

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF SMART ASIA CHEMICAL BHD (“SMART ASIA” OR “COMPANY”) DATED 2 MAY 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, Mercury Securities Sdn Bhd (“**Mercury 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 Forms are 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, Mercury Securities and Smart Asia 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 2 May 2024 and will close at 5.00 p.m. on 13 May 2024. In the event there is any change to the timetable, the Company will make an announcement on the Website and advertise the notice of the change in widely circulated daily English and Bahasa Malaysia newspaper within Malaysia.

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

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

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. 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.

# SAC

SMART ASIA CHEMICAL BHD  
(Registration No. 201901016953 (1326281-T))  
Incorporated in Malaysia under the Companies Act 2016



SMART ASIA CHEMICAL BHD

PROSPECTUS

P R O S P E C T U S

# SAC

SMART ASIA CHEMICAL BHD  
(Registration No. 201901016953 (1326281-T))  
Incorporated in Malaysia under the Companies Act 2016

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUE SHARE CAPITAL OF SMART ASIA CHEMICAL BHD (“SMART ASIA” OR “COMPANY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING PUBLIC ISSUE OF 93,500,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:

- (I) 18,492,600 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (II) 12,100,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF SMART ASIA AND ITS SUBSIDIARIES;
- (III) 46,231,400 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY OF MALAYSIA; AND
- (IV) 16,676,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE PRICE OF RM0.40 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent



**Mercury Securities Sdn Bhd**

(Registration No. 198401000672 (113193-W))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

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

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 188.**

**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 OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. 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 MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.**

This Prospectus is dated 2 May 2024

*All defined terms used in this Prospectus are defined under "Definitions" commencing from page vii to xiii of this Prospectus.*

### **RESPONSIBILITY STATEMENTS**

Our Directors and Promoters 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.

Mercury Securities Sdn Bhd, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

### **STATEMENTS OF DISCLAIMER**

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

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

### **OTHER STATEMENTS**

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

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

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

This Prospectus is prepared and published solely in connection with our IPO under the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. Our Company, Directors, Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent or any of their respective directors, or any other persons involved in our IPO. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

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 your application for our IPO would result in the contravention of any law of such countries or jurisdictions.

Neither us nor our Principal Adviser, Sponsor, Underwriter and Placement Agent 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.

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

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

### **ELECTRONIC PROSPECTUS**

This Prospectus can 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 may be subjected 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. 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, our Principal Adviser or the Issuing House, a paper/printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus which are identical to the copy of this Prospectus registered 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:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are 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;

- (ii) 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
- (iii) 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 materials.

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

- (i) 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 which may be viewed via web browser or other relevant software;
- (ii) the Internet Participating Institutions 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
- (iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions 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.

**[The rest of this page is intentionally left blank]**

---

**INDICATIVE TIMETABLE**

---

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

<b>Events</b>	<b>Tentative Time / Dates</b>
Issuance of this Prospectus / Opening of Application	10.00 a.m./2 May 2024
Closing of Application	5.00 p.m./13 May 2024
Balloting of the Applications	16 May 2024
Allotment of IPO Shares to successful applicants	24 May 2024
Listing on the ACE Market	28 May 2024

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

**[The rest of this page is intentionally left blank]**

---

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

---

All references to “Smart Asia” and “our Company” in this Prospectus are to Smart Asia Chemical Bhd. Unless otherwise stated, references to “Group” in this Prospectus are to our Company and our subsidiaries taken as a whole; and references to words such as “we”, “us”, “our” and “ourselves” are to our Company, and, save where the context otherwise requires, our Group or 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.

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

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 thousand or million or 2 decimal place (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 “Glossary of Technical Terms” sections of this Prospectus. 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 natural persons, firms, companies, body corporates and corporations.

All references to dates and times are references to dates and times in Malaysia, unless otherwise stated.

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

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. 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 IMR for inclusion in this Prospectus. 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 or is expose to. However, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

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

The information on our website, or any website directly or indirectly linked to our websites does not form part of this Prospectus. If there is any discrepancy between the contents of such website relating to our Company and this Prospectus, the information contained in this Prospectus shall prevail.

All information stated herein are as at the LPD unless otherwise specified.

---

## FORWARD-LOOKING STATEMENTS

---

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, future plans and prospects, and objectives of our Group 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, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's 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 terminologies including words 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, trends and competitive position;
- (ii) our business strategies, future plans and potential growth opportunities;
- (iii) our future earnings, cash flows and liquidity;
- (iv) our ability to pay future dividends; and
- (v) the regulatory environment and the effects of future regulation.

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

- (i) the general economic, business, social, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation or regulation;
- (iii) interest rates, tax rates and exchange rates;
- (iv) the competitive environment in the industry in which we operate;
- (v) availability and fluctuations in prices of raw materials;
- (vi) fixed and contingent obligations and commitments; and
- (vii) any other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 on "Risk Factors" and Section 12.3 on "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made based on information available to us as at the LPD.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus) and Rule 3.12D of the Listing Requirements.



---

## DEFINITIONS

---

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

### COMPANIES WITHIN OUR GROUP:

“Smart Asia” “Company”	or	:	Smart Asia Chemical Bhd (Registration No. 201901016953 (1326281-T))
“Smart Asia Group” “Group”	or	:	Smart Asia Chemical Bhd and its subsidiaries, collectively
“Smart Paints (M)”	:	:	Smart Paints (M) Sdn Bhd (Registration No. 201301000694 (1030531-M))
“Smart Paint Manufacturing”	:	:	Smart Paint Manufacturing Sdn Bhd (Registration No. 201301001177 (1031014-A))
“Smart Paint (Selangor)”	:	:	Smart Paint (Selangor) Sdn Bhd (Registration No. 201201015811 (1001322-M))
“Smart Paints (Sabah)”	:	:	Smart Paints (Sabah) Sdn Bhd (Registration No. 201301015383 (1045216-U))
“Color Breeze”	:	:	Color Breeze Sdn Bhd (Registration No. 201801022557 (1284576-P))

### GENERAL:

“ACE Market”	:	:	The ACE Market of Bursa Securities
“Acquisitions”	:	:	Collectively, Smart Paints (Sabah) Acquisition and Smart Paint (Selangor) Acquisition
“Act”	:	:	Companies Act 2016
“ADA(s)”	:	:	Authorised Depository Agent(s)
“AGM”	:	:	Annual general meeting
“Application(s)”	:	:	Application(s) for IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
“Application Form(s)”	:	:	Printed application form(s) for the application of IPO Shares accompanying this Prospectus
“ATM(s)”	:	:	Automated teller machine(s)
“Authorised Financial Institution”	:	:	Authorised Financial Institution participating in the Internet Share Application, with respect to payments for our IPO Shares
“Board”	:	:	Board of Directors of our Company
“Bursa Depository” “Depository”	or	:	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

---

**DEFINITIONS (Cont'd)**

---

“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
“CF” or “CCC”	:	Certificate of fitness for occupation or Certificate of Completion and Compliance, as the case may be
“CFA”	:	Certificate for Accommodation issued by the Department of Labour Peninsular Malaysia pursuant to Section 24D(2) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
“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
“Depositor”	:	A holder of CDS Account
“Depository Rules”	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
“Director(s)”	:	Director(s) of our Company
“DG Environment”	:	Director General of Environmental Quality pursuant to the EQA
“EBIT”	:	Earnings before interest and taxation
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“Electronic Prospectus”	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium including, but not limited to, CD-ROMs ( <i>compact disc read-only memory</i> )
“Electronic Application”	Share	: Application for the IPO Shares through a Participating Financial Institution's ATM
“Eligible Persons”	:	Collectively, our Directors, employees of our Group and persons who have contributed to the success of our Group and who are eligible to participate in our IPO
“EPF”	:	Employees Provident Fund
“EPS”	:	Earnings per share
“EQA”	:	Environmental Quality Act 1974
“EQIER”	:	Environmental Quality (Industrial Effluent) Regulations 2009
“EQSWR”	:	Environmental Quality (Scheduled Wastes) Regulations 2005
“Financial Years Under Review”	:	Collectively, FYE 2020, FYE 2021, FYE 2022 and FYE 2023

## DEFINITIONS (Cont'd)

“FYE(s)”	:	Financial years ended or ending 31 December, as the case may be
“GP”	:	Gross profit
“IFRS”	:	International Financial Reporting Standards
“IMR” or “ZANDER”	“SMITH ZANDER”	: Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V))
“IMR Report”	:	Independent Market Research Report titled “Independent Market Research Report on the Paints and Coatings Industry in Malaysia” prepared by SMITH ZANDER
“Internet Participating Financial Institution(s)”	:	Participating financial institution(s) for the Internet Share Application
“Internet Application”	Share	: Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
“IPO”	:	Initial public offering of the IPO Shares in conjunction with the Listing
“IPO Price”	:	RM0.40 per IPO Share, where applicable
“IPO Share(s)”	:	All or part of the 93,500,000 new Share(s) to be issued pursuant to our IPO
“IRB”	:	Inland Revenue Board of Malaysia
“ISO”	:	International Organisation for Standardisation
“Issuing House” or “Share Registrar”	:	Tricolor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
“Johor Factory 1”	:	A single-storey detached factory with a three-storey office building used as our head office as well as manufacturing and quality control facility, with a total built-up area of approximately 34,199 sq ft and land area measuring approximately 43,475 sq ft and bearing postal address of No. 11, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor
“Johor Factory 2”	:	A single-storey detached factory with a three-storey office building used to store finished goods and house our product development facility, with a total built-up area of approximately 31,658 sq ft, which has a land area of approximately 43,475 sq ft and bearing postal address of No. 9, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor
“Johor Factory 3”	:	A single-storey detached factory with a three-storey office building used to store raw materials, with a total built-up area of approximately 28,532 sq ft, which has a land area of approximately 43,475 sq ft and bearing postal address of No. 15, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor
“Listing”	:	Listing of and quotation for our entire enlarged share capital of 369,850,420 Shares on the ACE Market
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities

**DEFINITIONS (Cont'd)**

“LPD”	:	5 April 2024, being the latest practicable date prior to the issuance of this Prospectus
“Malaysian Public”	:	Malaysian citizens, companies, co-operatives, societies, and institutions incorporated or organised under the laws of Malaysia
“Market Day(s)”	:	Any day on which Bursa Securities is open for trading of securities, which may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
“MCO”	:	The nationwide movement control order imposed by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of Covid-19 pandemic.  The MCO began on 18 March 2020 and unless otherwise specified, includes all its subsequent phases namely, the conditional MCO, recovery MCO, enhanced MCO and full lockdown MCO, as may be imposed, extended and/or varied from time to time
“Mercury Securities” “Principal Adviser” “Sponsor” “Underwriter” “Placement Agent”	or or or or	Mercury Securities Sdn Bhd (Registration No. 198401000672 (113193-W))
“MFRS”	:	Malaysian Financial Reporting Standards
“MIDA”	:	Malaysian Investment Development Authority
“MITI”	:	Ministry of Investment, Trade and Industry of Malaysia
“NA”	:	Net assets
“NBV”	:	Net book value
“Official List”	:	A list specifying all securities which have been admitted for listing of Bursa Securities and not removed
“Paints Depot”	:	Paints Depot Sdn Bhd (Registration No. 200701035899 (793928-P))
“Painting Works”	:	Painting works services by Paints Depot under the letter of award dated 22 December 2022
“Participating Institutions”	Financial	:
		Participating financial institutions for the Electronic Share Application
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PE Multiple”	:	Price-to-earnings multiple
“Perak Land”	:	3 pieces of land which were amalgamated to a piece of leasehold land bearing the title details of HSD 247906, PT 44859, Mukim Sungai Terap, Daerah Kinta, Negeri Perak, measuring approximately 206,505 sq ft in area

## DEFINITIONS (Cont'd)

“Perak Land 2”	:	A piece of vacant leasehold land bearing land title details of PN 1068819, Lot 374007, Mukim Sungai Terap, Daerah Kinta, Negeri Perak (previously held under HSD 228711, PT 40593, Mukim Sungai Terap, Daerah Kinta, Negeri Perak) measuring approximately 55,090 sq ft in area
“Perak Land 3”	:	A piece of vacant leasehold land bearing land title details of PN 1068820, Lot 374008, Mukim Sungai Terap, Daerah Kinta, Negeri Perak (previously held under HSD 228712, PT 40594, Mukim Sungai Terap, Daerah Kinta, Negeri Perak) measuring approximately 63,055 sq ft in area
“Perak Land 4”	:	A piece of vacant leasehold land bearing land title details of PN 1068821, Lot 374009, Mukim Sungai Terap, Daerah Kinta, Negeri Perak (previously held under HSD 228713, PT 40595, Mukim Sungai Terap, Daerah Kinta, Negeri Perak) measuring approximately 83,614 sq ft in area
“Perak Plant”	:	<p>A plant being constructed on the Perak Land with a total built-up area of approximately 95,170 sq ft which consist of the following:</p> <ul style="list-style-type: none"> <li>(i) a double-storey factory with a built-up area of approximately 40,486 sq ft;</li> <li>(ii) a single storey warehouse with a built-up area of approximately 21,122 sq ft;</li> <li>(iii) a double-storey office building with a built-up area of approximately 24,062 sq ft which includes, amongst others, office, a laboratory and a showroom; and</li> <li>(iv) other utility facilities with a built-up area of approximately 9,500 sq ft which includes, amongst others, treatment plant, compressor room, switch gear and transformer room</li> </ul> <p>and located at Lot PT 44859, Lorong Bemban, Estate Perindustrian Bemban, 31000 Batu Gajah, Perak</p>
“Pink Application Form”	:	Application form for the application of the IPO Shares by the Eligible Persons accompanying this Prospectus
“Pink Form Allocations”	:	Allocation of 12,100,000 IPO Shares to the Eligible Persons pursuant to the IPO
“PRC”	:	People’s Republic of China (excluding Special Administrative Regions of Hong Kong and Macao)
“Pre-IPO Investor”	:	The pre-IPO investor of Smart Asia, namely Tan Kim Peng
“Promoters”	:	Collectively, Goh Chye Hin and Kee Hui Lang
“Prospectus”	:	This prospectus dated 2 May 2024 in relation to our IPO
“QC”	:	Quality control
“QMS”	:	Quality Management System
“R&D”	:	Research and development

**DEFINITIONS (Cont'd)**

“SAC”	:	Shariah Advisory Council of the SC
“SC”	:	Securities Commission Malaysia
“Selangor Office”	:	A sales and administrative office, with a built-up area of approximately 1,981 sq ft located at a 3-storey office building with double-storey warehouse bearing the postal address of Lot 2-43 & 2-45, Jalan SU 8 (Lion Industrial Park), Persiaran Tengku Ampuan, Taman Perindustrian Subang, Seksyen 26, 40400 Shah Alam, Selangor
“Share(s)” or “Smart Asia Share(s)”	:	Ordinary share(s) in our Company
“Share Split”	:	Share split involving the subdivision of 50,900,002 existing Shares into 254,500,010 Shares, which was completed on 12 May 2023
“SICDA” or “Depository Act”	:	Securities Industry (Central Depositories) Act 1991
“Smart Paints (Sabah) Acquisition”	:	Acquisition by Smart Asia of the entire equity interest of Smart Paints (Sabah) from Goh Chye Hin, Kee Hui Lang and Wong Kui Ming for a purchase consideration of RM598,437.00 which was fully satisfied by the issuance of 2,992,185 new Shares at an issue price of RM0.20 per Share
“Smart Paints (Sabah) SSA”	:	Conditional share sale agreement dated 19 June 2023 entered into between Smart Asia and Goh Chye Hin, Kee Hui Lang and Wong Kui Ming for the Smart Paints (Sabah) Acquisition
“Smart Paint (Selangor) Acquisition”	:	Acquisition by Smart Asia of the entire equity interest of Smart Paint (Selangor) from Goh Chye Hin, Chu Teck, Kee Hui Lang, Goh Chye Leng and Lim Kok Beng for a purchase consideration of RM3,771,645.00 which was fully satisfied by the issuance of 18,858,225 new Shares at an issue price of RM0.20 per Share
“Smart Paint (Selangor) SSA”	:	Conditional share sale agreement dated 19 June 2023 entered into between Smart Asia and Goh Chye Hin, Chu Teck, Kee Hui Lang, Goh Chye Leng and Lim Kok Beng for the Smart Paint (Selangor) Acquisition
“Smart Rewards Programme”	:	A loyalty programme where our wholesalers and dealers in Malaysia will be able to accumulate points based on their purchase of our selected house brands products. Accumulated points can be used to exchange for rewards such as overseas trips, cars, phones, electrical appliances and cash vouchers.
“SOCSO”	:	Social security organisation
“SOP”	:	Standard operating procedure
“Specified Shareholder(s)”	:	Collectively, Goh Chye Hin, Kee Hui Lang, Goh Bee Guat, Goh Ji Syuan, Goh Sim Yee, Kee Hui Cheng, Koh Kooi Soon and Goh Chye Leng
“sq ft”	:	Square feet
“Underwriting Agreement”	:	The underwriting agreement dated 18 April 2024 entered into between our Company and Mercury Securities for the purpose of our IPO
“UT Holdings”	:	UT Holdings Sdn Bhd (formerly known as UT Paints Sdn Bhd) (Registration No. 199201020318 (251822-U))

---

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

---

**CURRENCIES:**

“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“RMB”	:	Renminbi or Chinese Yuan
“SGD”	:	Singapore Dollar and cents respectively
“USD” and “cents”	:	United State Dollars and cents respectively

**[The rest of this page is intentionally left blank]**

---

## GLOSSARY OF TECHNICAL TERMS

---

Technical terms used throughout this Prospectus shall have the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:

“Additives”	:	A substance added in small amounts to products to improve its properties
“Binder”	:	A material or substance that holds or draws other materials together by adhesion or cohesion
“Bonding strength”	:	A measure of the strength of adhesion and cohesion
“Chemical composition”	:	The identity, arrangement and ratio of the chemical elements making up a compound
“Colour strength”	:	A measure of the concentration of pigment in the colourant to the total weight or volume of the colourant
“Colourant”	:	A colourant is a concentrated pigment solution that is mixed with a paint base (e.g. a solid substance that forms the body of the paint and conveys the characteristic of the paint such as the opaqueness, elasticity, functionality and durability) to produce a specific colour
“Contaminants”	:	Pollutants, wastes, or prohibited discharge that pollutes the surrounding environment
“Curing properties”	:	A property that makes decorative paints harder, tougher, or more stable
“Diluent”	:	Liquid substances that are used for dilution to reduce viscosity and increase liquid flow rate
“Elasticity”	:	The extent to which paint can stretch/expand and contract when applied on a material during extreme temperature changes without any damage to the surface
“Extenders”	:	A substance that is used to modify the flow (viscosity), sedimentation stability and film strength
“Hardness”	:	The measure of hardness of a coating material i.e. the force needed to put a scratch in the surface
“In-plant colourants”	:	Colourants that are used in manufacturing activities
“Low VOC”	:	Low VOC are labels that are prescribed to paints that contain less than 50 grams of VOC per litre of paint and complies with the SIRIM ECO 019:2012 standards
“Off-the-shelf products”	:	A product that is available immediately and does not need to be specially made to suit a particular purpose
“ODM services”	:	Manufacturing services provided by original design manufacturers to third party brand owners to formulate and manufacture products under the respective owners’ brand names
“OEM”	:	Original equipment manufacturer builds a customer’s product that is fully designed by that customer and then contracted out to produce



