b>
Short cycle press line machine	Press lamination of melamine décor paper on chipboard	Finance lease*	Building 2	1	1,285
Forklifts	Transporting raw materials and finished goods	Finance lease*	Building 2	2	293
Delivery truck	Delivery of finished goods	Finance lease*	Building 2	1	300
Coldroom	Storage of décor paper and finished goods	Internally generated funds	Building 2	1	135
Furniture plank formaldehyde test chamber emission test equipment	Formaldehyde testing equipment	Internally generated funds	Building 1	1	40

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

<b>Description</b>	<b>Purpose</b>	<b>Source of financing</b>	<b>Location to be installed</b>	<b>No. of units</b>	<b>Total estimated cost RM'000</b>
Scratch tester	Measures characteristics such as the adhesion of a coating, delamination or cracking	Internally generated funds	Building 1	1	10
Press machine	To test parameters of pressed boards	Internally generated funds	Building 1	1	50
					<b>2,113</b>

Note:

- \* We have allocated RM1.88 million of the proceeds from our Public Issue to repay these finance leases.

We have recruited a production manager with engineering qualification and relevant experience in the industry, who will be in charge of the implementation of the production line for the assembly of MFC products. Also, the supplier of our machinery for the assembly of MFC products has undertaken to render technical support by sending a technician to be stationed at our Skudai Factory - Building 2 for installation, testing and commissioning of the machinery.

We intend to hire 8 employees to operate the MFC products assembly line and have allocated RM0.27 million over 12 months from internally generated funds for this, details of which are as follows:

<b>Description</b>	<b>No. of pax</b>	<b>Total estimated cost RM'000</b>
Production workers	6	187
Production supervisor	1	42
Technician	1	36
		<b>265</b>

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

### (iii) Purchase of enterprise resource planning (ERP) software

We have also allocated RM2.00 million of the proceeds from our Public Issue to purchase and install an ERP software to manage our Group's operations. We intend to adopt the ERP software throughout our Group to manage our day-to-day operational activities such as accounting, procurement, supply chain and assembly.

The total cost for the ERP software is estimated at RM2.37 million which consist of implementation cost of RM0.48 million and RM1.89 million for 5 years of ERP software licencing fees, maintenance and support services. We intend to utilise RM2.00 million of the proceeds from our Public Issue for this purpose while the remaining RM0.37 million will be funded via internally generated funds.

The new ERP software is a web-based application that provides users with easy access to information via web browsers on computers. This ERP software is able to record and store data that is connected to various functions of our Group from procurement to supply chain management and finance. Further, it is integrated with an inventory management module to manage our inventory. The features and capabilities of the new ERP software that we intend to acquire in comparison to our present SQL Software are as follows:

<b>Comparison of features and capabilities</b>		
	<b>SQL Software</b>	<b>ERP software</b>
Function	<ul style="list-style-type: none"> <li>Specialised accounting software primarily for inventory management and related financial tasks.</li> <li>The SQL Software facilitates inventory control, tracking and financial management.</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive business management software that integrates various functions and processes across departments.</li> <li>The ERP software aims to streamline business operations, improve efficiency, and provide a centralised database for data sharing and decision-making.</li> </ul>
Application in type of organisation	<ul style="list-style-type: none"> <li>Suitable for small to medium organisations that primarily require an accounting and financial management software.</li> </ul>	<ul style="list-style-type: none"> <li>Suitable for medium to large organisations with complex operational needs across various departments.</li> </ul>
Scope of software	<ul style="list-style-type: none"> <li>Primarily for inventory management and related financial tasks with functions such as stock tracking, purchase orders, sales orders, invoicing, and cost calculations.</li> </ul>	<ul style="list-style-type: none"> <li>Encompasses multiple business functions, such as finance, inventory, procurement, production / assembly, as well as marketing and sales with integrated CRM capabilities for customer data management and engagement.</li> </ul>
Range of customisation	<ul style="list-style-type: none"> <li>Some limitations in terms of customisation options which are more focused on accounting and inventory-related aspects of the software.</li> </ul>	<ul style="list-style-type: none"> <li>Customisable to fit the specific business functions, processes and requirements of an organisation.</li> </ul>

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

<b>Comparison of features and capabilities</b>		
	<b>SQL Software</b>	<b>ERP software</b>
Scalability	<ul style="list-style-type: none"> <li>Some limitations in terms of scalability, particularly when business inventory needs become more complex and extensive.</li> </ul>	<ul style="list-style-type: none"> <li>Scalable to accommodate growing businesses and increasing data requirements.</li> </ul>
Reporting and analytics	<ul style="list-style-type: none"> <li>Limited reports and analytics on finance, inventory, sales and purchases.</li> </ul>	<ul style="list-style-type: none"> <li>More comprehensive and holistic reporting and analytics capabilities by leveraging on data from multiple modules ranging from finance, inventory, procurement, production / assembly, as well as marketing and sales.</li> </ul>

By migrating to this new ERP system from our present SQL Software, we will be able to manage our surface decorative product inventories including MFC products assembly activities whereby data on the purchasing of raw materials, inventories of raw materials, work-in-progress and final MFC products can be easily recorded, accessed and analysed. The integration of the new ERP system with various departments will also enable better tracking of data and analytics in real-time, thus allowing for more informed and accurate decision making to support our MFC products assembly activities. By having visibility on the MFC products assembly process, we stand to benefit from better productivity, operational and cost efficiencies.

We believe the addition of MFC products in our product offerings will allow us to further improve our profitability and strengthen our customer base, which in turn will enhance our competitive position. Our Group will continue to observe the latest market developments and identify new products to be included in our offerings.

### 6.19.2 We intend to further expand in Malaysia to capture business opportunities in the northern region of Peninsular Malaysia

We currently operate primarily in the state of Johor, where our headquarters is based, and in Selangor where we have a sales office. Our offices in Johor and Selangor allow us to build brand presence and market our surface decorative products especially to customers in the southern and central regions of Peninsular Malaysia.

We aspire to further expand geographically to the northern region of Peninsular Malaysia, primarily in the state of Pulau Pinang, to tap into its potential for surface decorative solutions, through establishing a sales office (including showroom and warehouse). The establishment of a sales office will allow us to meet the demands of customers in the northern region such as hardware product dealers as well as interior designers, contractors of commercial and residential properties and carpenters. This will also allow us to create awareness for our brands and products in the northern region. In addition, we will be able to stock inventory of fast-moving designs and be able to respond more promptly to product orders from customers in the northern region.

We intend to rent a ready-built warehouse space in Pulau Pinang for this purpose. We also intend to establish a showroom in this premise as it will allow customers better visualisation and selection of our range of surface decorative products.

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

We have allocated RM3.08 million of the proceeds from our Public Issue to fund the establishment of this sales office in Pulau Pinang within the next 24 months upon Listing, details of which are as follows:

<b>Description</b>	<b>No. of units / pax</b>	<b>Total estimated cost RM'000</b>
<b>Sales office (including showroom and warehouse)</b>		
Rental (for 24 months)	-	1,200
Renovation expenses	-	100
Racking system and work trolleys	-	44
Showroom construction	-	500
Server room	-	60
<b>Motor vehicles</b>		
Forklift	1	100
Lorries	2	240
<b>Office equipment</b>		
Computers	10	40
Office equipment such as furniture and fittings	20	30
<b>Manpower recruitment (for 12 months)</b>		
Marketing and sales executives	5	285
Warehouse supervisor	1	42
Warehouse assistant	7	218
Delivery driver	2	84
Customer service executives	2	84
Accounts executives	1	55
		<b>3,082</b>

As at the LPD, we are in the midst of identifying a suitable premise with built-up area of 15,000 – 20,000 sq ft in Seberang Perai, Pulau Pinang. We intend to enter into a tenancy agreement by the second quarter of 2024.

**6.19.3 We intend to further enhance our Topmix HPL mobile application to increase brand and product awareness**

In 2022, we launched our in-house Topmix HPL mobile application which can be downloaded from the App Store, Google Play Store and Huawei AppGallery. Our mobile application allows access to our latest e-catalogues and also provides an interactive do-it-yourself (DIY) design experience, whereby customers are able to match different designs of HPL products, compact panels and wall panels in the built-in 2D location layouts, for ease of design space visualisation. The Topmix HPL mobile application was developed by a third-party software developer and is currently being maintained by them. We own all rights relating to the Topmix HPL mobile application.

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

In order to further enhance the functionality and versatility of our mobile application, we intend to:

- Incorporate augmented reality technology

We intend to incorporate augmented reality technology such that our customers and consumers will be able to envision the application of our surface decorative products in their respective interior spaces. They will be able to upload photographs of their existing interior spaces such as kitchens, living rooms or bedrooms onto our mobile application. With augmented reality technology, customers and consumers will be able to place surface decorative products onto each interior surface such as the kitchen wall or counter top, living room wall or table top, thereby providing them with a better tool for visualisation.

- Introduce 360 virtual tour of our showroom

We intend to introduce a virtual version of our showroom at Skudai HQ. This virtual showroom will be an interactive environment that allows customers to virtually explore and compare our surface decorative products, thereby extending our retail space beyond physical outlets to the virtual space. It will allow us to reach and engage existing and potential customers regardless of their geographical location. This virtual showroom can provide insightful analytics of customer behaviour to better optimise our sales process.

We have allocated RM0.60 million of the proceeds from our Public Issue to fund the enhancement of our Topmix HPL mobile application within 24 months of our Listing. We will appoint a third-party software developer for this purpose. Any excess expenditure for the development of this mobile application will be financed through bank borrowings and/or internally-generated funds.

### **6.19.4 We intend to strengthen our marketing and sales activities and expand our warehouse capacity in the central region of Peninsular Malaysia**

#### **(i) Strengthen our marketing and sales activities**

##### **(a) Trade exhibitions**

We participate in the International Architecture, Interior Design and Building Exhibition (ARCHIDEX) and REKA Interior Exhibition (RiX) as exhibitors to create awareness and engage with customers. ARCHIDEX and RiX have allowed us to introduce and market our surface decorative solutions to a wider audience, communicate directly with potential customers and understand current market trends. Kindly refer to Section 6.11 for details on the trade exhibitions we have participated in.

We have allocated RM0.90 million of the proceeds from our Public Issue to fund the participation of these trade exhibitions for the year 2024 and 2025.

##### **(b) Hiring of marketing and sales staff**

In order to strengthen our Marketing and Sales team, we have allocated RM0.36 million of the proceeds from our Public Issue to fund the recruitment of 5 new marketing and sales staff (managerial level and executive level) for our Skudai HQ (2 persons) and Subang Sales Offices (3 persons) for 12 months upon Listing.



**6. INFORMATION ON OUR GROUP (Cont'd)****(c) Advertising and promotional activities**

We intend to advertise our products in trade magazines as well as organise product presentations to existing and potential customers to create brand and product awareness. This will allow us to keep existing and potential customers updated on our products and their features.

We intend to advertise our brands and products on digital trade magazines and platforms. We will also initiate online advertising campaigns on digital trade magazines and platforms during new product launches. We intend to leverage on marketing automation platform for our promotional activities where our advertisements and promotional materials are pushed automatically to specific targeted customers through websites.

Specific to product presentations, we intend to develop presentation materials and miniature samples of our surface decorative products. This will enable customers to view the design and feel the textures of our surface decorative products.

We have allocated RM0.10 million of the proceeds from our Public Issue to fund advertising and product presentation activities within 12 months upon Listing.

**(ii) Expansion of warehouse capacity in the central region of Peninsular Malaysia**

We see growth opportunities in the central region of Peninsular Malaysia arising from the increasing demand for surface decorative products. Our sales of surface decorative products from the central region have similarly been growing to fulfil demand for its application in residential and commercial properties. Thus, we intend to expand our warehouse capacity in the central region to supplement our existing storage capacity at the Subang Sales Office, as this will allow us to keep more inventories of surface decorative products and fulfil orders from our customers in a more timely and cost efficient manner.

We have allocated RM0.94 million of the proceeds from our Public Issue to fund the recruitment of new staff, acquisition of motor vehicles and leasing of a new warehouse in the central region of Peninsular Malaysia, details of which are as follows:

<b>Description</b>	<b>No. of units / pax</b>	<b>Total estimated cost RM'000</b>
<b>Additional warehouse</b>		
Rental (for 24 months)	-	360
<b>Motor vehicles</b>		
Forklift	1	120
Lorries	2	240
<b>Office equipment</b>		
Computers	6	24
<b>Manpower recruitment (for 12 months)</b>		
Warehouse assistants	2	62
Warehouse drivers	2	84

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

<b>Description</b>	<b>No. of units / pax</b>	<b>Total estimated cost RM'000</b>
Customer service executive	1	46
		<b>936</b>

Presently our storage capacity at Subang Sales Office is 7,115 sq ft. As at the LPD, we are in the midst of identifying a suitable premise with built-up area of 10,000 – 15,000 sq ft in the central region of Peninsular Malaysia. We intend to enter into a tenancy agreement for a suitable location by the second quarter of 2024. We intend to continue maintaining our storage capacity at the Subang Sales Office upon commencing operations of the new warehouse in the central region of Peninsular Malaysia.

**6.19.5 We intend to further strengthen the sales of our jointly designed as well as internally designed HPL product segments**

Approximately 19.31% to 26.88% of our sales for the past 3 FYEs and FPE are from the sale of jointly designed as well as internally designed HPL products. Between FYE 2020 and FYE 2022, our sales of jointly designed HPL products grew at a CAGR of 83.58%, while our sales of internally designed HPL products grew at a CAGR of 210.91%. Between FPE 2022 and FPE 2023, our sales of jointly designed HPL products grew at a CAGR of 14.01%, while our sales of internally designed HPL products grew at a CAGR of 130.00%.

We will continue cultivating our business relationships with third-party décor paper suppliers such that this allows us to launch new product designs that meet the preferences of our local customers and consumers in terms of design, textures and colours.

In order to further strengthen the sales of our jointly designed as well as internally designed HPL product segments, we will intensify our marketing and sales activities where we will place advertisements for these products in trade magazines as well as conduct product presentations with existing and prospective customers. We will also leverage on our digital channels, namely our website, social media accounts and our Topmix HPL mobile application to further promote our jointly designed as well as internally designed HPL products.

We expect the expansion of our jointly designed as well as internally designed HPL product segments to broaden our range of surface decorative products and allow us to cross-sell these products to our existing customer base. Thus, our success in developing these segments is expected to contribute towards further growth in our operations and financial performance.

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**6. INFORMATION ON OUR GROUP (Cont'd)****6.20 EMPLOYEES**

As at the LPD, we have a total workforce of 96 employees, all of whom are Malaysians. The following depicts the number of employees in our Group according to department as at the 30 September 2023 and the LPD:

<b>Department/ business function</b>	<b>Total employees</b>	
	<b>As at 30 September 2023</b>	<b>As at LPD</b>
Directors	2	2
Key senior management	3	3
Finance and Accounts	5	5
Business and Product Design	7	6
Human Resources	3	3
Procurement	3	3
Marketing and Sales	9	11
Customer Service	11	10
Warehouse	50	53
<b>TOTAL</b>	<b>93</b>	<b>96</b>

None of our employees belong to any labour union. During the past FYEs and up to the LPD, there was no major dispute involving our employees. During the same period, we did not face any labour shortage that led to any disruption to our business operations.

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

**6.21 MAJOR CUSTOMERS**

Our top 5 major customers for each of the past 3 FYEs 2020 to 2022 and FPE 2023 are as follows:

**FYE 2020**

No.	Customer	Country	Business activities	Products supplied*	Revenue contribution in FYE 2020		Length of relationship as at the LPD Years
					RM'000	%	
1.	JBR Hardware & Trading Sdn Bhd	Malaysia	Hardware products dealer	(a), (b), (c), (d) and (e)	2,180	7.92	12
2.	Kai Cheong Hardware Trading Sdn Bhd	Malaysia	Hardware products stockist	(a), (b), (c), (d) and (e)	2,047	7.44	12
3.	Excel Furniture Hardware Sdn Bhd	Malaysia	Hardware products dealer	(a) and (c)	1,064	3.87	13
4.	TPL Furniture Hardware Trading	Malaysia	Hardware products stockist	(a), (b), (c) and (d)	928	3.37	11
5.	Willy Hardware Trading Sdn Bhd	Malaysia	Hardware products dealer	(a), (b) and (c)	860	3.12	13
<b>Sub-total</b>					<b>7,079</b>	<b>25.72</b>	
<b>Total</b>					<b>27,521</b>	<b>100.00</b>	

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

**FYE 2021**

No.	Customer	Country	Business activities	Products supplied*	Revenue contribution in FYE 2021		Length of relationship as at the LPD Years
					RM'000	%	
1.	Kai Cheong Hardware Trading Sdn Bhd	Malaysia	Hardware products stockist	(a), (b), (c), (d) and (e)	3,663	9.49	12
2.	JBR Hardware & Trading Sdn Bhd	Malaysia	Hardware products dealer	(a), (b), (c), (d) and (e)	2,486	6.44	12
3.	TPL Furniture Hardware Trading	Malaysia	Hardware products stockist	(a) and (c)	1,456	3.78	11
4.	Ekia Furniture Accessories Sdn Bhd	Malaysia	Hardware products stockist	(a)	1,428	3.70	5
5.	Lian Heng (M) Sdn Bhd	Malaysia	Hardware products dealer	(a), (b), (c), (d) and (e)	1,251	3.24	12
<b>Sub-total</b>					<b>10,284</b>	<b>26.65</b>	
<b>Total</b>					<b>38,595</b>	<b>100.00</b>	

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**6. INFORMATION ON OUR GROUP (Cont'd)****FYE 2022**

No.	Customer	Country	Business activities	Products supplied*	Revenue contribution in FYE 2022		Length of relationship as at the LPD Years
					RM'000	%	
1.	Kai Cheong Hardware Trading Sdn Bhd	Malaysia	Hardware products stockist	(a), (b), (c), (d), (e) and (g)	6,115	9.29	12
2.	JBR Hardware & Trading Sdn Bhd	Malaysia	Hardware products dealer	(a), (b), (c), (d), (e) and (f)	4,711	7.16	12
3.	Ekia Furniture Accessories Sdn Bhd	Malaysia	Hardware products stockist	(a)	2,598	3.95	5
4.	TPL Furniture Hardware Trading	Malaysia	Hardware products stockist	(a), (c), (e) and (g)	1,992	3.03	11
5.	Hwa Yeap Hardware Sdn Bhd	Malaysia	Hardware products dealer	(a), (b) and (c)	1,982	3.01	12
<b>Sub-total</b>					<b>17,398</b>	<b>26.44</b>	
<b>Total</b>					<b>65,790</b>	<b>100.00</b>	

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

**FPE 2023**

No.	Customer	Country	Business activities	Products supplied*	Revenue contribution in FPE 2023		Length of relationship as at the LPD Years
					RM'000	%	
1.	Kai Cheong Hardware Trading Sdn Bhd	Malaysia	Hardware products stockist	(a), (b), (c), (d), (e) and (g)	4,543	8.90	12
2.	JBR Hardware & Trading Sdn Bhd	Malaysia	Hardware products dealer	(a), (b), (c), (d), (e) and (f)	3,317	6.50	12
3.	Ekia Furniture Accessories Sdn Bhd	Malaysia	Hardware products stockist	(a)	2,288	4.48	5
4.	Bao Leng Wood Veneer Plywood Sdn Bhd	Malaysia	Hardware products dealer	(a), (b), (c), (e) and (g)	1,514	2.97	6
5.	Daiyon Marketing Sdn Bhd	Malaysia	Hardware products dealer	(a) and (c)	1,468	2.88	12
<b>Sub-total</b>					<b>13,130</b>	<b>25.73</b>	
<b>Total</b>					<b>51,037</b>	<b>100.00</b>	

Note:

- \* Categories of products supplied:
- (a) HPL products
  - (b) Decorative boards
  - (c) Compact panels
  - (d) Kitchen and wardrobe accessories
  - (e) PVC edging
  - (f) Wall panels
  - (g) PVC plywood

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

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We have a diverse customer base comprising hardware products dealers and stockists, interior designers, contractors of commercial and residential properties and carpenters. Collectively, we have a large customer base of 1,309 customers as at FYE 2022.

Our major customers contributed to 25.72%, 26.65%, 26.44% and 25.73% of our revenues in the FYEs 2020, 2021, 2022 and FPE 2023. Our major customers comprised hardware product dealers who procured our surface decorative products for retail to their customers and hardware products stockists who operate their own retail chain of outlets or supply our surface decorative products to other hardware product dealers, interior designers, contractors of commercial and residential properties and/or carpenters.

None of our top 5 customers contributed to 10% or more of our sales for the respective FYEs 2020, 2021, 2022 and FPE 2023, thereby indicating that we are not dependant on any of our customers. We had a total of 745, 967, 1,309 and 1,124 customers in the FYEs 2020, 2021, 2022 and FPE 2023, respectively.

Owing to the large pool of customers in Malaysia, we do not foresee any material impact to our business in the event of loss of any one of our major customers.

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**6. INFORMATION ON OUR GROUP (Cont'd)****6.22 MAJOR SUPPLIERS**

Our top 5 major suppliers for the past 3 FYEs 2020 to 2022 and FPE 2023 are as follows:

**FYE 2020**

<b>No.</b>	<b>Supplier</b>	<b>Country of origin</b>	<b>Products sourced*</b>	<b>Value of purchases in FYE 2020</b>		<b>Length of relationship as at the LPD</b>
				<b>RM'000</b>	<b>%</b>	<b>Years</b>
1.	Zhejiang Rixin Decorative Material Co Ltd	China	(a) and (b)	10,250	49.32	11
2.	Melatone Group <sup>(1)</sup>	Malaysia / South Korea	(a) and (b)	5,446	26.20	10
3.	Supplier A <sup>(2)</sup>	Thailand	(a)	2,465	11.86	9
4.	SH Hybrid Trading Sdn Bhd	Malaysia	(e)	1,103	5.31	3
5.	Hettich Singapore (S.E.A.) Pte Ltd	Singapore	(e)	322	1.55	3
<b>Sub-total</b>				<b>19,586</b>	<b>94.24</b>	
<b>Total</b>				<b>20,784</b>	<b>100.00</b>	

**FYE 2021**

<b>No.</b>	<b>Supplier</b>	<b>Country of origin</b>	<b>Products sourced*</b>	<b>Value of purchases in FYE 2021</b>		<b>Length of relationship as at the LPD</b>
				<b>RM'000</b>	<b>%</b>	<b>Years</b>
1.	Zhejiang Rixin Decorative Material Co Ltd	China	(a) and (b)	11,715	51.49	11
2.	Melatone Group <sup>(1)</sup>	Malaysia / South Korea	(a) and (b)	6,125	26.92	10
3.	Supplier A <sup>(2)</sup>	Thailand	(a)	3,402	14.95	9
4.	SH Hybrid Trading Sdn Bhd	Malaysia	(e)	473	2.08	3

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

No.	Supplier	Country of origin	Products sourced*	Value of purchases in FYE 2021		Length of relationship as at the LPD Years
				RM'000	%	
5.	Oleg International Industry Co Ltd	China	(d)	208	0.91	5
				<b>21,923</b>	<b>96.35</b>	
<b>Total</b>				<b>22,754</b>	<b>100.00</b>	

**FYE 2022**

No.	Supplier	Country of origin	Products sourced*	Value of purchases in FYE 2022		Length of relationship as at the LPD Years
				RM'000	%	
1.	Zhejiang Rixin Decorative Material Co Ltd	China	(a), (b) and (c)	23,122	55.46	11
2.	Melatone Group <sup>(1)</sup>	Malaysia / South Korea	(a), (b) and (c)	10,983	26.35	10
3.	Supplier A <sup>(2)</sup>	Thailand	(a)	5,496	13.18	9
4.	Combi Trading Sdn Bhd	Malaysia	(f)	765	1.83	2
5.	Haining Qisheng Decoration Materials Co Ltd	China	(f)	307	0.74	2
				<b>40,673</b>	<b>97.56</b>	
<b>Total</b>				<b>41,690</b>	<b>100.00</b>	

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

**FPE 2023**

No.	Supplier	Country of origin	Products sourced*	Value of purchases in FPE 2023		Length of relationship as at the LPD
				RM'000	%	Years
1.	Zhejiang Rixin Decorative Material Co Ltd	China	(a), (b) and (c)	19,679	53.63	11
2.	Melatone Group <sup>(1)</sup>	Malaysia / South Korea	(a), (b) and (c)	10,163	27.70	10
3.	Supplier A <sup>(2)</sup>	Thailand	(a)	6,012	16.38	9
4.	Combi Trading Sdn Bhd	Malaysia	(f)	594	1.62	2
5.	Tidy Industries Sdn Bhd	Malaysia	(d)	99	0.27	2
				<b>36,547</b>	<b>99.60</b>	
<b>Total</b>				<b>36,693</b>	<b>100.00</b>	

Notes:

- \* Categories of products sourced:
- (a) HPL
  - (b) Compact panels
  - (c) Wall panels
  - (d) Decorative boards
  - (e) Kitchen and wardrobe accessories
  - (f) PVC plywood

<sup>(1)</sup> The company within our supplier grouping are as follows:

<b>Supplier grouping</b>	<b>Companies</b>
Melatone Group	Melatone Sdn Bhd (since 2017) and Melatone Ltd (since 2014)

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

- (2) Supplier A is a company incorporated in Thailand and is principally involved in the manufacturing and supply of adhesives and construction materials centering on HPL. Supplier A is a subsidiary of an ultimate holding company incorporated in Japan which is principally involved in the development, manufacturing and supply of customised adhesives and surfacing solutions and is listed on the Tokyo Stock Exchange. We purchase HPL from Supplier A on a purchase order basis.

Pursuant to the Non-Disclosure Agreement dated 1 September 2022 ("NDA"), we are bound by the terms and conditions contained in the NDA not to disclose the business relationship with Supplier A without their prior written consent. Supplier A had on 8 September 2022 rejected our request to disclose their name and our business relationship in the Prospectus.

The top 3 suppliers to our Group constituted between 87.38% to 97.71% of our total purchases for the FYEs 2020, 2021, 2022 and FPE 2023. The products sourced are mainly HPL and we have been buying from them for more than 5 years. These suppliers were selected as they are able to manufacture the designs, colours and textures that we require, meet our quality and volume requirements, and offer design and after-manufacturing support in terms of warranty for manufacturing defects.

In order to secure our supply, we have entered into supply agreements with these suppliers with the following duration:

<b>Supplier</b>	<b>Duration</b>	<b>Start Date</b>
Zhejiang Rixin Decorative Material Co Ltd	2 years, with automatic renewal of further 2 years	1 September 2022
Melatone Group	5 years, with automatic renewal of further 5 years	1 July 2022
Supplier A	1 year and automatically renewed yearly	1 May 2018

The top 3 suppliers (namely Zhejiang Rixin Decorative Material Co Ltd, Melatone Group and Supplier A) have further agreed that in relation to the supply of jointly designed HPL products, that they are bound to (i) to purchase the décor paper from the third-party décor paper suppliers designated by our Group (which our Group has exclusivity of the design) and (ii) to sell the jointly designed HPL products solely to our Group.

Our Group owns the exclusive rights to the colourways of jointly designed décor paper used in the production of our HPL products by these top 3 suppliers. Thus, these top 3 suppliers are not able to sell our jointly designed décor paper to any other customer. In the event we lose any of our top 3 suppliers, our Group still owns the exclusive rights to the colourways of our jointly designed décor paper and will thus be able to source for other suppliers to manufacture HPL based on the quality and volume that we require.

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

In addition to these top 3 suppliers, our Group also has other suppliers who are able to supply us with HPL in a timely manner. Further, we are able to source from other suppliers of HPL by leveraging on the business networks of our third-party décor paper suppliers, as these third-party décor paper suppliers would also have business relationships with other suppliers of HPL.

Notwithstanding the above, we believe that we have cultivated a mutually beneficial business relationship with our top 3 suppliers who also rely on our Group for consistent HPL orders to support their manufacturing activities. The long business relationship that we share with Zhejiang Rixin Decorative Material Co Ltd, Melatone Group and Supplier A of 11 years, 10 years and 9 years, respectively, is a testament to the mutually beneficial business relationship that we have fostered with these suppliers. Further, these suppliers have also allocated production capacity to meet our HPL orders thus indicating their willingness to foster business relationship with our Group. Thus, we have been able to increase our HPL orders from these suppliers, as illustrated by the increase in the value of our purchases from them for the FYEs 2020, 2021, 2022 and FPE 2023.

Our business is dependent on our top 2 suppliers namely Zhejiang Rixin Decorative Material Co Ltd ("Rixin") and Melatone Group, as they collectively constituted between 75.52% to 81.81% of our total purchases for the FYEs 2020, 2021, 2022 and FPE 2023. We have been purchasing from Rixin since 2013, Melatone Ltd since 2014 and Melatone Sdn Bhd since 2017 and this indicates a stable and long-term business relationship with them. In the event we face any difficulty in obtaining HPL from them or lose them as a supplier without a timely substitute, our Group's business would be materially affected.