---

**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

---

“Opacity”	:	Opacity refers to the degree to which a substance or material is impenetrable to light
“Paint base”	:	A solid substance that forms the body of the paint and conveys the characteristic of the paint such as the opaqueness, elasticity, functionality and durability
“pH level”	:	A measure of the acidity or basicity of a substance
“Pigment(s)”	:	Pigments are water and oil-insoluble natural and synthetic products that impart colour to colourants, decorative paints and protective coatings
“POS”	:	Point-of-sale
“POS universal colourants”	:	Colourants that are specifically used in our Smart Colour POS Tinting Machines
“Smart Colour POS Tinting Machine”	:	Machines that allow on-the-spot mixing to obtain a wide range of paint colours whereby colourants are mixed with a paint base according to the selected colour formulation from the system. 1 set of Smart Colour POS Tinting Machine comprises 1 dispenser (i.e. to dispense colourant) and 1 shaker (i.e. to shake the mixture of paint base and colourant). 1 unit of Smart Colour POS Tinting Machine may refer to either 1 dispenser or 1 shaker.
“Solvent”	:	A liquid in which other materials dissolve to form a solution
“Specific gravity”	:	A measure of the density of a substance in comparison to the density of water
“UV”	:	Ultraviolet
“UV protected”	:	Used to describe a material or substance that prohibits the intrusion of UV rays which cause cracking and discolouration of decorative paints and protective coatings
“Viscosity”	:	A measure of a fluid's resistance to flow
“VOC”	:	Volatile organic compounds, a group of organic chemicals that have boiling points and vaporises under room temperatures
“Water repelling properties”	:	A property that makes an object or structure resistant to water penetration
“Waterproofing properties”	:	A property that makes an object or structure resistant and impervious to water penetration, and has a higher level of protection to water penetration compared to water-repelling substances
“Zero VOC”	:	Zero VOC are labels that are prescribed to paints that contain less than 5 grams of VOC per litre of paint as prescribed by Green Seal (a founding member of the Global Ecolabelling Network)

**TABLE OF CONTENTS**

<b>1.</b>	<b>CORPORATE DIRECTORY</b> .....	<b>1</b>
<b>2.</b>	<b>APPROVALS AND CONDITIONS</b>	
2.1	APPROVALS AND CONDITIONS .....	4
2.2	MORATORIUM ON OUR SHARES .....	6
<b>3.</b>	<b>PROSPECTUS SUMMARY</b>	
3.1	PRINCIPAL DETAILS OF OUR IPO .....	8
3.2	GROUP STRUCTURE AND BUSINESS MODEL .....	8
3.3	COMPETITIVE STRENGTHS .....	10
3.4	IMPACT OF COVID-19 ON OUR GROUP .....	10
3.5	BUSINESS STRATEGIES AND FUTURE PLANS .....	11
3.6	RISK FACTORS .....	12
3.7	PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT .....	13
3.8	UTILISATION OF PROCEEDS .....	14
3.9	FINANCIAL AND OPERATIONAL HIGHLIGHTS .....	14
3.10	DIVIDEND POLICY .....	15
<b>4.</b>	<b>DETAILS OF OUR IPO</b>	
4.1	OPENING AND CLOSING OF APPLICATION .....	16
4.2	INDICATIVE TIMETABLE .....	16
4.3	PARTICULARS OF OUR IPO .....	16
4.4	BASIS OF ARRIVING AT OUR IPO PRICE .....	20
4.5	SHARE CAPITAL, CLASSES OF SHARES AND RANKING .....	20
4.6	OBJECTIVES OF OUR IPO .....	21
4.7	TOTAL MARKET CAPITALISATION UPON LISTING .....	21
4.8	DILUTION .....	22
4.9	UTILISATION OF PROCEEDS .....	23
4.10	UNDERWRITING, COMMISSION, PLACEMENT AND BROKERAGE FEE .....	28
4.11	SALIENT TERMS OF THE UNDERWRITING AGREEMENT .....	28
<b>5.</b>	<b>INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL</b>	
5.1	PROMOTERS AND SUBSTANTIAL SHAREHOLDERS .....	34
5.2	DIRECTORS .....	39
5.3	BOARD PRACTICE .....	56
5.4	KEY SENIOR MANAGEMENT .....	66
5.5	RELATIONSHIPS AND/OR ASSOCIATIONS .....	72
5.6	EXISTING OR PROPOSED SERVICE AGREEMENTS .....	72
5.7	MANAGEMENT SUCCESSION PLAN .....	72
5.8	DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT .....	73
<b>6.</b>	<b>INFORMATION ON OUR GROUP</b>	
6.1	INFORMATION ON OUR COMPANY .....	74
6.2	OUR SHAREHOLDERS AND GROUP STRUCTURE .....	75
6.3	SHARE CAPITAL .....	78
6.4	INFORMATION ON OUR SUBSIDIARIES .....	78
6.5	PUBLIC TAKE-OVERS .....	81
<b>7.</b>	<b>BUSINESS OVERVIEW</b>	
7.1	HISTORY .....	82
7.2	PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS .....	85
7.3	OUR PRODUCTS .....	94
7.4	OUR BUSINESS SEGMENTS AND PRINCIPAL MARKETS .....	101
7.5	INTERRUPTIONS TO BUSINESS AND OPERATIONS .....	103
7.6	COMPETITIVE STRENGTHS .....	104
7.7	SEASONALITY .....	106
7.8	OUR BUSINESS AND OPERATION PROCESS .....	107

**TABLE OF CONTENTS (Cont'd)**

7.9	TECHNOLOGY USED AND TO BE USED.....	110
7.10	QUALITY CONTROL PROCEDURES AND CERTIFICATIONS.....	111
7.11	TYPES, SOURCES AND AVAILABILITY OF SUPPLIES.....	117
7.12	MATERIAL MACHINERY AND EQUIPMENT.....	118
7.13	ANNUAL CAPACITY, OUTPUT AND UTILISATION.....	119
7.14	MODE OF SALES AND MARKETING.....	121
7.15	PRODUCT DEVELOPMENT.....	122
7.16	INTELLECTUAL PROPERTIES.....	123
7.17	LICENCES AND PERMITS.....	137
7.18	MATERIAL DEPENDENCY ON COMMERCIAL OR FINANCIAL CONTRACTS / AGREEMENTS / INTELLECTUAL PROPERTY RIGHTS / LICENCES OR PERMITS / BUSINESS PROCESSES.....	142
7.19	MATERIAL PROPERTIES OF OUR GROUP.....	143
7.20	ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES.....	152
7.21	REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES.....	153
7.22	BUSINESS STRATEGIES AND FUTURE PLANS.....	160
7.23	EMPLOYEES.....	167
7.24	MAJOR CUSTOMERS.....	168
7.25	MAJOR SUPPLIERS.....	173
<b>8</b>	<b>INDEPENDENT MARKET RESEARCH REPORT.....</b>	<b>176</b>
<b>9</b>	<b>RISK FACTORS</b>	
9.1	RISKS RELATING TO OUR BUSINESS AND OPERATIONS.....	188
9.2	RISKS AFFECTING THE INDUSTRY IN WHICH WE OPERATE.....	197
9.3	RISKS RELATING TO INVESTMENT IN OUR SHARES.....	199
9.4	OTHER RISK.....	201
<b>10</b>	<b>RELATED PARTY TRANSACTIONS</b>	
10.1	OUR GROUP'S RELATED PARTY TRANSACTIONS.....	202
10.2	MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS.....	232
<b>11</b>	<b>CONFLICT OF INTERESTS</b>	
11.1	INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS.....	234
11.2	MONITORING AND OVERSIGHT OF CONFLICT OF INTERESTS.....	237
11.3	DECLARATIONS OF CONFLICT OF INTERESTS BY OUR ADVISERS.....	237
<b>12</b>	<b>FINANCIAL INFORMATION</b>	
12.1	HISTORICAL COMBINED FINANCIAL INFORMATION.....	238
12.2	CAPITALISATION AND INDEBTEDNESS.....	244
12.3	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	245
12.4	LIQUIDITY AND CAPITAL RESOURCES.....	271
12.5	TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES.....	278
12.6	MATERIAL CAPITAL COMMITMENTS, MATERIAL LITIGATION AND CONTINGENT LIABILITIES.....	278
12.7	KEY FINANCIAL RATIOS.....	280
12.8	SIGNIFICANT FACTORS AFFECTING OUR REVENUE.....	287
12.9	IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES.....	287
12.10	IMPACT OF INFLATION.....	288
12.11	IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES.....	288
12.12	ORDER BOOK.....	289
12.13	TREND INFORMATION.....	290
12.14	DIVIDEND POLICY.....	291
12.15	CAPITAL INVESTMENTS AND DIVESTITURES.....	292

**TABLE OF CONTENTS (Cont'd)**

<b>13</b>	<b>ACCOUNTANTS' REPORT</b> .....	294
<b>14</b>	<b>REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION</b> .....	377
<b>15</b>	<b>STATUTORY AND OTHER INFORMATION</b>	
15.1	SHARE CAPITAL .....	396
15.2	CONSTITUTION .....	396
15.3	DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS.....	401
15.4	GENERAL INFORMATION .....	401
15.5	MATERIAL CONTRACTS .....	402
15.6	EXCHANGE CONTROLS .....	404
15.7	CONSENTS .....	404
15.8	DOCUMENTS FOR INSPECTION .....	404
15.9	RESPONSIBILITY STATEMENTS .....	405
<b>16</b>	<b>SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE</b>	
16.1	OPENING AND CLOSING OF APPLICATION .....	406
16.2	METHODS OF APPLICATIONS .....	406
16.3	ELIGIBILITY .....	407
16.4	APPLICATION BY WAY OF APPLICATION FORMS .....	408
16.5	APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS .....	409
16.6	APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS.....	409
16.7	AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE .....	410
16.8	OVER / UNDER SUBSCRIPTION .....	410
16.9	UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS.....	411
16.10	SUCCESSFUL APPLICANTS.....	412
16.11	ENQUIRIES.....	412

## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

<b>Name (Gender)</b>	<b>Designation</b>	<b>Residential address</b>	<b>Nationality</b>
Yau Yin Wee (M)	Independent Non-Executive Chairman	27, Jalan Baiduri, Taman Kolam Air, 80100 Johor Bahru, Johor	Malaysian
Goh Chye Hin (M)	Managing Director	No. 25, Jalan Redang 1/2A, Taman Redang, 81100 Johor Bahru, Johor	Malaysian
Kee Hui Lang (F)	Non-Independent Executive Director	No. 25, Jalan Redang 1/2A, Taman Redang, 81100 Johor Bahru, Johor	Malaysian
Lim Kok Beng (M)	Non-Independent Executive Director / Chief Operating Officer	55, Persiaran Kelicap 1, 11900 Bayan Lepas, Pulau Pinang	Malaysian
Tan Suat Hoon (F)	Independent Non-Executive Director	2-O, Lorong Delima 17, Island Glades, 11700 Gelugor, Penang	Malaysian
Ang Hock Seng (M)	Independent Non-Executive Director	39, Jalan Perwira 1/7, Taman Titiwangsa, 86000 Kluang, Johor	Malaysian
Yap Yung Chien (F)	Independent Non-Executive Director	No. 3, Jalan Indah 7/5, Taman Bukit Indah, 79100 Johor Bahru, Johor	Malaysian

**Notes:**

M refers to male  
F refers to female

### AUDIT AND RISK MANAGEMENT COMMITTEE

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Suat Hoon	Chairman	Independent Non-Executive Director
Ang Hock Seng	Member	Independent Non-Executive Director
Yap Yung Chien	Member	Independent Non-Executive Director

### REMUNERATION COMMITTEE

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ang Hock Seng	Chairman	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director
Yap Yung Chien	Member	Independent Non-Executive Director

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

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yap Yung Chien	Chairman	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director
Ang Hock Seng	Member	Independent Non-Executive Director

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

Telephone number: (603) 2280 6388

**HEAD OFFICE** : No. 11, Jalan Indah Gemilang 5  
Taman Perindustrian Gemilang,  
81800 Ulu Tiram, Johor

Telephone number: (607) 863 9855  
Email address: info@smart-paints.com  
Website: www.smart-paints.com

**COMPANY SECRETARIES** : **Wong Youn Kim**  
MAICSA 7018778  
SSM Practicing Certificate No. 201908000410

**Lim Li Heong**  
MAICSA 7054716  
SSM Practicing Certificate No. 202008001981

**Wong Mee Kiat**  
MAICSA 7058813  
SSM Practicing Certificate No. 202008001958

**Acclime Corporate Services Sdn. Bhd.**  
Level 5, Tower 8, Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur

Telephone number: (603) 2280 6388

**PRINCIPAL ADVISER, SPONSOR,  
UNDERWRITER AND PLACEMENT  
AGENT** : **Mercury Securities Sdn Bhd**  
(Registration No. 198401000672 (113193-W))

L-7-2, No.2, Jalan Solaris  
Solaris Mont Kiara  
50480 Kuala Lumpur

Telephone number: (603) 6203 7227

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

---

- SOLICITORS FOR OUR IPO** : **Rosli Dahlan Saravana Partnership**  
Level 16, Menara 1 Dutamas  
No.1 Jalan Dutamas 1  
Solaris Dutamas  
50480 Kuala Lumpur  
  
Telephone number: (603) 6209 5400
- 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: (603) 2783 9299
- EXTERNAL AUDITORS AND REPORTING ACCOUNTANTS** : **Baker Tilly Monteiro Heng PLT**  
(Registration No. 201906000600)  
(LLP0019411-LCA) & AF0117  
  
Baker Tilly Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur  
  
Telephone number: (603) 2297 1000  
  
Partner-in-charge: Paul Tan Hong  
Approval number: 03459/11/2025 J  
(Chartered Accountant of the Malaysian Institute of Accountants and Fellow Member of the Association of Chartered Certified Accountants)
- INDEPENDENT MARKET RESEARCHER** : **Smith Zander International Sdn Bhd**  
(Registration No. 201301028298 (1058128-V))  
  
15-01, Level 15, Menara MBMR  
1, Jalan Syed Putra  
58000 Kuala Lumpur  
  
Telephone number: (603) 2732 7537  
  
Person-in-charge: Dennis Tan Tze Wen  
(Bachelor of Science, Memorial University of Newfoundland, Canada)
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC

## 2. APPROVALS AND CONDITIONS

### 2.1 APPROVALS AND CONDITIONS

#### 2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 11 January 2024, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital comprising 369,850,420 Shares on the ACE Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(1)	Submit the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Malaysia Depository: <ul style="list-style-type: none"> <li>(i) Name of shareholders;</li> <li>(ii) Number of Shares; and</li> <li>(iii) Date of expiry of the moratorium for each block of Shares.</li> </ul>	Complied
(2)	Confirm that approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
(3)	The Bumiputera equity requirements for public listed companies as approved /exempted by SC including any conditions imposed thereon;	To be complied
(4)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
(5)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Smart Asia on the first day of listing;	To be complied
(6)	In relation to the public offering to be undertaken by Smart Asia, to announce at least 2 market days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> <li>(i) Level of subscription of public balloting and placement;</li> <li>(ii) Basis of allotment/allocation;</li> <li>(iii) A table showing the distribution for placement tranche; and</li> <li>(iv) Disclosure of placees who become substantial shareholders of Smart Asia arising from the public offering, if any; and</li> </ul>	To be complied
(7)	Smart Asia/Mercury 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 Smart Asia to the Official List.	To be complied



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

### 2.1.2 SC

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

The SC had, vide its letter dated 16 January 2024, approved our application for the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Listing.

The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(1)	Smart Asia 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 MITI; and	To be complied
(2)	Smart Asia to make available at least 50.00% of the Shares offered to the Malaysian Public via balloting to Bumiputera public investors at the point of Listing.	To be complied

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

Category of shareholders	As at 31 July 2023		After our IPO	
	No. of Shares	%	No. of Shares	%
<b>Bumiputera</b>				
Bumiputera investors to be approved by MITI	-	-	46,231,400 <sup>(1)</sup>	12.50
Bumiputera public investors via balloting	-	-	9,246,300 <sup>(1)</sup>	2.50
Non-Bumiputera	243,500,010	95.70	303,372,720	82.03
<b>Malaysians</b>	<b>243,500,010</b>	<b>95.70</b>	<b>358,850,420</b>	<b>97.03</b>
Foreigners	11,000,000	4.30	11,000,000	2.97
<b>Total</b>	<b>254,500,010</b>	<b>100.00</b>	<b>369,850,420</b>	<b>100.00</b>

**Note:**

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

### 2.1.3 MITI

The MITI had, vide its letter dated 26 September 2023, stated that it has taken note and has no objection to our Listing.

### 2.1.4 SAC

The SAC had, vide its letter dated 26 April 2024, classified our Shares as Shariah-compliant securities based on the latest audited combined statements of financial position as at 31 December 2023.

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

### 2.2 MORATORIUM ON OUR SHARES

#### 2.2.1 Specified Shareholders

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

- (a) the moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) on the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of those Shares held under moratorium.

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

Specified Shareholders	Shares under the First 6-Months Moratorium		Shares under the Second 6-Months Moratorium	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Goh Chye Hin	164,569,789	44.50	164,569,789	44.50
Kee Hui Lang	27,774,611	7.51	1,864,047	0.50
Goh Bee Guat	1,000,000	0.27	-	-
Goh Ji Syuan	5,000,000	1.35	-	-
Goh Sim Yee	5,000,000	1.35	-	-
Kee Hui Cheng	1,250,000	0.34	-	-
Koh Kooi Soon	1,250,000	0.34	-	-
Goh Chye Leng	1,733,361	0.47	-	-
<b>Total</b>	<b>207,577,761</b>	<b>56.13</b>	<b>166,433,836</b>	<b>45.00</b>

Specified Shareholders	Year 2		Year 3	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Goh Chye Hin	109,713,193	29.66	54,856,597	14.83
Kee Hui Lang	1,242,698	0.34	621,349	0.17
Goh Bee Guat	-	-	-	-
Goh Ji Syuan	-	-	-	-
Goh Sim Yee	-	-	-	-
Kee Hui Cheng	-	-	-	-
Koh Kooi Soon	-	-	-	-
Goh Chye Leng	-	-	-	-
<b>Total</b>	<b>110,955,891</b>	<b>30.00</b>	<b>55,477,946</b>	<b>15.00</b>

**Note:**

- (1) Based on our enlarged issued Shares of 369,850,420 Shares after our IPO.

**2. APPROVALS AND CONDITIONS (Cont'd)****2.2.2 Pre-IPO Investor**

In accordance with Rule 3.19A of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by any investor who is not a specified shareholder, for a period of 6 months from the date of admission to the Official List if such investor has acquired the shares of the applicant:

- (a) within 12 months from the date of submission of the listing application to Bursa Securities; and
- (b) at a price lower than the issue price offered to the general public.

Details of our Pre-IPO Investor and his shareholding which will be subject to the abovesaid moratorium, are set out below:

Pre-IPO Investor	Shares under the first 6-months moratorium	
	No. of Shares	% <sup>(1)</sup>
Tan Kim Peng	1,200,000 <sup>(2)</sup>	0.32

**Notes:**

- (1) Based on our enlarged issued Shares of 369,850,420 Shares after our IPO.
- (2) Assuming he subscribed in full for his Pink Form Allocations.

Our Specified Shareholders and Pre-IPO Investor have provided written undertakings to Bursa Securities that they will not sell, transfer or assign their respective Shares under moratorium during their respective moratorium period.

The moratorium restriction, which is fully accepted by our Specified Shareholders and Pre-IPO Investor are specifically endorsed on the share certificates representing their Shares which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes such restrictions.

**[The rest of this page is intentionally left blank]**

### 3. PROSPECTUS SUMMARY

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

#### 3.1 PRINCIPAL DETAILS OF OUR IPO

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 IPO Shares	% <sup>(1)</sup>
Malaysian Public (via balloting)	18,492,600	5.00
Eligible Persons	12,100,000	3.27
Private placement to selected investors	16,676,000	4.51
Private placement to selected Bumiputera investors approved by MITI	46,231,400	12.50
	<b>93,500,000</b>	<b>25.28</b>

**Note:**

(1) Based on our enlarged issued Shares of 369,850,420 after our IPO.

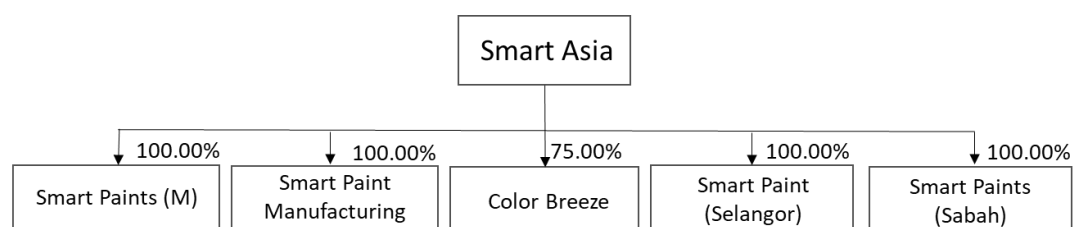
Enlarged number of issued Shares upon Listing	369,850,420
IPO Price per Share	RM0.40
Market capitalisation upon Listing	RM147,940,168

Further details of our IPO are set out in Section 4 of this Prospectus.

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders and Pre-IPO Investor. Further details of the moratorium are set out in Section 2.2 of this Prospectus.


#### 3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia on 13 May 2019 under the Act as a private limited company under the name of Smart Asia Chemical Sdn Bhd. Subsequently, our Company was converted to a public limited company on 30 May 2023 and assumed our present name as Smart Asia Chemical Bhd. Our Company is an investment holding company. Our Group structure after our IPO is as follows:



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

Through our subsidiaries, we are principally involved in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications. In addition, we are also involved in the development, manufacturing, distribution and sale of related products, namely colourants, and binding and coating chemicals; sale and trading of painting tools and accessories, aerosol spray paints and other related products to complement our decorative paints and protective coatings offerings. We also provide ODM services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners. Our business model is set out as follow:

<b>Principal activities</b>	Development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications	Development, manufacturing, distribution and sale of related products	Sale and trading of painting tools and accessories, aerosol spray paints and other related products	Provision of ODM services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners
<b>Products</b>	<ul style="list-style-type: none"> <li>Decorative paints</li> <li>Protective coatings</li> </ul>	<ul style="list-style-type: none"> <li>Colourants</li> <li>Binding and coating chemicals</li> </ul>	<ul style="list-style-type: none"> <li>Painting tools and accessories</li> <li>Aerosol spray paints</li> <li>Raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Decorative paints</li> <li>Protective coatings</li> <li>Binding and coating chemicals</li> </ul>
<b>House brands</b>				Third party brand names
<b>Distribution channels</b>	<ul style="list-style-type: none"> <li>Third-parties</li> <li>Local: Wholesalers and dealers</li> <li>Overseas: Authorised distributors</li> </ul>	<ul style="list-style-type: none"> <li>In-house team</li> <li>Own sales and marketing team</li> </ul>		Own sales and marketing team
<b>Customers</b>	<ul style="list-style-type: none"> <li>Wholesale segment</li> <li>Wholesalers (local)</li> <li>Authorised distributors (overseas)</li> </ul>	<ul style="list-style-type: none"> <li>Retail segment</li> <li>Dealers (local retail hardware stores and retail paint shops)</li> <li>Retail end-users (local)</li> <li>Business end-users (local and overseas)</li> </ul>		ODM customers
<b>Locations</b>	<ul style="list-style-type: none"> <li>Headquarters and manufacturing factory</li> <li>Current: Johor</li> <li>New manufacturing factory: Batu Gajah, Perak</li> </ul>		<ul style="list-style-type: none"> <li>Sales and administrative office</li> <li>Setangor</li> </ul>	

Further details of our Group and our business model are set out in Sections 6 and 7 of this Prospectus.

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

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia	57,976	80.97	65,907	82.63	64,539	81.47	77,914	85.53
Singapore	4,901	6.84	6,911	8.66	7,845	9.90	8,921	9.79
Brunei	3,577	5.00	3,121	3.91	2,753	3.48	2,715	2.98
Cambodia	3,743	5.23	1,819	2.28	2,178	2.75	(50) <sup>(2)</sup>	(0.05)
Others <sup>(1)</sup>	1,402	1.96	2,008	2.52	1,903	2.40	1,591	1.75
<b>Total</b>	<b>71,599</b>	<b>100.00</b>	<b>79,766</b>	<b>100.00</b>	<b>79,218</b>	<b>100.00</b>	<b>91,091</b>	<b>100.00</b>

**Note:**

- (1) Comprises sales from Indonesia, PRC and Vietnam.
- (2) The negative revenue generated from our Cambodia market in FYE 2023 was due to product returns from one of our authorised distributors. Please refer to Section 12.3.3(a)(ii) of this Prospectus for further details.

[The rest of this page is intentionally left blank]

---

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

---

#### 3.3 COMPETITIVE STRENGTHS

A summary of our competitive strengths is set out as follow:

**(a) We have a wide range of products sold under our house brands**

With a history that spans approximately 12 years since the commencement of our business in 2012, we have successfully grown our product offerings to include a wide range of decorative paints and protective coatings for household and industrial applications, as well as colourants, binding and coating chemicals, painting tools and accessories, and aerosol spray paints. Our products are sold under our house brands, namely 'Smart Paints', 'Durra Paints', 'Toplus', 'Hunter', 'Aquatint', 'Flexitint', 'King-Bond', 'Goldliner' and 'Bond7'.

**(b) We adopt a multi-channel distribution network to distribute our products**

Our Group adopts a multi-channel distribution network comprising wholesalers, dealers and authorised distributors as well as our own sales and marketing team, to reach out to a wide customer base to achieve economies of scale and grow our market share. As at the LPD, our Group has a total of 9 wholesalers and 937 dealers across Malaysia, and 14 authorised distributors overseas.

**(c) Our technical expertise and product knowledge enable us to develop and manufacture decorative paints, protective coatings and colourants that align with current market trends and demand**

Our technical expertise and knowledge on decorative paints, protective coatings and colourants are backed by our in-house product development team, consisting of 3 chemists and 4 lab assistants which is led by our Senior Lead Chemist, Nurul Farhah binti Abdullah, who has 11 years of experience in the paints and coatings industry. All our chemists hold degree qualifications. Our in-house product development capabilities have enabled us to innovate, develop new products and improve existing products that align with current market trends and demand. As at the LPD, our Group offers 52 decorative paints series, 21 protective coatings series, 10 colourants series, 5 binding and coating chemical series, 5 painting tools and accessories series, and 7 aerosol spray paints series.

**(d) We have an experienced and hands-on key senior management team**

Our Group is led by an experienced and technically skilled key management team that has accumulated years of industry experience and in-depth knowledge of our business operations. Our Managing Director, Goh Chye Hin, who has 41 years of experience in the paints and coatings industry, has played a pivotal role in steering the growth and success of our Group. His experience, drive and passion for our business have been instrumental to our Group's success to date. He has conceptualised and implemented various business and marketing strategies that led our Group to its current position in the industry.

Further details of our competitive strengths are set out in Section 7.6 of this Prospectus.

#### 3.4 IMPACT OF COVID-19 ON OUR GROUP

Pursuant to the outbreak of the COVID-19 pandemic in 2020, we faced temporary suspensions of business operation. Save for the temporary suspensions, our Group was allowed to operate while complying with the SOP (e.g. reduced workforce capacity) outlined by MITI throughout the pandemic. The reduction of workforce capacity, as per MITI's SOP during this period, did not result in material adverse impact to our business and operations.

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

Our sales of decorative paints and protective coatings, in terms of volume sold, were affected due to the slowdown in demand as construction and renovation activities were disrupted by the SOPs that were implemented during the pandemic. Nevertheless, there was no material impact to our revenue as we recorded an increase in revenue in FYE 2021 with a slight decrease in FYE 2022 due to increase in average selling price for all products in our manufacturing segment in FYE 2021 and FYE 2022.

Save for minor interruptions to our operations arising from COVID-19 pandemic as mentioned above, our Group had not experienced any other interruptions in our operations in the last 12 months up to the LPD which had a significant effect on our operations. Further details of our impact of COVID-19 on our Group are set out in Section 7.5 of this Prospectus.

#### 3.5 BUSINESS STRATEGIES AND FUTURE PLANS

A summary of our business strategies and future plans is set out below:

**(a) Construction of Perak Plant**

Our Group has decided to set up our Perak Plant to streamline our manufacturing operations as well as to increase our manufacturing capacity. With the expanded manufacturing space, our annual manufacturing capacity for the decorative paints and protective coatings is expected to increase by 27.00 million litres (i.e. estimated monthly manufacturing capacity of 2.25 million litres), which is an increase of 309.99% from our current annual manufacturing capacity of 8.71 million litres in the FYE 2023. Our Perak Plant will also allow us to expand our customer-base within the Central and Northern regions of Malaysia due to closer proximity to our customers.

**(b) Purchase and commissioning of an industrial tinting system and automated paint production system in our Perak Plant**

Our Group intends to purchase and commission an industrial tinting system and automated paint production system upon the completion of our Perak Plant. Upon commissioning of our industrial tinting system and automated paint production system in our Perak Plant, we will integrate our automated colour matching software into the systems to support the manufacturing activities in our Perak Plant. Our industrial tinting system, which is also integrated with our automated paint production system, will enable the continuous flow of our manufacturing processes. The integration of our software and systems will enable our Group to reduce our dependency on human operators when carrying out our manufacturing activities.

**(c) Purchase 250 sets of Smart Colour POS Tinting Machine to be distributed to our wholesalers and dealers to continue driving our sales**

Our Group plans to purchase 250 sets of Smart Colour POS Tinting Machine within these 3 years (i.e. 2024 (after our Listing) to 2026) to be distributed locally to our new and existing wholesalers and dealers who set up new retail hardware stores or retail paint shops, across Malaysia. Our Smart Colour POS Tinting Machines allow our wholesalers, dealers and authorised distributors to offer a wide variety of paint colours to retail end-users without the need to store large inventories of coloured paints. This enables our wholesalers, dealers and authorised distributors to optimise their storage space, thus providing convenience to our wholesalers, dealers and authorised distributors to sell our products. Further, the distribution and sale of our Smart Colour POS Tinting Machines also enhances our brand recognition in the paints and coating industry as well as among retail and business end-users.

Further details on our business strategies and future plans are set out in Section 7.22 of this Prospectus.

---

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

---

#### 3.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk as set out in Section 9 of this Prospectus. Some of the more important risk factors are summarised below:

**(a) We rely on our reputation, brands and product quality for the continued success and growth of our business**

Any complaints by our wholesalers, dealers and authorised distributors in relation to amongst others, our failure to meet their expectations with respect to our products and services, delivery schedule, customer support or other matters could negatively affect our relationships with them. This may, in turn, affect our reputation in the market if we are unable to sufficiently address the complaints brought against us by our wholesalers, dealers and authorised distributors.

**(b) We are dependent on our wholesalers, dealers and authorised distributors to distribute and sell our products to retail end-users**

Our products are primarily distributed to our network of wholesalers, dealers and authorised distributors for onward sale to retail end-users. This is evidenced by the revenue contribution from our wholesalers, dealers and authorised distributors which accounted for 95.06%, 96.84%, 98.53% and 91.87% of our total revenue for the Financial Years Under Review, respectively. Should they fail to uphold their quality of services, it may reflect in negative perception towards our brand, thus resulting negatively on the demand for our products which may adversely affect our Group's financial performance as well as our future growth.

**(c) We are dependent on the construction and manufacturing industries in Malaysia for our continued success and growth**

The performance of our business is dependent on the construction (i.e. new building and infrastructure construction, as well as renovation of existing buildings and infrastructure) and manufacturing industries as we primarily provide decorative paints and protective coatings for household and industrial applications. As such, a decline in the construction and manufacturing industries may lead to a slowdown in the demand for our decorative paints and protective coatings.

**[The rest of this page is intentionally left blank]**



**3. PROSPECTUS SUMMARY (Cont'd)****3.7 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and key senior management are as follows:

<b>Name</b>	<b>Designation</b>
<b>Directors</b>	
Yau Yin Wee	Independent Non-Executive Chairman
Goh Chye Hin	Managing Director
Kee Hui Lang	Non-Independent Executive Director
Lim Kok Beng	Non-Independent Executive Director / Chief Operating Officer
Ang Hock Seng	Independent Non-Executive Director
Tan Suat Hoon	Independent Non-Executive Director
Yap Yung Chien	Independent Non-Executive Director
<b>Key Senior Management</b>	
Goh Chye Hin	Managing Director
Kee Hui Lang	Non-Independent Executive Director
Lim Kok Beng	Non-Independent Executive Director / Chief Operating Officer
Jiu Chieh Yin	Chief Financial Officer
Khoo Khiow Jin	Sales and Marketing Manager
Tan Kim Peng	General Manager
Nurul Farhah Binti Abdullah	Senior Lead Chemist

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

<b>Name</b>	<b>Before IPO</b>				<b>After IPO</b>			
	<b>Direct</b>		<b>Indirect</b>		<b>Direct</b>		<b>Indirect</b>	
	<b>No. of Shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of Shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of Shares</b>	<b>%<sup>(2)</sup></b>	<b>No. of Shares</b>	<b>%<sup>(2)</sup></b>
Goh Chye Hin	164,569,789	59.55	10,000,000 <sup>(3)</sup>	3.62	164,569,789	44.50	10,000,000 <sup>(3)</sup>	2.70
Kee Hui Lang	27,774,611	10.05	10,000,000 <sup>(3)</sup>	3.62	27,774,611	7.51	10,000,000 <sup>(3)</sup>	2.70

**Notes:**

- (1) Based on the total number of 276,350,420 Shares before our IPO.
- (2) Based on our enlarged total number of 369,850,420 Shares after our IPO.
- (3) Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee and Goh Ji Syuan pursuant to Section 59(11)(c) of the Act.

Further details of our Promoters, substantial shareholders, Directors and key senior management are set out in Section 5 of this Prospectus.

**3. PROSPECTUS SUMMARY (Cont'd)****3.8 UTILISATION OF PROCEEDS**

The estimated gross proceeds arising from the IPO of approximately RM37.40 million shall accrue entirely to us and will be utilised in the following manner:

Details of use of proceeds	Estimated timeframe for utilisation from the date of Listing	RM'000	%
(a) Establishment of Perak Plant:			
(i) Construction of Perak Plant	Within 12 months	16,000	42.78
(ii) Purchase and commissioning of automated paint production system	Within 12 months	11,000	29.41
(b) Purchase of 250 sets of Smart Colour POS Tinting Machine	Within 36 months	5,000	13.37
(c) Working capital	Within 12 months	1,300	3.48
(d) Estimated listing expenses	Within 1 month	4,100	10.96
	<b>Total</b>	<b>37,400</b>	<b>100.00</b>

Detailed information on our utilisation of proceeds is set out in Section 4.9 of this Prospectus.

**3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS****3.9.1 Historical financial information**

The following table sets out the financial highlights of our historical audited combined statements of comprehensive income of our Group for the Financial Years Under Review:

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Revenue	71,599	79,766	79,218	91,091
GP	22,787	26,718	23,535	29,984
PBT	9,401	13,931	11,204	12,316
PAT	7,442	10,690	8,614	8,805
GP margin (%) <sup>(1)</sup>	31.83	33.50	29.71	32.92
PBT margin (%) <sup>(2)</sup>	13.13	17.46	14.14	13.52
PAT margin (%) <sup>(3)</sup>	10.39	13.40	10.87	9.67

**Notes:**

(1) GP margin is computed based on the GP over revenue of our Group.

(2) PBT margin is computed based on the PBT over revenue of our Group.

(3) PAT margin is computed based on the PAT over revenue of our Group.

There were no exceptional or extraordinary items during the Financial Years Under Review. Our audited financial statements for the Financial Years Under Review were not subject to any audit qualifications.

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

**3. PROSPECTUS SUMMARY (Cont'd)****3.10 DIVIDEND POLICY**

Our Group presently does not have a fixed dividend policy. As we are holding company, our ability to declare and pay dividends or make other distributions to our shareholders are depended upon the dividends we receive from our subsidiaries, present and future. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

The dividends declared and/or paid by our Group during the Financial Years Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
PAT attributable to owners of our Group	7,489	10,680	8,665	8,876
Dividends paid	-	650 <sup>(2)</sup>	351 <sup>(2)</sup>	-
Dividend payout ratio (%) <sup>(1)</sup>	-	6.09	4.05	-

**Notes:**

(1) Computed based on dividends paid over PAT attributable to owners of our Group for each financial year.

(2) The dividends paid in FYE 2021 and FYE 2022 were funded via internally generated funds.

Subsequent to the FYE 2023 and up to the LPD, there are no dividend declared, made or paid by our Group to our shareholders. Our Group has no intention to declare any dividends prior to our Listing.

**[The rest of this page is intentionally left blank]**

## 4. DETAILS OF OUR IPO

### 4.1 OPENING AND CLOSING OF APPLICATION

Application for our IPO Shares will open at 10.00 a.m. on 2 May 2024 and will remain open until at 5.00 p.m. on 13 May 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

### 4.2 INDICATIVE TIMETABLE

Events	Tentative Time / Dates
Issuance of this Prospectus / Opening of Application	10.00 a.m./2 May 2024
Closing of Application	5.00 p.m./13 May 2024
Balloting of the Applications	16 May 2024
Allotment of IPO Shares to successful applicants	24 May 2024
Listing on the ACE Market	28 May 2024

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

### 4.3 PARTICULARS OF OUR IPO

#### 4.3.1 IPO

A total of 93,500,000 IPO Shares, representing approximately 25.28% of our enlarged issued Shares of 369,850,420 are offered at our IPO Price, subject to the terms and conditions of this Prospectus. The IPO Shares shall be allocated in the following manner:

#### (a) Malaysian Public

18,492,600 IPO Shares, representing 5.00% of our enlarged issued Shares, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 9,246,300 IPO Shares, representing 2.50% of our enlarged issued Shares will be made available to the Malaysian Public; and
- (ii) 9,246,300 IPO Shares representing 2.50% of our enlarged issued Shares will be made available to Bumiputera public investors.

#### (b) Eligible Persons

12,100,000 IPO Shares, representing 3.27% of our enlarged issued Shares, will be reserved for application by our Eligible Persons under the Pink Form Allocations as follows:

Eligible Persons	No. of Eligible Persons	Aggregate no. of IPO Shares allocated
Our eligible Directors <sup>(1)</sup>	5	1,150,000
Our Group's eligible employees <sup>(2)</sup>	84	3,080,000
Persons who have contributed to the success of our Group <sup>(3)</sup>	120	7,870,000
	<b>209</b>	<b>12,100,000</b>

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

- (1) *The criteria for allocation to our eligible Directors (as approved by our Board) are based on, amongst others, their respective roles, responsibilities, and anticipated contributions to our Group. Details of the allocation to our eligible Directors are as follows:*

<b>Name of Directors</b>	<b>Designation</b>	<b>No. of IPO Shares allocated</b>
Yau Yin Wee	Independent Non-Executive Chairman	200,000
Lim Kok Beng	Non-Independent Executive Director	500,000
Ang Hock Seng	Independent Non-Executive Director	200,000
Tan Suat Hoon	Independent Non-Executive Director	50,000
Yap Yung Chien	Independent Non-Executive Director	200,000
		<b>1,150,000</b>

*Goh Chye Hin (our Managing Director) and Kee Hui Lang (our Non-Independent Executive Director) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders.*

- (2) *The criteria for allocation to our eligible employees (as approved by our Board) are based on, amongst others, 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;*
  - (c) *the employees' seniority, position, length of service and level of contribution to our Group; and*
  - (d) *Other factors deemed relevant by our Board.*

*Details of the allocation to the eligible key senior management who are included as eligible employees are as follows:*

<b>Name of key senior management</b>	<b>Designation</b>	<b>No. of IPO Shares allocated</b>
Jiu Chieh Yin	Chief Financial Officer	200,000
Khoo Khiow Jin	Sales and Marketing Manager	300,000
Tan Kim Peng	General Manager	200,000
Nurul Farhah Binti Abdullah	Senior Lead Chemist	200,000
		<b>900,000</b>

- (3) *The number of IPO Shares under the Pink Form Allocations to be allotted to those persons who have contributed to the success of our Group (as approved by our Board) are based on, amongst others, the nature and terms of their business relationship with us, the length of their business relationship with us and the level of contribution and support to the success of our Group. The persons who have contributed to the success of our Group includes our dealers, customers and suppliers.*

*As at the LPD, save as disclosed above, none of our substantial shareholders, Directors or key senior management have indicated to us on their intention to subscribe for our IPO Shares. Also, there is no other person who has indicated their intention to subscribe for more than 5.0% of our IPO Shares.*

**4. DETAILS OF OUR IPO (Cont'd)****(c) Private placement to selected Bumiputera investors approved by MITI and selected investors**

62,907,400 IPO Shares, representing 17.01% of our enlarged issued Shares of 369,850,420, have been reserved for application by the way of private placement in the following manner:

- (i) 46,231,400 IPO Shares, representing 12.50% of our enlarged issued Shares of 369,850,420, made available for selected Bumiputera investors approved by MITI; and
- (ii) 16,676,000 IPO Shares, representing 4.51% of our enlarged issued Shares of 369,850,420, made available for selected investors.