Topmix Resources has entered into an OEM Manufacturing and Supply Agreement dated 1 September 2022 with Rixin. The salient terms of the agreement are as follows:

<b>Terms</b>	<b>Details</b>
Subject matter	Topmix Resources engages Rixin to manufacture the products stated below for sale, market and distribution by Topmix Resources under its authorised tradename and trademarks.
Products	High pressure laminate (HPL), compact panel and wall panel of designated design and specifications stated in the agreement.
Specifications, design and quality	<p>(i) The products manufactured or to be manufactured by Rixin must:</p> <p>(a) Comply with the specifications agreed by the parties in the agreement, subject to changes as may be made by Rixin and informed to Topmix Resources;</p> <p>(b) Comply with the design agreed by the parties and sourced from the designated supplier and service provider as stated in the agreement;</p> <p>(c) Be of good and merchantable quality; and</p> <p>(d) Meet the quality and hygiene standards satisfactory to Topmix Resources.</p>

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

<b>Terms</b>	<b>Details</b>
	(ii) All products must be packaged by Rexin in accordance with the specifications and customary commercial export practices at the cost of Rexin.
Warranties and representations	<p>Rexin represents and warrants that:</p> <p>(i) The products are in full compliance of the applicable laws where the products are distributed and sold;</p> <p>(ii) Rexin will maintain in full force all licences, permits and consents necessary for the manufacture, export and sale of the products; and</p> <p>(iii) The products will not infringe third party intellectual property rights.</p>
Duration of the agreement	2 years from the date of the agreement, subject to automatic renewal of 2 years, unless either party provides written notice to the other party of its intention to terminate the agreement not later than 90 days from the expiry of the agreement.
Exclusivity	Rexin shall not directly or indirectly sell, market and distribute the products to any third party in Malaysia.
Forecast and sufficient supply	<p>(i) Rexin will ensure sufficient quantity of ingredients, materials and finished products are procured, manufactured and maintained as its inventory to meet the requirements of Topmix Resources timely and efficiently, provided always that Topmix Resources will be responsible for any cost incurred for inventory (i.e. décor paper and raw materials) which have been ordered for Topmix Resources but not utilised by Topmix Resources.</p> <p>(ii) Topmix Resources may provide a non-binding forecast of the products for Rexin's production plan.</p>
Order and delivery of the products	<p>(i) All purchase orders must be submitted by Topmix Resources in the standard order form, subject to confirmation on acceptance by Rexin. If Rexin does not reply within 3 business days, the purchase orders are deemed accepted by Rexin. Rexin will not refuse purchase orders without due cause.</p> <p>(ii) The products will be delivered by Rexin in the quantity and to the site location stated in the purchase orders or separate written notice by Topmix Resources. Rexin will bear the cost of delivery of the products to the vessel at the port of delivery. Thereafter, Topmix will bear the cost of freight and delivery to destination (i.e. Topmix premises).</p>

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

<b>Terms</b>	<b>Details</b>
Purchase price and payment	(i) The purchase price of the products are mutually agreed by the parties in the agreement, and can only be amended with mutual agreement of the parties.
	(ii) All payments will be invoiced by Rexin and are to be made prior to delivery of the products by bank transfer by Topmix Resources to an account notified by Rexin.
Defective products	(i) Topmix Resource will inspect the products on arrival and must notify Rexin of any wrong or short shipment of products within the specified period.
	(ii) Rexin will refund to Topmix Resources for any products which are defective due to manufacturing fault confirmed by Rexin provided that the claim is made by Topmix Resources within the specified period.
Default and termination	(i) If Rexin breaches any provision of the agreement or any representations and warranties given by Rexin is found to be untrue, Rexin must endeavour to resolve the breaches to the satisfaction of Topmix Resources.
	(ii) If either party becomes insolvent, the other party is entitled to immediately terminate the agreement.
	(iii) Upon termination of the agreement, Rexin will immediately make available all products of such quantity according to the outstanding proforma invoice. Topmix Resources will, at its sole and absolute discretion, purchase the products or instruct Rexin to dispose of such products at the cost of Topmix Resources.

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

Topmix Resources also has entered into an OEM Manufacturing and Supply Agreement dated 1 July 2022 with Melatone Ltd. The salient terms of the agreement are as follows:

<b>Terms</b>	<b>Details</b>
Subject matter	Topmix Resources engages Melatone Ltd to manufacture the products stated below for sale, market and distribution by Topmix Resources under its own tradename and trademarks throughout the world.
Products	High pressure laminate (HPL), compact panel and wall panel
Specifications, design and quality	<p>(i) The products are to be manufactured by Melatone Ltd must:</p> <p>(a) Comply with the specifications agreed by the parties in the agreement, subject to changes as may be proposed by Melatone Ltd and approved by Topmix Resources at its sole and absolute discretion;</p> <p>(b) comply with the design agreed by the parties and sourced from the designated supplier and service provider as stated in the agreement;</p> <p>(c) Be of good and merchantable quality; and</p> <p>(d) Be free of defects in workmanship and material.</p> <p>(ii) All products must be packaged by Melatone Ltd in accordance with the specifications and customary commercial export practices at the cost of Melatone Ltd.</p>
Duration of the agreement	5 years from the date of the agreement, subject to automatic renewal of 5 years, unless either party provides written notice to the other party of its intention to terminate the agreement not later than 90 days from the expiry of the agreement.
Exclusivity	<p>(i) Topmix Resources has the exclusive right to market and sell the products throughout the world under any tradename or trademark. Melatone Ltd is to sell the products exclusively to Topmix Resources and cannot sell, market and distribute the products to any third party in Malaysia.</p> <p>(ii) The appointment of Melatone Ltd is non-exclusive, whereby Topmix Resources is free to enter into manufacturing arrangement with other manufacturers for similar products.</p>



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

<b>Terms</b>	<b>Details</b>
Forecast and sufficient supply	<ul style="list-style-type: none"> <li>(i) Melatone Ltd will ensure sufficient quantity of ingredients, materials and finished products are procured, manufactured and maintained as its inventory to meet the requirements of Topmix Resources timely and efficiently.</li> <li>(ii) Topmix Resources may provide a non-binding forecast of the products for Melatone Ltd's production plan.</li> </ul>
Order and delivery of the products	<ul style="list-style-type: none"> <li>(i) All purchase orders must be submitted by Topmix Resources in the standard order form, subject to confirmation on acceptance by Melatone Ltd. If Melatone Ltd does not reply within 3 business days, the purchase orders are deemed accepted by Melatone Ltd. Melatone Ltd will not refuse purchase orders without due cause.</li> <li>(ii) For rush orders, Topmix Resources may order the products via facsimile, telephone or e-mail (followed by the formal purchase orders), of which Melatone Ltd shall confirm acceptance within 48 hours upon receipt of the initial receipt of the orders.</li> <li>(iii) The products will be delivered by Melatone Ltd at its own cost in the quantity and to the site location stated in the purchase orders or separate written notice by Topmix Resources.</li> </ul>
Purchase price and payment	<ul style="list-style-type: none"> <li>(i) The purchase price of the products is mutually agreed by the parties in the agreement, and can only be amended with mutual agreement of the parties.</li> <li>(ii) The payment term is 60 days and all payments are to be made by bank transfer to account notified by Melatone Ltd.</li> </ul>
Defective products	<ul style="list-style-type: none"> <li>(i) If any products are defective or non-compliant with the specifications or packaging requirements, Topmix Resources will notify Melatone Ltd within reasonable period and Melatone Ltd must at its own cost deliver replacement products to Topmix Resources, without prejudice to Topmix Resources' right to claim for damages.</li> <li>(ii) Topmix Resources may dispose of the defective or non-compliant products as it sees fit at the cost of Melatone Ltd.</li> </ul>
Confidentiality	The parties must keep strictly secret and confidential all confidential information acquired by either party from the other parties during the term of the agreement or negotiations leading to the execution of the agreement. The confidentiality obligations of confidentiality will survive for 5 years from the expiry date or termination date of the agreement.

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

<b>Terms</b>	<b>Details</b>
Default termination	<p>and (i) Topmix Resources may terminate the agreement at any time during the term of this agreement by giving 3 months advance notice to Melatone Ltd.</p> <p>(ii) If Melatone Ltd breaches any provision of the agreement or any representations and warranties given by Melatone Ltd is found to be untrue, Melatone Ltd must endeavour to resolve the breaches. If no settlement is reached within 90 days from the written notice by Topmix Resources, Topmix Resources is entitled to suspend or cancel whole or part of the agreement. All loss and damages sustained will be indemnified by Melatone Ltd.</p> <p>(iii) If either party becomes insolvent, the other party is entitled to immediately terminate the agreement.</p> <p>(iv) Upon termination of the agreement, Melatone Ltd will immediately make available all products according to the outstanding orders. Topmix Resources will, at its sole and absolute discretion, purchase the products or instruct Melatone Ltd to dispose of such products at the cost of Topmix Resources.</p>

Topmix Resources also has entered into an OEM Manufacturing and Supply Agreement dated 1 July 2022 with Melatone Sdn Bhd. The salient terms of the agreement are as follows:

<b>Terms</b>	<b>Details</b>
Subject matter	Topmix Resources engages Melatone Sdn Bhd to manufacture the products stated below for sale, market and distribution by Topmix Resources under its own tradename and trademarks throughout the world.
Products	High pressure laminate (HPL) and compact panel
Specifications, design and quality	<p>The products are to be manufactured by Melatone Sdn Bhd must:</p> <p>(i) comply with the specifications agreed by the parties in the agreement, subject to changes as may be proposed by Melatone Sdn Bhd and approved by Topmix Resources at its sole and absolute discretion;</p> <p>(ii) comply with the design agreed by the parties and sourced from the designated supplier and service provider as stated in the agreement;</p> <p>(iii) be of good and merchantable quality; and</p> <p>be free of defects in workmanship and material.</p>

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

<b>Terms</b>	<b>Details</b>
Duration of the agreement	5 years from the date of the agreement, subject to automatic renewal of 5 years, unless either party provides written notice to the other party of its intention to terminate the agreement not later than 90 days from the expiry of the agreement.
Exclusivity	<p>(i) Topmix Resources has the exclusive right to market and sell the products throughout the world under any tradename or trademark. Melatone Sdn Bhd is to sell the products exclusively to Topmix Resources and cannot sell, market and distribute the products to any third party in Malaysia.</p> <p>(ii) The appointment of Melatone Sdn Bhd is non-exclusive, whereby Topmix Resources is free to enter into manufacturing arrangement with other manufacturers for similar products.</p>
Forecast and sufficient supply	<p>(i) Melatone Sdn Bhd will ensure sufficient quantity of ingredients, materials and finished products are procured, manufactured and maintained as its inventory to meet the requirements of Topmix Resources timely and efficiently.</p> <p>(ii) Topmix Resources may provide a non-binding forecast of the products for Melatone Sdn Bhd's production plan.</p>
Order and delivery of the products	<p>(i) All purchase orders must be submitted by Topmix Resources in the standard order form, subject to confirmation on acceptance by Melatone Sdn Bhd. If Melatone Sdn Bhd does not reply within 3 business days, the purchase orders are deemed accepted by Melatone Sdn Bhd. Melatone Sdn Bhd will not refuse purchase orders without due cause.</p> <p>(ii) For rush orders, Topmix Resources may order the Products via facsimile, telephone or e-mail (followed by the formal purchase orders), of which Melatone Sdn Bhd shall confirm acceptance within 48 hours upon receipt of the initial receipt of the orders.</p> <p>(iii) The products will be collected by Topmix Resources at its own cost in the quantity and to the site location stated in the purchase orders or separate written notice by Topmix Resources.</p>
Purchase price and payment	<p>(i) The purchase prices of the products are mutually agreed by the parties in the agreement, and can only be amended with mutual agreement of the parties.</p> <p>(ii) The payment term is 30 days and all payments are to be made by bank transfer to account notified by Melatone Sdn Bhd.</p>

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

<b>Terms</b>	<b>Details</b>
Defective products	<ul style="list-style-type: none"> <li>(i) If any products are defective or non-compliant with the specifications or packaging requirements, Topmix Resources will notify Melatone Sdn Bhd within reasonable period and Melatone Sdn Bhd must at its own cost deliver replacement products to Topmix Resources, without prejudice to Topmix Resources' right to claim for damages.</li> <li>(ii) Topmix Resources may dispose of the defective or non-compliant products as it sees fit at the cost of Melatone Sdn Bhd.</li> </ul>
Confidentiality	The parties must keep strictly secret and confidential all confidential information acquired by either party from the other parties during the term of the agreement or negotiations leading to the execution of the agreement. The confidentiality obligations of confidentiality will survive for 5 years from the expiry date or termination date of the agreement.
Default termination	<ul style="list-style-type: none"> <li>(i) Topmix Resources may terminate the agreement at any time during the term of this agreement by giving 3 months advance notice to Melatone Sdn Bhd.</li> <li>(ii) If Melatone Sdn Bhd breaches any provision of the agreement or any representations and warranties given by Melatone Sdn Bhd is found to be untrue, Melatone Sdn Bhd must endeavour to resolve the breaches. If no settlement is reached within 90 days from the written notice by Topmix Resources, Topmix Resources is entitled to suspend or cancel whole or part of the agreement. All loss and damages sustained will be indemnified by Melatone Sdn Bhd.</li> <li>(iii) If either party becomes insolvent, the other party is entitled to immediately terminate the agreement.</li> <li>(iv) Upon termination of the agreement, Melatone Sdn Bhd will immediately make available all products according to the outstanding orders. Topmix Resources will, at its sole and absolute discretion, purchase the products or instruct Melatone Sdn Bhd to dispose of such products at the cost of Topmix Resources.</li> </ul>

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## 7. INDEPENDENT MARKET RESEARCH REPORT



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29 February 2024

The Board of Directors  
**TOPMIX BERHAD**  
Level 5, Tower 8, Avenue 5  
Horizon 2, Bangsar South City  
59200 Kuala Lumpur  
Malaysia

Dear Sirs,

### **Outlook of the Surface Decorative Products Market in Malaysia in conjunction with the Listing of TOPMIX BERHAD on the ACE Market of Bursa Malaysia Securities Berhad**

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this Outlook of the Surface Decorative Products Market in Malaysia strictly for inclusion in the Prospectus of TOPMIX BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

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For and on behalf of PROVIDENCE:

ELIZABETH DHOSS  
EXECUTIVE DIRECTOR

#### **About PROVIDENCE STRATEGIC PARTNERS SDN BHD:**

*PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.*

#### **About ELIZABETH DHOSS:**

*Elizabeth Dhoss is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoss holds a Bachelor of Business Administration from the University of Malaya, Malaysia.*

## 7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



### 1 SURFACE DECORATIVE PRODUCTS MARKET IN MALAYSIA

Topmix Berhad is principally involved in the marketing and sales of its own brand of surface decorative products and accessories. Topmix Berhad also undertakes the design of surface decorative products internally as well as in collaboration with third-party décor paper suppliers. Topmix Berhad's surface decorative products mainly comprise high pressure laminate ("HPL") products. As such, this report focuses on the HPL products segment of surface decorative products.

Surface decorative products are specially designed laminated materials that are used as surface materials, flooring, or wall panelling. Surface decorative products are typically either HPL or low pressure laminates depending on the manufacturing process, whereby:

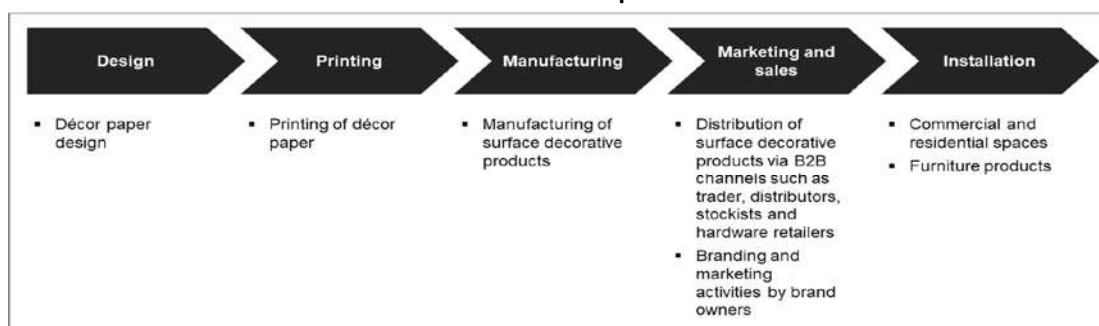
- HPL are produced at pressures between 1,200 and 2,000 pounds per square inch ("psi"); and
- low pressure laminates, also known as plastic laminates, are produced at a pressure of 400 psi.

Surface decorative products have an advantage over veneers, paints, and coatings as they are more durable, cost-effective, have long shelf-life and add aesthetic value. As such, surface decorative products are commonly used for decorating and protecting commercial and residential interior surface as well as furniture products including wall panels, counter tops, table tops, cabinets as well as other interior structures. Surface decorative products enable home and business owners to create any look they want, and showcase artistic creativity of the space being decorated. As an illustration, homeowners are able to highlight uniquely textured or organic surface décor in residential spaces through the use of HPL. Surface decorative products are gaining traction as a surface material for enhancing the aesthetic appeal of commercial and residential spaces.

The core surface decorative product designs are relatively "commoditised" or "generic" with limited differentiation. There is consistent and high demand for these generic products that complement the décor theme of the space or furniture item being decorated. Notwithstanding this, industry players seek to create product differentiation to appeal to the preferences and customisation needs of consumers. Product differentiation is generally achieved through the selection of décor paper designs, texture imprint finishes, product pricing as well as branding and marketing strategies.

In order to successfully compete in producing a range of surface decorative products, industry players need to conduct a range of activities across the value chain. An illustration of the value chain for HPL products is as illustrated below.

Value chain of HPL products



Décor paper are specialty papers used to create quality finishes on surfaces and wooden materials. They are either single colour or printed with a range of designs. Décor paper essentially provides the pattern, woodgrain and colour for a sheet of laminate.

Décor paper designs are typically carried out by décor paper suppliers who conceptualise and produce the artwork for new designs, motifs and features based on market trends, consumer preferences and product application. Based on the final artwork, the designs are printed onto décor paper. Printed décor papers are then used in the manufacturing of HPL products.

Décor paper, overlay paper, kraft paper and adhesives are key raw materials in the production of HPL products. Overlay paper gives laminate its surface strength and scratch resistance, while kraft paper forms the core of the laminate product.

The manufacturing of HPL products involves the following:

## 7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

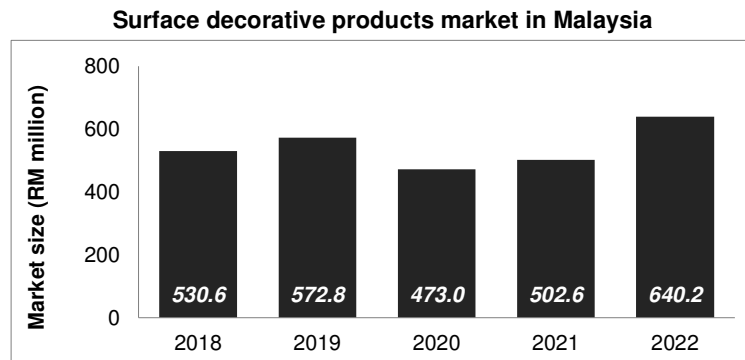


- Overlay paper is saturated with melamine resin, cured and cut to size;
- Sheets of décor paper and overlay paper are pulled and assembled in sets based on production run needs;
- At the same time, the kraft paper, which forms the core of laminate, undergoes a similar process. The kraft paper is taken to the phenolic treater, where it is saturated with phenolic resin, cured and rolled or cut to size. The kraft paper is then assembled based on the sheet laminate thickness;
- Décor paper, overlay paper and kraft paper are assembled at the press and heated under high heat and pressure (hence the name HPL). The décor and kraft papers are then sandwiched between two stainless steel textured plates, which impart the tactile finish (such as gloss, matte or patterned textures) on the completed laminate sheet;
- Once the press cycle is complete, the HPL sheets are taken to a sander. The edges of each sheet are trimmed, and the back is sanded to provide better adhesion in fabrication; and
- HPL sheets are then cut to size. The result is finished HPL products.

HPL products are distributed to hardware product traders, distributors, stockists and retailers for subsequent sales to customers. Some industry players procure and rebrand HPL products under brands that they have cultivated, and market HPL products to customers. The profile of customers are typically interior designers, property developers, contractors and carpenters who are then responsible for the installation of these HPL products at the commercial or residential premises of consumers. HPL products are typically bonded to substrates such as plywood, particleboards and medium-density fibreboards (MDF) to hold it firm during installation.

### INDUSTRY SIZE AND GROWTH POTENTIAL

The surface decorative products market in Malaysia, based on the revenues of industry players, rose from RM530.6 million in 2018 to RM572.8 million in 2019 at a compound annual growth rate ("CAGR") of 8.0%. In 2020, the surface decorative products market dipped to RM473.0 million at a year-on-year rate of -17.4% as the COVID-19 pandemic disrupted economic activities, including construction and property development activities, and hampered consumer spending on discretionary expenses.



Source: Various annual reports, PROVIDENCE analysis

In 2021, the surface decorative products market began showing signs of recovery in line with the reopening of Malaysia's economy and resumption of economic activities. While there was resurgence in COVID-19 cases nationwide and lockdowns instituted, the high vaccination rates led to a recovery in economic activities. This led to the demand for surface decorative products rebounding to RM502.6 million (2020: RM473.0 million) in 2021 at a year-on-year rate of 6.2%. The demand for surface decorative products is driven by their cost-effectiveness and easy customisation, as well as lower maintenance and resistance to scratches and stains. In 2022, the surface decorative products market reached RM640.2 million at a year-on-year rate of 27.4%, driven by the positive growth in residential and commercial property markets during the year. On an overall basis between 2018 and 2022, the surface decorative products market in Malaysia witnessed a CAGR of 4.8%.

PROVIDENCE projects the surface decorative products market to grow from an estimated RM640.2 million in 2022 to RM760.0 million in 2026 at a CAGR of 4.4%. Demand for surface decorative products will be supported by the recovery and growth in commercial and residential property markets, foreign investment and domestic investment growth activities; population growth and urbanisation, growing affluence of population and supportive government initiatives aimed at encouraging home ownership as well as achieving inclusive and sustainable economic in Malaysia.

## 7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



### DEMAND CONDITIONS: KEY GROWTH DRIVERS

#### Recovery and growth in the residential and commercial property markets support demand for surface decorative products

Between 2018 and 2022, residential and commercial property transactions rose from RM98.2 billion to RM126.9 billion at a CAGR of 6.6%. From this, residential property transactions rose from RM68.7 billion to RM94.3 billion at a CAGR of 8.2% while commercial property transactions rose from RM29.5 billion to RM32.6 billion at a CAGR of 2.5%.

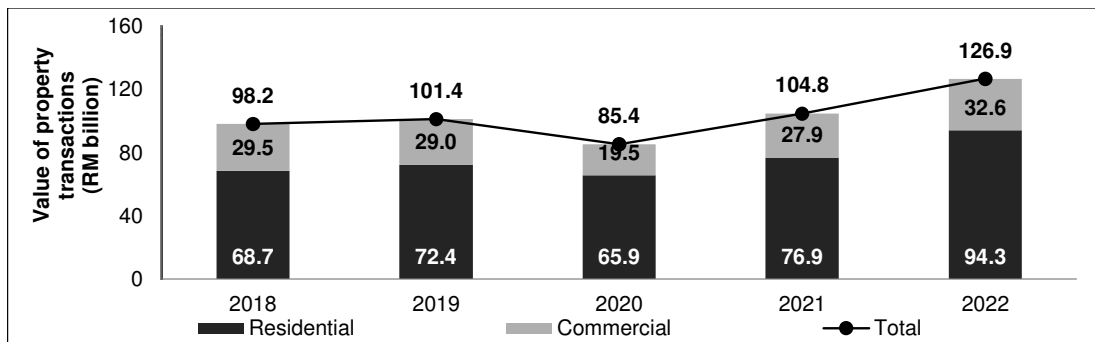
In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, residential and commercial property transactions were affected in 2020.

In 2021, the property market in Malaysia began showing signs of recovery, mainly supported by the implementation of various stimulus under Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN), as well as measures under Budget 2021 which sustained consumer confidence and spending.

Growth in the property market in 2022 was supported by the implementation of various government initiatives and assistance, improving labour market conditions and higher tourist arrivals. Several initiatives which outlined under Budget 2022 contributed to improving property market activities lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6<sup>th</sup> year onwards by Malaysian citizens, permanent residents and other than companies, as well as guarantees of up to RM2.0 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

In particular, the reopening of Malaysia's international borders on 1<sup>st</sup> April 2022 was a turning point for Malaysia's tourism sector which began welcoming back international tourists after two years of closure. The border reopening has revitalised Malaysia's tourism sector and encouraged investments in the upgrading, refurbishment and construction of hotels, retail as well as food and beverage (F&B) premises, which ultimately has driven demand for surface decorative products.

Residential and commercial property transactions in Malaysia



Source: National Property Information Centre (NAPIC), PROVIDENCE analysis

According to Malaysia's Ministry of Finance, Malaysia's economy is expected to grow moderately between 4.0% to 5.0% in 2023, backed by strong fundamentals and diversified economic structure, coupled with ongoing policy support to cushion the impact of the rising cost of living and mitigate the downside risk stemming from the prolonged geopolitical uncertainties and tightening global financial conditions. Bank Negara Malaysia also anticipates that domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects. The property market is expected to continue its growth momentum supported by the various initiatives outlined by the Government under the revised Budget 2023 which aim to encourage home ownership as well as achieve inclusive and sustainable economic growth in Malaysia.



## 7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



For 2024, the economy is projected to grow within the range of 4.0% to 5.0%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities. In 2024, the real estate segment is projected to improve owing to the increase in non-residential and residential property transactions.

Collectively, these developments are expected to bode well for the surface decorative products market in Malaysia.

### **Foreign investment and domestic investment growth stimulate demand for commercial properties**

Malaysia recorded a total of RM329.5 billion worth of approved investments in the services, manufacturing and primary sectors in 2023 across 5,101 projects. From the total investments approved, foreign investments accounted for RM188.4 billion or 57.2%, while domestic investments accounted for RM141.1 billion or 42.8%.<sup>1</sup>

The services sector accounted for the largest share of the total investments in 2023, amounting to RM168.4 billion (51.1%), followed by the manufacturing sector with RM152.0 billion (46.1%) and the primary sector with RM9.1 billion (2.8%). Foreign investments comprised 34.4%, 84.5% and 22.0% of approved investments in the services, manufacturing and primary sectors respectively. During the year, the services sector comprised the information and communications (RM63.7 billion), real estate (RM61.0 billion), utilities (RM11.1 billion), distributive trade (RM11.1 billion) and support services (RM10.5 billion) segments.

Malaysia's manufacturing sector, which attracted RM152.0 billion in approved investments, saw an 80.3% increase compared to 2022 (2022: RM84.3 billion). The E&E (RM85.4 billion), machinery and equipment (RM22.6 billion), chemicals and chemical products (RM8.9 billion), non-metallic mineral products (RM8.8 billion), transport equipment (RM7.1 billion) and plastic products (RM4.1 billion) industries collectively made up 89.5% of total approved investments for the manufacturing sector in 2023.<sup>2</sup>

The implementation of the Regional Comprehensive Economic Partnership (RCEP) which came into force on 18 March 2022 is also paving the way for Malaysian businesses to have access to more than a third of the world's market, attracting foreign investment as well as lifting Malaysia's export growth.

Malaysia aims to attract quality investments, as this will be key in driving a more sustainable economic recovery for Malaysia and to achieve its aspirations of becoming a high-income nation. Foreign investment and domestic investment are important contributors to the country's economic growth and the Government has been proactive in encouraging growth based on productivity, innovation and shared prosperity in order for wages to continue rising. Foreign investment also plays an important role in supporting Malaysia's move to become a high-income technology-based economy. As such, investments in commercial properties as well as infrastructure are crucial to support the investment prospects of Malaysia for foreign investors, thereby also benefitting industry players offering surface decorative products.

### **Population growth and urbanisation support demand for surface decorative products**

Based on a projection by the United Nations Department of Economic and Social Affairs ("DESA"), it is estimated that Malaysia's population, similar to the rest of the world, will increase exponentially within three decades. According to the World Population Prospects: The 2017 Revision, the nation's population is expected to rise to more than 40.0 million in 2050. The same trend has been projected for the nation's urbanisation rate, which stood at 75.0% in 2017. DESA, in its World Urbanisation Prospect: The 2014 Revision, projected that Malaysia was expected to register an urbanisation rate of between 85.0% to 90.0% by 2050. In 2022, Malaysia's population stood at 32.7 million. According to the Key Findings of Population and Housing Census of Malaysia 2020 published by the Department of Statistics Malaysia in December 2022, Malaysia's urbanisation rate increased to 75.1% in 2020 from the 70.9% in 2010.<sup>3</sup>

<sup>1</sup> Malaysia Resilient Ascent – Securing Historic RM329.5 billion in Investments, Generating Close to 130,000 Jobs in 2023, Malaysian Investment Development Authority ("MIDA")

<sup>2</sup> Malaysia Resilient Ascent – Securing Historic RM329.5 billion in Investments, Generating Close to 130,000 Jobs in 2023, MIDA

<sup>3</sup> Department of Statistics Malaysia. Latest available statistics as at 29 February 2024

## 7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



The increase in urbanisation will bring changes and challenges unless it can be supported by property development for residential and commercial activities as well as robust infrastructure. This will ensure that Kuala Lumpur and other cities will continue to experience growth and remain competitive. Thus, investments in property development to support population growth and urbanisation will benefit industry players that offer surface decorative products.

### **Growing affluence of population and preference for personalised spaces support demand for surface decorative products**

Economic growth contributes to the affluence level of a country's population. The per capita income in Malaysia rose from RM42,598 in 2020 to an estimated RM49,673 in 2022. Initiatives by the Government of Malaysia to achieve sustainable and inclusive economic growth are expected to sustain the improving standards of living in Malaysia over the long term.

The COVID-19 pandemic led to a change in consumer lifestyles, as the imposition of social distancing measures such as work-from-home and online school classes led to the population being confined in their homes. This encouraged home renovation activities as homeowners converted living spaces into home offices. Even after the lifting of lockdown measures, home renovation activities continue to fuel demand for surface decorative products as these products are seen by homeowners as a cost-effectiveness option for decorating interior spaces based on their personalised preferences.

The growing affluence of the population and their preference for personalised interior surface decoration bode well for industry players that offer surface decorative products.

### **Government initiatives to spur economic activities as well as support residential and commercial property development**

The Government has announced several initiatives under Budget 2024 aimed at supporting the property sector as well as achieving inclusive and sustainable economic growth in Malaysia. Among others, these include:

- **housing**

In 2023, the Government has mobilised a special team under the Ministry of Local Government Development to address issues on delayed, sick and abandoned private housing projects that have burdened homebuyers. As of August 2023, 256 sick projects involving over 28,000 housing units have been restored, with a gross development value of RM23.37 billion. A special guarantee fund of RM1.0 billion has been allocated to encourage reputable developers to revive identified abandoned projects. The Government will provide guarantees of up to RM10 billion under Skim Jaminan Kredit Perumahan (SJKP) that will benefit 40,000 borrowers. As a measure to control property prices, the Government intends to impose a flat rate stamp duty of 4% on the transfer of land ownership documents by non-citizens and foreign-owned companies, except for individuals with permanent residency status in Malaysia.