In summary, subject to the clawback and reallocation provisions set out in Section 4.3.2 of this Prospectus, the IPO Shares will be allocated in the following manner:

	<b>No. of IPO Shares</b>	<b>%<sup>(1)</sup></b>
Malaysian Public (via balloting)	18,492,600	5.00
Eligible Persons	12,100,000	3.27
Private placement to selected investors	16,676,000	4.51
Private placement to Bumiputera investors approved by MITI	46,231,400	12.50
	<b>93,500,000</b>	<b>25.28</b>

**Note:**

- (1) Based on the enlarged issued Shares of 369,850,420 after our IPO.

**4.3.2 Clawback and Re-allocation**

The IPO shall be subject to the following clawback and reallocation provisions:

- (a) if our IPO Shares allocated to Bumiputera investors approved by the MITI ("**MITI Tranche**") are not fully taken up by such Bumiputera investors, and there is a corresponding over-subscription for IPO Shares by Bumiputera public investors via balloting, our IPO Shares will be clawed back from the remaining MITI Tranche and allocated to the Bumiputera public investors under the balloting.

If after the above reallocation, the MITI Tranche is still not fully taken up, the remaining MITI Tranche will be made available for application by the Malaysian Public (in the event of an oversubscription) or to selected investors via private placement;

- (b) subject to item (a) above, if there is an under-subscription in the private placement to selected investors and there is an over-subscription in the allocation to the Malaysian Public, our IPO Shares not taken up may be clawed back from the private placement to selected investors and reallocated to the Malaysian Public via balloting;
- (c) if there is an under-subscription in the allocation to Malaysian Public via balloting and there is an oversubscription in the private placement to selected investors, our IPO Shares not taken up may be clawed back from the allocation to Malaysian Public and reallocated to selected investors via private placement. However, if there is an under-subscription in the allocation to Malaysian Public via balloting but no over-subscription in the private placement to selected investors, such remaining IPO Shares will be underwritten by our Underwriter;

---

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

---

- (d) any IPO Share not taken up by the respective Eligible Persons based on their pre-determined allocations shall be made available for application by the other Eligible Persons who have applied for excess IPO Shares in addition to their pre-determined allocation (“**Excess IPO Shares**”). Such Excess IPO Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:
- (i) firstly, allocation on a pro-rata basis to the Eligible Persons who have applied for the Excess IPO Shares based on the number of Excess IPO Shares applied for; and
  - (ii) secondly, to minimise odd lots.

Any further IPO Shares which are not subscribed for under the Pink Form Allocations will be made available for application by the Malaysian Public. Any of our IPO Shares under the Pink Form Allocations which are not subscribed for by the Malaysian Public will be made available to selected investors via private placement. Any further IPO Shares not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by our Underwriter.

The clawback and reallocation provisions will not apply in the event that there is an over-subscription in all of the allocations of our IPO Shares at the closing date of our IPO.

The allocation of our IPO Shares shall be in a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company’s shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

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

##### 4.3.3 Minimum Subscription

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

However, in order to comply with the public spread requirements of Bursa Securities, we are required to have at least 25.00% of our enlarged issued Shares to be held by a minimum of 200 public shareholders holding not less than 100 Shares each. This is the minimum subscription level in terms of the number of Shares.

We expect to meet the public shareholding requirement at the point of our Listing.

If we fail to meet the said requirement, 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 refunded within 14 days after we become liable to do so, the provision of sub-Section 243(2) of the CMSA shall apply accordingly.

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

##### 4.4 BASIS OF ARRIVING AT OUR IPO PRICE

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

- (a) the PE Multiple of approximately 16.67 times based on our EPS of 2.40 sen for the FYE 2023, calculated based on our PAT attributable to the owners of the Company for the FYE 2023 of approximately RM8.88 million after taking into account of our enlarged issued Shares of 369,850,420 upon Listing.

Our PAT attributable to the owners of the Company after adjusting for the Listing expenses incurred in FYE 2023 of RM1.08 million would be RM9.96 million, which translate into an adjusted EPS of 2.69 sen for the FYE 2023 and a PE Multiple of approximately 14.87 times based on our enlarged issued Shares of 369,850,420 upon Listing;

- (b) our pro forma combined NA per Share of RM0.2794, calculated based on our pro forma combined NA after our IPO and utilisation of IPO proceeds as at 31 December 2023 of approximately RM103.33 million and our enlarged issued Shares of 369,850,420 upon Listing;
- (c) our Group's historical financial track record for the Financial Years Under Review summarised as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	71,599	79,766	79,218	91,091
GP	22,787	26,718	23,535	29,984
<b>PAT</b>	<b>7,442</b>	<b>10,690</b>	<b>8,614</b>	<b>8,805</b>

- (d) our Group's competitive strengths as set out in Section 7.6 of this Prospectus; and
- (e) our Group's business strategies and future plans as set out in Section 7.22 of this Prospectus.

**You should note that our market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. 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 9 of this Prospectus before deciding to invest in our Shares.**

##### 4.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

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

Details	No. of Shares	RM
<b>Share capital</b>		
As at the LPD	276,350,420	55,270,084
To be issued pursuant to our IPO	93,500,000	37,400,000
<b>Enlarged share capital upon our Listing</b>	<b>369,850,420</b>	<b>92,670,084</b>

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.



---

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

---

Our IPO Shares will, upon allotment and issue, rank equally in all respects with our existing 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 our IPO Shares.

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 in the whole of the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

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 Share held.

#### **4.6 OBJECTIVES OF OUR IPO**

The objectives of our IPO are as follows:

- (a) 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;
- (b) to enable our Group to raise funds for the purposes specified in Section 4.9 of this Prospectus;
- (c) 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
- (d) 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.

#### **4.7 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and our enlarged number of issued Shares of 369,850,420 upon Listing, our total market capitalisation is estimated to be RM147,940,168.

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

##### 4.8 DILUTION

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

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

	Details	RM
IPO Price	(A)	0.40
Pro forma combined NA per Share as at 31 December 2023 after Acquisitions but before our IPO	(B)	0.2487
Pro forma combined NA per Share as at 31 December 2023 after Acquisitions, IPO and utilisation of proceeds	(C)	0.2794
Increase in pro forma combined NA per Share to our existing shareholders	(C) – (B)	0.0307
Dilution in the pro forma combined NA per Share to our new public investors	(A – C)	0.1206
Dilution in the pro forma combined NA per Share to our new public investors as a percentage of our IPO Price	(A – C)/(A)	30.15%

Further details of our pro forma combined NA per Share as at 31 December 2023 is set out in Section 14 of this Prospectus.

Save as disclosed below 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 Promoters, Directors, substantial shareholders, key senior management 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 date of this Prospectus:

	No. of Shares held after the Acquisitions and before IPO	Total consideration (RM)	Average effective cost per Share (RM)
<b><u>Promoters, substantial shareholders and Directors</u></b>			
Goh Chye Hin	164,569,789	32,913,958	0.20
Kee Hui Lang	27,774,611	5,554,922	0.20
<b><u>Director</u></b>			
Lim Kok Beng	9,160,059	1,832,012	0.20
<b><u>Key senior management</u></b>			
Tan Kim Peng	1,000,000	200,000	0.20

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

##### 4.9 UTILISATION OF PROCEEDS

##### 4.9.1 IPO

The estimated gross proceeds arising from the IPO of approximately RM37.40 million shall accrue entirely to us and will be utilised in the following manner:

Details of use of proceeds	Estimated timeframe for utilisation from the date of Listing	RM'000	%
(a) Establishment of Perak Plant:			
(i) Construction of Perak Plant	Within 12 months	16,000	42.78
(ii) Purchase and commissioning of automated paint production system	Within 12 months	11,000	29.41
(b) Purchase of 250 sets of Smart Colour POS Tinting Machine	Within 36 months	5,000	13.37
(c) Working capital	Within 12 months	1,300	3.48
(d) Estimated listing expenses	Within 1 month	4,100	10.96
	<b>Total</b>	<b>37,400</b>	<b>100.00</b>

##### (a) Establishment of Perak Plant

##### (i) Construction of Perak Plant

Our Group intends to allocate RM16.00 million, representing 42.78% of the proceeds from our IPO to partly finance the construction of the Perak Plant.

The Perak Plant has a total built-up area of approximately 95,170 sq ft which consist of the following:

- (aa) a double-storey factory with a built-up area of approximately 40,486 sq ft;
- (bb) a single storey warehouse with a built-up area of approximately 21,122 sq ft;
- (cc) a double-storey office building with a built-up area of approximately 24,062 sq ft which includes, amongst others, office, a laboratory and a showroom; and
- (dd) other utility facilities with a built-up area of approximately 9,500 sq ft which includes, amongst others, treatment plant, compressor room, switch gear and transformer room.

The construction of our Perak Plant was completed on 14 November 2023.

The purpose of the establishment of our Perak Plant is to streamline our manufacturing operations as well as to increase our existing manufacturing capacity. This is achieved through the installation of an industrial tinting system and automated paint production system in our Perak Plant which are expected to reduce our dependency on human operators for our manufacturing activities, as well as the closer proximity of our Perak Plant to calcium carbonate sources which is expected to reduce our production lead time. Our Perak Plant will be focusing on the manufacturing of water-based decorative paints and protective coatings. It will also allow us to expand and support our customer-base within the Central and

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

Northern regions of Malaysia based on the location of our Perak Plant. Please refer to Sections 7.22.1 of this Prospectus for further details on the closer proximity of our Perak Plant to calcium carbonate sources, and Section 7.22.2 of this Prospectus for further details on the industrial tinting system and automated paint production system to be installed in our Perak Plant.

The total estimated construction cost of our Perak Plant is approximately RM28.20 million. On 19 September 2022, our Group was offered a banking facility of up to approximately RM22.56 million, being 80.00% of the total estimated construction cost, to part finance the construction of our Perak Plant. The remaining RM5.64 million or 20.00% will be funded via our Group's internally generated funds. The details of the banking facility as at the LPD are as set out below:

Financier / Type of facility	Interest rate per annum	Maturity date	Amount drawdown as at the LPD RM'000	Facility amount to be repaid via proceeds from IPO (up to) RM'000	Estimated annual interest savings RM'000
CIMB Bank Berhad/ Term Loan	4.55%	240 months commencing from the date of full disbursement	20,486	16,000	728

As at the LPD, the progress billing for the construction work of our Perak Plant is approximately RM27.80 million and our Group has paid a total of approximately RM26.13 million via internally generated funds and bank borrowing as follows:

	Estimated Construction Cost		Progress Payment as at the LPD RM'000
	RM'000	%	
Bank borrowing	22,560	80.00	20,486
Internally generated funds	5,640	20.00	5,640 <sup>(1)</sup>
<b>Total</b>	<b>28,200</b>	<b>100.00</b>	<b>26,126</b>

As at the LPD, the outstanding balance of the bank facility is approximately RM20.46 million.

After the receipt of our IPO proceeds, our Group plans to utilise the sum of RM16.00 million allocated for the construction of Perak Plant to repay our banking facility.

In the event the actual amount required for the construction of our Perak Plant is higher than the estimated RM28.20 million, the deficit will be funded through our Group's internally generated funds.

**4. DETAILS OF OUR IPO (Cont'd)****(ii) Purchase and commissioning of automated paint production system**

Our Group intends to allocate up to RM11.00 million, representing 29.41% of the proceeds from our IPO for the purchase and commissioning of automated paint production system in our Perak Plant. The breakdown of the estimated costs is set out in the table below:

Details	USD'000	RM'000 <sup>(1)</sup>
System, equipment and material cost <sup>(2)</sup>	3,220	15,295
Design and technical services	90	427
<b>Total</b>	<b>3,310</b>	<b>15,722</b>

**Notes:**

- (1) Based on the assumed exchange rate as at the LPD of USD1.00:RM4.75.
- (2) System, equipment and material cost consists of, amongst others, powders handling system, wet component handling system, dispersing system, transmission system, electrical control panel and steel structure platform.

The automated paint production system comprises the set up and integration of multiple systems to form an automated production line and reduce our dependency on human labour.

We expect the installation and commissioning of the automated paint production system in our Perak Plant to be completed within 5 months from the completion of the construction of the Perak Plant. The construction of our Perak Plant was completed on 14 November 2023 and the installation and commissioning of the automated paint production system is expected to be completed by end of April 2024.

On 19 September 2022, our Group was offered a banking facility of up to RM11.00 million, being approximately 69.97% of the total estimated cost, to part finance the purchase of new equipment for our Perak Plant. The remaining RM4.72 million or 30.03% will be funded via our Group's internally generated funds. The details of the banking facility as at the LPD are as set out below:

Financier / Type of facility	Interest rate per annum	Maturity date	Balance as at the LPD RM'000	Facility amount to be repaid via proceeds from IPO (up to) RM'000	Estimated annual interest savings RM'000
CIMB Bank Berhad/ Trade line	6.25%	84 months commencing from the date of full disbursement	7,206	11,000	688

As at the LPD, a total sum of USD2.48 million, equivalent to approximately RM11.10\* million has been paid upon the completion of second shipment of the equipment and materials which includes RM3.89 million paid via our internally generated funds and RM7.21 million paid via the draw down of the banking facility.

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

The remaining sum of USD0.83 million, equivalent to approximately RM3.94<sup>^</sup> million will be paid via the draw down of the banking facility.

**Notes:**

\* *Based on the prevailing exchange rate for the respective payment made as at the point of time.*

<sup>^</sup> *Based on the exchange rate as at the LPD of USD1.00: RM4.75.*

As at the LPD, the outstanding balance of the banking facility is approximately RM7.21 million. After the receipt of our IPO proceeds, our Group plans to utilise the sum of up to RM11.00 million allocated for the purchase and commissioning of the automated paint production system to fully repay the said banking facility mentioned above. In the event that the actual outstanding balance of the banking facility is lower than RM11.00 million, the excess will be reallocated to working capital.

In the event the actual amount required for the purchase and commissioning of the automated paint production system in Perak Plant is higher than the estimated RM15.72 million, the shortfall will be funded through our Group's internally generated funds.

The IPO proceeds allocated for the construction of Perak Plant and the purchase and commissioning of the automated paint production system in Perak Plant will result in an estimated total annual interest savings of up to approximately RM1.42 million as per the table in Sections 4.9.1(a)(i) and 4.9.1(a)(ii) above. However, our Group will incur an early repayment penalty of up to approximately RM0.11 million based on the early repayment penalty of 1.00% for banking facility to part finance the purchase and commissioning of the automated paint production system for the Perak Plant, upon the full settlement of the said bank facility.

**(b) Purchase of 250 sets of Smart Colour POS Tinting Machine**

Our Group intends to allocate RM5.00 million, representing 13.37% of the proceeds raised from our IPO to purchase 250 sets of Smart Colour POS Tinting Machine within these 3 years (i.e. 2024 (after our Listing) to 2026). The average estimated cost for the purchase of Smart Colour POS Tinting Machines is RM0.02 million per set.

As at the LPD, we have set up our Smart Colour POS Tinting Machines in 381 retail hardware stores or retail paint shops throughout Malaysia. As our Smart Colour POS Tinting Machines are used to facilitate the sales of our decorative paints, we plan to purchase an additional 250 sets of Smart Colour POS Tinting Machine to be distributed locally to our new and existing wholesalers and dealers who set up new retail hardware stores or retail paint shops, across Malaysia. This is expected to encourage more wholesalers and dealers to market our decorative paints, which we anticipate will continue to drive the sales of our products.

The purchase of the additional 250 sets of Smart Colour POS Tinting Machine is expected to be phased out according to the following timeline:

Year	2024	2025	2026
Sets of Smart Colour POS Tinting Machine	80	80	90

In the event that the actual cost is lower than the allocated amount, the excess will be reallocated to working capital. In the event of any shortfall, the deficit will be funded through our Group's internally generated funds and/or bank borrowings.

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

Our Group intends to allocate RM1.30 million, representing 3.48% of the proceeds raised from our IPO to supplement the working capital requirements of our Group. The proceeds shall be allocated in the following manner:

Description	RM'000
Purchase of raw materials such as binder, pigments, additive, solvent, extender and colour paste	650
Payment of our Group's staff related expenses and other statutory contributions and payments	650
<b>Total</b>	<b>1,300</b>

**(d) Estimated listing expenses**

Our Group intends to allocate RM4.10 million, representing 10.96% of the proceeds from our IPO to meet the estimated expenses for our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Description	RM'000
Professional fees <sup>(1)</sup>	2,228
Underwriting, placement, and brokerage fees	1,200
Printing and advertising fees	400
Miscellaneous expenses and contingencies <sup>(2)</sup>	200
Fees payable to authorities	72
<b>Total</b>	<b>4,100</b>

**Notes:**

- (1) *Includes professional and advisory fee for, amongst others, Principal Adviser, Due Diligence Solicitors, Auditors and Reporting Accountants, IMR, Internal Control Consultant, Share Registrar and Issuing House.*
- (2) *Other incidental or related expenses in connection with our IPO, which include translators, media related expenses and IPO event expenses.*

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.

While pending utilisation of the IPO proceeds raised, the funds will be placed in interest-bearing accounts with licensed financial institutions or short-term money market instruments.

---

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

---

##### **4.10 UNDERWRITING, COMMISSION, PLACEMENT AND BROKERAGE FEE**

###### **4.10.1 Underwriting commission**

Our Underwriter will underwrite 30,592,600 IPO Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 2.50% of the total value of the underwritten Shares at our IPO Price.

###### **4.10.2 Placement fee**

The balance of 62,907,400 IPO Shares from the IPO available for application by selected investors and selected Bumiputera investors approved by MITI 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 up to 3.00% of the value of those IPO Shares to be placed out to selected investors and Bumiputera investors approved by MITI by our Placement Agent at our IPO Price.

###### **4.10.3 Brokerage fee**

Brokerage fee is payable in respect of the IPO Shares at the rate of 1.00% of our IPO Price 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.

Mercury Securities, being our Placement Agent is entitled to charge brokerage commission to successful applicants for the IPO Shares made available to selected investors and Bumiputera investors approved by MITI by way of private placement. For the avoidance of doubt, such brokerage commission under the abovementioned successful applications will not be payable by us.

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

We have entered into the Underwriting Agreement with Mercury Securities, to underwrite 30,592,600 IPO Shares.

Subject to clawback and re-allocation terms in Section 4.3.2 of this Prospectus, any remaining IPO Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

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:

###### **4.11.1 Obligations of our Underwriter**

The obligation of our Underwriter to underwrite the Underwritten Shares<sup>(1)</sup> under the Underwriting Agreement is conditional on the performance of our Company of our obligations under the Underwriting Agreement as at the date of the Underwriting Agreement, Issue Date<sup>(2)</sup> and Closing Date<sup>(3)</sup>, as the case may be and conditional on the following:

**Note:**

(1) *30,592,600 IPO Shares made available for application by the Malaysian Public and the Eligible Persons to be underwritten by our underwriter in the manner and upon the terms and conditions as set out in the Underwriting Agreement.*



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

- (2) *Date of issue of the Prospectus being a date not later than 1 month from the date of the Underwriting Agreement or such later date as our Company and our Underwriter may mutually agree in writing.*
- (3) *Last date for acceptance, application for and payment of the subscription money in respect of the IPO Shares in accordance with the Prospectus, which shall not be more than 2 months from the date of Underwriting Agreement and subject to extension as provided under the Underwriting Agreement.*
- (a) our Underwriter receiving the certificate in the form or substantially in the form contained in the Underwriting Agreement, one dated the date of registration of the Prospectus and the other dated the Closing Date, both of which are to be signed by a Director (on behalf of our Board) stating that, to the best of his knowledge and belief, after having made all reasonable enquiries with the Directors and management of our Company, there has been no such change, development or occurrence as set out in the Underwriting Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of the Prospectus and the Closing Date respectively that:
- (i) there is no occurrence of any change or any development likely to result in a prospective change in the financial position, business operations, cash flows or conditions (financial, operational or otherwise) of our Group taken as a whole and from that set out in the Prospectus which would have or is likely to have a material adverse effect, amongst other, on the condition (financial or otherwise), contractual commitments, general affairs, Board, management, business, assets, liquidity, liabilities, prospects, earnings, shareholders' equity, business undertakings, properties or results of operations of our Company and/or the Group, or the ability of our Company to perform in any respect its obligations under or with respect to, or to consummate the transactions contemplated by the Prospectus or the Underwriting Agreement; or the ability of the Company and/or the Group to conduct its businesses and to own or lease its assets and properties; or the IPO ("**Material Adverse Effect**");
- (ii) there is no occurrence of 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 to be untrue or inaccurate, misleading or incorrect, not complied with, failure to be performed in any respect or result in a breach of the Underwriting Agreement by our Company;
- (iii) there is no occurrence of any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or fiscal or economic conditions or exchange control or currency exchange rates which in the opinion of our Underwriter would have or is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
- (aa) on or after the date of the Underwriting Agreement; and
- (bb) prior to the Closing Date,
- lower than 90% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
- (iv) there is no breach by our Company of any of its obligations under the approvals granted for the Listing and the Underwriting Agreement;

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

---

- (v) all undertakings, representations, warranties and covenants of our Company under the Underwriting Agreement has been complied with and not breached; and
- (vi) our Company has satisfied all the conditions as set out in the Underwriting Agreement on its part to be performed.
- (b) the Underwriting Agreement being signed by the relevant authorised signatories (as approved by our Board to sign on behalf of our Company) to the Underwriting Agreement and stamped within the statutory time frame;
- (c) the Prospectus being in the form and substance satisfactory to our Underwriter;
- (d) the issue of the Prospectus not later than 1 month from the date of Underwriting Agreement or such later date as our Underwriter and our Company may mutually agree in writing;
- (e) the registration of the Prospectus and such other documents as may be required in accordance with the CMSA, the Act and the Listing Requirements in relation to the IPO with Bursa Securities and its lodgement of the same with the Registrar of Companies of Malaysia ("**ROC**") by the Issue Date;
- (f) all necessary approvals including, but not limited to, the approvals referred to in the Underwriting Agreement remaining in full force and effect up to and including the date of listing of and quotation for the entire enlarged issued share capital of the Company of RM92,670,084 comprising 369,850,420 SAC Shares on the ACE Market ("**Trading Date**") and that all conditions to the approvals (except for any which can only be complied with after the Listing has been completed) have been complied with;
- (g) the approval of Bursa Securities for approval of the IPO, the Listing and the admission of our Company to the Official List being obtained on terms acceptable to our Underwriter and the approval of Bursa Securities and all such approvals stated in the Underwriting Agreement remaining in full force and effect and that all conditions (except for any which can only be complied with after the Listing has been completed) have been complied with to our Underwriter's reasonable satisfaction;
- (h) our Underwriter being satisfied that our Company will, following completion of the Listing, be admitted to the Official List and its entire enlarged issued share capital listed and quoted on the ACE Market no later than 2 months from the date of the Underwriting Agreement unless mutually agreed to in writing by the parties;
- (i) our Underwriter receiving a copy duly certified by a Director or company secretary of our Company to be a true and accurate copy and in full force and effect, of a resolution of the Directors:
  - (i) approving the Prospectus (including a confirmation that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus), the Underwriting Agreement and the transactions contemplated by it;
  - (ii) authorising the issuance of the Prospectus;
  - (iii) authorising a Director to sign and deliver the Underwriting Agreement on behalf of our Company;
  - (iv) approving the IPO and the Listing and the transactions contemplated by each of the same; and

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

---

- (v) approving the allotment and issuance of the IPO Shares under the IPO to successful investors.
- (j) all the resolutions subsection (i) above remaining in full force and effect up to and including the Trading Date and none having been rescinded or revoked or varied;
- (k) the IPO and/or the Listing not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the IPO and/or the Listing have been obtained and are in force up to and including the Trading Date;
- (l) our Company and/or any of our Subsidiaries does not have any actual or contingent liability under applicable laws or regulations or generally accepted accounting standards concerning human health and safety, pollution or protection of the environment or in relation to any interest in land which would have a material effect on our Group (financial, operational or otherwise) including the IPO and/or the Listing;
- (m) our Underwriter being satisfied that our Company has complied with and that the IPO and the Listing are in compliance with the policies, guidelines and requirements of Bursa Securities, the SC, the ROC and all other applicable securities laws and regulations, including all revisions, amendments and/or supplements to it;
- (n) there being no occurrence of any Specified Event<sup>(1)</sup> which occurs after the date of the Underwriting Agreement up to and including the Trading Date;

**Note:**

(1) *An event which occurs after the date of the Underwriting Agreement, Closing Date and on or prior to the Trading Date which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings set out in the Underwriting Agreement untrue, inaccurate, misleading or incorrect.*

- (o) there not having occurred on or prior to the Trading Date any breach of and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;
- (p) there not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to the Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Underwriter up to and including the Trading Date;
- (q) there having been, as at the Closing Date, no registration or lodgment of any amendment, supplement, or replacement to the Prospectus with Bursa Securities or the ROC without the prior written approval of our Underwriter;
- (r) the obligations of our Underwriter to subscribe for and/or procure subscriptions for the Underwritten Shares not being prohibited by any statute, order, external rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority in Malaysia at any time on or before the Trading Date; and
- (s) our Underwriter being satisfied with the arrangements of our Company to pay the expenses as set out in the Underwriting Agreement.

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

##### 4.11.2 Termination of the Underwriting Agreement

Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement and withdraw its underwriting commitment upon the occurrence of any of the following:

- (a) there is any breach by our Company of any of the representations, warranties or undertakings as set out in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement; or
- (b) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement; or
- (c) there is withholding of information from our Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a Material Adverse Effect on the financial performance and condition, business or operations or prospects of our Group, the success of the IPO, or the distribution or sale of the IPO Shares issued or offered under the IPO; or
- (d) there shall have occurred, or happened any material and adverse change in the business or financial condition or operations or prospects of our Group and/or occurrence of event(s) expected to have a Material Adverse Effect; or
- (e) the Closing Date of the application of the IPO Shares does not occur within 2 months from the Underwriting Agreement Date, subject to the extension of the Closing Date which is approved by our Underwriter in consultation with Bursa Securities and/or the SC; or
- (f) the occurrence of any *force majeure* event or any event or series of events beyond the reasonable control of our Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), pandemic, epidemic, acts of terrorism, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which would have or can reasonably be expected to have a Material Adverse Effect or which has or is likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the IPO or pursuant to the underwriting of the Underwritten Shares; or
- (g) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or fiscal or economic conditions or exchange control or currency exchange rates which in the opinion of our Underwriter would have or is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the Index is, at the close of normal trading on Bursa Securities, on any Market Day:
  - (i) on or after the date of the Underwriting Agreement; and
  - (ii) prior to the Closing Date,

lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or

---

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

---

- (h) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have a Material Adverse Effect on our Group and/or materially prejudice the financial performance and condition, business or prospects or operations of our Group, the success of the IPO, or the listing of our Company on the ACE Market or market conditions generally or which has or is likely to have the effect of making this Underwriting Agreement incapable of performance in accordance with its terms; or
- (i) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities; or
- (j) any government requisition or occurrence of any other nature which would have or is likely to have a Material Adverse Effect on the business, operations and/or financial position or prospects of our Group or the success of the IPO or the Listing; or
- (k) the IPO is stopped or delayed by our Company or Bursa Securities or the SC or any relevant authorities for any reason whatsoever (unless such delay has been approved by our Underwriter); or
- (l) any commencement of legal proceedings or action against any member of our Group or any of their directors, specified shareholders and promoters which in the opinion of our Underwriter, would have or is likely to have a Material Adverse Effect or make it impracticable to market the IPO or to enforce contracts to allot, issue and/or transfer the IPO Shares; or
- (m) any one of the Issue Documents (i) having been terminated or rescinded in accordance with its terms; (ii) ceased to have any effect whatsoever, or (iii) varied or supplemented upon terms and such variation or supplementation would have or likely to have a Material Adverse Effect; or
- (n) any of the resolutions or approvals referred to in Section 4.11.1 of this Prospectus is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is likely to have a Material Adverse Effect; or
- (o) if Bursa Securities, the SC (if applicable) or any other relevant authority issues an order pursuant to any Malaysian law such as to make it impracticable to market the IPO or to allot and/or transfer the IPO Shares; or
- (p) any other event in which a Material Adverse Effect has occurred or which in the opinion of our Underwriter is likely to occur; or
- (q) if the obligations of our Underwriter to subscribe for and/or procure subscriptions for the Underwritten Shares is or becomes prohibited by any statute, order, rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority of any jurisdiction; or
- (r) in the event that the Listing is withdrawn or not procured or procured but subject to conditions not acceptable to our Underwriter or does not take place within 2 months from the date of the Underwriting Agreement or such other extended date as may be agreed in writing by our Underwriter in consultation with Bursa Securities and/or the SC (if applicable).

## 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	Before IPO				After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
Goh Chye Hin	Malaysian	164,569,789	59.55	10,000,000 <sup>(3)</sup>	3.62	164,569,789	44.50	10,000,000 <sup>(3)</sup>	2.70
Kee Hui Lang	Malaysian	27,774,611	10.05	10,000,000 <sup>(3)</sup>	3.62	27,774,611	7.51	10,000,000 <sup>(3)</sup>	2.70

**Notes:**

(1) Based on the total number of 276,350,420 Shares before our IPO.

(2) Based on our enlarged total number of 369,850,420 Shares after our IPO.

(3) Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee (5,000,000 Shares) and Goh Ji Syuan (5,000,000 Shares) pursuant to Section 59(11)(c) of the Act.

Our Promoters and substantial shareholders do not have different voting rights from the other shareholders of our Company as all our Shares before and after our IPO are of the same class.

[The rest of this page is intentionally left blank]

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

### 5.1.2 Profiles of our Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are set out below:

(a) **Goh Chye Hin**

*Promoter, substantial shareholder and Managing Director*

Goh Chye Hin, a Malaysian, age 64, is our Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 13 May 2019. He is responsible for spearheading and overseeing our Group's overall operations as well as formulating and implementing new business strategies.

He completed his secondary education in Sekolah Menengah Jenis Kebangsaan Chung Ling Pulau Pinang in 1978. From 1979 to 1980, he attended the Advanced Level pre-university programme at Han Chiang High School. However, he opted not to continue pursuing the programme as he decided to set up Global Company, a business partnership involved in the trading of sundries with his partners in 1980.

In 1982, he joined Juan Kuang Electrical Works as a Sales Representative where he was responsible for promoting and selling electronic products. He later joined Seamaster Paint (Malaysia) Sdn Bhd in 1983 as their Sales Executive and was responsible for formulating marketing strategies and business development plans.

He left Seamaster Paint (Malaysia) Sdn Bhd in 1990 to embark on his entrepreneurial journey by co-founding United Trading, a business that is involved in the trading of paints and tools, in the same year. He later co-founded UT Holdings in 1992 with our Non-Independent Executive Director, Kee Hui Lang, a company which was previously involved in the sale and distribution of paints, coating materials and hardware. Pursuant to the incorporation of UT Holdings, United Trading was terminated in 1992. UT Holdings has ceased its sale and distribution operations in January 2023 and is only involved in property investment.

In 1999, he co-founded Colourland Paints Sdn Bhd, a paint manufacturing company, with Kee Hui Lang, Wong Chee Keen and Wong Chee Leong. In addition, in 2000, he also co-founded Colourland Paints (Marketing) Sdn Bhd (now known as Akzo Nobel Paints Marketing Sdn Bhd) ("**Colourland Marketing**") with Wong Chee Leong, Loh Boon Leong and Tan Chin Keong (collectively, Colourland Paints Sdn Bhd and Colourland Paints (Marketing) Sdn Bhd are hereinafter referred to as the "**Colourland Companies**"). Save for Kee Hui Lang, the other co-founders of the Colourland Companies are non-related parties of Goh Chye Hin. He took on the role as Managing Director of the Colourland Companies and played vital roles in overseeing their operations as well as the setting of business strategies.

In 2009, he took on the role as Managing Director of Colourland Paints Holdings Bhd. He later resigned as Managing Director of Colourland Paints Holdings Bhd and the Colourland Companies in 2012 due to the differences in views of the Colourland Companies' future direction with the other shareholders. He disposed of his entire shareholdings in the Colourland Companies (41.91% in both Colourland Companies) to his business partners in the same year, with no conditions attached such as non-competition clause or restriction to enter into similar business to the said disposal of interest in the Colourland Companies.

After leaving the Colourland Companies in 2012, in the same year, he co-founded Smart Paint (Selangor) with our Non-Independent Executive Director, Kee Hui Lang, and our other subsidiaries, Smart Paints (M) and Smart Paints (Sabah) in 2013. In 2013, he also co-founded Smart Paint Manufacturing with his cousin, Goh Bee Sim, and had assumed the position of Managing Director in these companies since. He has been instrumental in leading and growing the business of our Group.

---

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

---

Goh Chye Hin is the spouse of Kee Hui Lang, our Non-Independent Executive Director.

Further details of his directorships in other companies are as set out in Section 5.2.3 of this Prospectus.

**(b) Kee Hui Lang**

*Promoter, substantial shareholder and Non-Independent Executive Director*

Kee Hui Lang, a Malaysian, age 62, is our Promoter, substantial shareholder and Non-Independent Executive Director. She was appointed to our Board on 13 May 2019. She is mainly responsible for the management of the supply chain, warehouse and customer service.

She completed her secondary education in Sekolah Menengah Sultanah Engku Tun Aminah in 1980. Thereupon, she commenced her career as a General Clerk with Dragon & Phoenix Sdn Bhd, a company involved in the manufacturing and export of cloth, before leaving as their Supervisor in 1990. During her tenure there, she was responsible for overseeing a team involved in the measurement and trimming of cloth.

She subsequently joined United Trading in 1990 as an Executive before leaving in 1992 to co-found UT Holdings with Goh Chye Hin, a company previously involved in the sale and distribution of paints, coating material and hardware.

In 1999, she co-founded Colourland Paints Sdn Bhd with Goh Chye Hin and non-related parties, namely Wong Chee Keen and Wong Chee Leong and she was appointed as a director of the company. However, as she was not involved in the day-to-day operations of Colourland Paints Sdn Bhd and did not hold any executive roles, she later resigned as director of the company in the same year. In 2002, she disposed of her entire shareholdings in Colourland Paints Sdn Bhd to Goh Chye Hin.

In 2012, together with our Managing Director, Goh Chye Hin, she co-founded Smart Paint (Selangor) and our subsidiaries, Smart Paints (M) and Smart Paints (Sabah) in 2013. Since then, she assumed the role as our Non-Independent Executive Director.

She is the spouse of Goh Chye Hin, our Managing Director.

Further details of her directorships in other companies are as set out in Section 5.2.3 of this Prospectus.

**[The rest of this page is intentionally left blank]**



**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 for the past 3 years**

Save as disclosed below, there has been no change in our Promoters and substantial shareholders' respective shareholdings in our Company for the past 3 years prior to the LPD and after our IPO:

Promoters / Substantial Shareholders	As at 31 December 2021				As at 31 December 2022				As at 31 December 2023			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
Goh Chye Hin	29,749,871	58.45	2,000,000 <sup>(5)</sup>	3.93	30,499,887	59.93	2,000,000 <sup>(5)</sup>	3.93	151,499,435	59.53	10,000,000 <sup>(6)</sup>	3.93
Kee Hui Lang	5,000,045	9.82	2,000,000 <sup>(5)</sup>	3.93	5,000,045	9.82	2,000,000 <sup>(5)</sup>	3.93	25,000,225	9.82	10,000,000 <sup>(6)</sup>	3.93

Promoters / Substantial Shareholders	After the Acquisitions and as at the LPD				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>
Goh Chye Hin	164,569,789	59.55	10,000,000 <sup>(6)</sup>	3.62	164,569,789	44.50	10,000,000 <sup>(6)</sup>	2.70
Kee Hui Lang	27,774,611	10.05	10,000,000 <sup>(6)</sup>	3.62	27,774,611	7.51	10,000,000 <sup>(6)</sup>	2.70

**Notes:**

- (1) Based on the total number of 50,900,002 Shares.
- (2) Based on the total number of 254,500,010 Shares pursuant to the Share Split which was completed on 12 May 2023.
- (3) Based on the total number of 276,350,420 Shares after the Acquisitions and as at the LPD.
- (4) Based on our enlarged total number of 369,850,420 Shares after our IPO.
- (5) Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee (1,000,000 Shares) and Goh Ji Syuan (1,000,000 Shares) pursuant to Section 59(11)(c) of the Act.
- (6) Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee (5,000,000 Shares) and Goh Ji Syuan (5,000,000 Shares) pursuant to Section 59(11)(c) of the Act.

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

**5.1.4 Persons exercising control over the corporation**

Save for our Promoters and substantial shareholders, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is also no arrangement between our Company and our shareholders with any third party, which may, at a subsequent date, result in a change in control of our Company.

**5.1.5 Benefits paid or intended to be paid or given to our Promoters or substantial shareholders**

Save for the following, there is no amount and benefit that has been or is intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:

- (a) dividends paid or to be paid to our Promoters and substantial shareholders as detailed below:

Promoters and substantial shareholders	Dividends paid	
	FYE 2022	FYE 2023
	RM'000	RM'000
Goh Chye Hin	210	-
Kee Hui Lang	41	-

- (b) issuance of our Shares as consideration pursuant to the Acquisitions as set out in Section 6.1.2 of this Prospectus; and
- (c) aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities as set out in Section 5.2.4 of this Prospectus.

**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 assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations as set out in Section 4.3.1 of this Prospectus are set out below:

Name	Designation / Nationality	Before IPO				After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
Yau Yin Wee	Independent Non-Executive Chairman / Malaysian	-	-	-	-	200,000	0.05	-	-
Goh Chye Hin	Managing Director / Malaysian	164,569,789	59.55	10,000,000 <sup>(3)</sup>	3.62	164,569,789	44.50	10,000,000 <sup>(3)</sup>	2.70
Kee Hui Lang	Non-Independent Executive Director / Malaysian	27,774,611	10.05	10,000,000 <sup>(3)</sup>	3.62	27,774,611	7.51	10,000,000 <sup>(3)</sup>	2.70
Lim Kok Beng	Non-Independent Executive Director , Chief Operating Officer / Malaysian	9,160,059	3.31	-	-	9,660,059	2.61	-	-
Yap Yung Chien	Independent Non-Executive Director / Malaysian	-	-	-	-	200,000	0.05	-	-
Ang Hock Seng	Independent Non-Executive Director / Malaysian	-	-	-	-	200,000	0.05	-	-
Tan Suat Hoon	Independent Non-Executive Director / Malaysian	-	-	-	-	50,000	0.01	-	-

---

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

---

**Notes:**

- (1) *Based on the total number of 276,350,420 Shares before our IPO.*
- (2) *Based on our enlarged total number of 369,850,420 Shares after our IPO.*
- (3) *Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee (5,000,000 Shares) and Goh Ji Syuan (5,000,000 Shares) pursuant to Section 59(11)(c) of the Act.*

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

### 5.2.2 Profiles of Directors

Save for the profile of Goh Chye Hin and Kee Hui Lang, which have been disclosed in Section 5.1.2 of this Prospectus, the profiles of our Directors are as follows:

**(a) Yau Yin Wee**

*Independent Non-Executive Chairman*

Yau Yin Wee, a Malaysian, age 67, is our Independent Non-Executive Chairman. He was appointed to our Board on 17 April 2023.