- **Malaysia as an investment destination**

The Government will also continue to intensify efforts to obtain more high-impact investments. In developing Malaysia's advantage as a preferred destination for foreign investment, the Government will implement several new policies and directives to improve ease of doing business. The Industrial Area in Bayan Lepas, Penang and Kulim Hi-Tech Park, Kedah have brought together the world's leading companies in the electronics and electrical ("E&E") sector. To build a wider ecosystem for the E&E cluster in the northern region, the Government will open a high-tech industrial area in Kerian, Northern Perak.

- **health services**

Malaysia has yet to meet the ratio of one doctor to 400 patients. To this end, the accessibility to health facilities will continue to be increased to minimise congestion. In 2024, several new development projects will be implemented including Universiti Sains Islam Malaysia (USIM) Teaching Hospital Complex (USIM) Phase 1 in Kota Tinggi, Johor at a cost of RM938.0 million; preliminary work for the construction of Hospital Sultanah Aminah 2, Johor Bahru, Johor; additional pathology block at Hospital Raja Perempuan Zainab II, Kelantan at a cost of RM175.0 million; additional building for the Emergency and Trauma Department at Hospital Sultan Abdul Aziz Shah, Universiti Putra Malaysia, Serdang, Selangor; and five new health clinics including Rantau, Negeri Sembilan; Kuala Tahan, Jerantut, Pahang; Kuala Jengal, Dungun, Terengganu; and Pulau Mantanani, Kota Belud, Sabah at a cost of RM150.0 million. The commitment of the Unity Government to refurbish dilapidated clinics will

## 7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



be intensified. A total of RM300.0 million is allocated to refurbish 400 rundown clinics with wooden structures and dilapidated wiring.

### ▪ **internalisation of startups**

The emergence of more local startups is essential to accelerate the restructuring of the country's economy. The Government aims to rank in the top 20 for the global startup ecosystem by 2030, in addition to making Kuala Lumpur as the Southeast Asian regional hub for digital industry and startups.

In accordance to the decision of the National Digital Economy and Fourth Industrial Revolution Council, RM28.0 million is provided to develop the MYStartup platform as a single window in bringing together startups to streamline business activities throughout their lifecycle. This initiative will optimise a fund of RM200.0 million under various funding agencies and venture capitals on a single platform.

To internationalise local startups and increase their competitiveness in becoming regional champions, government-linked companies and government-linked investment companies will provide funds of up to RM1.5 billion to encourage startups, including Bumiputera small and medium enterprise ("**SME**") entrepreneurs, to venture into high growth high value fields such as digital economy, space technology and E&E.

To support capital funding for startups, allocation of RM100.0 million to MyCIF for a period of 3 years to complement initiatives related to food security, the environment, community, and State Islamic Religious Council to create opportunities to develop waqf assets for health, education, and agro-based enterprises; tax incentives for individual investors investing in startups through the equity crowdfunding (ECF) platform will also be expanded to individual investors through limited liability partnership nominee companies and extended until 31 December 2026; and angel investors tax incentive to be extended until 31 December 2026 to encourage capital funding in technology related startups.

### ▪ **financing facilities**

In 2024, the total value of loans and financing guarantees available for the benefit of micro SMEs amount to RM44.0 billion. Micro-entrepreneurs and small traders are provided with financing facilities amounting to RM2.4 billion under agencies such as Bank Negara Malaysia, Bank Simpanan Nasional, and Tabung Ekonomi Kumpulan Usaha Niaga ("**TEKUN**"):

- RM1.4 billion under Bank Simpanan Nasional micro financing schemes to help provide business capital, equipment purchases, premises and marketing to hawkers and small entrepreneurs;
- RM330 million under TEKUN to provide financing facilities to small traders such as batik and craft operators, Orang Asli entrepreneurs and Bumiputera of Sabah and Sarawak. RM30.0 million is provided specifically to finance businesses run by the Indian community; and
- From this total, RM720.0 million is set aside to encourage women and youth to venture into business.

Under Bank Negara Malaysia, a total of RM8.0 billion in financing facilities are provided to support SME companies. From this amount, RM600.0 million is dedicated to support micro-enterprises and low-income entrepreneurs, small contractors, the application of sustainability practices and food security-related sectors.

For 2024, RM600.0 million has been allocated under Khazanah Nasional's Dana Impak for investments in promoting inclusive economic growth by uplifting rural, semi-urban communities and the underserved communities to obtain access to financial services.

So far, the Syarikat Jaminan Pembiayaan Perniagaan Berhad has guaranteed more than 100,000 SMEs including 75% non-Bumiputera SMEs and 25% Bumiputera SMEs with a total approved value of more than RM75.0 billion. In 2024, Syarikat Jaminan Pembiayaan Perniagaan Berhad will guarantee up to 80% of SME entrepreneurs' loans, especially to those involved in the green economy, technology, and halal fields, with up to RM20.0 billion of guarantee available to SMEs.

Since its establishment, Amanah Ikhtiar Malaysia has successfully assisted 1.0 million borrowers, particularly single mothers, and the poor, by providing small business capital. Amanah Ikhtiar Malaysia has shown excellent performance by recording the lowest non-performing loan rate of 0.26% in 2022. To support Amanah Ikhtiar Malaysia's role in poverty eradication, the Unity Government will allocate RM100.0 million

In 2024, RM100.0 million in financing facilities will be provided to the cooperatives through the Revolving Capital Fund under the Malaysia Co-operative Societies Commission of Malaysia, to assist more cooperatives

## 7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



### ▪ economy of the rakyat

To date, more than 1,200 business franchises have been registered under the Ministry of Domestic Trade and Cost of Living, among which 720 are owned by local companies with domestic sales value reaching RM30.0 billion. In fact, well-acclaimed local franchise brands such as Marrybrown, Daily Fresh Foods, Secret Recipe, Smart Reader and LaundryBar have been operating in 80 countries. To expand the franchise trade in boosting exports, the Government is providing RM10.0 million under the Franchise Strengthening Programme.

### **Growth in Malaysia's furniture industry supports demand for surface decorative products**

Malaysia manufactures several types of furniture products, including but not limited to, wooden and cane furniture as well as metal furniture. However, in terms of value of the gross output of the furniture industry, the manufacture of wooden and cane furniture is the largest segment. This is due to the abundance of tropical wood found in Malaysia, where approximately 80.0% of furniture exports are manufactured from rubberwood.<sup>4</sup> Between 2010 and 2019, the production of furniture in Malaysia grew from RM11.4 billion to RM17.8 billion at a CAGR of 5.1%. Malaysia's production of furniture dipped to RM16.5 billion in 2020 and RM15.6 billion in 2021 as the lockdowns imposed by the Government of Malaysia to curb the spread of COVID-19 affected manufacturing activities in the furniture industry. In 2022, Malaysia's production of furniture began showing signs of recovery and rose to RM17.1 billion at a year-on-year growth rate of 9.6%.

A significant volume of Malaysia's locally manufactured furniture is exported. Furniture exports constituted between 62.0% and 85.0% of manufactured furniture between 2010 and 2022. In 2022, Malaysia was ranked the 11<sup>th</sup> largest furniture exporter globally with exports totalling RM14.1 billion. Demand for Malaysia's furniture from foreign buyers remains high due to its quality and the use of locally-sourced raw materials.

The rising demand for Malaysian furniture products globally will support the nation's furniture industry. Global consumption of furniture increased from USD340.2 billion in 2010 to USD495.7 billion in 2019 at a CAGR of 2.9%. In 2020, global furniture consumption dipped to USD400.4 billion at a year-on-year rate of -19.2%. Furniture demand showed signs of recovery in 2021 as global consumption of furniture rose to USD417.2 billion at a year-on-year growth rate of 4.2%. In 2022, global consumption of furniture reached an estimated USD536.0 billion (year-on-year growth rate of 28.5%).

Over the longer term, demand for furniture is expected to grow on the back of global growth in population, urbanisation, disposable incomes, and real estate. An increase in furniture demand globally signifies growth opportunities for the furniture industry in Malaysia, as consumers may opt to purchase imported furniture due to factors such as product pricing, design and quality. In line with the increasing furniture demand globally, demand for Malaysian furniture products has also increased globally, as depicted by Malaysia's growth in furniture exports. Between 2010 and 2022, Malaysia's furniture exports increased from RM8.0 billion to RM14.1 billion at a CAGR of 4.8%. In 2022, Malaysia primarily exported its furniture to the USA (59.2% of total furniture exports). This was followed by Singapore (5.9%, RM831.9 million), Japan (5.5%, RM775.5 million), Australia (3.8%, RM535.8 million), and the United Kingdom (3.5%, RM493.5 million). The rising demand for Malaysian furniture products globally will continue to boost the furniture industry in Malaysia.

The growth potential of Malaysia's furniture industry benefits industry players offering surface decorative products which are used to decorate and protect furniture.

### **INDUSTRY RISKS AND CHALLENGES**

#### **Economic uncertainties affect spending on discretionary products and services**

Economic uncertainty can impact consumer spending habits. Generally, it leads to a decrease in overall consumption and changes in spending priorities. Economic uncertainty often leads to a decrease in consumer confidence, which causes people to feel less secure in their financial situation. When people are uncertain about their financial future, they are less likely to spend money on non-essential items. Uncertain times may also prompt people to save more money as a precautionary measure, in case they lose their jobs or experience some other financial emergency. This can lead to a decrease in consumer spending, as people have less disposable income to spend on goods and services. People may be more likely to prioritise spending essential items such as food and housing over luxury items including

<sup>4</sup> MIDA

## 7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



renovation, vacations and entertainment. Consumers may also decide to wait on making large purchases until they feel more financially secure.

As a result, expenditure on discretionary products and services such as surface decorative products are likely to be impacted during times of economic uncertainties.

### **Slowdown in construction and property development activities affect demand for surface decorative products**

In 2020, Malaysia experienced a contraction in gross domestic product (“GDP”) growth. While the COVID-19 pandemic containment measures aided Malaysia’s efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, Malaysia’s GDP contracted by 5.6% in 2020 and real GDP dipped to RM1.3 trillion (2019: RM1.4 trillion). Total property transaction value in 2020 was RM98.2 billion, a 15.5% drop from the RM116.2 billion recorded in 2019.

Other factors such as the oversupply of properties and economic downturn may also lead to a slowdown in construction and property development activities, thereby affecting demand for surface decorative products. A total of 27,746 overhang residential units worth RM18.41 billion was recorded in 2022, in comparison to the 36,863 residential units worth RM22.79 billion in 2021.

### **COMPETITIVE LANDSCAPE**

The surface decorative products market is competitive and comprises industry players that are involved in one or more of the following business activities:

- décor paper design
- décor paper printing
- manufacturing of surface decorative products
- marketing and sales of surface decorative products
- installation of surface decorative products

Topmix Berhad is principally involved in the marketing and sales of its own brand of surface decorative products and accessories. Topmix Berhad also undertakes the design of surface decorative products internally as well as in collaboration with third-party décor paper suppliers.

In the FYE 31 December 2022, Topmix Berhad generated a revenue of RM65.8 million. When compared against the estimated market size of surface decorative products in 2022 of RM640.2 million, Topmix Berhad’s share of revenue is 10.3%.

Topmix Berhad primarily competes against other industry players that are involved in the marketing and sales of surface decorative products. These competitors may also be involved in design and manufacturing activities.

**7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Financial performance of selected industry players**

The following sets out the latest available revenues of selected industry players in the surface decorative products market in Malaysia with revenues exceeding RM15.0 million.

Industry player	Business activities <sup>a</sup>	Latest available FYE	Revenue (RM)	Gross profit (RM)	Gross profit margin (%)	Profit before tax (RM)	Profit after tax (RM)	Profit after tax margin (%)
Formica (Malaysia) Sdn Bhd	Design of décor paper, manufacturing and trading of surface solutions under its own brands	31 December 2022	25,659,210	8,099,156	31.6	3,076,824	2,348,823	9.2
ICA Innovation Sdn Bhd	Design of décor paper in collaboration with third-party décor paper suppliers, supply of HPL	31 December 2022	23,704,361	8,417,604	35.5	4,503,329	3,403,401	14.4
Jowah Trading Company Sdn Bhd	Marketing and sales of a range of third-party brands of surface decorative products	31 May 2023	19,165,199	Not available	Not available	127,181	85,494	0.4
Maica Corporation Sdn Bhd	Design of décor paper, manufacturing and trading of surface solutions under its own brands	31 March 2023	57,975,915	21,738,670	37.5	13,828,717	10,448,673	18.0
Polytec Laminates Sdn Bhd	Manufacturing and trading of surface solutions	31 December 2022	74,010,013	21,147,857	28.6	18,309,835	13,809,453	18.7
Shimlen Sdn Bhd	Design and marketing of surface solutions under its own brand	31 December 2022	43,192,661	9,555,791	22.1	8,025,886	6,614,046	15.3
Tak Products & Services Sdn Bhd	Marketing and sales of surface solutions under its own brands	31 December 2020	27,410,042	11,609,432	42.4	3,944,406	2,742,840	10.0
Topmix Berhad	Marketing and sales of its own brand of surface decorative products and accessories. Design of surface decorative products internally as well as in collaboration with third-party décor paper suppliers	31 December 2022	65,789,770	23,483,585	35.7	11,624,860	8,526,828	13.0
Vera Marketing Sdn Bhd	Marketing and sales of surface solutions	31 December 2019	17,422,229	6,684,398	38.4	2,992,378	2,300,037	13.2

Note:

<sup>a</sup> Based on publicly available information, including company websites, trade publications and audited financial statements

Latest available as at 29 February 2024

Source: Various annual reports, Companies Commission of Malaysia, PROVIDENCE analysis

## 7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



### 2 MELAMINE FACED CHIPBOARD MARKET IN MALAYSIA

Melamine faced chipboard (“MFC”) is a composite wood product whereby chipboard is sandwiched between two sheets of melamine décor paper which have been printed with colours or patterns. The sheets of melamine décor paper are pressed onto the top and bottom surfaces of the chipboard using both pressure and temperature. During the pressing process, the top and bottom press plate may have textures on them so that when the melamine décor paper is pressed onto the chipboard, the woodgrain texture is simultaneously imprinted. MFC differs from HPL products in that it is pressed at lower pressure.

MFC is widely used in interior construction and built-in furniture due to its versatility and durability that make it a preferred material of choice for ready-to-assemble bedroom, living room, kitchen furniture and office including cabinets and carcasses, drawers, shelves, partitions and wardrobe doors. MFC products are used as a cost effective surface decorative material for the internal carcasses of these products. In comparison, HPL products are used for the outer surfaces such as cabinet and cupboard doors as well as tabletops. As such, the growth potential of MFC in Malaysia correlates to the growth of the nation’s furniture industry.

The production of wooden and cane furniture in Malaysia, as indicated by the manufacturing sales value of wooden and cane furniture, grew from RM3.9 billion in 2010 to RM6.2 billion in 2019 before dipping to RM5.7 billion and RM4.5 billion in 2020 and 2021 respectively due to the COVID-19 pandemic. In 2022, the production of wooden and cane furniture witnessed a growth and rose to RM4.9 billion (year-on-year growth rate of 1.0%).

Between 2010 and 2019, Malaysia’s furniture exports increased from RM8.0 billion to RM11.1 billion at a CAGR of 2.7%. During the COVID-19 pandemic in 2020, Malaysia’s exports of furniture further rose to RM12.9 billion at a year-on-year rate of 16.2%, largely spurred by the rise of electronic commerce (e-commerce) as a sales channel as well as rising demand for home furniture due to lockdowns and work from home initiatives to curb the spread of COVID-19. In 2021, furniture exports moderated to RM12.7 billion before rising to RM14.1 billion in 2022 (year-on-year growth of 11.0%).<sup>5</sup> There is growth potential for Malaysian furniture exports, and Malaysia plays a vital role in meeting global furniture demand.<sup>6</sup>

The global consumption of furniture increased from USD340.2 billion in 2010 to USD495.7 billion in 2019 at a CAGR of 2.9%. In 2020, global furniture consumption dipped to USD400.4 billion at a year-on-year rate of -19.2%. Furniture demand showed signs of recovery in 2021 as global consumption of furniture rose to USD417.2 billion at a year-on-year growth rate of 4.2%. In 2022, global consumption of furniture reached an estimated USD536.0 billion (year-on-year growth rate of 28.5%).

Over the longer term, demand for furniture is expected to grow on the back of global growth in population, urbanisation, disposable incomes, and real estate. An increase in furniture demand globally signifies growth opportunities for the furniture industry in Malaysia, as consumers may opt to purchase imported furniture due to factors such as product pricing, design and quality.

Demand for Malaysian furniture products has increased globally, as depicted by Malaysia’s growth in furniture exports. Between 2010 and 2022, Malaysia’s furniture exports increased from RM8.0 billion to RM14.1 billion at a CAGR of 4.8%. In 2022, Malaysia’s main export markets were the USA (59.2% of total furniture exports). This was followed by Singapore (5.9%, RM831.9 million), Japan (5.5%, RM775.5 million), Australia (3.8%, RM535.8 million), and the United Kingdom (3.5%, RM493.5 million).

The rising demand for Malaysian furniture products globally will continue to boost the furniture industry in Malaysia and support demand for MFC.

<sup>5</sup> World Furniture Outlook 2023, Centre for Industrial Studies (“CSIL”)

<sup>6</sup> Higher demand for local furniture due to quality, 7 July 2022, The Star

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**8. RISK FACTORS**

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**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.**

**8.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS****8.1.1 We are dependent on our major suppliers**

We are dependent on Zhejiang Rexin Decorative Material Co Ltd ("Rexin") and Melatone Group (comprising Melatone Sdn Bhd and Melatone Ltd) which accounted for 75.52% to 81.81% of our total purchases for FYEs 2020, 2021, 2022 and FPE 2023. The products sourced from them include generic HPL products, jointly designed HPL products and internally designed HPL products, compact panels and wall panels. We have been purchasing from Rexin since 2013, Melatone Ltd since 2014 and Melatone Sdn Bhd since 2017.

We believe that we have cultivated a mutually beneficial business relationship with the abovementioned suppliers, who are our OEMs and who also rely on our Group for consistent HPL orders to support their manufacturing activities. They have also allocated production capacity to meet our HPL orders thus indicating their willingness to foster business relationship with our Group. Thus, we have been able to increase our HPL orders from these suppliers, as illustrated by the increase in the value of our purchases from them for the FYEs 2020, 2021, 2022 and FPE 2023.

Topmix Resources has entered into an OEM Manufacturing and Supply Agreements with Rexin, Melatone Sdn Bhd and Melatone Ltd. The salient terms of the agreements are set out in Section 6.22. Notwithstanding the agreements entered into and that the length of relationship with them, there is no assurance that we will be able to continue to purchase from them in the future. The loss of these major suppliers or a major disruption to their operations will result in a shortage of supplies and will have an adverse impact on our financial performance. Further, even though we may be able to replace these major suppliers with new suppliers or with additional orders from other existing suppliers, there is no assurance that we will be able to procure supplies with the same level of pricing. If such adverse events occur, our financial performance will be adversely affected.

**8.1.2 Absence of long-term agreements with our customers may result in fluctuations in our financial performance**

Our Group does not enter into any long-term agreements with our customers and our Group's revenue are derived based on purchase orders. Our customers mainly consist of hardware product dealers and stockists, who then distribute our products to end users of our products such as interior designers and project owners. The lack of long-term agreements is mainly due to the nature of our business where the demand of our products arising from end user markets are on a project-to-project basis or on an as-needed basis.

The absence of long-term agreements may result in the fluctuation of our Group's revenue and overall financial performance. While our Group continuously seeks to maintain and strengthen our existing business relationships with our existing customers and establish relationships with new customers, any adverse economic conditions and/or reduction in end user market demand will result in a decline in our financial performance.



**8. RISK FACTORS (Cont'd)****8.1.3 We are exposed to foreign exchange fluctuation risks**

For FYEs 2020, 2021, 2022 and FPE 2023, our purchase of supplies denominated in the respective currencies are as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Purchases dominated in:						
RMB	10,367	49.88	11,916	52.37	23,253	55.78
USD	3,207	15.43	4,111	18.07	7,172	17.20
EUR	-	-	-	-	95	0.23
RM	7,210	34.69	6,727	29.56	11,170	26.79
<b>Total purchases</b>	<b>20,784</b>	<b>100.00</b>	<b>22,754</b>	<b>100.00</b>	<b>41,690</b>	<b>100.00</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Purchases dominated in:				
RMB	19,435	57.14	19,756	53.84
USD	5,309	15.61	7,213	19.66
EUR	95	0.28	48	0.13
RM	9,175	26.97	9,676	26.37
<b>Total purchases</b>	<b>34,014</b>	<b>100.00</b>	<b>36,693</b>	<b>100.00</b>

Our purchases of supplies from our overseas suppliers amounted to between 65.31% and 73.63% of our total purchases. Any significant change in foreign exchange rates may affect our Group's financial results. For illustration, assuming the fluctuation of RM against the USD and RMB is 5% and such foreign exchange fluctuation is not passed on to customers, this will result in an increase or decrease in our GP by RM0.68 million, RM0.80 million, RM1.53 million and RM1.35 million for the FYE 2020, 2021, 2022 and FPE 2023, respectively and correspondingly, our GP margin may increase or decrease by 2.47%, 2.07%, 2.33% and 2.64% for the FYE 2020, 2021, 2022 and FPE 2023, respectively, depending on the direction of the foreign exchange movement between RM and the said currencies.

Our Group monitors the movement in foreign exchange rates on a daily basis. Since September 2022, we began to enter into foreign currency forward contracts with banking institutions to buy RMB at agreed exchange rates for fixed periods of time to reduce our foreign currency exposure to RMB. Significant fluctuations in foreign exchange rates will have an impact on our financial performance in the event that we are unable to pass the increase in cost to our customers in a timely manner or at all.

As at the LPD, we have been able to pass on the increase in prices arising from foreign exchange fluctuations to our customers. However, if we are unable to pass on the increase in prices arising from foreign exchange fluctuations to our customers in the future, our business, financial position, results of operations as well as business prospects may be materially and adversely affected.

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**8. RISK FACTORS (Cont'd)**

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**8.1.4 We may be affected by price fluctuations or shortage of supplies**

The nature of our business requires us to obtain sufficient quantities of supplies in a timely manner at competitive prices in order to continue our operations and meet the demand of our customers. We procure our supplies from both foreign and local suppliers. Our purchases of HPL products accounted for approximately 85.44%, 92.69%, 90.88% and 96.59% of our total purchases for the FYEs 2020, 2021, 2022 and FPE 2023, respectively. Please refer to Section 6.10 for more details of the main inputs of our business.

The main raw material used by our suppliers for the manufacture of HPL are décor paper, overlay paper, kraft paper and resin. Any material shortages or disruptions in the supply of raw materials will result in price increases which will adversely affect our business operations and financial performance in the event that we are unable to pass the increase in cost to our customers in a timely manner or at all.

As at the LPD, we have been able to pass on the increase in prices arising from price fluctuations and shortage of supplies to our customers. However, if we are unable to pass on the increase in prices arising from price fluctuations or shortage of supplies to our customers in the future, our business, financial position, results of operations as well as business prospects may be materially and adversely affected.

**8.1.5 Our products are susceptible to evolving market trends and consumer preferences on designs**

Designs of surface decorative products change frequently based on consumer preferences and market trends. The marketability of and demand for our surface decorative products depend significantly on consumer preferences and spending trends, which are influenced by various factors including the state of economy and market demographic profiles, all of which are all beyond our control.

Our success depends on our ability to anticipate, identify, interpret and respond to the evolving market trends and offer products and designs with sufficient market appeal. While our Group has been able to offer products and designs that are in line with market trends, there can be no assurance that our existing and new products will continue to meet the latest consumer preferences and be commercially successful in the future. In the event that our products and designs are unable to keep up with the changing consumer preferences, we will experience loss in product demand and market share. Subsequently, our business and financial performance will be materially and adversely affected.

**8.1.6 We are dependent on our Managing Director, Executive Director and key senior management for the continued success and growth of our business**

We attribute the success of our Group to the experience, industry knowledge and continued service of our Managing Director, Executive Director and key senior management. The growth and future success of our Group will continue to be dependent on the continuous contribution from our Managing Director, Teo Quek Siang, for his leadership in setting the strategic directions and driving the business development of our Group. He has accumulated approximately 18 years of experience in the surface decorative industry. He plays a vital role in formulating the business strategies to drive the growth and expansion of our Group. Teo Quek Siang is supported by our Executive Director, Tan Lee Hong, who is responsible for overseeing the implementation of business development, marketing and sales, business and product design, procurement activities and the day-to-day operations of our Group. She has approximately 13 years of experience in the surface decorative industry. Please refer to Section 5.1.2 for the profiles of our Managing Director and Executive Director.

## 8. RISK FACTORS (Cont'd)

Additionally, we also attribute our continuous success to the efforts of key senior management. Our key senior management have accumulated years of working experience in their respective fields. Please refer to Section 5.3.3 for the profiles of our key senior management.

As such, the loss of our Managing Director, Executive Director and key senior management simultaneously or within a short period may create an unfavourable impact on our Group's operations and the future growth of our business. Our business operations and financial performance will be affected if we are unable to replace or attract suitable talents in a timely manner.

### 8.1.7 Our business is exposed to unexpected interruptions and operational risks

Our operations are exposed to day-to-day operational risks, which include the risk of fire, flood, supply interruptions, outbreak of diseases, logistics failure and stock pilferage. The occurrence of these events may cause significant disruptions to our inventory management and business operations and may lead to failure or delay in meeting delivery deadlines. This may in turn result in loss of business which may affect our business relationships with our customers, thereby affecting our profitability.

Our operations were also interrupted due to the mandatory suspension of business activities to contain the spread of COVID-19. As a result, our Group experienced a decline in revenue of 7.77% from RM29.84 million in FYE 2019 to RM27.52 million in the FYE 2020.

Please refer to Section 6.7.3 for further details on the impact of COVID-19 to our business. Any occurrence of a pandemic outbreak requiring us to suspend our operations in the future will interrupt our business operations. Consequently, prolonged interruptions to our operations will have an adverse impact on our financial performance.

Save for the above, for the FYEs 2020, 2021, 2022, FPE 2023 and up to the LPD, our Group has not experienced any operational disruptions that had materially and adversely affected our business and financial performance. Notwithstanding that, there can be no assurance that our existing operations and procedures will be adequate to avoid the occurrence of the aforementioned risks should they arise in the future.

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

We generally grant our customers credit period between 30 days and 60 days. In the event payment is not received within the credit period or default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected. Further, it may also lead to impairment losses on trade receivables or writing off of trade receivables as bad debts, which may adversely affect our financial performance.

Our impairment losses on trade receivables and bad debts written off for the past 3 FYEs and FPE 2023 were as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Impairment losses on trade receivables	-	99	49	102	43
Bad debts written off	5	27	5	-	-

Please refer to Section 11.2.7 for further details.

## **8. RISK FACTORS (Cont'd)**

### **8.1.9 We rely on décor paper suppliers for HPL products**

As at the LPD, we have collaborations with 8 foreign third-party décor paper suppliers and 1 local third-party décor paper supplier for the supply of décor paper used in our jointly designed HPL products. For clarity, our Group does not procure décor paper directly from décor paper suppliers as décor paper is an intermediate raw material used in the production of HPL products. Thus, the procurement of décor paper is undertaken by our OEMs as part of their cost of production. We then procure finished HPL products from our OEMs.

Notwithstanding that we do not directly transact with décor paper suppliers, we rely on them to produce the décor paper that we require for generic and jointly designed HPL products that collectively comprised 99.99%, 99.95%, 99.95% and 99.95% of our total revenues for the FYEs 2020, 2021, 2022 and FPE 2023, respectively.

For the FYEs 2020, 2021, 2022, FPE 2023 and up to the LPD, our Group has not experienced any disruptions in the supply of décor paper that has affected the supply of our HPL products. The loss of these décor paper suppliers without timely replacement will have an adverse impact on our operations and financial performance.

### **8.1.10 We may not be able to successfully implement our business strategies**

Our business strategies are as follows:

- (i) We intend to expand into the assembly of MFC products;
- (ii) We intend to further expand in Malaysia to capture business opportunities in the northern region of Peninsular Malaysia;
- (iii) We intend to further enhance our Topmix HPL mobile application to increase brand and product awareness;
- (iv) We intend to strengthen our marketing and sales activities and expand our warehouse capacity in the central region of Peninsular Malaysia; and
- (v) We intend to further strengthen the sales of our jointly designed as well as internally designed HPL product segments.

Please refer to Section 6.19 for further information on our business strategies.

In order to facilitate the introduction of MFC products, our Group intends to venture into the assembly of these products.

This plan involves various risks such as uncertainties relating to market demands, and we cannot guarantee that our expansion plans will be carried out without failure or delay. The implementation of this plan requires us to commit significant resources including:

- Capital expenditures for the construction of Building 2 and purchase of new machinery and equipment; and
- Hiring and training of new production workers.

We completed the construction of Building 2 in December 2023. However, we require the following licences and registrations in order to commence assembly activities:

- Issuance of manufacturing licence or an exemption thereof by MITI/MIDA;

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**8. RISK FACTORS (Cont'd)**


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- Issuance of certificate of fitness for the installation of new machinery and equipment by the Department of Occupational Safety and Health (DOSH); and
- Issuance of wood-based industry licence by the Johor State Forestry Department.

On 18 August 2023, we received the exemption for the manufacturing licence from MIDA. We expect to obtain the CCC and submit the remaining applications to the Department of Occupational Safety and Health (DOSH) for the installation of machinery and equipment and Johor State Forestry Department for the wood-based industry licence by April 2024. The requisite approvals from the respective authorities are expected to be obtained by June 2024.

Hence, there is no assurance that the execution of our business strategies will be successful, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies, which may materially affect the business operations and financial performance of our Group.

**8.1.11 We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirement**

We utilise external financing for the purchase of supplies and purchase of properties, plant and equipment. 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 Malaysian economy 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. We cannot assure that any required financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

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.

**8.1.12 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations**

We maintain insurance to protect against various losses and liabilities. As at the LPD, the insurance policies taken by our Group in regards to the protection against various losses and liabilities are as follows:

- (i) Fire insurance;
- (ii) Marine cargo insurance; and
- (iii) Burglary insurance.

However, in the event of claims, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations as a result of any unforeseen circumstances.

Further, we are subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant loss or liability for which we were not fully insured, it could have a material adverse effect on our financial performance.

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**8. RISK FACTORS (Cont'd)**

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**8.2 RISKS RELATING TO THE INDUSTRY****8.2.1 We are dependent on the commercial and residential sectors for our success and growth**

The performance of our business is dependent on the commercial and residential sectors as our products are used for renovation and refurbishment projects. Thus, our financial performance is likely to move in tandem with the performance of the commercial and residential sectors. Growth in the commercial and residential sectors generally depends on several factors, including:

- (i) Economic growth, which drives the demand for commercial and residential properties; and
- (ii) Government initiatives, which drive the property market.

As such, a decline in the commercial and residential sectors may lead to a slowdown in the demand for our products. Further, the commercial and residential sectors may be cyclical in nature as they generally move in tandem with economic conditions. Hence, a growth in the economic condition may lead to a growth in the commercial and residential sectors, which will in turn drive the demand for products.

In the FYE 2020, our Group experienced a decline in revenue of 7.77% from RM29.84 million in the FYE 2019 to RM27.52 million in the FYE 2020, as a result of the mandatory closure and operational restrictions imposed to curb the spread of the COVID-19 pandemic.

**8.2.2 We are subject to risk relating to the economic, political and/or legal environment**

Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and / or uncertainties in the economic, political and legal environments that are beyond our control in Malaysia. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation and foreign exchange controls.

Any changes to the economic, political and legal environments may cause a decline in our revenue; or may cause a decline in demand for our Group's products. Such events may have a material adverse impact on our business and financial performance.

**8.2.3 We face competition from other players in the surface decorative product industry**

The surface decorative product industry is highly competitive and we face competition from other industry players. We compete with our competitors on a variety of factors, such as product quality, product designs, pricing, delivery schedule, reputation and customer service. There can be no assurance that we will be able to compete with our competitors effectively in the future, in light of changing consumer preferences, entry of new market players as well as introduction of new technology and substitute products.

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## **8. RISK FACTORS (Cont'd)**

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### **8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**

#### **8.3.1 There is no prior market for our Shares**

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

#### **8.3.2 Our Listing is exposed to the risk that it may be aborted or delayed**

Our Listing may be aborted or delayed should any of the following occur:

- (i) The selected investors fail to subscribe for or purchase their allocation of our IPO Shares;
- (ii) Our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (iii) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of the High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution, and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

#### **8.3.3 The trading price and trading volume of our Shares following our Listing may be volatile**

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of the stock market is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the stock market, thus adding risks to the market price of our Shares.

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**8. RISK FACTORS (Cont'd)**

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**8.4 OTHER RISKS**

**8.4.1 Our Promoters will be able to exert significant influence over our Company**

Our Promoters will collectively hold approximately 74.00% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

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## 9. RELATED PARTY TRANSACTIONS

### 9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, we have not entered into any related party transactions with our Directors, substantial shareholders, key senior management personnel and/or persons connected with them for the past 3 FYEs, FPE 2023 and up to the LPD.

Transacting parties	Interested persons	Nature of transaction	Value of transactions									
			FYE 2020		FYE 2021		FYE 2022		FPE 2023		From 1 October 2023 up to the LPD	
			RM	%	RM	%	RM	%	RM	%	RM	%
Topmix Resources, Dekoracio and TS Laminate Pte Ltd ("TS Laminate") (Formerly known as Topmix Laminate Pte Ltd)	Teo Quek Siang (Managing Director) and Tan Lee Hong (Executive Director) are our Promoters and substantial shareholders	Sale of HPL products by Topmix Resources to TS Laminate <sup>(i)</sup>	3,902	0.01 (vii)	11,782	0.03 (vii)	-	-	-	-	-	-
		Sale of decorative boards by Dekoracio to TS Laminate <sup>(i)</sup>	-	-	1,260	* (vii)	-	-	-	-	-	-
	They were the Directors and shareholders of TS Laminate											
Topmix Resources, Topmix Products and TID Interior Sdn Bhd ("TID Interior")	Tan Lee Hong, is our Promoter, substantial shareholder and Executive Director	Provision of interior design services by TID Interior to Topmix Resources <sup>(ii)</sup>	68,000	0.19 (viii)	-	-	-	-	-	-	-	-
		Provision of renovation services by TID Interior to Topmix Products <sup>(ii)</sup>	-	-	244,744	0.47 (viii)	-	-	-	-	-	-

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

Transacting parties	Interested persons	Nature of transaction	Value of transactions									
			FYE 2020		FYE 2021		FYE 2022		FPE 2023		From 1 October 2023 up to the LPD	
			RM	%	RM	%	RM	%	RM	%	RM	%
Topmix Resources, Topmix Products, Dekoracio, U Floor Sdn Bhd ("U Floor") and Thian Poh Lan	U Floor was an associated company of Topmix Resources  Thian Poh Lan is the Director of U Floor and a former key senior management of Topmix Resources	Sale of shares in U Floor by Topmix Resources to Thian Poh Lan <sup>(iii)</sup>	-	-	55,000	0.25 <sup>(ix)</sup>	-	-	-	-	-	-
		Sale of products by our Group to U Floor <sup>(iv)</sup>	22,692	0.08 <sup>(vii)</sup>	19,351	0.05 <sup>(vii)</sup>	-	-	-	-	-	-
		Purchase of floor surfacing products by our Group from U Floor <sup>(iv)</sup>	10,995	0.06 <sup>(x)</sup>	6,024	0.02 <sup>(x)</sup>	-	-	-	-	-	-
Dekoracio and EK Top Global Enterprise	Fong Wang Ying is our key senior management  She was also a partner in EK Top Global Enterprise	Sale of products by Dekoracio to EK Top Global Enterprise <sup>(v)</sup>	669	* <sup>(vii)</sup>	-	-	-	-	-	-	-	-
Tan Lee Hong and Topmix Resources	Tan Lee Hong, is our Promoter, substantial shareholder and Executive Director	Assignment of trademarks by Tan Lee Hong to Topmix Resources <sup>(vi)</sup>	-	-	-	-	5,000	0.06 <sup>(xi)</sup>	-	-	-	-

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**9. RELATED PARTY TRANSACTIONS (Cont'd)**

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Notes:

\* Negligible.

- (i) TS Laminate was involved in the sale and marketing of surface decorative products in Singapore. Teo Quek Siang (our Managing Director) and Tan Lee Hong (our Executive Director) were the Directors and shareholders of TS Laminate prior to FYE 2022. Sales by our Group to TS Laminate was carried out on an arm's length basis as no discounts were given for the sale of products.

Teo Quek Siang and Tan Lee Hong had decided to not proceed with the operations of TS Laminate as they intended to focus on their business operations in Malaysia. On 1 January 2022, Teo Quek Siang and Tan Lee Hong resigned as the Directors of TS Laminate. On 29 January 2022, Teo Quek Siang and Tan Lee Hong disposed 40.00% and 60.00% equity interests, respectively in TS Laminate to a non-related party.

- (ii) Tan Lee Hong was a Director and a substantial shareholder of TID Interior (60.00% equity interest). She was not involved in the day-to-day operations of TID Interior. During FYE 2020 and 2021, TID Interior had provided interior design and renovation works to our Group. Subsequent to FYE 2021, we have ceased to use TID Interior for our interior design and renovation works and TID Interior has been dissolved in January 2023.

Our Board is not able to determine if the transactions made with TID Interior is on an arm's length basis as no comparable quotations from other interior designers/contractors were obtained for these interior design and renovation works.

- (iii) U Floor is involved in the sale of floor surfacing products. On 22 December 2021, Topmix Resources disposed 55,000 ordinary shares in U Floor (25.00% equity interest) to Thian Poh Lan for a total cash consideration of RM55,000. The disposal consideration is based on the cost invested by Topmix Resources and is above the NA of U Floor at the point of transaction, where we recorded a gain on disposal of RM55,000. We had disposed of our equity interest in U Floor as we intended to cease our involvement in the sale of floor surfacing products.

This transaction was carried out on an arm's length basis and is deemed a related party transaction as she is the Director of U Floor at the point of transaction. In FYE 2022, she resigned from Topmix.

- (iv) These transactions were carried out on an arm's length basis as no discounts were given for the sale or purchase of products.

- (v) The sale of surface cleaning products is a one-off transaction and ceased subsequent to FYE 2020. This transaction was carried out on an arm's length basis as no discounts were given for the sale of products. Fong Wang Ying had ceased to be a partner in EK Top Global Enterprise since the termination of the partnership on 13 October 2022.

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**9. RELATED PARTY TRANSACTIONS (Cont'd)**

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- (vi) Topmix Resources entered into a deed of assignment with Tan Lee Hong on 3 October 2022. Pursuant to the assignment, Tan Lee Hong assigned the rights, title and interest of 5 trademarks to Topmix Resources for a cash consideration of RM5,000. Please refer to Sections 6.12 and 6.16(v) for details.

The cash consideration of RM5,000 is based on the costs incurred by Tan Lee Hong in the registration of these trademarks and as such were carried out on an arm's length basis.

- (vii) Calculated based on our Group's total revenue for each of the respective financial years.
- (viii) Calculated based on our Group's total assets for each of the respective financial years.
- (ix) Calculated based on our Group's NA for FYE 2021.
- (x) Calculated based on our Group's cost of sales for each of the respective financial years.
- (xi) Calculated based on our Group's total administrative expenses for FYE 2022.

As at the LPD, there are no related party transactions entered into but not yet effected.

Save as disclosed above, our Directors are of the view that the above related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties and were not to the detriment of our minority shareholders.

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**9. RELATED PARTY TRANSACTIONS (Cont'd)**

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Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

**(i) Recurrent related party transactions**

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (b) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

**(ii) Other related party transactions**

- (a) Whether the terms of the related party transaction are fair and on an arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the

## 9. RELATED PARTY TRANSACTIONS (Cont'd)

Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

### 9.2 OTHER TRANSACTIONS

#### (i) Transactions which are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for the past 3 FYEs, FPE 2023 and up to the LPD.

#### (ii) Loans and guarantees

Save as disclosed below, there were no outstanding loans and guarantees made to/by us to or for the benefit of any related party for the past 3 FYEs, FPE 2023 and up to the LPD:

##### (a) Personal guarantees

Teo Quek Siang, our Managing Director and Tan Lee Hong, our Executive Director had extended personal guarantees for banking facilities extended to our Group as at the LPD.

In conjunction with the Listing, the following banks had agreed to discharge the said personal guarantees upon the completion of the Listing:

Financier	Type of facilities	Facility limit (RM'000)	Outstanding balance as at LPD (RM'000)	Guarantor	Date of financier's consent to discharge
<b>Topmix Resources</b>					
RHB Islamic Bank Berhad	<ul style="list-style-type: none"> <li>• Term loan</li> <li>• Overdraft</li> <li>• Trade facilities</li> <li>• Foreign exchange</li> </ul>	<p>10,208</p> <p>2,500</p> <p>4,000</p> <p>200</p>	<p>9,352</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<ul style="list-style-type: none"> <li>• Teo Quek Siang</li> <li>• Tan Lee Hong</li> </ul>	<p>3 October 2022</p>
Alliance Islamic Bank Berhad	<ul style="list-style-type: none"> <li>• Term loan</li> </ul>	6,120	5,256 <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Teo Quek Siang</li> <li>• Tan Lee Hong</li> </ul>	23 February 2023
Alliance Bank Berhad	<ul style="list-style-type: none"> <li>• Term loan</li> <li>• Overdraft</li> <li>• Trade facilities</li> <li>• Foreign exchange</li> </ul>	<p>6,260</p> <p>2,000</p> <p>7,900</p> <p>700</p>	<p>4,134</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<ul style="list-style-type: none"> <li>• Teo Quek Siang</li> <li>• Tan Lee Hong</li> </ul>	23 February 2023

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

<b>Financier</b>	<b>Type of facilities</b>	<b>Facility limit (RM'000)</b>	<b>Outstanding balance as at LPD (RM'000)</b>	<b>Guarantor</b>	<b>Date of financier's consent to discharge</b>
Affin Bank Berhad	• Hire purchase	564	419	• Teo Quek Siang	6 September 2022
BMW Credit (Malaysia) Sdn Bhd	• Hire purchase	369	20	• Teo Quek Siang	25 November 2022
Public Bank Berhad	• Hire purchase	294	132	• Teo Quek Siang	2 March 2023
<b><u>Dekoracio</u></b>					
Alliance Islamic Bank Berhad	• Term loan • Overdraft • Trade facilities	1,500 700 500	1,436 N/A N/A	• Teo Quek Siang • Tan Lee Hong	23 February 2023
Public Bank Berhad	• Hire purchase	86	42	• Teo Quek Siang	2 March 2023
<b><u>Topmix Products</u></b>					
RHB Bank Berhad	• Term loan	1,000	425	• Teo Quek Siang • Tan Lee Hong	20 October 2022
Mitsubishi Capital Malaysia Sdn Bhd	• Hire purchase	85	Fully repaid	• Teo Quek Siang	20 October 2022
Public Bank Berhad	• Hire purchase	255	141	• Teo Quek Siang	2 March 2023
	• Hire purchase	127	123	• Teo Quek Siang	23 February 2024
<b><u>Topmix Panels</u></b>					
AmBank (M) Berhad <sup>(2)</sup>	• Hire purchase <sup>(3)</sup> • Letter of credit • Foreign exchange	1,500 1,500 150	The facilities have not been drawn down as at the LPD	• Teo Quek Siang • Tan Lee Hong	Pending approval from the financier

## Notes:

(1) Including RM0.93 million drawn for the construction of the Skudai Factory - Building 2 as at the LPD.

(2) We have sought but have yet to receive the consent to discharge the personal guarantee from AmBank (M) Berhad.

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

(3) We plan to draw approximately RM1.29 million for the purchase of short cycle press line machine as set out in Section 4.10.1(i)(b).

(b) Amount due to/from related parties/Directors

Save as disclosed below, there were no material amount due to/from related parties/Directors for the past 3 FYEs, FPE 2023 and up to the LPD.

(aa) Amount due to/from Directors

The amount due to/from Directors for the past 3 FYEs, FPE 2023 and up to the LPD:

	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>	<b>From 1 October 2023 up to the LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due to Directors</b>					
• Teo Quek Siang <sup>(1)</sup>	40	40	-	-	-
• Tan Lee Hong <sup>(1)</sup>	164	60	-	-	-
	<u>204</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amount due from a Director</b>					
• Teo Quek Siang <sup>(2)</sup>	135	-	-	-	-

Notes:

(1) Teo Quek Siang and Tan Lee Hong had made advances to our Group during FYE 2020 and FYE 2021 for working capital purposes. These transactions do not carry any interest and as such, is not undertaken on an arm's length basis. The amounts have been repaid in FYE 2022.

(2) Being advances made to Teo Quek Siang for his personal use. This transaction does not carry any interest and as such, is not undertaken on an arm's length basis. This amount has been repaid in FYE 2021.

**(iii) Financial assistance provided for the benefit of a related party**

There was no financial assistance provided by us for the benefit of any related party for the past 3 FYEs, FPE 2023 and up to the LPD.



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## **10. CONFLICT OF INTERESTS**

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### **10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS**

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are:

- (i) Carrying on a similar or related trade as our Group; or
- (ii) A customer and/or supplier of our Group.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then evaluate if such Director's involvement gives rise to a potential conflict of interest situation with our Group's business. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nominating Committee shall inform our Audit and Risk Management Committee of such involvement. When a determination has been made that there is a conflict of interest of a Director, our Nominating Committee will:

- (a) Immediately inform our Board of the conflict of interest situation after deliberating with the Audit and Risk Management Committee;
- (b) Make recommendations to our Board to direct the conflicted Director to:
  - (aa) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
  - (bb) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

### **10.2 DECLARATIONS OF CONFLICT OF INTERESTS BY OUR ADVISERS**

- (i) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (ii) Messrs Lee & Tengku Azrina has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;
- (iii) Messrs CAS Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (iv) Providence Strategic Partners Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

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## **11. FINANCIAL INFORMATION**

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### **11.1 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION**

Our historical financial information throughout the FYEs 2020 to 2022 have been prepared in accordance with MFRS and IFRS. Our audited combined financial statements for FYEs 2020 to 2022 and audited consolidated financial statements for the FPE 2023 under review were not subject to any audit qualifications.

Our Company was incorporated in Malaysia on 31 March 2022 as an investment holding company. All companies acquired by our Company pursuant to the Acquisition of Subsidiaries, which was completed on 17 May 2023 and have been under the common control of our Promoters throughout the past 3 FYEs and FPE 2023 and are regarded as continuing entities.

The historical financial information of our Group for FYEs 2020 to 2022 and FPE 2023 comprises the following:

- (i) The combined statements of financial position as at 31 December 2020, 2021 and 2022, the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for FYEs 2020 to 2022.

As our Group has not been in place as at 31 December 2022, there are no consolidated financial statements of our Group for FYEs 2020 to 2022. The combined financial statements of our Group for FYEs 2020 to 2022 have been prepared in a manner as all companies acquired by our Company pursuant to the Acquisition of Subsidiaries have been under the common control of our Promoters throughout FYE 2020, FYE 2021 and FYE 2022 and are regarded as continuing entities; and

- (ii) The consolidated statements of financial position as at 30 September 2023, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for FPE 2023.

The consolidated financial statements of our Group for FPE 2023 have been prepared based on the audited consolidated financial statements of our Group for FPE 2023 and in a manner as all companies acquired by our Company pursuant to the Acquisition of Subsidiaries under the common control of our Promoters throughout FPE 2023 and are regarded as continuing entities.

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**11. FINANCIAL INFORMATION****11.1.1 Historical financial information**

The following summary should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 and the Accountants' Report set out in Section 12.

**(i) Historical combined and consolidated statements of profit or loss and other comprehensive income**

The following table sets out a summary of our combined and consolidated statements of profit or loss and other comprehensive income for FYE 2020 to FYE 2022 and FPE 2023:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 31 December</b>			<b>FPE 30 September</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	27,521	38,595	65,790	46,363	51,037
Cost of sales	(18,030)	(24,820)	(42,306)	(29,827)	(32,640)
<b>GP</b>	<b>9,491</b>	<b>13,775</b>	<b>23,484</b>	<b>16,536</b>	<b>18,397</b>
Other income	426	583	553	496	206
Selling and distribution expenses	(1,200)	(1,528)	(2,331)	(1,702)	(1,745)
Administrative expenses	(3,990)	(4,844)	(7,703)	(5,674)	(6,954)
Other operating expenses	(977)	(1,322)	(1,138)	(972)	(942)
<b>Profit from operations</b>	<b>3,750</b>	<b>6,664</b>	<b>12,865</b>	<b>8,684</b>	<b>8,962</b>
Share of associate's losses	(31)	-	-	-	-
Finance costs	(473)	(795)	(1,240)	(918)	(927)
<b>PBT</b>	<b>3,246</b>	<b>5,869</b>	<b>11,625</b>	<b>7,766</b>	<b>8,035</b>
Tax expense	(884)	(1,451)	(3,098)	(2,104)	(2,480)
<b>PAT / Total comprehensive income attributable to owners of the Company</b>	<b>2,362</b>	<b>4,418</b>	<b>8,527</b>	<b>5,662</b>	<b>5,555</b>
EBIT <sup>(1)</sup>	3,697	6,662	12,845	8,667	8,919
EBITDA <sup>(1)</sup>	4,640	7,479	13,879	9,425	9,761
GP margin (%) <sup>(2)</sup>	34.49	35.69	35.70	35.67	36.05
PBT margin (%) <sup>(3)</sup>	11.79	15.21	17.67	16.75	15.74
PAT margin (%) <sup>(4)</sup>	8.58	11.45	12.96	12.21	10.88
Effective tax rate (%) <sup>(5)</sup>	27.23	24.72	26.65	27.09	30.86
EPS (sen) <sup>(6)</sup>	0.76	1.42	2.74	1.82	1.79
Diluted EPS (sen) <sup>(7)</sup>	0.60	1.12	2.17	1.44	1.41

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**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

(1) EBIT and EBITDA are calculated as follows:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 31 December</b>			<b>FPE 30 September</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PAT	2,362	4,418	8,527	5,662	5,555
Less:					
Interest income	(22)	(2)	(20)	(17)	(43)
Add:					
Finance costs	473	795	1,240	918	927
Tax expense	884	1,451	3,098	2,104	2,480
<b>EBIT</b>	<b>3,697</b>	<b>6,662</b>	<b>12,845</b>	<b>8,667</b>	<b>8,919</b>
Add:					
Depreciation	943	817	1,034	758	842
<b>EBITDA</b>	<b>4,640</b>	<b>7,479</b>	<b>13,879</b>	<b>9,425</b>	<b>9,761</b>

(2) Calculated based on GP divided by revenue.

(3) Calculated based on PBT divided by revenue.

(4) Calculated based on PAT divided by revenue.

(5) Calculated based on tax expense divided by the PBT.

(6) Calculated based on PAT attributable to owners of the Company divided by the share capital of 311,147,000 Shares before the IPO.

(7) Calculated based on PAT attributable to owners of the Company divided by the enlarged share capital of 393,856,000 Shares after the IPO.

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**11. FINANCIAL INFORMATION (Cont'd)****(ii) Historical combined and consolidated statements of financial position**

The following table sets out the combined and consolidated statements of financial position of our Group as at 31 December 2020, 2021, 2022 as well as 30 September 2022 and 2023:

	Audited			Unaudited	Audited
	As at 31 December			As at 30 September	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1,477	9,177	9,784	9,964	9,301
Right-of-use assets	11,687	16,851	16,650	16,700	18,496
Investment properties	2,484	2,443	2,403	2,413	2,372
Other investments	214	49	32	27	19
Deferred tax assets	81	88	134	177	204
<b>Total non-current assets</b>	<b>15,943</b>	<b>28,608</b>	<b>29,003</b>	<b>29,281</b>	<b>30,392</b>
<b>Current assets</b>					
Inventories	9,144	8,971	11,955	16,038	19,219
Trade receivables	7,914	11,576	12,530	12,978	11,430
Other receivables	377	1,430	768	811	1,832
Amount due from an associate	75	-	-	-	-
Amount due from a director	135	-	-	-	-
Current tax assets	-	*	-	-	-
Fixed deposits with licensed banks	357	457	472	472	484
Cash and bank balances	1,828	1,073	5,556	963	5,097
<b>Total current assets</b>	<b>19,830</b>	<b>23,507</b>	<b>31,281</b>	<b>31,262</b>	<b>38,062</b>
<b>TOTAL ASSETS</b>	<b>35,773</b>	<b>52,115</b>	<b>60,284</b>	<b>60,543</b>	<b>68,454</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	-	-	~	~	31,115
Invested equity	700	700	700	700	-
Merger reserves	-	-	-	-	(30,415)
Retained earnings	16,981	20,869	29,396	26,531	34,251
<b>Total equity attributable to owners of the Company</b>	<b>17,681</b>	<b>21,569</b>	<b>30,096</b>	<b>27,231</b>	<b>34,951</b>
<b>Non-current liabilities</b>					
Loan and borrowings	12,249	21,203	20,645	20,947	19,711
Lease liabilities	-	-	-	-	293
Deferred tax liabilities	90	77	29	27	56
<b>Total non-current liabilities</b>	<b>12,339</b>	<b>21,280</b>	<b>20,674</b>	<b>20,974</b>	<b>20,060</b>
<b>Current liabilities</b>					
Trade payables	1,837	1,205	1,993	2,458	3,481
Other payables	930	1,279	2,063	1,893	3,275
Amount due to directors	204	100	-	-	-
Loan and borrowings	2,549	6,038	4,384	6,912	5,947
Lease liabilities	97	-	-	-	75
Current tax liabilities	136	644	1,074	1,075	665
<b>Total current liabilities</b>	<b>5,753</b>	<b>9,266</b>	<b>9,514</b>	<b>12,338</b>	<b>13,443</b>
<b>TOTAL LIABILITIES</b>	<b>18,092</b>	<b>30,546</b>	<b>30,188</b>	<b>33,312</b>	<b>33,503</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>35,773</b>	<b>52,115</b>	<b>60,284</b>	<b>60,543</b>	<b>68,454</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

\* Negligible.

~ Represent RM20.00 only.

**(iii) Historical combined and consolidated statements of cash flows**

The following table sets out the combined and consolidated statements of cash flows of our Group for FYE 2020 to FYE 2022 and FPE 2023:

	Audited			Unaudited	Audited
	FYE 31 December			FPE 30 September	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cash flow from operating activities</b>					
PBT	3,246	5,869	11,625	7,766	8,035
Adjustments for:					
Impairment losses on:					
- Trade receivables	-	99	49	102	43
- Right-of-use assets	-	280	-	-	-
Bad debts written off	5	27	5	-	-
Bad debts recovered	-	-	(14)	(14)	-
Dividend income	(6)	(6)	(1)	-	-
Depreciation:					
- Property, plant and equipment	657	571	793	578	617
- Right-of-use assets	245	205	200	150	195
- Investment properties	41	41	41	30	30
Reversal of impairment losses on trade receivables	(26)	(241)	(100)	(100)	(49)
Share of associate's losses	31	-	-	-	-
Gain on termination of lease	-	(3)	-	-	-
Fair value (gain) / loss on other investments	(6)	27	17	22	(5)
Finance costs:					
- Interest on bank overdrafts	48	166	154	124	16
- Interest on bankers' acceptance	6	39	122	93	125
- Interest on hire purchases	53	43	51	38	37
- Interest on lease liabilities	6	2	-	-	11
- Interest on term loans	360	545	913	663	738
Interest income	(22)	(2)	(20)	(17)	(43)
Gain on disposal of other investments	(51)	(16)	-	-	(7)
Gain on disposal of an associate	-	(55)	-	-	-
Gain on disposal of property, plant and equipment	-	-	(148)	(148)	-
Unrealised (gain) / loss on foreign exchange	(10)	*	(9)	16	9
Loss on disposal of property, plant and equipment	-	*	-	-	-

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 31 December</b>			<b>FPE 30 September</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment written off	2	31	-	-	-
Slow-moving and obsolete inventories written down	-	49	26	2	45
<b>Operating profit before working capital changes</b>	<b>4,579</b>	<b>7,671</b>	<b>13,704</b>	<b>9,305</b>	<b>9,797</b>
Working capital changes:					
Decrease / (Increase) in receivables	46	(4,600)	(232)	(772)	41
(Increase) / Decrease in inventories	(4,400)	124	(3,011)	(7,069)	(7,309)
Increase / (Decrease) in payables	1,174	(283)	1,580	1,851	1,819
<b>Cash generated from operations</b>	<b>1,399</b>	<b>2,912</b>	<b>12,041</b>	<b>3,315</b>	<b>4,348</b>
Interest paid	(473)	(795)	(1,240)	(918)	(927)
Income tax paid	(1,150)	(964)	(2,761)	(1,812)	(2,931)
<b>Net cash (used in) / generated from operating activities</b>	<b>(224)</b>	<b>1,153</b>	<b>8,040</b>	<b>585</b>	<b>490</b>
<b>Cash flow from investing activities</b>					
Dividend income	6	6	1	-	-
Interest received	22	2	20	17	43
Movement on fixed deposit pledged to bank	(11)	(100)	(15)	(15)	(11)
Proceed from disposal of investment in associate	-	55	-	-	-
Proceed from disposal of other investments	487	177	-	-	25
Proceed from disposal of property, plant and equipment	-	40	148	148	-
Purchase of property, plant and equipment	(503)	(2,450)	(636)	(599)	(34)
Purchase of right-of-use assets	(752)	(1,009)	-	-	(627)
Purchase of other investments	(645)	(23)	-	-	-
<b>Net cash used in investing activities</b>	<b>(1,396)</b>	<b>(3,302)</b>	<b>(482)</b>	<b>(449)</b>	<b>(604)</b>
<b>Cash flow from financing activities</b>					
Dividend paid	-	(530)	-	-	(700)
Proceed from issuance of share capital	-	-	~	~	-
Repayment of lease liabilities	(93)	(53)	-	-	(30)
Drawdown of term loans	1,000	-	1,500	1,467	-
Repayment of term loans	(449)	(761)	(2,497)	(2,252)	(769)
Repayment of hire purchases	(231)	(316)	(377)	(308)	(222)
Drawdown of bankers' acceptance	2,091	9,211	9,721	7,818	9,894

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 31 December</b>			<b>FPE 30 September</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Repayment of bankers' acceptance	(1,375)	(8,753)	(8,379)	(5,941)	(8,390)
Repayment from an associate	-	75	-	-	-
(Repayment to) / Advances from directors	(202)	32	(100)	(100)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>741</b>	<b>(1,095)</b>	<b>(132)</b>	<b>684</b>	<b>(217)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(879)</b>	<b>(3,244)</b>	<b>7,426</b>	<b>820</b>	<b>(331)</b>
Cash and cash equivalents at the beginning of the financial years/period	2,125	1,246	(1,998)	(1,998)	5,428
<b>Cash and cash equivalents at the end of the financial years/period</b>	<b>1,246</b>	<b>(1,998)</b>	<b>5,428</b>	<b>(1,178)</b>	<b>5,097</b>
<b>Cash and cash equivalents consist of:</b>					
Fixed deposits with licensed banks	357	457	472	472	484
Cash and bank balances	1,828	1,073	5,556	963	5,097
Bank overdrafts	(582)	(3,071)	(128)	(2,141)	-
	1,603	(1,541)	5,900	(706)	5,581
Pledged fixed deposits with maturity of more than 3 months	(357)	(457)	(472)	(472)	(484)
	<b>1,246</b>	<b>(1,998)</b>	<b>5,428</b>	<b>(1,178)</b>	<b>5,097</b>

Notes:

\* Negligible.

~ Represent RM20.00 only.

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**11. FINANCIAL INFORMATION (Cont'd)**
**11.1.2 Pro Forma Consolidated Statements of Financial Position**

The following table sets out a summary of the Pro Forma Consolidated Statements of Financial Position of our Group, to show the effects of the material subsequent event, Public Issue and utilisation of the proceeds raised from the Public Issue.

The Pro Forma Consolidated Statements of Financial Position are presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' report together with the notes and assumptions accompanying the Pro Forma Consolidated Statements of Financial Position as set out in Section 13.