He obtained his Bachelor of Science in Business Administration majoring in Finance from the University of South Alabama, United States of America in 1983.

Upon returning to Malaysia, he joined Hong Leong Finance Berhad in 1983 as their Marketing and Credit Executive, where he was responsible for the marketing of business and retail loans. In 1987, he was promoted to the position of Branch Manager where his responsibilities expanded to overseeing the business operations of the branch.

He was re-designated to the position of Hire Purchase Centre Manager in 1991 to spearhead the bank's automobile business in Perak by initiating new business concepts, as well as setting up a dedicated team of Marketing and Credit Managers and Officers. In 1996, he was promoted to the position of Corporate and Commercial Manager (Senior Manager).

He left to join AmBank Group in 2005 as their Senior Manager and was subsequently redesignated to Associate Director of the Corporate and Institutional Banking in 2010 where he was involved in marketing and development for corporate advisory and business loans. During his tenure there, he also assisted various clients with their initial public offering processes on both Malaysia's and Singapore's stock exchanges before leaving in 2014.

In 2015, he joined Hong Leong Bank Berhad as the General Manager, Retail Community Business. He was later appointed as the Senior Regional Head (Southern Region) in 2015, a position he held until his retirement in 2021.

He served as a Committee Member of the Institute of Bankers Malaysia (now known as Asian Institute of Chartered Bankers) from 2001 to 2014 and Chairman of the Association of Finance Companies Malaysia (Johor Regional Committee) from 2000 to 2006.

He was appointed as the Independent Non-Executive Director of I REIT Managers Sdn Bhd, Cape EMS Berhad and Axteria Group Berhad on 1 April 2022, 5 May 2022 and 13 March 2023, respectively, roles which he continues to assume.

He has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

Further details of his directorships in other companies are as set out in Section 5.2.3 of this Prospectus.

**(b) Lim Kok Beng**

*Non-Independent Executive Director / Chief Operating Officer.*

Lim Kok Beng, a Malaysian, age 64, is our Non-Independent Executive Director and Chief Operating Officer. He was appointed to our Board on 23 February 2023. He is responsible for managing and enhancing the operational efficiencies of our Group.

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

He obtained his Certificate in Technology (Materials Engineering) from Kolej Tunku Abdul Rahman, Kuala Lumpur in 1982.

He commenced his career as Quality Control Supervisor with Motorola in 1982 and was responsible for product quality improvement. He later left to join Intel (Malaysia) Sdn Bhd in 1983 as Process Engineering Technical Specialist before leaving in 1990 as their Senior Technical Specialist. During his tenure here, he was involved in sustaining and improving the manufacturing processes in the company.

He subsequently joined Acer Technologies Sdn Bhd as a Process Technology Engineer in 1990 and was promoted to the position of Senior Product Mechanical Engineer in 1992. As the Senior Product Mechanical Engineer, he was involved in developing manufacturing technology for monitors.

During his employment with Acer Technologies Sdn Bhd, he also obtained his Diploma of Marketing from Marketing Confederation Australia Limited in 1992 and his Master of Business Administration from Herriot-Watt University in 1995. In 1994, he also became a member of the Chartered Institute of Marketing.

In 1995, he left Acer Technologies Sdn Bhd to join Eng Technology Sdn Bhd in the role of General Manager where he was responsible for overseeing the company's manufacturing processes. After leaving Eng Technology Sdn Bhd in 2001, he joined Mega Precision Engineering Sdn Bhd, a company involved in the production of machinery precision engineering parts as their Business Development Manager. In 2012, he left Mega Precision Engineering Sdn Bhd and joined Synergy Manufacturing Works Sdn Bhd as their Business Director and was responsible for business development as well as maintaining customer relationships.

In 2016, he left Synergy Manufacturing Works Sdn Bhd to join our Group as our Chief Operating Officer, a role he currently assumes.

He has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

Further details of his directorships in other companies are as set out in Section 5.2.3 of this Prospectus.

**(c) Ang Hock Seng**

*Independent Non-Executive Director*

Ang Hock Seng, a Malaysian, age 62, was appointed as our Independent Non-Executive Director on 8 June 2023. He is also the Chairman of our Remuneration Committee and a member of our Nomination Committee and Audit and Risk Management Committee.

He obtained his Bachelor of Science in Geology from the National University of Malaysia in 1986.

He commenced his career in 1986 as a Sales Representative of Kimia Tanah Air (Malaysia) Sdn Bhd, where he was responsible for securing sales of industrial cleaning chemicals from the government and academic institutions. In 1987, he joined International Paints (Malaysia) Sdn Bhd as their Technical Sales / Service Executive, where he provided technical advice in respect of protective and marine coatings for new construction projects as well as for the maintenance of existing projects.

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

He left in 1992 to join TNT Express Worldwide (Malaysia) Sdn Bhd as their Territory Manager where he was tasked with overseeing courier services for parcel and document deliveries to companies. He then joined Revertex (Malaysia) Sdn Bhd in 1994 as Sales Executive of the Polymer Division where he was responsible for sales of resins and binders to the coating industry. During his tenure at Revertex (Malaysia) Sdn Bhd, which spanned almost 28 years, he was promoted through the ranks of amongst others, Senior Manager, before retiring as the Head of Sales in charge of Malaysia, Singapore, New Zealand and Australia regions in 2022. Throughout his career at Revertex (Malaysia) Sdn Bhd, he was involved in managing clients across Asia Pacific, handling and managing numerous product segments as well as overseeing the sales teams.

He has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

As at the LPD, Ang Hock Seng does not hold any directorships in any other companies outside our Group.

**(d) Tan Suat Hoon**  
*Independent Non-Executive Director*

Tan Suat Hoon, a Malaysian, age 55, is our Independent Non-Executive Director. She was appointed to our Board on 17 April 2023. She is also the Chairman of our Audit and Risk Management Committee and a member of our Nomination Committee and Remuneration Committee.

She obtained her Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College, Kuala Lumpur in 1992. She was admitted as an Associate of the Chartered Institute of Management Accountants, United Kingdom (“**CIMA**”) and the Association of Chartered Certified Accountants, United Kingdom (“**ACCA**”) in 1996 and as Fellow in 2001 for both CIMA and ACCA. She has also been a Chartered Accountant with Malaysian Institute of Accountants (“**MIA**”) since 1996. She is presently a member of CIMA and MIA.

She began her career as an Audit Assistant with KPMG Peat Marwick (now known as KPMG) in 1992 and left as an Audit Senior in 1996 where she was involved in audit assignments of private and public listed companies in various industries.

She joined Malaysian International Merchant Bankers Berhad (which was taken over by Eon Bank Berhad and subsequently by Hong Leong Bank Berhad) in 1996 as an Executive in Corporate Finance and left in 2002 as a Manager. She then joined AmlInvestment Bank Berhad as a Manager, Corporate Finance in 2002 and left in 2017 as Senior Vice President, Corporate Finance. In 2017, she joined Pen Petroleum Sdn Bhd which is involved in petroleum retailing as Group Senior Finance Manager and left in 2018. She was responsible for the supervision of the finance department in Pen Petroleum Sdn Bhd. She joined Kenanga Investment Bank Berhad as Senior Vice President, Corporate Finance in 2018 and left in 2021. She has accumulated more than 20 years of experience in corporate finance, advisory and debt capital market in the investment banking industry and was involved in initial public offerings, capital and fund-raising exercises, corporate restructuring, mergers and acquisitions, privatisation and take-overs.

Subsequently, she joined Texchem Corporation Sdn Bhd, a subsidiary of Texchem Resources Bhd (“**TRB**”), in June 2021 as Group Chief Financial Officer and was responsible for finance and treasury matters for TRB’s group of companies which are involved in the industrial, polymer engineering, food, and restaurant segments. She was transferred to TRB as the Special Officer-Regulatory, Presidential Office in July 2022 and left in September 2022. She was responsible for ensuring compliance of TRB with the

---

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

---

relevant regulatory requirements and to manage ad-hoc projects assigned by the Presidential Office.

Currently, she serves as the Chief Financial Officer of Northeast Group Berhad and its group of companies (collectively, “**Northeast Group**”) which are involved in the manufacturing of precision engineering components used in the photonics, electrical and electronic, semiconductor, telecommunication and optoelectronics industries. She joined Northeast Group since September 2022 and is responsible for their accounting, financial and corporate matters.

She was appointed as the Independent Non-Executive Director of Central Global Berhad, PGF Capital Berhad and Elridge Energy Holdings Berhad since 3 January 2023, 31 May 2023 and 1 February 2024, respectively.

She has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

Further details of her directorships in other companies are as set out in Section 5.2.3 of this Prospectus.

**(e) Yap Yung Chien**  
*Independent Non-Executive Director*

Yap Yung Chien, a Malaysian, age 34, was appointed as our Independent Non-Executive Director on 8 June 2023. She is also the Chairman of our Nomination Committee and a member of our Remuneration Committee and Audit and Risk Management Committee.

She commenced her career with Yusarn Audrey as Legal Secretary in 2011 while undertaking the part-time Diploma in Law, University of London (External) course with Advance Tertiary College Singapore which she successfully completed in 2013. She left Yusarn Audrey in 2014 to join Gallant Venture Ltd as their Legal Executive before leaving as their Assistant Manager, Legal in 2019. During her tenure in Yusarn Audrey and Gallant Venture Ltd, she was involved in preparing and negotiating contracts as well as providing legal advisory services.

Upon obtaining her Diploma in Law in 2013, she continued to further her studies on part-time basis and graduated with a Bachelor of Laws from University of London (External) in 2015 and the Certificate in Legal Practice in 2019.

In 2019, she joined Epson Singapore Pte Ltd briefly as their Regional Legal Counsel before deciding to return to Malaysia in the same year to assist in managing her family business, Sushi House Master Sdn Bhd as Chief Executive Officer until 2020.

She commenced her pupillage with Lee & Tengku Azrina in 2020 and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2021. She was subsequently retained as a Legal Associate in the corporate and commercial department before leaving Lee & Tengku Azrina in 2022 to re-join her family business, Sushi House Master Sdn Bhd, as Chief Executive Officer.

In August 2022, she left her family business to set up her own legal firm Y.C. Yap & Co., specialising in corporate and commercial matters, wills, trusts and property.

She was appointed as the Independent Non-Executive Director of Axteria Group Berhad on 1 March 2023, a role which she continues to assume.

Further details of her directorships in other companies are as set out in Section 5.2.3 of this Prospectus.



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

**5.2.3 Involvement of our Directors in other principal business activities outside our Group**

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

**(a) Yau Yin Wee**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding/ unitholding held	
					Direct	Indirect
<b>Present involvement</b>						
Business Legion Sdn Bhd	<ul style="list-style-type: none"> <li>Property investment holding</li> </ul>	Director / Shareholder	8 July 2021	-	0.01	-
Axteria Group Berhad	<ul style="list-style-type: none"> <li>Investment holding company with its subsidiaries principally involved in the development and management of real estate projects</li> </ul>	Independent Non-Executive Director	13 March 2023	-	-	-
I REIT Managers Sdn Bhd	<ul style="list-style-type: none"> <li>Management company of AME Real Estate Investment Trust</li> </ul>	Independent Non-Executive Director <sup>(1)</sup>	1 April 2022	-	-	-
AME Real Estate Investment Trust	<ul style="list-style-type: none"> <li>Real Estate Investment Trust</li> </ul>	Unitholder <sup>(1)</sup>	-	-	0.05	-
Cape EMS Berhad	<ul style="list-style-type: none"> <li>Investment holding company involved in electronics manufacturing services ("<b>EMS</b>") and with its subsidiaries involved in aluminium die casting, EMS and the supply of electronic products</li> </ul>	Independent Non-Executive Director / Shareholder	5 May 2022	-	<0.01	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding/ unitholding held	
					Direct	Indirect
<b>Past Involvement</b>						
NOVA CJC Inno-tech Solutions Limited	<ul style="list-style-type: none"> <li>Provision of Information Technology ("IT") consultancy services</li> <li>Deregistered on 4 April 2019</li> </ul>	Director / Shareholder	25 October 2016	-	66.67	-
Cape Smart Solutions Pte Ltd	<ul style="list-style-type: none"> <li>Provision of IT consultancy services</li> <li>Struck off on 4 October 2021</li> </ul>	Director / Shareholder	3 January 2017	-	45.00	-

**Note:**

- (1) As at the LPD, Yau Yin Wee holds 250,000 units (0.05%) in AME Real Estate Investment Trust while serving as the Independent Non-Executive Director of I REIT Managers Sdn Bhd, management company of AME Real Estate Investment Trust. Yau Yin Wee's obligations/ responsibilities as Independent Non-Executive Director of I REIT Managers Sdn Bhd is primarily in respect of AME Real Estate Investment Trust.

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

(b) Goh Chye Hin

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
<b><u>Present involvement</u></b>						
UT Holdings	<ul style="list-style-type: none"> <li>Property investment holding</li> </ul>	Director / Shareholder	31 October 1992	-	54.53	22.22 <sup>(1)</sup>
Mr.Mark Tools (M) Sdn Bhd	<ul style="list-style-type: none"> <li>Trading in industrial tools, equipment and hardware</li> </ul>	Director / Shareholder	17 January 2005	-	50.75	-
Mr.Mark Machinery Sdn Bhd	<ul style="list-style-type: none"> <li>Dormant with no intended activities.</li> <li>Previously involved in the trading of machinery.</li> </ul>	Director / Shareholder	26 October 2010	-	70.00	-
KTC Hardware & Trading Sdn Bhd	<ul style="list-style-type: none"> <li>Trading of hardware</li> </ul>	Shareholder	-	-	46.20	-
Kulim Economy Centre Sdn Bhd	<ul style="list-style-type: none"> <li>Trading of clothes.</li> <li>In the process of striking out</li> </ul>	Director	19 October 1981	-	-	-
Reginehojiak Angel PLT	<ul style="list-style-type: none"> <li>Food and beverage services</li> </ul>	Partner	13 May 2022	-	N/A (Partnership)	N/A (Partnership)
<b><u>Past Involvement</u></b>						
MP World Hardware & Machinery Sdn Bhd	<ul style="list-style-type: none"> <li>Trading of hardware</li> </ul>	Director / Shareholder	15 October 2012	21 January 2021	50.00 <sup>(2)</sup>	-
KTC Hardware & Trading Sdn Bhd	<ul style="list-style-type: none"> <li>Trading of hardware</li> </ul>	Director	3 October 2012	11 April 2023	-	-
Ztree Sdn Bhd	<ul style="list-style-type: none"> <li>Trading of paints</li> </ul>	Shareholder	-	-	50.00 <sup>(3)</sup>	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
Smart Asia Chemical Berhad	<ul style="list-style-type: none"> <li>Dormant, intended as an investment holding company</li> <li>Struck off on 27 September 2019</li> </ul>	Director / Shareholder	18 January 2019	-	50.00	-
PT Smart Paint Indonesia	<ul style="list-style-type: none"> <li>Manufacturing of paints</li> </ul>	Shareholder	-	-	50.00 <sup>(4)</sup>	-

**Notes:**

- (1) Deemed interested by virtue of the direct shareholding of his children, Goh Sim Yee and Goh Ji Syuan pursuant to Section 59(1)(c) of the Act.
- (2) Goh Chye Hin disposed of his entire shareholdings in MP World Hardware & Machinery Sdn Bhd to a non-related party, Cho Chooi Mei (250,000 shares) on 4 February 2021.
- (3) Goh Chye Hin disposed of all his entire shareholdings in Ztree Sdn Bhd to non-related parties, Chang Peng Chye (74,999 shares) and Chang Peng Chye's trustee, Nurul Rashaqa Nafira Binti Imran (1 share) on 27 October 2022.
- (4) Goh Chye Hin disposed of his entire shareholdings in PT Smart Paint Indonesia to a non-related party, Santos Loy (122,500 shares), who is also a minority shareholder of our Company (holding 2,000,000 Shares or 0.54% after IPO), on 8 January 2022.

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

**(c) Kee Hui Lang**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
<b><u>Present involvement</u></b>						
UT Holdings Sdn Bhd (formerly known as UT Paints Sdn Bhd)	<ul style="list-style-type: none"> <li>Property investment holding company</li> </ul>	Director / Shareholder	31 October 1992	-	23.25	22.22 <sup>(1)</sup>
BIY Home Store (Kota Tinggi) Sdn Bhd	<ul style="list-style-type: none"> <li>Retail in hardware, tools, paints and household items</li> </ul>	Shareholder	-	-	20.00	-
<b><u>Past Involvement</u></b>						
BIY Home Store (Kota Tinggi) Sdn Bhd	<ul style="list-style-type: none"> <li>Retail in hardware, tools, paints and household items</li> </ul>	Director	29 November 2012	30 April 2023	-	-
QC Printing (J) Sdn Bhd	<ul style="list-style-type: none"> <li>Operation of printing business</li> <li>Struck off on 29 March 2024</li> </ul>	Director / Shareholder	20 June 2016	26 January 2022	3.84 <sup>(2)</sup>	-
QC Printing Sdn Bhd	<ul style="list-style-type: none"> <li>Design and printing of catalogues, brochures, leaflets and other related products</li> </ul>	Director / Shareholder	1 August 2005	8 December 2021	23.00 <sup>(3)</sup>	-
KTC Hardware & Trading Sdn Bhd	<ul style="list-style-type: none"> <li>Operations of hardware stores</li> </ul>	Director	3 October 2012	25 February 2021	-	-
Smart Asia Chemical Berhad	<ul style="list-style-type: none"> <li>Dormant, intended as an investment holding company</li> <li>Struck off on 27 September 2019</li> </ul>	Director / Shareholder	18 January 2019	-	50.00	-

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

**Notes:**

- (1) Deemed interested by virtue of the direct shareholding of her children, Goh Sim Yee and Goh Ji Syuan pursuant to Section 59(11)(c) of the Act.
- (2) Kee Hui Lang disposed of her entire shareholdings in QC Printing (J) Sdn Bhd to a non-related party, Ng Teck Yong (38,400 shares) on 21 February 2022.
- (3) Kee Hui Lang disposed of her entire shareholdings in QC Printing Sdn Bhd to non-related parties, Ng Euddy (130,000 shares) and Ng Teck Yong (100,000 shares) on 22 December 2021.

**(d) Lim Kok Beng**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
<b><u>Present involvement</u></b>						
SSMW Sdn Bhd	<ul style="list-style-type: none"> <li>• Trading and installation of mechanical assemblies</li> </ul>	Director / Shareholder	25 April 2007	-	26.67	-
Synergy Manufacturing Works Sdn Bhd	<ul style="list-style-type: none"> <li>• Investment holding company of a Chinese subsidiary involved in the manufacturing of precision mechanical components</li> </ul>	Shareholder	-	-	13.33	-
<b><u>Past Involvement</u></b>						
Mr.Mark Tools (M) Sdn Bhd	<ul style="list-style-type: none"> <li>• Trading in industrial tools, equipment and hardware</li> </ul>	Director / Shareholder	29 June 2012	27 July 2020	9.42 <sup>(1)</sup>	-
MP World Hardware & Machinery Sdn Bhd	<ul style="list-style-type: none"> <li>• Trading of hardware</li> </ul>	Director / Shareholder	29 January 2013	21 January 2021	10.00 <sup>(2)</sup>	-

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

**Notes:**

- (1) *Lim Kok Beng disposed of his entire shareholdings in Mr.Mark Tools (M) Sdn Bhd to Goh Chye Hin's sister-in-law, Cho Chooi Peng (932,339 shares) on 30 November 2020.*
- (2) *Lim Kok Beng disposed of his entire shareholdings in MP World Hardware & Machinery Sdn Bhd to Goh Chye Hin's sister-in-law, Cho Chooi Peng (50,000 shares) on 4 February 2021.*

**(e) Tan Suat Hoon**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
<b><u>Present involvement</u></b>						
Central Global Berhad	<ul style="list-style-type: none"> <li>Investment holding company with its subsidiaries principally involved in the manufacturing of crepe paper masking and construction</li> </ul>	Independent Non-Executive Director	3 January 2023	-	-	-
PGF Capital Berhad	<ul style="list-style-type: none"> <li>Investment holding company with subsidiaries principally involved in manufacturing, property and agriculture</li> </ul>	Independent Non-Executive Director	31 May 2023	-	-	-
Elridge Energy Holdings Berhad	<ul style="list-style-type: none"> <li>Investment holding company with its subsidiary principally involved in the manufacturing and trading of biomass fuel products</li> </ul>	Independent Non-Executive Director	1 February 2024	-	-	-
<b><u>Past Involvement</u></b>						
Nil						

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

**(f) Yap Yung Chien**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
<b><u>Present involvement</u></b>						
Axteria Group Berhad	<ul style="list-style-type: none"> <li>Investment holding company with its subsidiaries principally involved in the development and management of real estate projects</li> </ul>	Independent Non-Executive Director	1 March 2023	-	-	-
Sushi House Master Sdn Bhd	<ul style="list-style-type: none"> <li>Provision of food and beverage services</li> </ul>	Director / Shareholder	1 January 2023	-	24.00	-
SH Master Group Sdn Bhd	<ul style="list-style-type: none"> <li>Provision of food and beverage services</li> </ul>	Director / Shareholder	13 December 2023	-	24.00	20.00 <sup>(1)</sup>
Y.C. Yap Contract Consultancy	<ul style="list-style-type: none"> <li>Provision of contract consultancy and management services</li> </ul>	Sole Proprietor	27 January 2019	-	N/A (Sole proprietorship)	N/A (Sole proprietorship)
Y.C. Yap & Co.	<ul style="list-style-type: none"> <li>Legal firm</li> </ul>	Sole Proprietor	1 September 2022	-	N/A (Sole proprietorship)	N/A (Sole proprietorship)
Sushi House Master	<ul style="list-style-type: none"> <li>Provision of food and beverage services</li> </ul>	Sole Proprietor	29 June 2022	-	N/A (Sole proprietorship)	N/A (Sole proprietorship)
<b><u>Past Involvement</u></b>						
Nil						



---

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

---

**Note:**

(1) *Deemed interested by virtue of the direct shareholding of her spouse, Galvin G Lojingau, pursuant to Section 59(11)(c) of the Act.*

The involvement of our Executive Directors in those business activities does not require significant amount of time as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors which they served on. Those businesses are managed by their respective managements and do not require our Executive Directors' involvement on a daily basis. Our Executive Directors are of the view that although they are involved in other business activities, it does not affect their ability to perform their executive roles and responsibilities to our Group.

The involvement of our Independent Non-Executive Directors in other businesses or corporations outside our Group will not affect their contribution to our Group as they are not involved in the day-to-day operations of our Group.

**[The rest of this page is intentionally left blank]**

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

**5.2.4 Directors' remuneration and benefits**

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2023 and 2024 are as follows:

<b>FYE 2023 (Actual)</b>	<b>Directors' fees RM'000</b>	<b>Salaries RM'000</b>	<b>Bonuses RM'000</b>	<b>Benefits-in-kind and allowance RM'000</b>	<b>Statutory contributions<sup>(3)</sup> RM'000</b>	<b>Total RM'000</b>
<b><u>Non-Independent Executive Directors</u></b>						
Goh Chye Hin	16 <sup>(1)</sup>	97	16	4	15	148
Kee Hui Lang	16 <sup>(1)</sup>	61	10	4	10	101
Lim Kok Beng	16 <sup>(1)</sup>	113	19	4	16	168
<b><u>Independent Non-Executive Directors</u></b>						
Yau Yin Wee	16 <sup>(1)</sup>	-	-	4	-	20
Ang Hock Seng	12 <sup>(2)</sup>	-	-	3	-	15
Tan Suat Hoon	16 <sup>(1)</sup>	-	-	4	-	20
Yap Yung Chien	12 <sup>(2)</sup>	-	-	4	-	16

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

<b>FYE 2024 (Proposed)</b>	<b>Directors' fees RM'000</b>	<b>Salaries RM'000</b>	<b>Bonuses<sup>(4)</sup> RM'000</b>	<b>Benefits-in-kind and allowance RM'000</b>	<b>Statutory contributions<sup>(3)</sup> RM'000</b>	<b>Total RM'000</b>
<b><u>Non-Independent Executive Directors</u></b>						
Goh Chye Hin	45	97	12	6	14	174
Kee Hui Lang	45	61	8	6	9	129
Lim Kok Beng	45	113	14	6	16	194
<b><u>Independent Non-Executive Directors</u></b>						
Yau Yin Wee	45	-	-	6	-	51
Ang Hock Seng	45	-	-	6	-	51
Tan Suat Hoon	45	-	-	6	-	51
Yap Yung Chien	45	-	-	6	-	51

**Notes:**

- (1) The Directors were appointed prior to the conversion of our Company to public limited company. Our Company started paying Directors' fees to its Directors in May 2023 upon its conversion to public limited company.
- (2) The Directors were appointed after the conversion of our Company to public limited company. The Directors' fees are pro-rated based on their respective appointment dates.
- (3) Statutory contributions consist of Employees Provident Fund, Social Security Organisation and Employment Insurance System.
- (4) Bonuses for the FYE 2024 will only be determined later depending on the performance of our Group, subject to the recommendation by our Remuneration Committee and approval of our Board. The Executive Directors shall abstain from the deliberation and voting on the board resolution in relation to bonuses payable to them, if any.

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. Any changes in Directors' fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 15.2 for further details.

---

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

---

### **5.3 BOARD PRACTICE**

#### **5.3.1 Board**

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

- (a) To promote good corporate governance culture within the Group which enforces ethical, prudent and professional behaviour;
- (b) To avoid conflicts of interest wherever possible. Where a conflict arises, they must adhere scrupulously to the procedures provided by the law, the Constitution and any policies or procedures approved by the Board for dealing with conflicts, whereby they must disclose their nature of interest during the board meeting and shall not participate in any discussion and shall abstain from the decision-making process;
- (c) To provide oversight of sustainability management of the Group;
- (d) To provide oversight of anti-bribery management of the Group;
- (e) To establish, review and integrate sustainability to the strategic direction and plans of the Group;
- (f) To monitor the implementation of strategic plans by management;
- (g) To review and approve all quarterly and annual financial statements for announcement to Bursa Securities and stakeholders. The Audit and Risk Management Committee reviews and recommends the financial statements prior to presentation to the Board;
- (h) To oversee and evaluate the conduct of the businesses of the Group;
- (i) To evaluate performance of the management in accordance to the pre-determined set of performance measurement;
- (j) To identify and evaluate business risks and ensure implementation of a managed sound risk management framework;
- (k) To review the adequacy and integrity of the internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (l) To review and oversee that the appointment, resignation or termination of Directors, company secretaries, auditors and key senior management are properly carried out and documented;
- (m) To ensure establishment of succession plans for the Board members and key senior management;
- (n) To ensure the Board is supported by at least a suitably qualified and competent company secretary who shall advice on the compliance with applicable laws and any amendments to the laws and regulations related to the listing;
- (o) To formalise ethical standards of conduct through a Code of Conduct for Directors and management and ensure compliance;

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

- (p) To develop and implement an investors' relations programme, a shareholders or stakeholders communication policy; and
- (q) To review and address sustainability risks including environmental-related (i.e climate change), social-related and governance-related risks and opportunities in an integrated and strategic manner to support the Group's long-term strategy and success.

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:

Name	Designation	Age	Date of appointment as Director	Date of expiration of the current term in office in AGM	Approximate no. of years in office as at the LPD
Yau Yin Wee	Independent Non-Executive Chairman	67	17 April 2023	Subject to retirement by rotation at the 2024 AGM of our Company	Less than 1 year
Goh Chye Hin	Managing Director	64	13 May 2019	Subject to retirement by rotation at the 2024 AGM of our Company	4 years and 10 months
Kee Hui Lang	Non-Independent Executive Director	62	13 May 2019	Subject to retirement by rotation at the 2024 AGM of our Company	4 years and 10 months
Lim Kok Beng	Non-Independent Executive Director/Chief Operating Officer	64	23 February 2023	Subject to retirement by rotation at the 2024 AGM of our Company	1 year and 1 month
Ang Hock Seng	Independent Non-Executive Director	62	8 June 2023	Subject to retirement by rotation at the 2024 AGM of our Company	Less than 1 year
Tan Hoon Suat	Independent Non-Executive Director	55	17 April 2023	Subject to retirement by rotation at the 2024 AGM of our Company	Less than 1 year
Yap Yung Chien	Independent Non-Executive Director	34	8 June 2023	Subject to retirement by rotation at the 2024 AGM of our Company	Less than 1 year

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

According to our Constitution, an election of Directors shall take place each year at the annual general meeting of the Company where one-third 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 shall retire from office and be eligible for re-election PROVIDED ALWAYS that Directors shall retire from office once at least in each 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. The members of our Board are set out in Sections 1 and 5.2 of this Prospectus.

Our Board acknowledges and is aware of the Malaysia 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. In order to promote business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value while taking into account the interest of our stakeholders, we have adopted all relevant recommendations under the MCCG.

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 50% or more of Independent Non-Executive Directors, that our chairman of the Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30% women directors on our Board.

### 5.3.2 Audit and Risk Management Committee

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

Name	Designation	Directorship
Tan Suat Hoon	Chairman	Independent Non-Executive Director
Ang Hock Seng	Member	Independent Non-Executive Director
Yap Yung Chien	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility to oversee our Group’s accounting and financial reporting matters as well as on matters relating to our Group’s risk management. The Audit and Risk Management Committee’s duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) Review our Group’s quarterly results and year-end financial statements before submission to the Board, focusing particularly on:
  - (i) Changes in or implementation of major accounting policy changes;
  - (ii) Significant and unusual events or transactions, and how these matters are addressed;
  - (iii) Significant adjustments arising from the management;
  - (iv) Compliance with accounting standards and other legal requirements; and
  - (v) The going concern assumption.
- (b) To conduct the following in respect of external audit:

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

- (i) To consider the nomination and appointment of external auditors and to consider the adequacy of experience and resources of the external auditors and determine the audit fee;
  - (ii) To review any letter of resignation from the external auditors and any questions of resignation or dismissal;
  - (iii) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
  - (iv) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by our Group's employees to the external auditors;
  - (v) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
  - (vi) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment; and
  - (vii) Discuss and review the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts that cannot be entered into should include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.
- (c) Review with the external auditors on the following and report the same to our Board:
- (i) Audit plan;
  - (ii) Audit report;
  - (iii) Evaluations of the system of internal controls;
  - (iv) The assistance given by the employees to the external auditor;
  - (v) External auditors' management letter and management's response thereto; and
  - (vi) Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditor.
- (d) To review the following in respect of internal audit:
- (i) Suitability of the candidate to be hired as in-house internal auditors, his/her jobs description and remuneration;
  - (ii) Adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
  - (iii) The internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and ensure that appropriate actions are taken on the recommendations of the internal audit function;

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

- (iv) The major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function; and
  - (v) Review and approve any appointment, termination or resignation of the firm of internal auditors.
- (e) Review with the internal auditors on the following and report the same to our Board:
- (i) The annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of the Group and that it has the necessary authority to carry out its work;
  - (ii) Effectiveness of the internal audit processes as well as the adequacy of the resource requirements, competency and the budget of the internal audit function;
  - (iii) The internal audit report containing the internal audit findings, commentaries and recommendations and to follow-up on remedial actions;
  - (iv) Effectiveness of the internal control systems and risk management systems and have them considered if necessary; and
  - (v) Internal auditors' report of deficiencies in internal control and Management's response thereto.
- (f) To provide oversight of sustainability reporting by ensuring the effective identification, management and reporting of material sustainability matters (i.e. risks and opportunities) affecting the economic, environmental and social aspects of our Group's businesses towards achievement of sustainability goals across our Group;
- (g) Review the following and report the same to our Board:
- (i) The Annual Statement of Internal Control and sustainability reporting to be published in the Annual Report;
  - (ii) Any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises question of Management integrity;
  - (iii) Any letter of resignation from the external auditors or suggestions for their dismissal; and
  - (iv) Whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.
- (h) Assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- (i) To provide oversight of anti-bribery management of our Group;
- (j) To appoint Compliance Officer or the Audit and Risk Management Committee's Chairman to serve as a reporting channel role for whistle-blower who concerned about speaking or by email of his/her concern;



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

---

- (k) Carry out any other function that may be mutually agreed upon by the Audit and Risk Management Committee and the Board;
- (l) To conduct an annual assessment on the suitability, objectivity and independence of the external audit firm;
- (m) To do the following in respect of risk management:
  - (i) To review the adequacy of Group's risk management framework and assess the resources and knowledge of the management and employee involved in the risk management process;
  - (ii) To review the effectiveness of internal control systems deployed by the Management to address those risks;
  - (iii) To review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
  - (iv) To review and further monitor principal risks that may affect the Group directly or indirectly and if deemed necessary, recommend additional course of action to mitigate such risks;
  - (v) To communicate and monitor the risk assessment results to our Board; and
  - (vi) To highlight actual and potential impact of any failing or weakness, particularly those related to the financial performance or conditions affecting our Group.
- (n) To do the following in respect of our share issuance scheme:
  - (i) To disclose to employees the criteria for allocation of options pursuant to a share issuance scheme; and
  - (ii) To ensure that allocation of options pursuant to a scheme is verified by the Audit and Risk Management Committee, as being in compliance with the criteria referred to in n(i) above, at the end of each financial year.

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

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

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

**5.3.3 Remuneration Committee**

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

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ang Hock Seng	Chairman	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director
Yap Yung Chien	Member	Independent Non-Executive Director

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 includes, amongst others, the following:

- (a) The Remuneration Committee shall consider the scope of service agreements and remuneration of executive directors of the Group and make such recommendations to the Board as the Remuneration Committee thinks fit;
- (b) The Remuneration Committee shall review and make recommendations to the Board on the remuneration policies and packages of executive directors, Managing Director and key senior management of the Group;
- (c) The Remuneration Committee shall, on an annual basis and after taking due consideration of the assessment of the Nomination Committee of the effectiveness and contribution of every Director, Managing Director and key senior management concerned, review the remuneration packages of the Directors, Managing Director and key senior management of the Group and recommend to the Board specific adjustments in remuneration packages, if any;
- (d) The Remuneration Committee shall review and make recommendations to the Board on Director's fees and other remuneration of non-executive directors and independent directors linking the level of remuneration to their level of responsibilities and contribution to the Board;
- (e) The Remuneration Committee shall oversee any major changes in employee remuneration and benefit structures throughout the Group;
- (f) The Remuneration Committee may review policy governing the remuneration of Directors as well as policies governing remuneration and promotion of key senior management of the Group annually;
- (g) The Remuneration Committee may recommend to the Board the appointment of the services of such advisers or consultants, as it deems necessary to fulfil the responsibilities;
- (h) To provide a report summarizing its activities for the year in compliance with the MCGG, Listing Requirements and any relevant regulations; and
- (i) Other functions include, amongst others, the following:
  - (i) The Remuneration Committee may obtain such information as it may require on the remuneration of any executive director, executive officer or employee of the Group;

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

- (ii) The Remuneration Committee shall be entitled to secure the attendance of any person with the relevant experience and expertise at the Remuneration Committee's meetings if the Remuneration Committee considers this appropriate;
- (iii) In considering its recommendations to the respective board of directors of the Group, the Remuneration Committee shall be entitled to ensure that performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive directors, Managing Director as well as key senior management of the Group should be designed to align their interests with those of shareholders and to give such executive directors, Managing Director and key senior management such incentives to perform at the highest levels;
- (iv) The Remuneration Committee may recommend to our Board, reasonable remuneration packages needed to attract, retain and motivate our Group's executive directors and key senior management of the quality required;
- (v) The Remuneration Committee may consider and recommend to our Board, the remuneration of the executive directors or executive officers relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution; and
- (vi) The Remuneration Committee shall consider other matters as referred to the Remuneration Committee by our Board or the board of directors of the respective subsidiaries.

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

**5.3.4 Nomination Committee**

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

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yap Yung Chien	Chairman	Independent Non-Executive Director
Tan Suat Hoon	Member	Independent Non-Executive Director
Ang Hock Seng	Member	Independent Non-Executive Director

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

- (a) To develop, maintain and review the criteria to be used in the recruitment of Directors and senior management;
- (b) To formulate, maintain and review the re-appointment and re-election process of Directors having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required;
- (c) To formulate the "Fit and Proper Policy" and to ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto our Board, including Directors who are seeking for re-election;
- (d) To prepare and review the report of the Nomination Committee in accordance with Rule 15.01A of the Listing Requirements;

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

- (e) To assess and recommend to the Board, candidates for all directorships to be filled by the shareholders of the Company or the Board. In making the recommendations, the Committee will also consider candidates proposed by the Managing Director, and within the bounds of practicability, by any other senior management, Director or shareholder of the Company;
- (f) In making its recommendations, the Nomination Committee should consider the following attributes of the candidates or factors:
  - (i) technical competency, skills, knowledge, expertise and experience;
  - (ii) strong sense of professionalism;
  - (iii) background, character, integrity and competence;
  - (iv) contribution and performance;
  - (v) other commitments and time available to contribute inputs to our Board;
  - (vi) in the case of candidates for the position of independent non-executive Directors, the Nomination Committee should evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive Directors; and
  - (vii) boardroom diversity including gender (best endeavours to remain at least 30% women directors), age and ethnicity diversity.

In identifying candidates for appointment of Directors, our Board will not solely rely on recommendations from existing Directors, senior management or major shareholders. The Board will utilise independent sources to identify suitable and qualified candidates. If the selection of candidates was solely based on recommendations made by existing Board members, senior management or major shareholders, the Nomination Committee should explain why other sources were not used;

- (g) To recommend to our Board the nominees to fill the seats on the committees of our Board;
- (h) To review Board and senior management succession plans and make recommendations to our Board on succession planning policy for management;
- (i) To lead the succession planning and appointment of board members, including the future Chairman of the Board and Managing Director;
- (j) To review the training needs/programs for the Board and facilitate the Board induction and training programs;
- (k) To review annually, the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with the terms of reference of the Audit and Risk Management Committee;
- (l) To implement annual assessment on the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance, character, experience, integrity, competence and time to effectively discharge his/her role as a Director, including non-executive Directors and executive Directors. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented together with the criteria used for such assessment;
- (m) To examine the size of the Board with a view of determining the impact of the number upon its effectiveness;

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

---

- (n) To review the required mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board;
- (o) To develop the criteria to assess independence and to assess on an annual basis, the independence of the independent non-executive Directors and recommend the same to the Board;
- (p) To recommend the retention of its independent non-executive Directors whose terms have exceeded 9 years' tenure for continuance in the office;
- (q) To recommend the re-election of Directors who retired by rotation pursuant to the Company's Constitution;
- (r) To establish time commitment expectations/protocol for the members of our Board;
- (s) To review the attendance of the Directors at Board and/or Board committee(s) meetings;
- (t) To establish a policy formalising its approach to boardroom diversity;
- (u) To act in line with the directions of our Board;
- (v) To review with the Managing Director and the executive directors, their goals and objectives and to assess their performance against these objectives as well as their contribution to the corporate strategy;
- (w) To ensure that the composition of our Board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the Board; and
- (x) To consider and examine such other matters as the Nomination Committee considers appropriate including the activities of the Nomination Committee in the discharge of its duties for the financial year.