	<b>Topmix</b>	<b>I</b>	<b>II</b>	<b>III</b>
	<b>As at 30 September 2023</b>	<b>After material subsequent event <sup>(1)</sup></b>	<b>After I and after Public Issue</b>	<b>After II and after utilisation of the proceeds raised from the Public Issue</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9,301	9,301	9,301	11,048
Right-of-use assets	18,496	18,496	18,496	18,844
Investment properties	2,372	2,372	2,372	2,372
Other investments	19	19	19	19
Deferred tax assets	204	204	204	204
<b>Total non-current assets</b>	<b>30,392</b>	<b>30,392</b>	<b>30,392</b>	<b>32,487</b>
<b>Current assets</b>				
Inventories	19,219	19,219	19,219	19,219
Trade receivables	11,430	11,430	11,430	11,430
Other receivables	1,832	1,832	1,832	1,121
Fixed deposits with licensed banks	484	484	484	484
Cash and bank balances	5,097	4,797	30,437	25,445
<b>Total current assets</b>	<b>38,062</b>	<b>37,762</b>	<b>63,402</b>	<b>57,699</b>
<b>TOTAL ASSETS</b>	<b>68,454</b>	<b>68,154</b>	<b>93,794</b>	<b>90,186</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	31,115	31,115	56,755	55,593
Merger reserve	(30,415)	(30,415)	(30,415)	(30,415)
Retained earnings	34,251	33,951	33,951	32,835
<b>TOTAL EQUITY / NA</b>	<b>34,951</b>	<b>34,651</b>	<b>60,291</b>	<b>58,013</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Topmix</b>	<b>I</b>	<b>II</b>	<b>III</b>
	<b>As at 30 September 2023</b>	<b>After material subsequent event <sup>(1)</sup></b>	<b>After I and after Public Issue</b>	<b>After II and after utilisation of the proceeds raised from the Public Issue</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>				
Loan and borrowings	19,711	19,711	19,711	19,711
Lease liabilities	293	293	293	293
Deferred tax liabilities	56	56	56	56
<b>Total non-current liabilities</b>	<b>20,060</b>	<b>20,060</b>	<b>20,060</b>	<b>20,060</b>
<b>Current liabilities</b>				
Trade payables	3,481	3,481	3,481	3,481
Other payables	3,275	3,275	3,275	2,088
Loan and borrowings	5,947	5,947	5,947	5,804
Lease liabilities	75	75	75	75
Current tax liabilities	665	665	665	665
<b>Total current liabilities</b>	<b>13,443</b>	<b>13,443</b>	<b>13,443</b>	<b>12,113</b>
<b>TOTAL LIABILITIES</b>	<b>33,503</b>	<b>33,503</b>	<b>33,503</b>	<b>32,173</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>68,454</b>	<b>68,154</b>	<b>93,794</b>	<b>90,186</b>
Number of Shares in issue ('000)	311,147	311,147	393,856	393,856
NA per Share (RM)	0.11	0.11	0.15	0.15
Loan and borrowings (including lease liabilities) (All interest bearing debts)	26,026	26,026	26,026	25,883
Gearing (times) <sup>(2)</sup>	0.74	0.75	0.43	0.45
Current ratio (times) <sup>(3)</sup>	2.83	2.81	4.72	4.76

Notes:

- (1) Includes the dividend declared and paid amounting to RM0.30 million after 30 September 2023 as shown in Note 3 of the Pro Forma Consolidated Statements of Financial Position in Section 13.
- (2) Calculated based on the total loan and borrowings (including lease liabilities) of our Group divided by the total equity of our Group.
- (3) Calculated based on total current assets divided by total current liabilities of our Group.

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**11. FINANCIAL INFORMATION (Cont'd)****11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our Group's financial performance and results of operations should be read in conjunction with the Accountant's Report as set out in Section 12 and the Reporting Accountant's letter on the Pro Forma Consolidated Statements of Financial Position as set out in Section 13.

**11.2.1 Overview of our operations****(i) Principal activities**

We are principally involved in the marketing and sales of our own brands of surface decorative products. We also undertake the design of surface decorative products internally as well as in collaboration with third-party décor paper suppliers.

Our surface decorative products mainly comprise HPL products. We also market and sell compact panels, PVC edging, wall panels, decorative boards and PVC plywood. Our surface decorative products are used in a variety of commercial and residential interior surface applications, including wall panels, counter tops, table tops, furniture as well as fixtures and displays.

**(ii) Exceptional and extraordinary items and audit qualifications**

There were no exceptional or extraordinary items during FYE 2020 to FYE 2022 and FPE 2023. Our audited combined and consolidated financial statements for FYE 2020 to FYE 2022 and FPE 2023 were not subject to any audit qualifications.

**(iii) Significant factors affecting our business****(a) Absence of long-term agreements with our customers may result in fluctuations in our financial performance**

Our Group does not enter into any long-term agreements with our customers and our Group's revenue are derived based on purchase orders. Our customers mainly consist of hardware product dealers and stockists, who then distribute our products to end users of our products such as interior designers and project owners. The lack of long-term agreements is mainly due to the nature of our business where the demand of our products arising from end user markets are on a project-to-project basis or on an as-needed basis.

The absence of long-term agreements may result in the fluctuation of our Group's revenue and overall financial performance. While our Group continuously seeks to maintain and strengthen our existing business relationships with our existing customers and establish relationships with new customers, any adverse economic conditions and/or reduction in end user market demand will result in a decline in our financial performance.

**(b) We are exposed to foreign exchange fluctuation risks for the purchase of supplies from overseas suppliers**

For FYEs 2020 to 2022 and FPE 2023, purchases of supplies from overseas suppliers (in RMB, USD and EUR) amounted to between 65.31% and 73.63% of our total purchases. Significant fluctuations in foreign exchange rates will have an impact on our financial performance in the event that we are unable to pass the increase in cost to our customers in a timely manner or at all.

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**11. FINANCIAL INFORMATION (Cont'd)**

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Additional information on foreign exchange fluctuation risk is set out in Sections 8.1.3 and 11.10.1 for detailed information.

**(c) We may be affected by price fluctuations or shortage of supplies**

The nature of our business requires us to obtain sufficient quantities of supplies in a timely manner at competitive prices in order to continue our operations and meet the demand of our customers. We procure our supplies from both foreign and local suppliers. The main raw material used by our suppliers for the manufacture of HPL are décor paper, overlay paper, kraft paper and resin. Any material shortages or disruptions in the supply of raw materials will result in price increases which will adversely affect our business operations and financial performance in the event that we are unable to pass the increase in cost to our customers in a timely manner or at all.

**(d) Our business is exposed to unexpected interruptions and operational risks**

Our operations are exposed to day-to-day operational risks, which include the risk of fire, flood, supply interruptions, outbreak of diseases, logistics failure and stock pilferage. The occurrence of these events may cause significant disruptions to our inventory management and business operations and may lead to failure or delay in meeting delivery deadlines. This may in turn result in loss of business which may affect our business relationships with our customers, thereby affecting our profitability.

Our operations were also interrupted due to the various mandatory suspension of business activities to contain the spread of COVID-19. Please refer to Section 6.7.3 for further details on the impact of COVID-19 to our business. Any occurrence of a pandemic outbreak requiring us to suspend our operations in the future will interrupt our business operations. Consequently, prolonged interruptions to our operations will have an adverse impact on our financial performance.

**(e) We may be subject to impairment loss on receivables or bad debts**

We generally grant our customers credit period between 30 days and 60 days. In the event payment is not received within the credit period or default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected. Further, it may also lead to impairment losses on trade receivables or writing off of trade receivables as bad debts, which may adversely affect our financial performance.

**(f) We are dependent on the commercial and residential sectors for our success and growth**

The performance of our business is dependent on the commercial and residential sectors as our products are used in for renovation and refurbishment projects. Thus, our financial performance is likely to move in tandem with the performance of the commercial and residential sectors.

**11. FINANCIAL INFORMATION (Cont'd)****(g) We face competition from other players in the surface decorative product industry**

The surface decorative product industry is highly competitive and we face competition from other industry players. We compete with our competitors on a variety of factors, such as product quality, product designs, pricing, delivery schedule, reputation and customer service. There can be no assurance that we will be able to compete with our competitors effectively in the future, in light of changing consumer preferences, entry of new market players as well as introduction of new technology and substitute products.

**11.2.2 Revenue**

Revenue from sale of goods is recognised at the point in time when the customer obtains control of goods, which is generally at the time of delivery. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

**(i) Revenue by product category**

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
HPL products <sup>(1)</sup>	25,166	91.44	36,032	93.36	62,089	94.38
Other surface decorative products <sup>(2)</sup>	1,492	5.42	1,521	3.94	3,402	5.17
Kitchen and wardrobe accessories	863	3.14	1,042	2.70	299	0.45
<b>Total</b>	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
HPL products <sup>(1)</sup>	44,078	95.07	48,041	94.13
Other surface decorative products <sup>(2)</sup>	2,070	4.47	2,718	5.33
Kitchen and wardrobe accessories	215	0.46	278	0.54
<b>Total</b>	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

(1) HPL products comprising:

HPL products	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Generic HPL	20,307	80.69	26,947	74.79	45,694	73.59
Jointly designed HPL	4,856	19.30	9,067	25.16	16,366	26.36
Internally designed HPL	3	0.01	18	0.05	29	0.05
<b>Total</b>	<b>25,166</b>	<b>100.00</b>	<b>36,032</b>	<b>100.00</b>	<b>62,089</b>	<b>100.00</b>

HPL products	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Generic HPL	32,762	74.33	35,128	73.12
Jointly designed HPL	11,306	25.65	12,890	26.83
Internally designed HPL	10	0.02	23	0.05
<b>Total</b>	<b>44,078</b>	<b>100.00</b>	<b>48,041</b>	<b>100.00</b>

(2) Comprising compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

**(ii) Sales volume by product category**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	Units	%	Units	%	Units	%
HPL products <sup>(1)</sup>	324,931	70.39	453,661	79.25	717,123	88.29
Other surface decorative products <sup>(2)</sup>	17,570	3.81	21,290	3.72	53,091	6.54
Kitchen and wardrobe accessories	119,086	25.80	97,456	17.03	42,041	5.17
<b>Total</b>	<b>461,587</b>	<b>100.00</b>	<b>572,407</b>	<b>100.00</b>	<b>812,255</b>	<b>100.00</b>

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	Units	%	Units	%
HPL products <sup>(1)</sup>	514,142	89.51	544,946	88.99
Other surface decorative products <sup>(2)</sup>	35,702	6.22	43,502	7.10
Kitchen and wardrobe accessories	24,527	4.27	23,921	3.91
<b>Total</b>	<b>574,371</b>	<b>100.00</b>	<b>612,369</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

(1) HPL products comprising:

HPL products	FYE 2020		FYE 2021		FYE 2022	
	Units	%	Units	%	Units	%
Generic HPL	273,252	84.10	355,223	78.30	550,291	76.73
Jointly designed HPL	51,672	15.90	98,403	21.69	166,784	23.26
Internally designed HPL	7	*	35	0.01	48	0.01
<b>Total</b>	<b>324,931</b>	<b>100.00</b>	<b>453,661</b>	<b>100.00</b>	<b>717,123</b>	<b>100.00</b>

HPL products	FPE 2022		FPE 2023	
	Units	%	Units	%
Generic HPL	397,175	77.25	417,931	76.69
Jointly designed HPL	116,915	22.74	126,979	23.30
Internally designed HPL	52	0.01	36	0.01
<b>Total</b>	<b>514,142</b>	<b>100.00</b>	<b>544,946</b>	<b>100.00</b>

\* Negligible.

(2) Comprising compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

**(iii) Revenue by geographical markets and sales location**

Revenue by countries is set out below:

Countries	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	27,444	99.72	38,513	99.79	65,703	99.87
Indonesia	30	0.11	62	0.16	36	0.05
Singapore	47	0.17	13	0.03	22	0.03
Sri Lanka	-	-	7	0.02	17	0.03
Philippines	-	-	-	-	12	0.02
<b>Total</b>	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>

Countries	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Malaysia	46,303	99.87	51,010	99.95
Indonesia	36	0.07	5	0.01
Singapore	12	0.03	22	0.04
Sri Lanka	-	-	-	-
Philippines	12	0.03	-	-
<b>Total</b>	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Revenue by our sales offices is set out below:

Sales offices	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Skudai HQ	21,447	77.93	28,630	74.18	44,748	68.02
Subang Sales Office	6,074	22.07	9,965	25.82	21,042	31.98
<b>Total</b>	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>

Sales offices	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Skudai HQ	31,803	68.60	34,133	66.88
Subang Sales Office	14,560	31.40	16,904	33.12
<b>Total</b>	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>

**(iv) Revenue by type of customers**

Type of customer	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	Number	Revenue (RM'000)	Number	Revenue (RM'000)	Number	Revenue (RM'000)
Hardware products dealers <sup>(1)</sup>	130	19,014	142	26,236	136	47,005
Hardware products stockists <sup>(2)</sup>	7	5,125	5	8,283	5	13,111
Others <sup>(3)</sup>	608	3,382	820	4,076	1,168	5,674
<b>Total</b>	<b>745</b>	<b>27,521</b>	<b>967</b>	<b>38,595</b>	<b>1,309</b>	<b>65,790</b>

Type of customer	Unaudited		Audited	
	FPE 2022		FPE 2023	
	Number	Revenue (RM'000)	Number	Revenue (RM'000)
Hardware products dealers <sup>(1)</sup>	136	33,138	129	35,386
Hardware products stockists <sup>(2)</sup>	5	9,378	6	10,466
Others <sup>(3)</sup>	907	3,847	989	5,185
<b>Total</b>	<b>1,048</b>	<b>46,363</b>	<b>1,124</b>	<b>51,037</b>



## 11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Hardware products dealers typically order surface decorative products from our Group when they receive corresponding orders from their customers. Purchase orders from hardware products dealers typically do not exceed the volume of 1 pallet (comprising approximately 300 units).
- (2) Hardware products stockists typically order a wide range of surface decorative products from our Group and in larger volumes for subsequent sales to their customers. Hardware products stockists may operate their own retail chain of outlets or supply our surface decorative products to other hardware products dealers, interior designers and/or carpenters. Purchase orders from hardware products stockists are generally for a minimum volume of 1 pallet (comprising approximately 300 units).
- (3) Contractors, carpenters and interior designers.

### (v) Revenue by subsidiaries

Revenue by subsidiaries	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Topmix Resources <sup>(1)</sup>	20,005	72.69	27,263	70.64	42,949	65.28
Topmix Products <sup>(2)</sup>	6,074	22.07	9,965	25.82	21,042	31.98
Dekoracio <sup>(3)</sup>	1,442	5.24	1,367	3.54	1,306	1.99
Topmix Panels <sup>(4)</sup>	-	-	-	-	493	0.75
<b>Total</b>	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>

Revenue by subsidiaries	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Topmix Resources <sup>(1)</sup>	30,579	65.96	32,959	64.58
Topmix Products <sup>(2)</sup>	14,560	31.40	16,904	33.12
Dekoracio <sup>(3)</sup>	893	1.93	1,001	1.96
Topmix Panels <sup>(4)</sup>	331	0.71	173	0.34
<b>Total</b>	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>

Notes:

- (1) Topmix Resources is principally involved in the design, marketing and sales of HPL products, compact panels and wall panels as well as the marketing and sales of decorative boards.
- (2) Topmix Products is principally involved in the marketing and sales of all products in the central region, i.e. Selangor, Kuala Lumpur and Perak.
- (3) Dekoracio is principally involved in marketing, sales and provision of installation services for compact panels, marketing and sales of wall panels, PVC edging, kitchen and wardrobe accessories as well as the design, marketing and sales of decorative boards.
- (4) Topmix Panels is principally involved in the marketing and sales of PVC plywood products.

**11. FINANCIAL INFORMATION (Cont'd)****(vi) Commentary on revenue**

From FYE 2020 to FYE 2022, our revenue increased from RM27.52 million to RM65.79 million where we recorded a substantial increase in our sales volume from 461,587 units in FYE 2020 to 812,255 units in FYE 2022. Our revenue for FPE 2023 increased from RM46.36 million in FPE 2022 to RM51.04 million in FPE 2023 where we recorded an increase in our sales volume from 574,371 units in FPE 2022 to 612,369 units in FPE 2023. Factors leading to the increase are as follows:

- (1) In order to remain competitive and to meet the local demand, we have continued to introduce new HPL product designs and initiated collaborations with third-party décor paper suppliers to jointly design HPL products under our Topmix brand. This allowed us to increase our product range every 2 to 3 years, for which we release updated product catalogues to inform our customers and consumers on our new HPL product designs. In our 2021/2023 product catalogue release, we added 44 new generic HPL product designs, 46 new jointly designed HPL designs and 11 new internally designed HPL products to our range of HPL products. These new additions have expanded our HPL product range in terms of design options, colourways, colour tones as well as product size configurations.

As at the LPD, our range of surface decorative products that we market comprises 480 designs in our catalogue, of which 190 HPL designs are unique and exclusive to our Group in Malaysia; and

- (2) We continued with our customer acquisition and retention activities aimed at attracting long term customers. We continuously build and improve our marketing strategy using feedback from our customers.

**(aa) Comparison between FYE 2020 and FYE 2021**

The COVID-19 pandemic caused a slowdown in construction and renovation activities during FYE 2020 due to the operating capacity restrictions that were imposed throughout 2020. As restrictions were eventually lifted and economic activities as well as construction activities increased in 2021. As such, our total revenue increased by RM11.08 million or 40.26%, from RM27.52 million in FYE 2020 to RM38.60 million in FYE 2021.

The increase in revenue was mainly derived from the sale of HPL products which contributed to 91.44% and 93.36% of our total revenue for FYE 2020 and FYE 2021, respectively.

In FYE 2021, Malaysia remained as our main revenue contributor representing 99.79% of our revenue. Our revenue was contributed by the following customer groups:

- (i) 142 hardware products dealers (revenue of RM26.24 million) for FYE 2021 as compared to 130 hardware products dealers (revenue of RM19.01 million) for FYE 2020;
- (ii) 5 hardware products stockists (revenue of RM8.28 million) for FYE 2021 as compared to 7 hardware products stockists (revenue of RM5.13 million) for FYE 2020; and
- (iii) 820 other customers such as interior designers, contractors of residential and commercial properties and carpenters (revenue of RM4.08 million) for FYE 2021 as compared to 608 other customers (revenue of RM3.38 million) for FYE 2020.

**11. FINANCIAL INFORMATION (Cont'd)**

Skudai HQ was the main sales office and revenue contributor for FYE 2020 and FYE 2021, representing 77.93% and 74.18% of our revenue for FYE 2020 and FYE 2021 respectively. We recorded an increase in revenue contribution from Skudai HQ of RM7.18 million or 33.47% in FYE 2021. Further, we also recorded an increase in revenue contribution from our Subang Sales Office of RM3.89 million, representing a 64.04% increase as compared to FYE 2020. 25.82% of our revenue for FYE 2021 was contributed from the Subang Sales Office (FYE 2020: 22.07%).

HPL products

Revenue generated from the sale of HPL products increased by RM10.86 million or 43.15%, from RM25.17 million in FYE 2020 to RM36.03 million in FYE 2021. We recorded an increase in our sales volume for HPL products of 128,730 units or 39.62%, from 324,931 units in FYE 2020 to 453,661 units in FYE 2021.

The increase in revenue generated from HPL products was mainly attributable to the following:

- (aaa) Increase in revenue generated from the sale of generic HPL products by RM6.64 million or 32.69%, from RM20.31 million in FYE 2020 to RM26.95 million in FYE 2021; and
- (bbb) Increase in revenue generated from the sale of jointly designed HPL products by RM4.21 million or 86.63%, from RM4.86 million in FYE 2020 to RM9.07 million in FYE 2021.

The increase in revenue generated from the sale of generic HPL products of 32.69% in FYE 2021 was as a result of an addition of 44 new product designs for generic HPL products in our 2021/2023 product catalogue which provided for a variety of designs to sell to our existing customers.

The substantial increase in revenue generated from the sale of jointly designed HPL products of 86.63% in FYE 2021 was as a result of our efforts to expand our jointly designed HPL product segment. With an addition of 46 new product designs for our jointly designed HPL products in our 2021/2023 product catalogue, it had broadened our range of surface decorative products which allowed us to cross-sell these products to our existing customers.

Other surface decorative products

Our revenue generated from the sale of other surface decorative products increased by RM0.03 million or 2.01%, from RM1.49 million in FYE 2020 to RM1.52 million in FYE 2021. This was due to higher sales in PVC plywood resulting from the increase in demand from our customers which contributed a revenue of RM0.42 million in FYE 2021 as compared to RM0.29 million in FYE 2020, representing a sales volume of 17,101 units for FYE 2021 as compared to 11,845 units for FYE 2020.

The increase in revenue generated from the sale of other surface decorative products was offset by the decrease in revenue from PVC edging of RM0.11 million, from RM0.16 million in FYE 2020 to RM0.05 million in FYE 2021, representing a sales volume of 303 units for FYE 2021 as compared to 1,436 units for FYE 2020.

**11. FINANCIAL INFORMATION (Cont'd)**Kitchen and wardrobe accessories

Our revenue generated from kitchen and wardrobe accessories increased by RM0.18 million or 20.93%, from RM0.86 million in FYE 2020 to RM1.04 million in FYE 2021, despite recording a lower sales volume of 97,456 units for FYE 2021 as compared to 119,086 units for FYE 2020. The higher sales volume of 119,086 units for FYE 2020 was due to a one-off bulk order from a customer for connecting fittings and screws under the Hettich brand of kitchen and wardrobe accessories. In FYE 2021, we did not receive any bulk orders and as such, the sales volume recorded was 97,456 units. Nevertheless, our revenue generated from kitchen and wardrobe accessories increased in FYE 2021 due to higher sales of higher value items such as drawer systems, sliding doors and folding door systems.

**(bb) Comparison between FYE 2021 and FYE 2022**

Our total revenue increased by RM27.19 million or 70.44%, from RM38.60 million in FYE 2021 to RM65.79 million in FYE 2022. Factors leading to this increase are as follows:

- (i) We intensified our marketing activities via product presentations virtually and through our product showrooms and trade exhibitions, actively posted on our digital marketing platforms as well as distribution of our product catalogues, brochures and flyers to our customers to promote the designs that we had previously launched in FYE 2021;
- (ii) Increase in renovation and refurbishment activities during 2022. According to the IMR Report, the value of property transactions in Malaysia increased from RM104.8 billion in 2021 to RM126.9 billion in 2022.

During this period,

- Total volume of property transactions in Johor rose from 26,447 units to 34,004 units (growth rate: 28.57%), from which the volume of residential and commercial property transactions rose from 25,637 units to 32,874 units (growth rate: 28.23%); and
- Total volume of property transactions in Kuala Lumpur, Putrajaya and Selangor rose from 71,311 units to 86,007 units (growth rate: 20.61%), from which the volume of residential and commercial property transactions rose from 69,251 units to 83,127 units (growth rate: 20.04%).

Growth in the property market in 2022 was supported by the implementation of various government initiatives and assistance, improving labour market conditions and higher tourist arrivals following the reopening of Malaysia's international borders. The border reopening revitalised Malaysia's tourism sector and encouraged investments in the upgrading, refurbishment and construction of commercial properties such as hotels, retail as well as food and beverage (F&B) premises, which ultimately drove demand for HPL products. Home renovation activities continue to fuel demand for HPL products even after the lifting of lockdown measures as these products are seen by homeowners as a cost-effectiveness option for decorating

**11. FINANCIAL INFORMATION (Cont'd)**

interior spaces based on their personalised preferences. HPL products have an advantage over other surface decorative products such as veneers, paints, and coatings as they are more durable, cost-effective, have long shelf-life and add aesthetic value.

In FYE 2022, our increase in revenue was mainly due to the increase from the sales of HPL products which contributed to 94.38% of our total revenue for FYE 2022.

Malaysia remained as our main revenue contributor in FYE 2022 representing 99.87% of our revenue. Our revenue was contributed by the following customer groups:

- (i) 136 hardware products dealers (revenue of RM47.01 million) for FYE 2022 as compared to 142 hardware products dealers (revenue of RM26.24 million) for FYE 2021;
- (ii) 5 hardware products stockists which contributed to revenue of RM13.11 million for FYE 2022 as compared to revenue of RM8.28 million for FYE 2021; and
- (iii) 1,168 other customers such as interior designers, contractors of residential and commercial properties and carpenters (revenue of RM5.67 million) for FYE 2022 as compared to 820 other customers (revenue of RM4.08 million) for FYE 2021.

Revenue contribution from Skudai HQ continued to increase to RM44.75 million in FYE 2022 and Skudai HQ remained the largest revenue contributor for FYE 2022, representing 68.02% of our revenue for FYE 2022. We continued to record an increase in revenue contribution from our Subang Sales Office of RM11.08 million, representing a 111.19% increase as compared to FYE 2021. 31.98% of our revenue for FYE 2022 was contributed from the Subang Sales Office (FYE 2021: 25.82%).

HPL products

Our revenue generated from the sale of HPL products increased by RM26.06 million or 72.33%, from RM36.03 million in FYE 2021 to RM62.09 million in FYE 2022. The increase was due to the continued sales orders from our existing hardware products dealers and stockists. Our sales volume for HPL products increased by 263,462 units or 58.07%, from 453,661 units in FYE 2021 to 717,123 units in FYE 2022.

With our wide range of 391 HPL product designs in our 2021/2023 product catalogue, the increase in revenue generated from HPL products was mainly attributable to the following:

- (aaa) Increase in revenue generated from generic HPL products by RM18.74 million or 69.54%, from RM26.95 million in FYE 2021 to RM45.69 million in FYE 2022; and
- (bbb) Increase in revenue generated from jointly designed HPL products by RM7.30 million or 80.49%, from RM9.07 million in FYE 2021 to RM16.37 million in FYE 2022.

**11. FINANCIAL INFORMATION (Cont'd)**Other surface decorative products

Our revenue generated from the sale of other surface decorative products also increased by RM1.88 million or 123.68%, from RM1.52 million in FYE 2021 to RM3.40 million in FYE 2022, mainly due to higher sales from compact panels, PVC plywood and wall panels.

In terms of volume, compact panels, PVC plywood and wall panels contributed an aggregate of 94.03% of total sales volume of other surface decorative products for FYE 2022 whereby sales volume for:

- (i) Compact panels decreased by 210 units or 16.20% from 1,296 units in FYE 2021 to 1,086 units in FYE 2022. The sales mix of our compact panels comprised more products of higher price range in FYE 2022;
- (ii) PVC plywood increased by 30,226 units or 176.75% from 17,101 units in FYE 2021 to 47,327 units in FYE 2022; and
- (iii) Wall panels increased by 1,484 units or 6,745.45% from 22 units in FYE 2021 to 1,506 units in FYE 2022.

Kitchen and wardrobe accessories

Our revenue generated from kitchen and wardrobe accessories decreased by RM0.74 million or 71.15%, from RM1.04 million in FYE 2021 to RM0.30 million in FYE 2022. During 2022, we discontinued marketing and selling the Hettich brand of kitchen and wardrobe accessories following our appointment as the exclusive dealer of STARAX kitchen and wardrobe accessories in Malaysia. However, as this was the first year the STARAX brand product is introduced, we did not record a high volume of sales which lead to the overall decrease in revenue from kitchen and wardrobe accessories.

**(cc) Comparison between FPE 2022 and FPE 2023**

Our total revenue increased by RM4.68 million or 10.09%, from RM46.36 million in FPE 2022 to RM51.04 million in FPE 2023. There was a continued increase in renovation and refurbishment activities during 2023. The value of construction activities in Malaysia in the first half of 2023 was RM98.01 billion, a 9.00% increase compared to the RM89.92 billion registered in the first half of 2022. Approximately 47.54% of the value of work done in the 9 months of 2023 was concentrated in Selangor (RM23.69 billion), Johor (RM10.81 billion) and Wilayah Persekutuan (RM12.09 billion). (Source: Department of Statistics Malaysia)

In FPE 2023, our increase in revenue was mainly due to the increase from the sales of HPL products which contributed to 94.13% of our total revenue for FPE 2023.

Malaysia remained as our main revenue contributor in FPE 2023 representing 99.95% of our revenue. Our revenue was contributed by the following customer groups:

- (a) 129 hardware products dealers (revenue of RM35.39 million) for FPE 2023 as compared to 136 hardware products dealers (revenue of RM33.14 million) for FPE 2022;

**11. FINANCIAL INFORMATION (Cont'd)**

- (b) 6 hardware products stockists (revenue of RM10.47 million) for FPE 2023 as compared to 5 hardware products stockists (revenue of RM9.38 million) for FPE 2022; and
- (c) 989 other customers such as interior designers, contractors of residential and commercial properties and carpenters (revenue of RM5.19 million) for FPE 2023 as compared to 907 other customers (revenue of RM3.85 million) for FPE 2022.

Revenue contribution from Skudai HQ increased to RM34.13 million in FPE 2023 (FPE 2022: RM31.80 million) and Skudai HQ remained the main revenue contributor for FPE 2023, representing 66.88% of our revenue for FPE 2023 (FPE 2022: 68.60%). We continued to record an increase in revenue contribution from our Subang Sales Office of RM2.34 million, representing a 16.07% increase as compared to FPE 2022. 33.12% of our revenue for FPE 2023 was contributed from the Subang Sales Office (FPE 2022: 31.40%).

HPL products

Our revenue generated from the sale of HPL products increased by RM3.96 million or 8.98%, from RM44.08 million in FPE 2022 to RM48.04 million in FPE 2023. The increase was due to the continued sales orders from our existing hardware products dealers and stockists as well as other customers. Our sales volume for HPL products increased by 30,804 units or 5.99%, from 514,142 units in FPE 2022 to 544,946 units in FPE 2023.

The increase in revenue generated from HPL products was mainly attributable to the following:

- (a) Increase in revenue generated from generic HPL products by RM2.37 million or 7.23%, from RM32.76 million in FPE 2022 to RM35.13 million in FPE 2023; and
- (b) Increase in revenue generated from jointly designed HPL products by RM1.58 million or 13.97%, from RM11.31 million in FPE 2022 to RM12.89 million in FPE 2023.

Other surface decorative products

Our revenue generated from the sale of other surface decorative products also increased by RM0.65 million or 31.40%, from RM2.07 million in FPE 2022 to RM2.72 million in FPE 2023, mainly due to higher sales from PVC plywood and wall panels.

In terms of volume, PVC plywood and wall panels contributed an aggregate of 92.91% of total sales volume of other surface decorative products for FPE 2023 whereby sales volume for:

- (i) PVC plywood increased by 7,327 units or 22.65% from 32,351 units in FPE 2022 to 39,678 units in FPE 2023; and
- (ii) Wall panels increased by 333 units or 81.62% from 408 units in FPE 2022 to 741 units in FPE 2023.

**11. FINANCIAL INFORMATION (Cont'd)**Kitchen and wardrobe accessories

Our revenue generated from kitchen and wardrobe accessories increased by RM0.06 million or 27.27%, from RM0.22 million in FPE 2022 to RM0.28 million in FPE 2023. We discontinued marketing the Hettich brand of kitchen and wardrobe accessories during 2022 following our appointment as the exclusive dealer of STARAX kitchen and wardrobe accessories in Malaysia.

Our increase in revenue generated from kitchen and wardrobe accessories was mainly due to the sales promotion for the remaining stock of the Hettich brand of kitchen and wardrobe accessories as well as increase in sales of STARAX kitchen and wardrobe accessories which has a higher selling price as compared to the Hettich brand of kitchen and wardrobe accessories.

**11.2.3 Cost of sales, GP and GP margin****(i) Analysis of cost of sales by cost items**

The components of our cost of sales for FYE 2020 to FYE 2022 and FPE 2023 are as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
HPL products	14,906	82.67	21,384	86.16	36,636	86.59
Other surface decorative products <sup>(1)</sup>	815	4.52	815	3.28	1,723	4.07
Kitchen and wardrobe accessories	662	3.67	728	2.93	266	0.64
Materials used <sup>(a)</sup>	16,383	90.86	22,927	92.37	38,625	91.30
Freight charges, insurance and custom duty <sup>(b)</sup>	1,635	9.07	1,861	7.50	3,495	8.26
Installation fees <sup>(c)</sup>	12	0.07	32	0.13	186	0.44
	<b>18,030</b>	<b>100.00</b>	<b>24,820</b>	<b>100.00</b>	<b>42,306</b>	<b>100.00</b>
	<b>Unaudited</b>		<b>Audited</b>			
	<b>FPE 2022</b>		<b>FPE 2023</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
HPL products	25,736	86.28	27,772	85.09		
Other surface decorative products <sup>(1)</sup>	952	3.19	1,431	4.38		
Kitchen and wardrobe accessories	178	0.60	233	0.71		
Materials used <sup>(a)</sup>	26,866	90.07	29,436	90.18		
Freight charges, insurance and custom duty <sup>(b)</sup>	2,845	9.54	3,116	9.55		
Installation fees <sup>(c)</sup>	116	0.39	88	0.27		
	<b>29,827</b>	<b>100.00</b>	<b>32,640</b>	<b>100.00</b>		



**11. FINANCIAL INFORMATION (Cont'd)**

Note:

(1) Comprising compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

**(a) Materials used**

Our materials used mainly comprises our purchases of supplies comprising HPL products, compact panels, PVC plywood, decorative boards, PVC edging, wall panels as well as kitchen and wardrobe accessories. Materials used was the largest component of our cost of sales, representing between 90.07% and 92.37% for FYE 2020 to FYE 2022 and FPE 2023.

The fluctuation in materials used for FYE 2020 to FYE 2022 and FPE 2023 was in line with the fluctuation in total revenue for the corresponding financial year/period, in particular revenue for HPL products, being our main product segment.

We procure our supplies from local and overseas suppliers. Our foreign purchases are denominated in RMB, USD and EUR.

(aa) Purchases from local and overseas suppliers are set out below:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Local purchases</b> <sup>(1)</sup>	6,888	33.14	6,579	28.91	10,985	26.35
<b>Foreign purchases</b>						
China	10,831	52.11	12,125	53.29	23,538	56.46
Thailand	2,464	11.86	3,401	14.95	5,496	13.18
South Korea	279	1.34	501	2.20	1,576	3.78
Singapore	322	1.55	148	0.65	-	-
Türkiye	-	-	-	-	95	0.23
<b>Total</b>	<b>20,784</b>	<b>100.00</b>	<b>22,754</b>	<b>100.00</b>	<b>41,690</b>	<b>100.00</b>
	<b>Unaudited</b>		<b>Audited</b>			
	<b>FPE 2022</b>		<b>FPE 2023</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
<b>Local purchases</b> <sup>(1)</sup>	9,051	26.61	9,677	26.37		
<b>Foreign purchases</b>						
China	19,617	57.67	19,756	53.85		
Thailand	3,750	11.03	<sup>(2)</sup> 6,012	16.38		
South Korea	1,501	4.41	1,200	3.27		
Singapore	-	-	-	-		
Türkiye	95	0.28	48	0.13		
<b>Total</b>	<b>34,014</b>	<b>100.00</b>	<b>36,693</b>	<b>100.00</b>		

**11. FINANCIAL INFORMATION (Cont'd)**

(1) From FYE 2020 to FYE 2022, we had continued to increase our purchases from foreign suppliers, in particular from Zhejiang Rexin Decorative Material Co Ltd, which is from China in order to support our sales growth. We continued to increase our purchases from our foreign suppliers as our foreign suppliers able to fulfil our bulk order and delivered to us in timely manner in order to meet our sales growth.

Nevertheless, while we had also increased our purchases from local suppliers (from RM6.89 million in FYE 2020 to RM10.99 million in FYE 2022), we recorded a decrease in the total percentage of purchases of local suppliers from 33.14% in FYE 2020 to 26.35% in FYE 2022.

(2) In FPE 2023, our purchases from Thailand increased to RM6.01 million (FPE 2022: RM3.75 million) which were to cater for our increased orders for HPL products.

(bb) Weighted average exchange rates ("WAFEX") for RMB:RM, USD:RM and EUR:RM over FYE 2020 to FYE 2022 and FPE 2023 are as follows:

<b>WAFEX</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2022</b>	<b>FPE 2023</b>
(RMB:RM)	0.61	0.64	0.66	0.66	0.64
(USD:RM)	4.19	4.11	4.42	4.51	4.49
(EUR:RM)	#	#	4.60	4.60	4.99

# Not applicable.

**(b) Freight charges, insurance and custom duty**

Includes the cost for the purchase of supplies from our local and foreign suppliers.

**(c) Installation fees**

Includes the fees paid to third-party installers for installation works for compact panel products.

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**11. FINANCIAL INFORMATION (Cont'd)****(ii) Analysis of cost of sales by business activities**

Our cost of sales by product category for FYE 2020 to FYE 2022 and FPE 2023 are as follows:

	<b>FYE 2020</b>		<b>Audited FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
	HPL products <sup>(1)</sup>	16,457	91.28	23,275	93.78	40,030
Other surface decorative products <sup>(2)</sup>	911	5.05	817	3.29	2,010	4.75
Kitchen and wardrobe accessories	662	3.67	728	2.93	266	0.63
	<b>18,030</b>	<b>100.00</b>	<b>24,820</b>	<b>100.00</b>	<b>42,306</b>	<b>100.00</b>
	<b>Unaudited FPE 2022</b>		<b>Audited FPE 2023</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
	HPL products <sup>(1)</sup>	28,362	95.09	30,884	94.62	
Other surface decorative products <sup>(2)</sup>	1,287	4.31	1,523	4.67		
Kitchen and wardrobe accessories	178	0.60	233	0.71		
	<b>29,827</b>	<b>100.00</b>	<b>32,640</b>	<b>100.00</b>		

Notes:

(1) HPL products comprising:

<b>HPL products</b>	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Generic HPL	13,404	81.45	17,793	76.45	30,140	75.29
Jointly designed HPL	3,053	18.55	5,480	23.54	9,886	24.70
Internally designed HPL	*	*	2	0.01	4	0.01
	<b>16,457</b>	<b>100.00</b>	<b>23,275</b>	<b>100.00</b>	<b>40,030</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)**

HPL products	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Generic HPL	21,451	75.63	22,724	73.58
Jointly designed HPL	6,908	24.36	8,158	26.41
Internally designed HPL	3	0.01	2	0.01
	<b>28,362</b>	<b>100.00</b>	<b>30,884</b>	<b>100.00</b>

\* Negligible.

(2) Comprising compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

**(iii) Analysis of GP and GP margin by product category**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%
HPL products <sup>(1)</sup>	8,709	34.61	12,757	35.40	22,059	35.53
Other surface decorative products <sup>(2)</sup>	581	38.94	704	46.29	1,392	40.92
Kitchen and wardrobe accessories	201	23.29	314	30.13	33	11.04
	<b>9,491</b>	<b>34.49</b>	<b>13,775</b>	<b>35.69</b>	<b>23,484</b>	<b>35.70</b>

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%
HPL products <sup>(1)</sup>	15,716	35.65	17,157	35.71
Other surface decorative products <sup>(2)</sup>	783	37.83	1,195	43.97
Kitchen and wardrobe accessories	37	17.21	45	16.19
	<b>16,536</b>	<b>35.67</b>	<b>18,397</b>	<b>36.05</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

(1) HPL products comprising:

HPL products	FYE 2020		FYE 2021		FYE 2022	
	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%
Generic HPL	6,903	33.99	9,154	33.97	15,554	34.04
Jointly designed HPL	1,803	37.13	3,587	39.56	6,480	39.59
Internally designed HPL	3	100.00	16	88.89	25	86.21
	<b>8,709</b>	<b>34.61</b>	<b>12,757</b>	<b>35.40</b>	<b>22,059</b>	<b>35.53</b>

HPL products	FPE 2022		FPE 2023	
	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%
Generic HPL	11,311	34.52	12,404	35.31
Jointly designed HPL	4,398	38.90	4,732	36.71
Internally designed HPL	7	70.00	21	91.30
	<b>15,716</b>	<b>35.65</b>	<b>17,157</b>	<b>35.71</b>

(2) Comprising compact panels, PVC plywood, decorative boards, PVC edging and wall panels.

**(iv) Commentary on cost of sales, GP and GP margin****(a) Comparison between FYE 2020 and FYE 2021**

Our total cost of sales increased by RM6.79 million or 37.66%, from RM18.03 million in FYE 2020 to RM24.82 million in FYE 2021, which was in tandem with the increase in total revenue of 40.26% for FYE 2021. Corresponding to the increase in sales volume of HPL products, we recorded higher overall materials used of RM6.55 million or 39.99%, from RM16.38 million in FYE 2020 to RM22.93 million in FYE 2021.

We recorded an increase in transportation related costs resulting from the reopening of economies and increased international trade volumes in FYE 2021. Nonetheless, we were able to pass on the increase in costs to our customers through the increase in average selling price in August 2021, where we had increased the average selling price of HPL products from RM77.45 per unit in FYE 2020 to RM79.42 per unit in FYE 2021.

We recorded an overall increase in GP and GP margin in FYE 2021.

**11. FINANCIAL INFORMATION (Cont'd)**HPL products

Our GP from HPL products increased by RM4.05 million or 46.50%, from RM8.71 million in FYE 2020 to RM12.76 million in FYE 2021, while our GP margin for HPL products increased from 34.61% in FYE 2020 to 35.40% in FYE 2021.

The increase was attributable to higher average selling price of our HPL products. We had previously increased our average selling price in December 2020 to maintain our GP margin level. Further in August 2021, we increased the average selling price of our HPL products specifically the generic HPL and internally designed HPL products following the rise in our purchasing price and freight rates during FYE 2021. We were able to pass on the increase in costs to our customers.

Other surface decorative products

Our GP from other surface decorative products increased by RM0.12 million or 20.69%, from RM0.58 million in FYE 2020 to RM0.70 million in FYE 2021. This was attributable to the increase in provision of supply and installation services of compact panels to our customers in FYE 2021. We record a higher selling price when we provide the supply and installation services of compact panels to our customers.

Accordingly, our GP margin for other surface decorative products increased from 38.94% in FYE 2020 to 46.29% in FYE 2021.

Kitchen and wardrobe accessories

Our GP from kitchen and wardrobe accessories increased by RM0.11 million or 55.00%, from RM0.20 million in FYE 2020 to RM0.31 million in FYE 2021. This was due to increase in sales of products with a higher price range in FYE 2021 as compared to FYE 2020.

Accordingly, our GP margin for other surface decorative products increased from 23.29% in FYE 2020 to 30.13% in FYE 2021.

**(b) Comparison between FYE 2021 and FYE 2022**

Our total cost of sales increased by RM17.49 million or 70.47% from RM24.82 million in FYE 2021 to RM42.31 million in FYE 2022, which was in tandem with the increase in total revenue of 70.44%. Corresponding to the increase in sales volume of HPL products, our overall material used increased by RM15.70 million or 68.47%, from RM22.93 million in FYE 2021 to RM38.63 million in FYE 2022.

As our revenue increased by 70.44% as compared to the 70.47% increase in our cost of sales, our total GP increased by RM9.70 million and our overall GP margin increased from 35.69% in FYE 2021 to 35.70% in FYE 2022.

HPL products

Our GP from HPL products increased by RM9.30 million or 72.88%, from RM12.76 million in FYE 2021 to RM22.06 million in FYE 2022, while our GP margin for HPL products increased from 35.40% in FYE 2021 to 35.53% in FYE 2022.

**11. FINANCIAL INFORMATION (Cont'd)**

The increase was attributable to the increase in our average selling prices of HPL products in order to maintain our GP margin level. We had further increased our selling prices in March 2022 in order to pass on the increase in costs to our customers. We had increased the average selling price of HPL products from RM79.42 per unit in FYE 2021 to RM86.58 per unit in FYE 2022.

Other surface decorative products

Our GP from other surface decorative products increased by RM0.69 million from RM0.70 million in FYE 2021 to RM1.39 million in FYE 2022. However, our GP margin for other surface decorative products decreased from 46.29% in FYE 2021 to 40.92% in FYE 2022.

We had recorded an increase in costs of compact panels in FYE 2022 which contributed to a decrease in GP margin for other surface decorative products. However, we did not increase in selling prices of our compact panels to remain competitive.

Kitchen and wardrobe accessories

The GP from kitchen and wardrobe accessories decreased by RM0.28 million or 90.32%, from RM0.31 million in FYE 2021 to RM0.03 million in FYE 2022 while the GP margin from kitchen and wardrobe accessories decreased from 30.13% in FYE 2021 to 11.04% in FYE 2022. During 2022, we discontinued marketing and selling the Hettich brand of kitchen and wardrobe accessories following our appointment as the exclusive dealer of STARAX kitchen and wardrobe accessories in Malaysia. However, as this was the first year the STARAX brand product is introduced, we did not record a high volume of sales which lead to the overall decrease in GP. The reduction in GP margin was due to discounts given for Hettich brand of kitchen and wardrobe accessories in order to clear remaining stocks.

**(c) Comparison between FPE 2022 and FPE 2023**

Our total cost of sales increased by RM2.81 million or 9.42% from RM29.83 million in FPE 2022 to RM32.64 million in FPE 2023, which was in tandem with the increase in total revenue of 10.09%. Corresponding to the increase in sales volume of HPL products, our overall material used increased by RM2.57 million or 9.56%, from RM26.87 million in FPE 2022 to RM29.44 million in FPE 2023.

HPL products

Our GP from HPL products increased by RM1.44 million or 9.16%, from RM15.72 million in FPE 2022 to RM17.16 million in FPE 2023, mainly attributable to the increase in GP from generic HPL products.

Our GP margin for the HPL products increased from 35.65% in FPE 2022 to 35.71% in FPE 2023 due to higher GP margin for generic HPL products as a result of the increase in our selling prices. In FPE 2023, the lower GP margin for jointly designed HPL products was as a result of the increase in our average cost per unit for jointly designed HPL products being higher than the increase in our average selling price per unit for jointly designed HPL products. In FPE 2023, we recorded an increase in the purchase price of materials used as a result of price increase by our suppliers. We had progressively increased our selling prices in order to increase our GP margin since July 2023.

**11. FINANCIAL INFORMATION (Cont'd)**Other surface decorative products

Our GP from other surface decorative products increased by RM0.42 million or 53.85%, from RM0.78 million in FPE 2022 to RM1.20 million in FPE 2023, while our GP margin for other surface decorative products increased from 37.83% in FPE 2022 to 43.97% in FPE 2023.

Our higher GP margin in FPE 2023 was due to the increase in sales of PVC plywood which has a higher GP margin compared to other surface decorative products.

Kitchen and wardrobe accessories

The GP from kitchen and wardrobe accessories increased by RM0.01 million or 25.00%, from RM0.04 million in FPE 2022 to RM0.05 million in FPE 2023. However, the GP margin from kitchen and wardrobe accessories decreased from 17.21% in FPE 2022 to 16.19% in FPE 2023. This was because we gave discounts to our customers for Hettich brand of kitchen and wardrobe accessories in order to clear remaining stocks. Hence, it lowered the GP margin from kitchen and wardrobe accessories.

**11.2.4 Other income**

The breakdown of our other income is as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Wage subsidies <sup>(1)</sup>	190	44.60	158	27.11	155	28.03
Gain on disposal of property, plant and equipment	-	-	-	-	148	26.76
Rental income <sup>(2)</sup>	106	24.88	102	17.50	104	18.81
Gain on disposal of other investments	51	11.97	16	2.74	-	-
Reversal of impairment losses on trade receivables	26	6.10	241	41.34	100	18.08
Interest income	22	5.17	2	0.34	20	3.62
Unrealised gain on foreign exchange	10	2.35	-	-	9	1.63
Dividend income <sup>(3)</sup>	6	1.41	6	1.03	1	0.18
Fair value gain on other investments <sup>(4)</sup>	6	1.41	-	-	-	-
Gain on disposal of an associate	-	-	55	9.43	-	-
Gain on termination of lease	-	-	3	0.51	-	-
Bad debts recovered	-	-	-	-	14	2.53
Others <sup>(5)</sup>	9	2.11	-	-	2	0.36
	<b>426</b>	<b>100.00</b>	<b>583</b>	<b>100.00</b>	<b>553</b>	<b>100.00</b>



**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Wage subsidies <sup>(1)</sup>	135	27.22	-	-
Gain on disposal of property, plant and equipment	148	29.84	-	-
Rental income <sup>(2)</sup>	81	16.33	94	45.63
Gain on disposal of other investments	-	-	7	3.40
Reversal of impairment losses on trade receivables	100	20.16	49	23.79
Interest income	17	3.43	43	20.87
Unrealised gain on foreign exchange	-	-	-	-
Dividend income <sup>(3)</sup>	-	-	-	-
Fair value gain on other investments <sup>(4)</sup>	-	-	5	2.43
Gain on disposal of an associate	-	-	-	-
Gain on termination of lease	-	-	-	-
Bad debts recovered	14	2.82	-	-
Others <sup>(5)</sup>	1	0.20	8	3.88
	<b>496</b>	<b>100.00</b>	<b>206</b>	<b>100.00</b>

## Notes:

- (1) Wage subsidies from the Wage Subsidy Programme introduced in 2020 as part of the Government's COVID-19 economic stimulus package as well as hiring incentive from the PerjanaKerjaya Programme 3.0 introduced in 2021.
- (2) Rental income received for Investment Property 1 and Investment Property 2.
- (3) Dividends received from investments in quoted securities.
- (4) Other investments comprising investments in quoted securities. Any changes in the market value of the quoted securities shall be recognised in the statements of profit or loss.
- (5) Mainly comprising insurance claims for damaged supplies.

**Comparison between FYE 2020 and FYE 2021**

Our other income increased by RM0.15 million or 34.88% from RM0.43 million in FYE 2020 to RM0.58 million in FYE 2021 mainly due to the following:

- (i) Increase in reversal of impairment losses on trade receivable of RM0.22 million as we had recorded an increase in subsequent collection of trade receivables in FYE 2021 that was previously impaired; and
- (ii) Gain from the disposal of 25% equity interest in U Floor Sdn Bhd.

The increase in other income was offset by the following:

- (i) Decrease in gain on disposal of other investments (being quoted securities) of RM0.04 million;

**11. FINANCIAL INFORMATION (Cont'd)**

- (ii) Decrease in wage subsidies of RM0.03 million due to lower wage subsidies received under the PerjanaKerjaya Programme 3.0 which only commenced in July 2021; and
- (iii) Decrease in interest income of RM0.02 million mainly due to lower bank balances as well as the reduction in Overnight Policy Rate (OPR) imposed by the Bank Negara Malaysia from 2.00% to 1.75% during FYE 2021.

**Comparison between FYE 2021 and FYE 2022**

Our other income decreased by RM0.03 million or 5.17% from RM0.58 million in FYE 2021 to RM0.55 million in FYE 2022 mainly due to the following:

- (i) Decrease in reversal of impairment losses on trade receivable of RM0.14 million as we had recorded a decrease in subsequent collection of trade receivables in FYE 2022 that was previously impaired.

The decrease in other income was offset by the following:

- (i) Gain on disposal of property, plant and equipment of RM0.15 million from the disposal of 1 unit of passenger car;
- (ii) Increase in interest income of RM0.02 million mainly due to increases in the OPR imposed by the Bank Negara Malaysia from 1.75% to 2.75% during the FYE 2022; and
- (iii) Bad debts of RM0.01 million recovered.

**Comparison between FPE 2022 and FPE 2023**

Our other income decreased by RM0.29 million or 58.00% from RM0.50 million in FPE 2022 to RM0.21 million in FPE 2023 due to the following:

- (i) Absence of gain on disposal of property, plant and equipment of RM0.15 million; and
- (ii) Absence of wage subsidy of RM0.12 million.

**11.2.5 Selling and distribution expenses**

The breakdown of our selling and distribution expenses is as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Marketing and promotion expenses <sup>(1)</sup>	557	46.42	761	49.80	1,044	44.79
Distribution expenses <sup>(2)</sup>	455	37.92	584	38.22	974	41.78
Travelling and accommodation <sup>(3)</sup>	99	8.25	97	6.35	209	8.97
Upkeep of motor vehicles <sup>(4)</sup>	89	7.41	86	5.63	104	4.46
	<b>1,200</b>	<b>100.00</b>	<b>1,528</b>	<b>100.00</b>	<b>2,331</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Marketing and promotion expenses <sup>(1)</sup>	784	46.06	712	40.80
Distribution expenses <sup>(2)</sup>	697	40.95	675	38.68
Travelling and accommodation <sup>(3)</sup>	148	8.70	242	13.87
Upkeep of motor vehicles <sup>(4)</sup>	73	4.29	116	6.65
	<b>1,702</b>	<b>100.00</b>	<b>1,745</b>	<b>100.00</b>

## Notes:

- (1) Expenses for the printing of products catalogues and brochures, expenses incurred for exhibitions (i.e. ARCHIDEX and RiX) and digital advertisements through social media.
- (2) Packaging and transportation charges.
- (3) Travelling and accommodation expenses for exhibitions and customer/supplier visits.
- (4) Insurance, road tax and upkeep of motor vehicles.

**Comparison between FYE 2020 and FYE 2021**

In FYE 2021, our selling and distribution expenses increased by RM0.33 million or 27.50% from RM1.20 million in FYE 2020 to RM1.53 million in FYE 2021. We recorded an increase in the printing of product catalogues and brochures as we had launched a new range of products in FYE 2021. We generally launch a new product range once every 2 to 3 years, hence the costs for printing of product catalogues and brochures is generally reduced in the subsequent years.

We had recorded an increase in distribution expenses of RM0.13 million due to the increase in delivery of products resulting from the increase in sales volume recorded in FYE 2021.

**Comparison between FYE 2021 and FYE 2022**

In FYE 2022, our selling and distribution expenses increased by RM0.80 million or 52.29% from RM1.53 million in FYE 2021 to RM2.33 million in FYE 2022 which was in line with the increase in revenue. The higher marketing and promotion expenses of RM0.28 million was due to higher costs incurred for digital advertisements in FYE 2022 to promote our products as well as for our participation in ARCHIDEX 2022 and RiX 2022. In addition, we had recorded an increase in distribution expenses of RM0.39 million due to the increase in delivery of products resulting from the increase in sales volume recorded in FYE 2022.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FPE 2022 and FPE 2023**

In FPE 2023, our selling and distribution expenses increased by RM0.05 million or 2.94% from RM1.70 million in FPE 2022 to RM1.75 million in FPE 2023. This was due to:

- (i) Higher travelling and accommodation expenses incurred as our management had attended more overseas trade fairs; and
- (ii) Higher upkeep of motor vehicles.

The increases in our selling and distribution expenses were offset by the lower marketing and promotion expenses due to lesser digital advertisements made during FPE 2023.

**11.2.6 Administrative expenses**

The breakdown of our administrative expenses is as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff costs <sup>(1)</sup>	2,460	61.65	3,201	66.08	4,413	57.29
Directors' remuneration	774	19.40	706	14.58	946	12.28
Upkeep expenses <sup>(2)</sup>	251	6.29	330	6.81	673	8.74
Professional fees <sup>(3)</sup>	141	3.53	122	2.52	1,055	13.70
Utilities	88	2.21	100	2.06	147	1.91
Insurance	85	2.13	98	2.02	82	1.06
Licences fee <sup>(4)</sup>	85	2.13	66	1.36	61	0.79
Staff welfare	46	1.15	87	1.80	136	1.76
Printing and stationery	32	0.80	39	0.81	56	0.73
Staff training	15	0.38	82	1.69	47	0.61
Rental expenses	1	0.03	2	0.04	7	0.09
Others <sup>(5)</sup>	12	0.30	11	0.23	80	1.04
	<b>3,990</b>	<b>100.00</b>	<b>4,844</b>	<b>100.00</b>	<b>7,703</b>	<b>100.00</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff costs <sup>(1)</sup>	3,443	60.68	3,840	55.22
Directors' remuneration	709	12.50	1,098	15.79
Upkeep expenses <sup>(2)</sup>	522	9.20	410	5.90
Professional fees <sup>(3)</sup>	595	10.49	966	13.89
Utilities	92	1.62	80	1.15
Insurance	50	0.88	100	1.44
Licences fee <sup>(4)</sup>	-	-	-	-
Staff welfare	109	1.92	119	1.71
Printing and stationery	24	0.42	57	0.82
Staff training	36	0.63	17	0.24
Rental expenses	5	0.09	21	0.30
Others <sup>(5)</sup>	89	1.57	246	3.54
	<b>5,674</b>	<b>100.00</b>	<b>6,954</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

- (1) Includes staff salaries, allowances, bonuses and statutory contributions. Our total staff headcount increased from 57 in FYE 2020 to 68 in FYE 2021 and to 82 in FYE 2022. The total staff headcount increased from 80 as at FPE 2022 to 93 as at FPE 2023.
- (2) Includes upkeep of factory building, machineries, office equipment and offices.
- (3) Includes secretarial fees, audit fees, legal fees, tax agent fees and other professional consultants.
- (4) Includes mainly business licence fees, renewal fees for various certifications such as UL GREENGUARD and GREENGUARD Gold Certification, Singapore Green Label and MyHIJAU as well as subscription fees for CRM software.
- (5) Others are mainly expenses incurred for service charges, stamp duty and bank charges.

**Comparison between FYE 2020 and FYE 2021**

Our administrative expenses increased by RM0.85 million or 21.30% from RM3.99 million in FYE 2020 to RM4.84 million in FYE 2021 mainly attributable to:

- (i) Increase in staff costs of RM0.74 million due to the revision in annual salary to existing employees, recruitment of additional employees and bonus paid to our existing employees;
- (ii) Increase in upkeep expenses of RM0.08 million mainly for our Skudai HQ; and
- (iii) Increase in staff training of RM0.07 million provided to sales and marketing employees.

**Comparison between FYE 2021 and FYE 2022**

Our administrative expenses increased by RM2.86 million or 59.09% from RM4.84 million in FYE 2021 to RM7.70 million in FYE 2022 mainly attributable to:

- (i) Increase in staff costs of RM1.21 million due to the revision in annual salary to existing employees, recruitment of additional employees and bonus payment to our existing employees;
- (ii) Increase in professional fee of RM0.93 million mainly due to costs incurred for the IPO;
- (iii) Increase in upkeep expenses of RM0.34 million, mainly for fencing works at the Skudai Factory - Building 1, consumables for machineries of RM0.08 million for Skudai Factory - Building 1, repair of rooftop for Subang Sales Office of RM0.03 million and upkeep for Skudai HQ of RM0.03 million; and
- (iv) Increase in Directors' remuneration of RM0.24 million due to the increment in Directors' salaries.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FPE 2022 and FPE 2023**

Our administrative expenses increased by RM1.28 million or 22.57% from RM5.67 million in FPE 2022 to RM6.95 million in FPE 2023 mainly attributable to:

- (i) Increase in staff costs of RM0.40 million due to the revision in annual salary to existing employees, recruitment of additional employees and bonus payment to our existing employees;
- (ii) Increase in Directors' remuneration of RM0.39 million due to the increment in Directors' salaries;
- (iii) Increase in professional fee of RM0.37 million mainly due to costs incurred for the IPO; and
- (iv) Increase in other administrative expenses of RM0.16 million mainly due to stamp duty incurred for share sale agreement in relation to the restructuring for IPO.

**11.2.7 Other operating expenses**

The breakdown of our other operating expenses is as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<u>Depreciation:</u>						
- Property, plant and equipment	657	67.25	571	43.19	793	69.68
- Right-of-use assets	245	25.08	205	15.51	200	17.58
- Investment properties	41	4.20	41	3.10	41	3.60
Fair value loss on other investments <sup>(1)</sup>	-	-	27	2.04	17	1.49
<u>Impairment losses on:</u>						
- Trade receivables <sup>(2)</sup>	-	-	99	7.49	49	4.31
- Right-of-use assets	-	-	280	21.18	-	-
Realised loss on foreign exchange	27	2.76	41	3.10	33	2.90
Bad debts written off <sup>(3)</sup>	5	0.51	27	2.04	5	0.44
Property, plant and equipment written off	2	0.20	31	2.35	-	-
Loss on disposal of property, plant and equipment	-	-	*	*	-	-
Unrealised loss on foreign exchange	-	-	*	*	-	-
	<b>977</b>	<b>100.00</b>	<b>1,322</b>	<b>100.00</b>	<b>1,138</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<u>Depreciation:</u>				
- Property, plant and equipment	578	59.47	617	65.50
- Right-of-use assets	150	15.43	195	20.70
- Investment properties	30	3.09	30	3.18
Fair value loss on other investments <sup>(1)</sup>	22	2.26	-	-
<u>Impairment losses on:</u>				
- Trade receivables <sup>(2)</sup>	102	10.49	43	4.57
- Right-of-use assets	-	-	-	-
Realised loss on foreign exchange	74	7.61	48	5.10
Bad debts written off <sup>(3)</sup>	-	-	-	-
Property, plant and equipment written off	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	-
Unrealised loss on foreign exchange	16	1.65	9	0.95
	<b>972</b>	<b>100.00</b>	<b>942</b>	<b>100.00</b>

Notes:

\* Negligible.

(1) Other investments comprising investments in quoted securities. Any changes in the market value of the quoted securities shall be recognised in the statements of profit or loss.

(2) Trade receivables past due for more than 120 days are impaired. We have issued reminder letters and demand letters to recover these amounts.

(3) Bad debt written off from 3 customers in FYE 2020, 2 customers in FYE 2021 and 3 customers in FYE 2022.

**Comparison between FYE 2020 and FYE 2021**

Our other operating expenses increased by RM0.34 million or 34.69% from RM0.98 million in FYE 2020 to RM1.32 million in FYE 2021 mainly attributable to the following:

- (i) Impairment losses on trade receivables of RM0.10 million provided due to the application of MFRS 9 – Financial Instruments; and
- (ii) Impairment losses on right-of-use assets of RM0.28 million recorded from the Skudai Factory - Building 1 where the market value of the property is lower than the NBV recorded.

**11. FINANCIAL INFORMATION (Cont'd)**

The increase in other operating expenses was offset by the following:

- (i) Decrease in depreciation on property, plant and equipment of RM0.09 million mainly due to an increase in fully depreciated property, plant and equipment from RM1.19 million in FYE 2020 to RM1.24 million in FYE 2021; and
- (ii) Decrease in depreciation on right-of-use assets of RM0.04 million as we had relocated from a building leased from a third party to the Subang Sales Office during FYE 2021. Resulting from the cessation of the lease, the right-of-use assets of RM0.29 million was derecognised.

**Comparison between FYE 2021 and FYE 2022**

Our other operating expenses decreased by RM0.18 million or 13.64% from RM1.32 million in FYE 2021 to RM1.14 million in FYE 2022 mainly attributable to the absence of impairment losses on right-of-use assets of RM0.28 million as this did not recur in FYE 2022.

The decrease in other operating expenses was offset by the increase in depreciation of RM0.21 million mainly due to the addition of property, plant and equipment of RM1.40 million comprising 3 units of motor vehicles (RM0.87 million), 1 unit of CNC machine (RM0.10 million), installation of roller shutter for Skudai HQ (RM0.13 million) and renovation works carried out for the showroom in our Subang Sales Office (RM0.10 million).

**Comparison between FPE 2022 and FPE 2023**

Our other operating expenses decreased by RM0.03 million or 3.09% from RM0.97 million in FPE 2022 to RM0.94 million in FPE 2023 mainly attributable to the following:

- (i) Decrease in impairment losses on trade receivable of RM0.06 million;
- (ii) Decrease in realised loss on foreign exchange of RM0.03 million; and
- (iii) Decrease in fair value loss on other investment of RM0.02 million.

The decrease in other operating expenses was offset by the increase in depreciation of RM0.08 million. This was mainly due to the addition of 2 units of motor vehicles (RM0.22 million) and installation of roller shutter for Skudai HQ (RM0.13 million).

**11.2.8 Finance costs**

The breakdown of our finance costs is as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Interest expenses charged on:</b>						
Term loans	360	76.11	545	68.55	913	73.63
Hire purchases	53	11.20	43	5.41	51	4.11
Bank overdrafts	48	10.15	166	20.88	154	12.42
Bankers' acceptance	6	1.27	39	4.91	122	9.84
Lease liabilities	6	1.27	2	0.25	-	-
	<b>473</b>	<b>100.00</b>	<b>795</b>	<b>100.00</b>	<b>1,240</b>	<b>100.00</b>



**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Interest expenses charged on:</b>				
Term loans	663	72.22	738	79.61
Hire purchases	38	4.14	37	3.99
Bank overdrafts	124	13.51	16	1.73
Bankers' acceptance	93	10.13	125	13.48
Lease liabilities	-	-	11	1.19
	<b>918</b>	<b>100.00</b>	<b>927</b>	<b>100.00</b>

**Comparison between FYE 2020 and FYE 2021**

We recorded an increase in finance costs of RM0.33 million or 70.21% from RM0.47 million in FYE 2020 to RM0.80 million in FYE 2021 mainly due to the following:

- (i) Increase in term loan interests of RM0.19 million mainly due to drawdown of 3 new term loan facilities totaling RM10.49 million to finance the acquisition of Seelong Land 1, Seelong Land 2 and Skudai Factory - Building 1 in FYE 2021; and
- (ii) Increase in bank overdrafts interests of RM0.12 million due to higher utilisation of bank overdrafts to finance our operating expenditures.

**Comparison between FYE 2021 and FYE 2022**

We recorded an increase in finance costs of RM0.44 million or 55.00% from RM0.80 million in FYE 2021 to RM1.24 million in FYE 2022 mainly due to the following:

- (i) Increase in term loan interests of RM0.37 million mainly due to 1 new term loan facility amounting to RM1.50 million to refinance the Investment Property 1 as well as the increase in the OPR imposed by the Bank Negara Malaysia from 1.75% to 2.75% during the FYE 2022; and
- (ii) Increase in bankers' acceptance interests of RM0.08 million due to the higher utilisation of bankers' acceptance for the purchase of supplies.

**Comparison between FPE 2022 and FPE 2023**

We recorded an increase in finance costs of RM0.01 million or 1.09% from RM0.92 million in FPE 2022 to RM0.93 million in FPE 2023 due to the increase in term loan interests of RM0.10 million arising from the increase in the OPR imposed by the Bank Negara Malaysia. Our bank overdraft interests decreased by RM0.10 million or 83.33% in FPE 2023 due to lower utilisation of bank overdraft facilities during FPE 2023.

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**11. FINANCIAL INFORMATION (Cont'd)****11.2.9 Tax expense, PBT and PAT**

The following tables set out the comparison between the statutory tax rates and our effective tax rates for the financial years/period under review:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2022</b>	<b>FPE 2023</b>
Malaysia statutory tax rate <sup>(1)</sup>					
- on the first RM150,000 (%)	-	-	-	-	15
- on the first RM600,000 (with effect from year of assessment 2023, RM150,001 to RM600,000) (%)	17	17	17	17	17
- the balance of chargeable income (%)	24	24	24	24	24
Tax expense (RM'000)	884	1,451	3,098	2,104	2,480
Effective tax rate (%)	27.23	24.72	26.65	27.09	30.86

Note:

- (1) We qualified for the tax rate of 17.00% on the first chargeable income of RM600,000 for FPE 2022. Our Company qualified as a small and medium enterprise ("SME") in year of assessment 2022 as our paid-up capital was below RM2.50 million.

In accordance with Income Tax Act 1967, paragraph 2A of Schedule 1, a company which has a paid-up capital in respect of ordinary shares of RM2.50 million and less at the beginning of the basis period for a year of assessment, a company shall be eligible for the preferential income tax rate. Hence, our Company was eligible to enjoy the tax rate of 15.00% on the first RM150,000 and 17.00% on the RM150,001 to RM600,000 of our chargeable income as our paid-up capital increased to above RM2.50 million in May 2023.

The following tables set out the PBT, PBT margin, PAT and PAT margin for the financial years/period under review:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2022</b>	<b>FPE 2023</b>
PBT (RM'000)	3,246	5,869	11,625	7,766	8,035
PBT margin (%)	11.79	15.21	17.67	16.75	15.74
PAT (RM'000)	2,362	4,418	8,527	5,662	5,555
PAT margin (%)	8.58	11.45	12.96	12.21	10.88

**Comparison between FYE 2020 and FYE 2021**

We recorded an increase in PBT by RM2.62 million or 80.62% from RM3.25 million for FYE 2021 to RM5.87 million for FYE 2022. The increase in PBT was mainly from the increase in our sales volume for HPL products and increase in the selling price for our HPL products during FYE 2021. Our PBT margin increased from 11.79% in FYE 2020 to 15.21% in FYE 2021.

## 11. FINANCIAL INFORMATION (Cont'd)

Correspondingly, our PAT increased from RM2.36 million in FYE 2020 to RM4.42 million in FYE 2021 and our PAT margin increased from 8.58% in FYE 2020 to 11.45% in FYE 2021. The increased PBT margin and PAT margin in FYE 2021 was mainly contributed by increased GP margin of 1.20%, lower increase in administrative expenses over revenue for FYE 2021 as compared to FYE 2020 as well as the lower effective tax rate recording in FYE 2021 of 24.72% (FYE 2020: 27.23%).

Our effective tax rate of 24.72% for FYE 2021 (FYE 2020: 27.23%) was slightly higher than the statutory tax rate of 24.00% mainly due to expenses not deductible for tax purpose amounting to RM0.28 million, being expenses incurred for the acquisition of Seelong Land 1, Seelong Land 2 and Skudai Factory - Building 1, impairment losses on Skudai Factory - Building 1 and impairment losses on trade receivables.

### Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT by RM5.76 million or 98.13% from RM5.87 million for FYE 2021 to RM11.63 million for FYE 2022. The increase in PBT was mainly from the substantial increase in our sales volume for HPL products and a further increase in the selling price for our HPL products during FYE 2022. Our PBT margin increased from 15.21% in FYE 2021 to 17.67% in FYE 2022.

Correspondingly, our PAT increased from RM4.42 million in FYE 2021 to RM8.53 million in FYE 2022 and our PAT margin increased from 11.45% in FYE 2021 to 12.96% in FYE 2022. The increased PBT margin and PAT margin in FYE 2022 was mainly contributed by lower increase in administrative and other operating expenses over revenue for FYE 2022 as compared to FYE 2021. However, the higher effective tax rate for FYE 2022 had brought down the PAT margin to 12.96% in FYE 2022 as compared to FYE 2021.

Our effective tax rate of 26.65% for FYE 2022 (FYE 2021: 24.72%) was higher than the statutory tax rate of 24.00% mainly due to expenses not deductible for tax purpose amounting to RM0.32 million, such as depreciation charged on the renovation, legal and professional fee.

### Comparison between FPE 2022 and FPE 2023

We recorded an increase in PBT by RM0.27 million or 3.47% from RM7.77 million for FPE 2022 to RM8.04 million for FPE 2023. The increase in PBT was from the increase in our sales volume for HPL products and other surface decorative products during FPE 2023. However, our PBT margin decreased from 16.75% in FPE 2022 to 15.74% in FPE 2023 due to the increase in purchase price of material used as well as higher increase in administrative expenses resulting from higher staff costs and Directors' remuneration in FPE 2023.

Correspondingly, our PAT margin decreased from 12.21% in FPE 2022 to 10.88% in FPE 2023.

Our effective tax rate of 30.86% for FPE 2023 (FPE 2022: 27.09%) was higher than the statutory tax rate of 24.00% mainly due to expenses not deductible for tax purpose amounting to RM0.35 million, such as depreciation for leasehold land and building, depreciation for investment properties as well as stamp duty for share sale agreement.

**11. FINANCIAL INFORMATION (Cont'd)****11.2.10 Review of financial position****(i) Assets**

	Audited			Unaudited	Audited
	As at 31 December			As at 30 September	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1,477	9,177	9,784	9,964	9,301
Right-of-use assets	11,687	16,851	16,650	16,700	18,496
Investment properties	2,484	2,443	2,403	2,413	2,372
Other investments	214	49	32	27	19
Deferred tax assets	81	88	134	177	204
<b>Total non-current assets</b>	<b>15,943</b>	<b>28,608</b>	<b>29,003</b>	<b>29,281</b>	<b>30,392</b>
<b>Current assets</b>					
Inventories	9,144	8,971	11,955	16,038	19,219
Trade receivables	7,914	11,576	12,530	12,978	11,430
Other receivables	377	1,430	768	811	1,832
Amount due from an associate	75	-	-	-	-
Amount due from a director	135	-	-	-	-
Current tax assets	-	*	-	-	-
Fixed deposits with licensed banks	357	457	472	472	484
Cash and bank balances	1,828	1,073	5,556	963	5,097
<b>Total current assets</b>	<b>19,830</b>	<b>23,507</b>	<b>31,281</b>	<b>31,262</b>	<b>38,062</b>
<b>TOTAL ASSETS</b>	<b>35,773</b>	<b>52,115</b>	<b>60,284</b>	<b>60,543</b>	<b>68,454</b>

Note:

\* Negligible.

**Comparison between 31 December 2020 and 31 December 2021****Non-current assets**

Our non-current assets increased by RM12.67 million or 79.49% to RM28.61 million as at 31 December 2021 (as at 31 December 2020: RM15.94 million) mainly due to the following:

- (a) Increase in property, plant and equipment of RM7.70 million mainly arising from the acquisition of Seelong Land 1 and Seelong Land 2 (RM7.22 million) and renovation works carried at the Subang Sales Office (RM0.49 million). The amount was reduced by the depreciation charged on property, plant and equipment of RM0.57 million during FYE 2021; and
- (b) Increase in right-of-use assets of RM5.16 million mainly due to acquisition of Skudai Factory - Building 1 of RM5.69 million, which is built on a leasehold land. The amount was reduced by the depreciation charged on right-of-use assets of RM0.20 million and impairment losses of right-of-use assets of RM0.28 million during FYE 2021.

**11. FINANCIAL INFORMATION (Cont'd)**

The increase in non-current assets was offset by the disposal of other investments (being quoted securities\*) amounting to RM0.17 million and depreciation charged on investment properties of RM0.04 million during FYE 2021.

Note:

- \* During FYE 2022, we had stopped investing in additional quoted securities. We do not intend to invest in quoted securities in future financial years.

**Current assets**

Our current assets increased by RM3.68 million or 18.56% to RM23.51 million as at 31 December 2021 (as at 31 December 2020: RM19.83 million) mainly due to the following:

- (a) Increase in trade receivables of RM3.66 million in line with the increase in revenue recorded in FYE 2021 as COVID-19 pandemic movement control restrictions were eventually lifted and economic activities as well as construction activities increased in 2021; and
- (b) Increase of other receivables of RM1.05 million mainly due to advance payments to suppliers (RM0.70 million) and prepaid insurance premium for the Skudai Factory - Building 1 (RM0.13 million).

The increase in current assets was offset by the following:

- (a) Decrease in cash and bank balance of RM0.76 million which was mainly used for working capital purposes such as purchase of supplies and payment for operating expenditure;
- (b) Repayment of amount due from U Floor Sdn Bhd, an associate company which was disposed in FYE 2021; and
- (c) Repayment from Teo Quek Siang of RM0.14 million, being the advances made to him in prior financial years for personal use.

**Comparison between 31 December 2021 and 31 December 2022****Non-current assets**

Our non-current assets increased by RM0.39 million or 1.36% to RM29.00 million as at 31 December 2022 (as at 31 December 2021: RM28.61 million) mainly due to the addition of property, plant and equipment comprising 3 units of motor vehicles (RM0.87 million), 1 unit of CNC machine (RM0.10 million), installation of roller shutter for Skudai HQ (RM0.13 million) and renovation carried out for the showroom in our Subang Sales Office (RM0.10 million). The amount was reduced by the depreciation charged on property, plant and equipment of RM0.79 million during FYE 2022.

The increase in non-current assets was partially offset by the depreciation charged on right-of-use assets of RM0.20 million during FYE 2022.

**11. FINANCIAL INFORMATION (Cont'd)****Current assets**

Our current assets increased by RM7.77 million or 33.05% to RM31.28 million as at 31 December 2022 (as at 31 December 2021: RM23.51 million) mainly due to the following:

- (a) Increase in cash and bank balances of RM4.48 million resulting from the further increase in revenue and improved collection of our trade receivables during FYE 2022. Our average trade receivables turnover period for FYE 2022 was 66 days (FYE 2021: 92 days);
- (b) Increase in inventories of RM2.98 million as we made more purchases of supplies towards the last quarter of FYE 2022 to cater for future sales orders; and
- (c) Increase in trade receivables of RM0.95 million due to more invoices issued during the last quarter of FYE 2022 amounting to RM37.73 million (FYE 2021: RM15.18 million).

The increase in current assets was offset by the decrease in other receivables of RM0.66 million, as we did not make any advance payments to our suppliers during FYE 2022 (FYE 2021: RM0.70 million).

**Comparison between 30 September 2022 and 30 September 2023****Non-current assets**

Our non-current assets increased by RM1.11 million or 3.79% to RM30.39 million as at 30 September 2023 (as at 30 September 2022: RM29.28 million) mainly due to additional of right-of-use assets, comprising construction works for Skudai Factory - Building 2 and the rental of a warehouse in Skudai. The amount was reduced by the depreciation charged on right-of-use assets.

The increase in non-current assets was partially offset by the lower carrying amount of property, plant and equipment, attributable to the depreciation charged on property, plant and equipment. The amount was reduced by the addition of 1 unit of motor vehicle amounted to RM0.11 million.

**Current assets**

Our current assets increased by RM6.80 million or 21.75% to RM38.06 million as at 30 September 2023 (as at 30 September 2022: RM31.26 million) mainly due to the following:

- (a) Increase in cash and bank balances of RM4.14 million resulting from the increase in revenue and improved collection of our trade receivables during FPE 2023;
- (b) Increase in inventories of RM3.18 million as we made more purchases of supplies towards September 2023 to cater for future sales orders; and
- (c) Increase in other receivables of RM1.02 million mainly due to advance payments to our suppliers during FPE 2023 (as at 30 September 2022: Nil).

The increase in current assets was offset by the decrease in trade receivables of RM1.55 million, due to improved collection from customers. Our average trade receivables turnover days improved to 64 days in FPE 2023 (FYE 2022: 66 days).

**11. FINANCIAL INFORMATION (Cont'd)****(ii) Liabilities**

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31 December</b>			<b>As at 30 September</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loan and borrowings	12,249	21,203	20,645	20,947	19,711
Lease liabilities	-	-	-	-	293
Deferred tax liabilities	90	77	29	27	56
<b>Total non-current liabilities</b>	<b>12,339</b>	<b>21,280</b>	<b>20,674</b>	<b>20,974</b>	<b>20,060</b>
<b>Current liabilities</b>					
Trade payables	1,837	1,205	1,993	2,458	3,481
Other payables	930	1,279	2,063	1,893	3,275
Amount due to directors	204	100	-	-	-
Loan and borrowings	2,549	6,038	4,384	6,912	5,947
Lease liabilities	97	-	-	-	75
Current tax liabilities	136	644	1,074	1,075	665
<b>Total current liabilities</b>	<b>5,753</b>	<b>9,266</b>	<b>9,514</b>	<b>12,338</b>	<b>13,443</b>
<b>TOTAL LIABILITIES</b>	<b>18,092</b>	<b>30,546</b>	<b>30,188</b>	<b>33,312</b>	<b>33,503</b>

**Comparison between 31 December 2020 and 31 December 2021****Non-current liabilities**

Our non-current liabilities increased by RM8.94 million or 72.45% to RM21.28 million as at 31 December 2021 (as at 31 December 2020: RM12.34 million) mainly due to the increase in non-current portion of loan and borrowings of RM8.95 million. In FYE 2021, we had drawn 3 term loans totaling RM10.49 million to finance the acquisition of Seelong Land 1, Seelong Land 2 and Skudai Factory - Building 1.

**Current liabilities**

Our current liabilities increased by RM3.52 million or 61.22% to RM9.27 million as at 31 December 2021 (as at 31 December 2020: RM5.75 million) mainly due to the following:

- (a) Increase in current portion of loan and borrowings of RM3.49 million due to additional loans drawn during FYE 2021 as mentioned above;
- (b) Increase in current tax liabilities of RM0.51 million as we had recorded a higher PBT during FYE 2021; and
- (c) Increase in other payables of RM0.35 million mainly due to higher accruals on staff bonus of RM0.25 million.

The increase in current liabilities was offset by the decrease in trade payables of RM0.63 million as we had paid our suppliers in a shorter time period which reduced our trade payable turnover days from 27 days to 22 days in FYE 2021.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between 31 December 2021 and 31 December 2022****Non-current liabilities**

Our non-current liabilities decreased by RM0.61 million or 2.87% to RM20.67 million as at 31 December 2022 (as at 31 December 2021: RM21.28 million) mainly due to the reclassification of term loans to current liabilities.

**Current liabilities**

Our current liabilities increased by RM0.24 million or 2.59% to RM9.51 million as at 31 December 2022 (as at 31 December 2021: RM9.27 million) mainly due to the following:

- (a) Increase in trade payables of RM0.79 million mainly due to more purchases made towards the last quarter of FYE 2022 to cater for future sales orders;
- (b) Increase in other payables of RM0.78 million mainly due to higher accruals on staff bonus of RM0.19 million and listing expenses related to the IPO of RM0.23 million; and
- (c) Increase in current tax liabilities of RM0.43 million as we had recorded a higher PBT during FYE 2022.

The increase was offset by the decrease in loan and borrowings of RM1.66 million as we repaid our existing term loans.

**Comparison between 30 September 2022 and 30 September 2023****Non-current liabilities**

Our non-current liabilities decreased by RM0.91 million or 4.34% to RM20.06 million as at 30 September 2023 (as at 30 September 2022: RM20.97 million) mainly due to the reclassification of term loans to current liabilities.

The decrease in non-current liabilities was offset by the increase in lease liabilities of RM0.29 million, due to the rental of a warehouse in Skudai.

**Current liabilities**

Our current liabilities increased by RM1.10 million or 8.91% to RM13.44 million as at 30 September 2023 (as at 30 September 2022: RM12.34 million) mainly due to the following:

- (a) Increase in trade payables of RM1.02 million due to more purchases of supplies towards September 2023 to cater for future sales orders; and
- (b) Increase in other payables of RM1.38 million mainly due to amount payable to a contractor for construction works for Skudai Factory - Building 2.

The increase was offset by the following:

- (a) Decrease in loan and borrowings of RM0.96 million mainly due to absence of bank overdraft in FPE 2023 and this was offset by the higher outstanding balance of bankers' acceptance as we utilised for purchase of supplies; and
- (b) Decrease in current tax liabilities of RM0.41 million due to monthly tax instalments made during FPE 2023.



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## **11. FINANCIAL INFORMATION (Cont'd)**

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### **11.2.11 Recent developments**

Save as disclosed below, there were no other significant events subsequent to our audited consolidated financial statements for FPE 2023:

- (i) Topmix Resources had on 26 February 2024 declared a dividend of RM0.30 million in respect of FPE 2023. The dividend was paid on 29 February 2024.

### **11.3 LIQUIDITY AND CAPITAL RESOURCES**

#### **11.3.1 Working capital**

We have been financing our operations through existing cash and bank balances, cash generated from our operations and external sources of funds. Our external sources of funds mainly comprise term loans, bankers' acceptance, bank overdrafts as well as hire purchases.

As at 30 September 2023, we have:

- (i) Cash and bank balances of RM5.10 million and fixed deposits with licensed banks of RM0.48 million; and
- (ii) Total banking facilities (including lease liabilities) of approximately RM39.18 million (of which RM26.03 million has been utilised).

The interest rate of our borrowings is based on prevailing market rates. Currently, the principal use of our borrowings is for the acquisition of properties, plant and equipment, as well as for working capital purposes.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

Based on the Pro Forma Consolidated Statements of Financial Position of our Group as at 30 September 2023, our NA position stood at RM34.95 million and our gearing level is 0.74 times. Our NA position and gearing level (after the material subsequent event, Public Issue and utilisation of proceeds) are RM58.01 million and 0.45 times respectively.

As at the LPD, our Group recorded cash and bank balances of RM8.57 million, fixed deposits with licensed bank of RM0.53 million and total banking facilities (including lease liabilities) of approximately RM39.49 million (of which RM25.62 million has been utilised). Our Board is confident that, after taking into account our gearing and cash flow position as well as the banking facilities currently available to our Group, our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

As at the LPD, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors and our allowance for impairment losses in respect of our doubtful debts is low. This measure has proven to be effective while maintaining a cordial relationship with our customers.

**11. FINANCIAL INFORMATION (Cont'd)**

We declared and paid a dividend of RM0.30 million in respect of FPE 2023 which represents 5.40% of the PAT attributable to the owners of the Company of RM5.56 million.

The dividends were paid via internally generated funds. Our Board does not foresee that the dividends paid would affect the execution and implementation of our future plans or strategies moving forward, after taking into consideration the cash and bank balances as at the LPD of RM8.57 million and current ratio of the Group as at 30 September 2023 of 2.83 times.

**11.3.2 Review of cash flows**

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 31 December</b>			<b>FPE 30 September</b>	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash (used in) / generated from operating activities	(224)	1,153	8,040	585	490
Net cash used in investing activities	(1,396)	(3,302)	(482)	(449)	(604)
Net cash generated from / (used in) financing activities	741	(1,095)	(132)	684	(217)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(879)</b>	<b>(3,244)</b>	<b>7,426</b>	<b>820</b>	<b>(331)</b>
Cash and cash equivalents at the beginning of the financial years/period	2,125	1,246	(1,998)	(1,998)	5,428
<b>Cash and cash equivalents at the end of the financial years/period</b>	<b>1,246</b>	<b>(1,998)</b>	<b>5,428</b>	<b>(1,178)</b>	<b>5,097</b>

**FYE 2020****Net cash used in operating activities**

For FYE 2020, we recorded net operating cash outflow of RM0.22 million after taking into consideration our operating profit of RM3.25 million and the following working capital changes:

- (i) During the first 3 quarters of FYE 2020, we recorded lower revenue due to the slowdown in construction and renovation activities resulting from the COVID-19 pandemic. We had also reduced the purchase of supplies for the first 3 quarters of FYE 2020. Towards the last quarter of FYE 2020, we began to purchase supplies in large volumes to cater for future sales orders which resulted in an increase in inventories of RM4.40 million. The purchase of large volumes during the last quarter had contributed to the net operating cash outflow of RM0.22 million during FYE 2020;
- (ii) Increase in trade payables and other payables of RM1.17 million as we purchased more supplies during the last quarter of FYE 2020 to cater for future sales orders;
- (iii) Payment of interests charged on term loans, bank overdrafts, bankers' acceptance and hire purchases of RM0.47 million; and
- (iv) Income tax paid of RM1.15 million.

**11. FINANCIAL INFORMATION (Cont'd)****Net cash used in investing activities**

For FYE 2020, we recorded a net cash outflow of RM1.40 million from our investing activities, mainly attributable to the following:

- (i) Purchase of right-of-use assets comprising cash payment of RM0.75 million for the acquisition of Subang Sales Office (with a total consideration of RM5.15 million). The remaining balance was financed via a term loan;
- (ii) Cash payment of RM0.50 million for the purchase of property, plant and equipment mainly comprising:
  - (a) Cash payment of RM0.02 million for the purchase 2 units of motor vehicles (with a combined purchase consideration of RM0.20 million). The remaining balance of RM0.18 million was financed via hire purchase; and
  - (b) Renovation works for the Subang Sales Office of RM0.21 million; and
- (iii) Purchase of other investments (being quoted securities) of RM0.65 million.

The cash outflow was partially offset by the proceeds received from disposal of other investments (being quoted securities) of RM0.49 million.

**Net cash generated from financing activities**

For FYE 2020, we recorded a net cash inflow of RM0.74 million from our financing activities, mainly due to the following:

- (i) Drawdown and repayment of bankers' acceptance of RM2.09 million and RM1.37 million, respectively, which were used as payments to suppliers; and
- (ii) Drawdown of 1 term loan of RM1.00 million to finance our operating expenditure.

The cash inflow was partially offset by:

- (i) Repayment of term loans of RM0.45 million;
- (ii) Repayment of hire purchase facilities of RM0.23 million; and
- (iii) Repayment of amount due to Directors of RM0.20 million.

**FYE 2021****Net cash generated from operating activities**

For FYE 2021, we recorded net operating cash inflow of RM1.15 million after taking into consideration our operating profit of RM5.87 million and the following working capital changes:

- (i) Increase in trade receivables and other receivables of RM4.60 million in line with the increase in revenue recorded in FYE 2021 as COVID-19 pandemic movement control restrictions were eventually lifted and economic activities as well as construction activities increased in 2021;
- (ii) Decrease in inventories of RM0.12 million in line with the higher sales recorded during FYE 2021;

## **11. FINANCIAL INFORMATION (Cont'd)**

- (iii) Decrease in trade payables and other payables of RM0.28 million, as we had paid our suppliers in a shorter time period. Our trade payable turnover days decreased from 27 days in FYE 2020 to 22 days in FYE 2021;
- (iv) Payment of interests charged on term loans, bank overdrafts, bankers' acceptance and hire purchases of RM0.80 million; and
- (v) Income tax paid of RM0.96 million.

### **Net cash used in investing activities**

For FYE 2021, we recorded a net cash outflow of RM3.30 million from our investing activities, mainly attributable to:

- (i) Cash payment of RM2.45 million for the purchase of property, plant and equipment mainly comprising the following:
  - (a) Cash payment of RM1.41 million for the acquisition of Seelong Land 1 and Seelong Land 2 (with a combined purchase consideration of RM7.22 million). The remaining balance of RM5.81 million was financed via term loans; and
  - (b) Renovation works for the Subang Sales Office of RM0.49 million; and
- (ii) Purchase of right-of-use assets comprising cash payment of RM1.01 million for the acquisition of Skudai Factory - Building 1 (with a total consideration of RM5.69 million). The remaining balance was financed via a term loan.

The cash outflow was partially offset by the proceeds from the disposal of other investments (being quoted securities) of RM0.18 million.

### **Net cash used in financing activities**

For FYE 2021, we recorded a net cash outflow of RM1.10 million from our financing activities, mainly due to the following:

- (i) Repayment of term loans of RM0.76 million;
- (ii) Dividend declared and paid of RM0.53 million in respect of FYE 2021; and
- (iii) Repayment of hire purchase facilities of RM0.32 million.

The cash outflow was partially offset by the drawdown and repayment of bankers' acceptance of RM9.21 million and RM8.75 million, respectively, which were used as payments to suppliers.

## **FYE 2022**

### **Net cash generated from operating activities**

For FYE 2022, we recorded net operating cash inflow of RM8.04 million after taking into consideration our operating profit of RM11.63 million and the following working capital changes:

- (i) Increase in trade receivables and other receivables of RM0.23 million resulting from the further increase in revenue and more invoices issued during the last quarter of FYE 2022 amounting to RM37.73 million (FYE 2021: RM15.18 million);

## **11. FINANCIAL INFORMATION (Cont'd)**

- (ii) Increase in inventories of RM3.01 million as well as increase in trade payables and other payables of RM1.58 million as we made more purchases of supplies towards the last quarter of FYE 2022 to cater for future sales orders;
- (iii) Payment of interests charged on term loans, bank overdrafts, bankers' acceptance and hire purchases of RM1.24 million; and
- (iv) Income tax paid of RM2.76 million.

### **Net cash used in investing activities**

For FYE 2022, we recorded a net cash outflow of RM0.48 million from our investing activities, attributable to the cash payment of RM0.64 million for the addition of property, plant and equipment of RM1.40 million which mainly consists the purchase of 3 units of motor vehicles (RM0.87 million) and 1 unit of CNC machine (RM0.10 million). The remaining balance of RM0.76 million was financed via hire purchase facilities.

The cash outflow was offset by the proceeds from the disposal of 1 unit of motor vehicle of RM0.15 million.

### **Net cash used in financing activities**

For FYE 2022, we recorded a net cash outflow of RM0.13 million from our financing activities, due to the following:

- (i) Repayment of the term loans of RM2.50 million;
- (ii) Repayment of hire purchase facilities of RM0.38 million; and
- (iii) Repayment of amount due to Directors of RM0.10 million.

The increase in cash outflow was offset by the following:

- (i) Drawdown and repayment of bankers' acceptance of RM9.72 million and RM8.38 million, respectively which were used as payments to suppliers; and
- (ii) Drawdown of a term loan of RM1.50 million to refinance Investment Property 1.

## **FPE 2023**

### **Net cash generated from operating activities**

For FPE 2023, we recorded net operating cash inflow of RM0.49 million after taking into consideration our operating profit of RM8.04 million and the following working capital changes:

- (i) Increase in inventories of RM7.31 million as we made more purchases of supplies towards September 2023 in anticipation of an increase in sales orders resulting from our new catalogue launched in end July 2023;
- (ii) Increase in trade and other payables of RM1.82 million as we made more purchases of supplies towards September 2023 to cater for future sales orders which had translated into our revenue for October 2023 and November 2023 of collectively RM14.51 million;

## 11. FINANCIAL INFORMATION (Cont'd)

- (iii) Payment of interests charged on term loans, bank overdrafts, bankers' acceptance, hire purchases and lease liabilities of RM0.93 million; and
- (iv) Income tax paid of RM2.93 million.

### Net cash used in investing activities

For FPE 2023, we recorded a net cash outflow of RM0.60 million from our investing activities, mainly attributable to the construction works for the Skudai Factory - Building 2, amounting to RM0.63 million.

### Net cash used in financing activities

For FPE 2023, we recorded a net cash outflow of RM0.22 million from our financing activities, due to the following:

- (i) Dividend paid of RM0.70 million in respect of FYE 2022;
- (ii) Repayment of the term loans of RM0.77 million; and
- (iii) Repayment of hire purchase facilities and lease liability of RM0.22 million and RM0.03 million, respectively.

The cash outflow was partially offset by the drawdown and repayment of bankers' acceptance of RM9.89 million and RM8.39 million, respectively, which were used as payments to suppliers.

## 11.4 BORROWINGS AND INDEBTEDNESS

We utilise banking facilities such as bank overdraft to partially finance our working capital, bankers' acceptance to finance the purchase of supplies as well as term loans to finance the acquisition of our properties. In addition, we also utilise hire purchase to finance the purchase of motor vehicles and machinery. Lease liabilities arises from our rental obligation for our warehouse in Skudai.

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 30 September 2023 stood at RM26.03 million, details of which are set out below:

	<u>Purpose</u>	<u>Tenure</u>	<u>Interest rate</u> <u>% per annum</u>	<u>Audited as at</u> <u>30 September</u> <u>2023</u> <u>RM'000</u>
<b>Interest bearing short-term borrowings, payable within 1 year:</b>				
Bankers' acceptance	To finance the purchase of supplies	Up to 120 days	3.70 to 4.70	4,445
Term loans	To finance the acquisition of properties	5 years to 25 years	3.05 to 7.92	1,192
Hire purchases	Financing for the purchase of motor vehicles and CNC machines	5 years to 7 years	3.73 to 6.70	310

**11. FINANCIAL INFORMATION (Cont'd)**

	<u>Purpose</u>	<u>Tenure</u>	<u>Interest rate</u> <u>% per annum</u>	<u>Audited as at</u> <u>30 September</u> <u>2023</u> <u>RM'000</u>
Lease liabilities	Rental obligation for the rental of a warehouse in Skudai	2 years to 5 years	4.67	75
			<b>Sub-total</b>	<b>6,022</b>
<b>Interest bearing long-term borrowings, payable after 1 year:</b>				
Term loans	To finance the acquisition of properties	5 years to 25 years	3.05 to 7.92	19,069
Hire purchases	Financing for the purchase of motor vehicles and CNC machines	5 years to 7 years	3.73 to 6.70	642
Lease liabilities	Rental obligation for the rental of a warehouse in Skudai	2 years to 5 years	4.67	293
			<b>Sub-total</b>	<b>20,004</b>
			<b>Total borrowings</b>	<b>26,026</b>

**Pro forma gearing (times)**

After the material subsequent event, Public Issue and utilisation of the proceeds raised from our Public Issue <sup>(1)</sup> 0.45

Note:

(1) Computed based on our Pro Forma Consolidated Statements of Financial Position after the material subsequent event, Public Issue and utilisation of the proceeds raised from our Public Issue.

Our pro forma gearing ratio is expected to decrease from 0.74 times (before the material subsequent event and Public Issue) to 0.43 times (after the Public Issue) due to the increase in shareholders' funds arising from the issuance of new Shares pursuant to the Public Issue. Thereafter, the gearing ratio will increase to 0.45 times (after the utilisation of proceeds).

Our bank borrowings carry the following interest rates for the FYEs 2020 to 2022 and FPE 2023:

	<b>Audited</b>			
	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2023</u>
	<u>% per annum</u>			
Bank overdrafts	6.92	6.70 – 6.92	7.17 – 7.45	7.92 – 8.20
Bankers' acceptance	3.33 – 3.48	3.43 – 3.51	3.51 – 4.85	3.70 – 4.70
Term loans	3.33 – 6.92	3.17 – 6.67	3.05 – 7.67	3.05 – 7.92
Hire purchases	3.60 – 6.96	3.60 – 6.96	3.73 – 6.70	3.73 – 6.70
Lease liabilities	4.00	-	-	4.67

**11. FINANCIAL INFORMATION (Cont'd)**

The following table sets out the maturities of our bank overdrafts, bankers' acceptance, term loans, hire purchases and lease liabilities:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>			
<b>Bank overdrafts:</b>				
Within the next 12 months	582	3,071	128	-
<b>Bankers' acceptance:</b>				
Within the next 12 months	1,141	1,599	2,941	4,445
<b>Term loans:</b>				
Within the next 12 months	581	1,122	1,039	1,192
After the next 12 months	11,576	20,763	19,848	19,069
<b>Hire purchases:</b>				
Within the next 12 months	245	246	276	310
After the next 12 months	673	440	797	642
<b>Lease liabilities:</b>				
Within the next 12 months	97	-	-	75
After the next 12 months	-	-	-	293

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYEs 2020 to 2022, FPE 2023 and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

During FYEs 2020 to 2022 and FPE 2023, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

**11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

As at the LPD, save as disclosed in Section 11.4 above, we do not have or utilise any other financial instruments or have any other treasury policies.

All our financial instruments are used towards purchase of property, plant and equipment, right-of-use assets and investment properties and for working capital.

As at LPD, save for our hire purchase facilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base lending rate plus or minus a rate which varies depending on the type of facility.



## 11. FINANCIAL INFORMATION (Cont'd)

### 11.6 MATERIAL CAPITAL COMMITMENTS, MATERIAL LITIGATION AND CONTINGENT LIABILITY

#### 11.6.1 Material capital commitments

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	<u>RM'000</u>
<u>Authorised and contracted for:</u>	
Property, plant and equipment	
- Construction of the Skudai Factory - Building 2	135
- Purchase of short cycle press line machine	<u>1,281</u>
	<u><b>1,416</b></u>

#### 11.6.2 Material litigation

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

#### 11.6.3 Contingent liability

There are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our business and financial as at the LPD.

### 11.7 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYEs 2020 to 2022 and FPE 2023 are as follows:

	<b>Audited</b>			
	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2023</u>
Trade receivables turnover (days) <sup>(1)</sup>	100	92	66	64
Trade payables turnover (days) <sup>(2)</sup>	27	22	13	22
Inventories turnover (days) <sup>(3)</sup>	140	133	90	130
Current ratio (times) <sup>(4)</sup>	3.45	2.54	3.29	2.83
Gearing ratio (times) <sup>(5)</sup>	0.84	1.26	0.83	0.74

Notes:

- (1) Computed based on average trade receivables as at FYEs/FPE divided by the revenue for the year/period, multiplied by 366 days for FYE 2020 or 365 days for FYE 2021 and 2022 or 273 days for FPE 2023.
- (2) Computed based on average trade payables as at FYEs divided by total cost of sales for the year/period, multiplied by 366 days for FYE 2020 or 365 days for FYE 2021 and 2022 or 273 days for FPE 2023.
- (3) Computed based on the average inventories as at FYEs divided by total cost of sales for the year/period, multiplied by 366 days for FYE 2020 or 365 days for FYE 2021 and 2022 or 273 days for FPE 2023.
- (4) Computed based on total current assets divided by total current liabilities as at the respective FYEs/FPE.

## 11. FINANCIAL INFORMATION (Cont'd)

- (5) Computed based on total interest-bearing borrowings divided by total equity as at the respective FYEs/FPE.

Our trade payables turnover days is higher than the trade receivables turnover days. As a result, our trade payables turnover period was shorter than our trade receivables turnover period. We are of the view that this does not affect the sufficiency of our working capital as our working capital requirements were also financed by our cash and bank balances and via utilisation of the banking facilities.

The purchase of supplies for the past 3 FYEs 2020 to 2022 and FPE 2023 was made using bank borrowings and internally generated funds as follows:

	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchase made via:								
- Bank borrowings	15,987	76.92	18,766	82.47	39,726	95.29	35,211	95.96
- Internal funds	4,797	23.08	3,988	17.53	1,964	4.71	1,482	4.04
	<b>20,784</b>	<b>100.00</b>	<b>22,754</b>	<b>100.00</b>	<b>41,690</b>	<b>100.00</b>	<b>36,693</b>	<b>100.00</b>

### 11.7.1 Trade receivables turnover

Our average trade receivables' turnover period (in days) for FYEs 2020 to 2022 and FPE 2023 is stated as below:

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000
Opening trade receivables	7,236	7,914	11,576	12,530
Closing trade receivables	7,914	11,576	12,530	11,430
Average trade receivables	7,575	9,745	12,053	11,980
Revenue	27,521	38,595	65,790	51,037
Average trade receivables turnover period (days)	100	92	66	64

The normal credit period granted by our Group to our customers are between 30 days and 60 days from the date of invoice, but this may be extended in certain cases after taking into consideration the background and credit-worthiness of the customer, payment history of the customer and our relationship with the customer. We use ageing analysis to monitor the credit quality of our trade receivables.

Our average trade receivables turnover periods for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 were 100 days, 92 days, 66 days and 64 days respectively, which exceeded the normal credit period granted to our customers. This was mainly due to the following reasons:

- (i) The high trade average trade receivables turnover period for FYE 2020 was due to the impact of the COVID-19 pandemic where our customers took a longer time to pay us; and
- (ii) Higher sales recorded and more invoices being issued at the last quarter of FYE 2020, 2021 and 2022.

**11. FINANCIAL INFORMATION (Cont'd)**

Nevertheless, our trade receivables turnover period for FPE 2023 is within the industry range of between 26 days and 91 days based on the range of trade receivables turnover of the comparable industry players listed in the IMR Report. The comparable industry players comprise companies that are involved in the design, manufacturing, marketing and sales of surface decorative products.

For FYE 2022, our average trade receivable turnover period improved to 66 days mainly due to better collection from our major customers, JBR Hardware & Trading Sdn Bhd, Kai Cheong Hardware Trading Sdn Bhd and Ekia Furniture Accessories Sdn Bhd.

For FPE 2023, our average trade receivable turnover period improved to 64 days mainly due to better collection from our major customers, JBR Hardware & Trading Sdn Bhd and Kai Cheong Hardware Trading Sdn Bhd.

The ageing analysis of our trade receivables as at 30 September 2023 is as follows:

	Trade receivables at 30 September 2023		Amount collected subsequent from 1 October 2023 up to LPD		Trade receivables net of subsequent collections	
	RM'000 (a)	Percentage of trade receivables (a)/total of (a)	RM'000 (b)	Percentage collected (b) / (a)	RM'000 (c) = (a)-(b)	Percentage of trade receivables net of subsequent collections (c)/total of (c)
Neither past due nor impaired	9,346	81.77	9,343	99.97	3	5.26
Past due but not impaired:						
• 1 to 30 days	1,398	12.23	1,395	99.79	3	5.26
• 31 to 60 days	570	4.99	570	100.00	-	-
• 61 to 90 days	21	0.18	21	100.00	-	-
• More than 120 days	95	0.83	44	46.32	51	89.48
	2,084	18.23	2,030	97.41	54	94.74
<b>Total</b>	<b>11,430</b>	<b>100.00</b>	<b>11,373</b>	<b>99.50</b>	<b>57</b>	<b>100.00</b>

As at LPD, RM0.06 million of outstanding trade receivables as at 30 September 2023 has yet to be collected, including RM0.05 million which is past due but nor impaired. We have issued reminder letters and demand letters to recover these amounts.

Trade receivables past due but not impairment is from approximately 7 customers, mainly from H Inno Concept Sdn Bhd (amounting to RM0.03 million). We have continued to receive partial payments from these customers and we are confident that the amount due are collectible.

**11. FINANCIAL INFORMATION (Cont'd)**

Our Group's management closely monitors the recoverability of the overdue trade receivables on a regular basis, and when appropriate, provide for specific impairment of these trade receivables. The Board is of the view that the remaining trade receivables are recoverable and save for those impairments made during the financial years/period under review, there is no further provision for impairment required after taking into consideration our Group's relationships with the customers as well as efforts made to improve collections with various credit control measures to reduce the potential exposure on credit risk. Such efforts include conducting regular meetings with customers and implementing stricter project commencement requirements i.e., upon certain long outstanding debts owing by customers being settled.

Our Group has not encountered any major disputes with our debtors. No further allowance for impairment was provided as there were no doubtful receivables other than those impaired for FYE 2021 and FYE 2022.

**11.7.2 Trade payables turnover**

Our average trade payables' turnover period (in days) for FYEs 2020 to 2022 and FPE 2023 is stated as below:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening trade payables	870	1,837	1,205	1,993
Closing trade payables	1,837	1,205	1,993	3,481
Average trade payables	1,354	1,521	1,599	2,737
Cost of sales	18,030	24,820	42,306	32,640
Average trade payables turnover period (days)	27	22	13	22

The normal credit terms granted by suppliers to our Group ranges from 30 days to 60 days from the date of tax invoice. 2 major suppliers namely Zhejiang Rexin Decorative Material Co Ltd and Supplier A (kindly refer to Section 6.22) do not grant any credit period. We are required to make full payment prior to the delivery of supplies.

Our trade payables turnover periods for FYE 2020 to FYE 2022 and FPE 2023 were between 13 days and 27 days which were within the credit terms granted by our suppliers.

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**11. FINANCIAL INFORMATION (Cont'd)**

The ageing analysis of our trade payables as at 30 September 2023 is as follows:

	Trade payables as at 30 September 2023		Amount paid subsequent from 1 October 2023 up to LPD		Trade payables net of subsequent payment	
	RM'000 (a)	Percentage of trade payables (a)/total of (a)	RM'000 (b)	Percentage paid (b)/(a)	RM'000 (c) = (a)-(b)	Percentage of trade payables net of subsequent payments (c)/total of (c)
Not past due	1,313	37.72	1,313	100.00	-	-
Past due	2,168	62.28	2,168	100.00	-	-
• 1 to 30 days	2,168	62.28	2,168	100.00	-	-
• 31 to 60 days	-	-	-	-	-	-
• 61 to 90 days	-	-	-	-	-	-
• More than 120 days	-	-	-	-	-	-
<b>Total</b>	<b>3,481</b>	<b>100.00</b>	<b>3,481</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

As at LPD, all outstanding trade payables as at 30 September have been paid.

As at LPD, we do not have any disputes in respect of our trade payables and no legal proceedings to demand for payment have been initiated by our suppliers against us.

**11.7.3 Inventories turnover**

Our average inventories turnover period (in days) for FYEs 2020 to 2022 and FPE 2023 is stated as below:

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000
Opening inventories	4,744	9,144	8,971	11,955
Closing inventories	9,144	8,971	11,955	19,219
Average inventories	6,944	9,058	10,463	15,587
Cost of sales	18,030	24,820	42,306	32,640
Average inventories turnover period (days)	140	133	90	130

Our Group practices first-in first-out basis in computing the cost of inventories. The costs of supplies include invoiced value of supplies purchased and expenditure incurred in acquiring inventories.

**11. FINANCIAL INFORMATION (Cont'd)**

Our inventories turnover period for FYEs 2020, 2021, 2022 and FPE 2023 was 140 days, 133 days, 90 days and 130 days, respectively. In general, our orders to the suppliers will generally take 1 month from the date the purchase order is received to be delivered. We also maintain an inventory level for at least 2 months. Our inventories turnover days vary from year to year according to purchase orders from customers.

The higher inventories turnover days for FYE 2020 and FYE 2021 of 140 days and 133 days, respectively were due to higher purchase of supplies made towards the end of the respective financial years to cater for future sales orders. Further, we had continued to purchase supplies to safeguard against any global supply chain disruption resulting from the COVID-19 pandemic, despite the decrease in revenue in FYE 2020.

For FYE 2022, the inventories turnover days decreased to 90 days due to higher revenue recorded towards the end of the financial year as Malaysia gradually transition to the endemic phase of COVID-19 pandemic and our business returned to normalcy.

For FPE 2023, the inventories turnover days increased to 130 days due to higher purchases of supplies towards September 2023 in anticipation of an increase in sales orders resulting from our new catalogue launched in end July 2023.

We conduct a weekly internal meeting to review our inventory level and inventory ageing. Approval is required from our Directors for replenishment of supplies and any impairment on slow moving stocks.

**11.7.4 Current ratio**

Our current ratio throughout the financial years/period under review are as follows:

	<b>Audited</b>			
	<b>As at 31 December</b>			<b>As at 30 September</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current assets	19,830	23,507	31,281	38,062
(Current liabilities)	(5,753)	(9,266)	(9,514)	(13,443)
<b>Net current assets</b>	<b>14,077</b>	<b>14,241</b>	<b>21,767</b>	<b>24,619</b>
Current ratio (times)	3.45	2.54	3.29	2.83

Our current ratio ranged from 2.54 to 3.45 times throughout the financial years/period under review.

Our current ratio decreased from 3.45 times as at 31 December 2020 to 2.54 times as at 31 December 2021 as we drawdown 3 term loan facilities to finance the acquisition of Seelong Land 1, Seelong Land 2 and Skudai Factory - Building 1. In addition, we also secured 1 new hire purchase facility for the purchase of 1 unit of motor vehicle in FYE 2021.

Our current ratio increased from 2.54 times as at 31 December 2021 to 3.29 times as at 31 December 2022 mainly due to the increase in cash and bank balances resulting from higher revenue recorded.

**11. FINANCIAL INFORMATION (Cont'd)**

Our current ratio decreased to 2.83 times as at 30 September 2023 mainly due to the increase in inventories as we made more purchases of supplies towards September 2023 in anticipation of an increase in sales orders resulting from our new catalogue launched in end July 2023.

Nevertheless, the current ratio of above 1 indicates that our Group is capable of meeting our current obligations as our current assets which can be readily converted to cash, together with our cash in the bank are enough to meet immediate current liabilities.

**11.7.5 Gearing ratio**

Our gearing ratio throughout the financial years/period under review are as follows:

	<b>Audited</b>			
	<b>As at 31 December</b>			<b>As at 30 September</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total loan and borrowings (including lease liabilities)	14,895	27,241	25,029	26,026
Total equity	17,681	21,569	30,096	34,951
Gearing ratio (times)	0.84	1.26	0.83	0.74

Our gearing ratio ranged from 0.74 to 1.26 times throughout the financial years/period under review.

Our Group's gearing ratio increased from 0.84 times in FYE 2020 to 1.26 times in FYE 2021. This was due to the drawdown of 3 term loan facilities to finance the acquisition of Seelong Land 1, Seelong Land 2 and Skudai Factory - Building 1. In addition, we also secured 1 new hire purchase facility for the purchase of 1 unit of motor vehicle.

Our Group's gearing ratio decreased from 1.26 times in FYE 2021 to 0.83 times in FYE 2022. This was mainly attributable to the increase in total equity as a result of the PAT recorded in FYE 2022 as well as repayment of the existing loan and borrowings during FYE 2021.

For FPE 2023, our Group's gearing ratio decreased to 0.74 times. This was mainly attributable to the increase in total equity as a result of the PAT recorded in FPE 2023 as well as repayment of the existing loan and borrowings during FPE 2023.

**11.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

Save for policies in relation to the COVID-19 pandemic, there were no government, economic, fiscal or monetary policies or factors which have materially affected our operation and financial performance during the financial years/period under review.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 8.

**11. FINANCIAL INFORMATION (Cont'd)****11.9 IMPACT OF INFLATION**

Our Group is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operation. However, any significant increase in future inflation may adversely affect our Group's operations and performance if we are unable to pass on the higher costs to our customers.

**11.10 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS****11.10.1 Impact of foreign exchange rates**

Sales and purchases denominated in local and foreign currencies are as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Sales denominated in:						
RM	27,521	100.00	38,588	99.98	65,761	99.96
USD	-	-	7	0.02	29	0.04
<b>Total sales</b>	<b>27,521</b>	<b>100.00</b>	<b>38,595</b>	<b>100.00</b>	<b>65,790</b>	<b>100.00</b>

Purchases denominated in:						
RMB	10,367	49.88	11,916	52.37	23,253	55.78
USD	3,207	15.43	4,111	18.07	7,172	17.20
EUR	-	-	-	-	95	0.23
RM	7,210	34.69	6,727	29.56	11,170	26.79
<b>Total purchases</b>	<b>20,784</b>	<b>100.00</b>	<b>22,754</b>	<b>100.00</b>	<b>41,690</b>	<b>100.00</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Sales denominated in:				
RM	46,351	99.97	51,037	100.00
USD	12	0.03	-	-
<b>Total sales</b>	<b>46,363</b>	<b>100.00</b>	<b>51,037</b>	<b>100.00</b>

Purchases denominated in:				
RMB	19,435	57.14	19,756	53.84
USD	5,309	15.61	7,213	19.66
EUR	95	0.28	48	0.13
RM	9,175	26.97	9,676	26.37
<b>Total purchases</b>	<b>34,014</b>	<b>100.00</b>	<b>36,693</b>	<b>100.00</b>

For FYEs 2020 to 2022 and FPE 2023, our revenue was mainly denominated in RM which contributed 100.00%, 99.98%, 99.96% and 100.00% to our Group's total revenue, respectively.

For FYEs 2020 to 2021, our purchases of supplies from our overseas suppliers were denominated in RMB and USD which contributed 65.31% and 70.44% of our total purchases, respectively. For FYE 2022, 73.21% of our total purchases denominated in RMB, USD and EUR. For FPE 2023, 73.63% of our total purchases were denominated in RMB, USD and EUR.



**11. FINANCIAL INFORMATION (Cont'd)**

A depreciation of the RM against the foreign currencies will lead to higher costs of supplies for our Group. 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 due to the reduced GP margin from higher cost of supplies.

For FYEs 2020 to 2022 and FPE 2023, our net loss from foreign exchange fluctuations are as follows:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Realised loss on foreign exchange	(27)	(41)	(33)	(48)
Unrealised gain / (loss) on foreign exchange	10	(*)	9	(9)
<b>Net loss</b>	<b>(17)</b>	<b>(41)</b>	<b>(24)</b>	<b>(57)</b>

Note:

\* Negligible.

Since September 2022, we began to enter into forward currency contracts to hedge our exposure against fluctuations in foreign currencies for the purchases of our supplies. The forward currency contracts entered into as at 31 December 2020, 2021, 2022 and 30 September 2023 are as follows:

	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FPE 2023</b>	
	<b>RMB'000</b>	<b>RM'000</b>	<b>RMB'000</b>	<b>RM'000</b>	<b>RMB'000</b>	<b>RM'000</b>	<b>RMB'000</b>	<b>RM'000</b>
RMB denominated forward contracts	-	-	-	-	2,825	1,778	-	-

Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

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**11. FINANCIAL INFORMATION (Cont'd)****11.10.2 Impact of interest rates**

Interest coverage ratio measures the number of times a company can make its interest payments with its profit before interest and tax. The interest coverage ratio for the past financial years/period under review is as follows:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total loan and borrowings (including lease liabilities)	14,895	27,241	25,029	26,026
EBIT	3,697	6,662	12,845	8,919
Finance costs	473	795	1,240	927
Interest coverage ratio (times) <sup>(1)</sup>	7.82	8.38	10.36	9.62

Note:

<sup>(1)</sup> Computed based on EBIT divided by finance costs.

Our interest coverage ratio was between 7.82 times and 10.36 times for the FYE 2020 to 2022 and FPE 2023 which indicates that we have been able to generate sufficient profits before interest and tax to meet our interest servicing obligations.

Our financial results for FYE 2020 to FYE 2022 and FPE 2023 were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of borrowings and finance costs for our working capital, which may have an adverse effect on our performance.

**11.10.3 Impact of commodity prices**

We are not affected by fluctuations in commodity prices as supplies that we use in delivering our products and service are not commodities.

**11.11 ORDER BOOK**

Due to the nature of our business, we do not maintain an order book. We generate our revenue as and when we deliver our products based on purchase orders received.

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**11. FINANCIAL INFORMATION (Cont'd)**

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**11.12 TREND INFORMATION**

Based on our track record for the past financial years/period under review, including our segmental analysis of revenue and profitability, we wish to highlight the following:

- (i) More than 70.00% of our revenue was derived from HPL products. We expect that this segment to continue contributing significantly to our revenue in the future;
- (ii) Approximately 100.00% of our revenue is derived from Malaysia. We expect this trend to continue;
- (iii) The main components of our cost of sales are supplies which accounted for more than 90.00% of our total cost of sales during FYEs 2020 to 2022 and FPE 2023. We expect this trend to continue; and
- (iv) We achieved a GP margin of between 34.49% and 36.05% for FYEs 2020 to 2022 and FPE 2023. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and price our products and services competitively.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 11.2;
- (ii) Material commitments for capital expenditure save as disclosed in Section 11.6.1;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Section 11.2;
- (iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Section 11.2; and
- (v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Section 11.2.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the surface decorative products industry in Malaysia as set out in the IMR Report in Section 7, our Group's competitive advantages set out in Section 6.8 and our Group's intention to implement the business strategies as set out in Section 6.19.

**11. FINANCIAL INFORMATION (Cont'd)****11.13 DIVIDENDS**

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, and consent from our financiers as set out in the respective facility agreements, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Generally, consent from the financier is required if any payment or declaration of such dividend exceeds or will exceed the PAT or a specific PAT threshold as prescribed in the respective facility agreement.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

Dividends declared and paid by our subsidiaries, namely Topmix Resources and Topmix Products during FYEs 2020 to 2022 and FPE 2023 were as follows:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Dividends declared and paid	-	(1) 530	-	(2) 700

Notes:

(1) FYE 2021

(a) RM0.20 million in respect of FYE 2021 was declared on 17 March 2021 and paid on 31 March 2021; and

(b) RM0.33 million in respect of FYE 2021 was declared on 17 December 2021 and paid on 31 December 2021.

(2) FPE 2023

(a) RM0.70 million in respect of FPE 2023 was declared on 10 January 2024 and paid on 12 January 2024.

Subsequent to FPE 2023 and up to the LPD, Topmix Resources had on 26 February 2024 declared a dividend of RM0.30 million in respect of FPE 2023. The dividend was paid on 29 February 2024. Our Board do not foresee that dividend paid subsequent to FPE 2023 would affect the execution and implementation of our future plans or strategies moving forward. Further, we do not intend to declare and pay any dividends from the LPD up to the point of our Listing.

The dividends paid are funded via internally generated funds.

**11. FINANCIAL INFORMATION (Cont'd)****11.14 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness as at 31 January 2024 and after adjusting for the effects of the material subsequent event, Public Issue including the utilisation of the proceeds raised from the Public Issue.

	<b>Topmix</b>	<b>I</b>	<b>II</b>	<b>III</b>
	<b>As at 31 January 2024</b>	<b>After material subsequent event <sup>(1)</sup></b>	<b>After I and after Public Issue</b>	<b>After II and after utilisation of the proceeds raised from the Public Issue</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Capitalisation</b>				
Shareholders' equity	38,988	38,688	64,328	62,142
<b>Total capitalisation</b>	<b>38,988</b>	<b>38,688</b>	<b>64,328</b>	<b>62,142</b>
<b>Indebtedness <sup>(2)</sup></b>				
<b>Current</b>				
Loan and borrowings	5,213	5,213	5,213	4,300
Lease liabilities	75	75	75	75
<b>Non-current</b>				
Loan and borrowings	20,260	20,260	20,260	20,260
Lease liabilities	268	268	268	268
<b>Total indebtedness</b>	<b>25,816</b>	<b>25,816</b>	<b>25,816</b>	<b>24,903</b>
<b>Total capitalisation and indebtedness</b>	<b>64,804</b>	<b>64,504</b>	<b>90,144</b>	<b>87,045</b>
<b>Gearing ratio <sup>(3)</sup></b>	<b>0.66</b>	<b>0.67</b>	<b>0.40</b>	<b>0.40</b>

Notes:

- (1) Includes the dividend declared and paid amounting to RM0.30 million after 30 September 2023 as shown in Note 3 of the Pro Forma Consolidated Statements of Financial Position in Section 13.
- (2) Save for the lease liabilities in relation to the application on the MFRS 16 for leases entered into by our Group, all of our indebtedness are secured and guaranteed.
- (3) Calculated based on total indebtedness divided by total capitalisation.

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