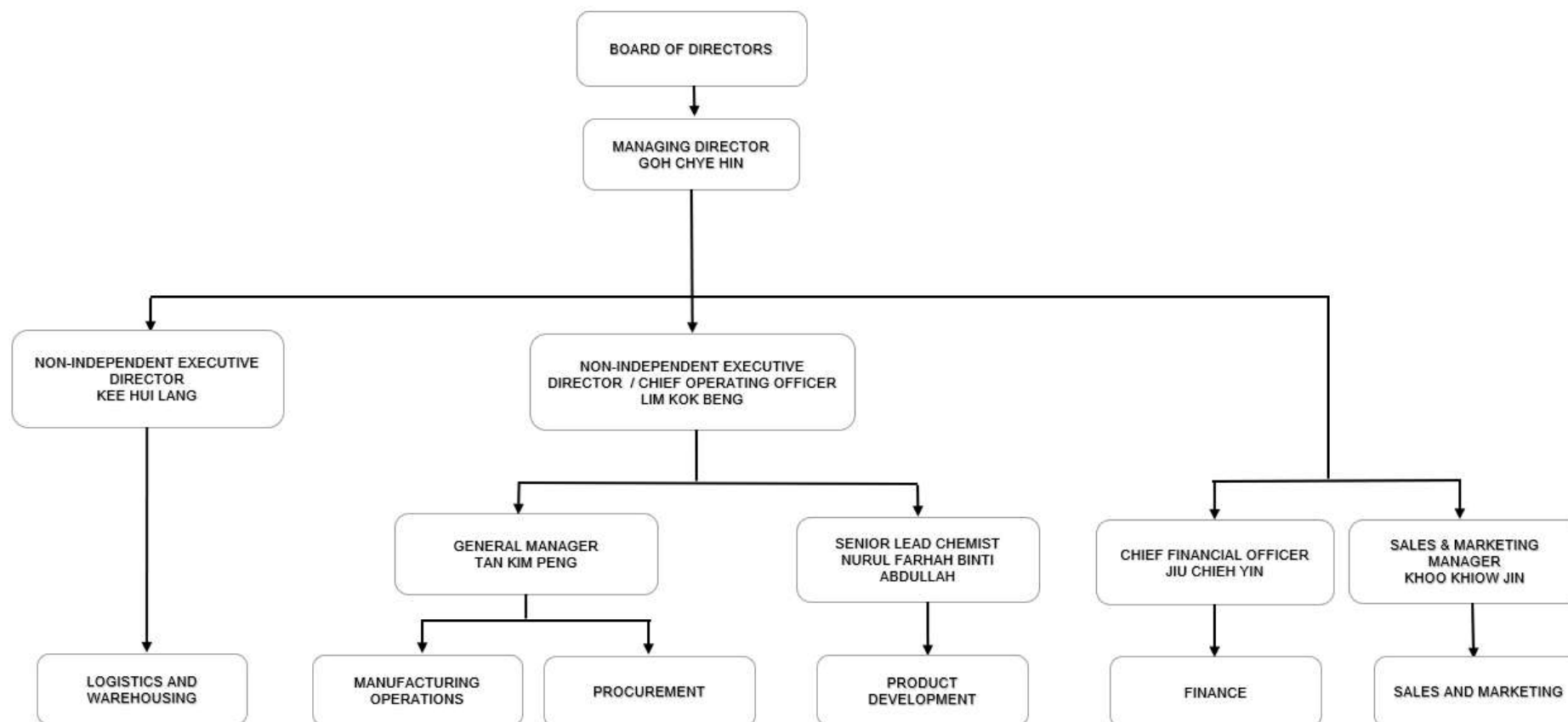
The recommendations of our Nomination Committee are subject to the approval of our Board.

**[The rest of this page is intentionally left blank]**

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

5.4 KEY SENIOR MANAGEMENT

5.4.1 Management structure



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

**5.4.2 Key senior management's shareholdings**

Save for the shareholdings of Goh Chye Hin, Kee Hui Lang and Lim Kok Beng (whom are also our key senior management) which are set out in Sections 5.2.1 and 5.2.2 of this Prospectus, the shareholdings of our key senior management in our Company before and after our IPO are as set out below:

Name	Designation / Nationality	Before IPO				After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	%	No. of Shares	% <sup>(2)</sup>	No. of Shares	%
Jiu Chieh Yin	Chief Financial Officer / Malaysian	-	-	-	-	200,000	0.05	-	-
Khoo Khiow Jin	Sales and Marketing Manager / Malaysian	-	-	-	-	300,000	0.08	-	-
Tan Kim Peng	General Manager / Malaysian	1,000,000	0.36	-	-	1,200,000	0.32	-	-
Nurul Farhah binti Abdullah	Senior Lead Chemist / Malaysian	-	-	-	-	200,000	0.05	-	-

**Notes:**

(1) Based on the total number of 276,350,420 Shares before our IPO.

(2) Based on our enlarged total number of 369,850,420 Shares after our IPO and assuming that our key senior management will 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*)

---

### 5.4.3 Profiles of key senior management

Save for the profiles of Goh Chye Hin, Kee Hui Lang and Lim Kok Beng (whom are also our key senior management) which are set out in Sections 5.1.2 and 5.2.2 of this Prospectus, the profiles of our key senior management are as follows:

**(a) Jiu Chieh Yin**  
*Chief Financial Officer*

Jiu Chieh Yin, a Malaysian, age 37, is our Chief Financial Officer. She joined our Group in February 2022 and she is responsible for managing and overseeing our Group's accounting and finance function including financial, audit and tax.

She graduated with a Bachelor of Accountancy (First Class Honours) from Northern University of Malaysia in 2011 and became a Member and Fellow Member of the Association of Chartered Certified Accountants in 2015 and 2020 respectively. She was also admitted as a Chartered Accountant of the Malaysian Institute of Accountants in 2015.

She started her career as an Audit Assistant with Ernst & Young LLP in 2011 and progressed to the role of Audit Manager in 2016. In 2018, she left to join Grant Thornton Malaysia PLT as their Audit Senior Manager.

During her tenure in Ernst & Young LLP and Grant Thornton Malaysia PLT, she was involved in the statutory audit of both public listed and private companies in various industries, including manufacturing, trading, hospitality, automobile, plantation, property development, and construction. Further, she has also participated in audit works involving local companies with foreign subsidiaries as well as local subsidiaries owned by foreign companies. In addition, she was also responsible for providing in-house training and technical support to the auditors.

After leaving Grant Thornton Malaysia PLT in 2021, she took a brief career break before joining our Group in 2022 as our Chief Financial Officer.

She has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

As at the LPD, Jiu Chieh Yin does not hold any directorship in any other companies outside our Group.

**(b) Khoo Khiow Jin**  
*Sales and Marketing Manager*

Khoo Khiow Jin, a Malaysian, age 47, is our Sales and Marketing Manager. He joined our Group in April 2013 and he is responsible for developing new sales pipelines through branding which includes managing marketing campaigns and the implementation of marketing plans and strategies.

He graduated with a Diploma in Interior Design from the Malaysia Institute of Art in 1999. Upon graduation, he commenced his career as a Product Designer with Formedge Sdn Bhd where he was involved in the product design of aluminium extrusion for POS display system products. He left in 2000 to take a brief career break and was involved in freelance design work during this time. In 2001, he joined Linocraf Printers Sdn Bhd as a Design Planner where he was involved in offset printing design for instruction manuals, packaging, point of purchase displays and catalogues.



---

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

---

He left Linocraft Printers Sdn Bhd In 2002 and joined Colourland Paints (Marketing) Sdn Bhd as their Advertising & Event Manager where he was responsible for the arranging events and advertising planning. In 2011, he was promoted to Marketing & Branding Manager where his responsibilities expanded to the strategizing of branding and marketing plans to increase the company's brand awareness.

In 2013, he left Colourland Paints (Marketing) Sdn Bhd and joined our Group in his current role as our Marketing Manager. He was redesignated as the Project Manager in 2018 and was responsible for our Group's project management. He subsequently resumed his role as our Sales and Marketing Manager in the same year.

He has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

As at the LPD, Khoo Khiow Jin does not hold any directorship in any other companies outside our Group.

**(c) Tan Kim Peng**  
*General Manager*

Tan Kim Peng, a Malaysian, age 58, is our General Manager. He joined our Group in June 2020 and he is responsible for the managing of our Group's operational matters.

He graduated with a Bachelor of Science (Hons) in Physics from the National University of Malaysia in 1990.

He commenced his career as a Sales Engineer with Kumpulan Abex Sdn Bhd in 1990 where he gained sales experience in promoting and demonstrating the company's products to the users. In the same year, he left Kumpulan Abex Sdn Bhd and joined Kodak (Malaysia) Sdn Bhd as their Sales Executive before being promoted to Senior Sales Executive in 1994. During this time, he was involved in overseeing the sales performance of the company's products. He was further promoted to Area Manager in 1999 and to Sales Manager in 2003 where his responsibilities expanded to include managing a team of sales executives.

In 2007, he joined ServTouch-WYWY (Malaysia) Sdn Bhd as their Sales Manager and was promoted to the position of Country Business Manager, Digital Film and Entertainment Imaging (Retail Systems Solutions and Digital Cameras) in 2011 and was responsible for amongst others, formulating marketing plans, managing inventory and negotiating with key stakeholders. He left in 2014 to join Goodyear Malaysia Berhad as their Regional Sales Manager (East Malaysia) where he was responsible for setting sales targets, pricing and development of marketing plans for the East Malaysia market.

He subsequently left Goodyear Malaysia Berhad in 2016 to help out with his family business before re-joining ServTouch-Wywy (Malaysia) Sdn Bhd as their Business Manager in the same year on a 3 years contract basis, where he was instrumental in the restructuring of the company's workforce.

After the completion of his contract with ServTouch-Wywy (Malaysia) Sdn Bhd in 2019, he took a brief career break before joining Adigiprint Sdn Bhd in 2019 as their Business Development Manager. During this time, he was responsible for the business development of the company including developing marketing plans and strategies as well as managing the sales team.

In 2020, he joined our Group as our Operation Manager where he was in charge of compliance matters of our Group and spearheaded the implementation of systems and SOPs in our Group. In 2021, he was promoted to his current designation of General Manager.

---

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

---

He has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

As at the LPD, Tan Kim Peng does not hold any directorship in any other companies outside our Group.

**(d) Nurul Farhah binti Abdullah**  
*Senior Lead Chemist*

Nurul Farhah binti Abdullah, a Malaysian, age 35, is our Senior Lead Chemist. She joined our Group in 2013 and is responsible for leading and managing our Group's product development team, overseeing various R&D projects within our Group as well as developing new and improvised formulas for our products.

She graduated from University of Malaya with a Bachelor of Science (Hons) Applied Chemistry (Major) in 2012.

After taking a break, she commenced her career as a Chemist with our Group in 2013 where she primarily worked on the development of new paint products, modification of existing paint products, evaluation of raw materials for paint products, conducting benchmarking studies, sample preparation, colour matching and specification testing.

In 2019, she was promoted to Senior Chemist where her responsibilities expanded to include, amongst others, analysing competitors' products for future development and improvement purposes, analysing paint formulas for our Group's Smart Colour POS Tinting Machine, generating paint formulas according to the customers' needs and arranging market trials for new products. She was further promoted to her current position as the Senior Lead Chemist of our Group in 2022.

She has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

As at the LPD, Nurul Farhah binti Abdullah does not hold any directorship in any other companies outside our Group.

**[The rest of this page is intentionally left blank]**

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

**5.4.4 Principal business performed outside our Group**

Save for disclosed below and in Section 5.2.3 of this Prospectus (in respect of Goh Chye Hin, Kee Hui Lang and Lim Kok Beng), none of our key senior management have any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD.

**(i) Nurul Farhah Binti Abdullah**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholding held	
					Direct	Indirect
<b><u>Present involvement</u></b>						
Nil						
<b><u>Past Involvement</u></b>						
Farhah Venture Empire	Home-based bakery	Sole Proprietor	5 March 2021	Business Expiry Date: 7 March 2022	N/A (Sole Proprietorship)	N/A (Sole Proprietorship)

[The rest of this page is intentionally left blank]

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

### 5.4.5 Key senior management's remuneration and benefits

Save for the remuneration and benefits of Goh Chye Hin, Kee Hui Lang and Lim Kok Beng which are set out in Section 5.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYE 2023 and 2024 are as follows:

Name	Remuneration band (RM) <sup>(1)</sup>	
	FYE 2023 RM'000	FYE 2024 (Proposed) RM'000
Jiu Chieh Yin	150-200	150-200
Tan Kim Peng	50-100	50-100
Khoo Khiow Jin	100-150	100-150
Nurul Farhah binti Abdullah	50-100	50-100

**Note:**

- (1) *Comprising salaries and allowances. The bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.*

### 5.5 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:

- (a) Goh Chye Hin, who is our Promoter, substantial shareholder and Managing Director is the spouse of Kee Hui Lang; and
- (b) Kee Hui Lang, who is our Promoter, substantial shareholder and Non-Independent Executive Director is the spouse of Goh Chye Hin.

### 5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

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

### 5.7 MANAGEMENT SUCCESSION PLAN

Our Group has put in place formalised succession planning policy and succession plan for key senior management positions. We have identified the successors to groom gradually to assume the responsibilities of these key senior management positions.

Besides identifying the critical duties to be discharged by the successors in the succession plan, the following skill requirements must also be developed by the successors, amongst others:

- (a) managing financial activities;
- (b) being able to make strategic decisions;
- (c) sales management;

---

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

---

- (d) knowledge of our Group's business and processes; and
- (e) purchasing and cost management.

The Nomination Committee will review and update the succession plan annually or more regularly as the Nomination Committee deem necessary to ensure our Group has reassessed the development progress of the identified successors and whether any recruitment is required.

**5.8 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):

- (a) 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;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) 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; or
- (h) has any unsatisfied judgment against such person.

**[The rest of this page is intentionally left blank]**

## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON OUR COMPANY

#### 6.1.1 History and Background

Our Company was incorporated in Malaysia on 13 May 2019 under the Act as a private limited company under the name of Smart Asia Chemical Sdn Bhd. Subsequently, our Company was converted to a public limited company on 30 May 2023 and assumed our present name as Smart Asia Chemical Bhd.

Our Company is an investment holding company. Through our subsidiaries, we are principally involved in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications. In addition, we are also involved in the development, manufacturing, distribution and sale of related products, namely colourants, and binding and coating chemicals; sale and trading of painting tools and accessories, aerosol spray paints and other related products to complement our decorative paints and protective coatings offerings. We also provide ODM services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners.

#### 6.1.2 Acquisitions

To facilitate our Listing, we undertook the following Acquisitions:

##### (a) Smart Paint (Selangor) Acquisition

On 19 June 2023, our Company entered into the Smart Paint (Selangor) SSA to acquire the entire equity interest in Smart Paint (Selangor) comprising 650,000 ordinary shares from the vendors for a total purchase consideration of RM3,771,645.00 which is to be fully satisfied by the issuance of 18,858,225 new Shares to the following vendors at an issue price of RM0.20 each:

Vendors	Shareholdings in Smart Paint (Selangor)		Purchase consideration (RM)	No. of new Shares
	No. of shares	% of share capital		
Goh Chye Hin	388,625	59.79	2,255,008.60	11,275,043
Kee Hui Lang	75,000	11.54	435,189.80	2,175,949
Chu Teck	112,500	17.31	652,784.60	3,263,923
Goh Chye Leng	59,745	9.19	346,672.20	1,733,361
Lim Kok Beng	14,130	2.17	81,989.80	409,949
<b>Total</b>	<b>650,000</b>	<b>100.00</b>	<b>3,771,645.00</b>	<b>18,858,225</b>

The purchase consideration for the Smart Paint (Selangor) Acquisition of RM3,771,645.00 was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited net assets of Smart Paint (Selangor) as at 31 December 2022 of RM3,771,645.00.

The Smart Paint (Selangor) Acquisition was completed on 1 February 2024. Thereafter, Smart Paint (Selangor) became our wholly-owned subsidiary.

##### (b) Smart Paints (Sabah) Acquisition

On 19 June 2023, our Company entered into the Smart Paints (Sabah) SSA to acquire the entire equity interest in Smart Paints (Sabah) comprising 250,000 ordinary shares from the vendors for a total purchase consideration of RM598,437.00 which is to be fully satisfied by the issuance of 2,992,185 new Shares to the following vendors at an issue price of RM0.20 each:

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

Vendors	Shareholdings in Smart Paints (Sabah)		Purchase consideration (RM)	No. of new Shares
	No. of shares	% of share capital		
Goh Chye Hin	150,000	60.00	359,062.20	1,795,311
Kee Hui Lang	50,000	20.00	119,687.40	598,437
Wong Kui Ming	50,000	20.00	119,687.40	598,437
<b>Total</b>	<b>250,000</b>	<b>100.00</b>	<b>598,437.00</b>	<b>2,992,185</b>

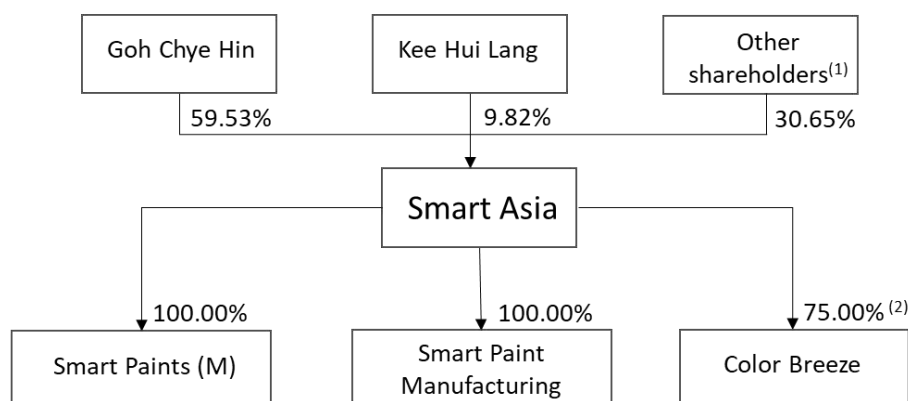
The purchase consideration for the Smart Paints (Sabah) Acquisition of RM598,437.00 was arrived at based on a “willing-buyer willing-seller” basis after taking into consideration the audited net assets of Smart Paints (Sabah) as at 31 December 2022 of RM598,437.00.

The Smart Paints (Sabah) Acquisition was completed on 1 February 2024. Thereafter, Smart Paints (Sabah) became our wholly-owned subsidiary.

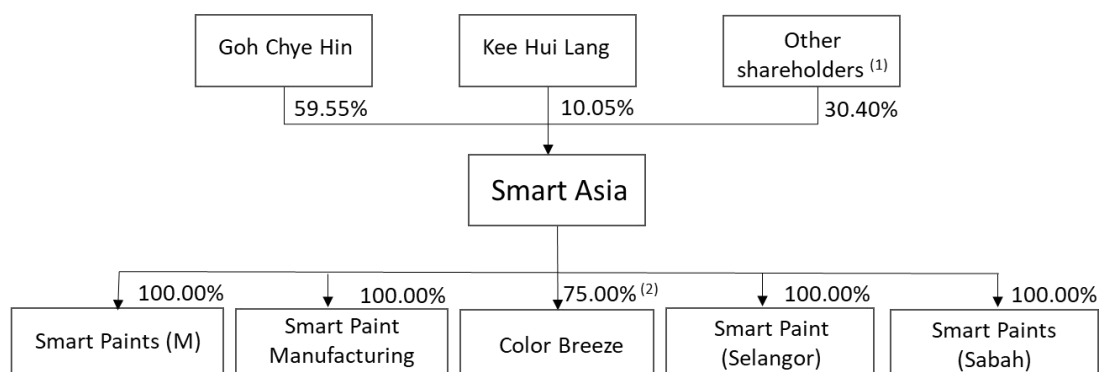
### 6.2 OUR SHAREHOLDERS AND GROUP STRUCTURE

Our shareholders and Group structure before the Acquisitions, after the Acquisitions and before the IPO and after the IPO are as follows:

#### Before the Acquisitions

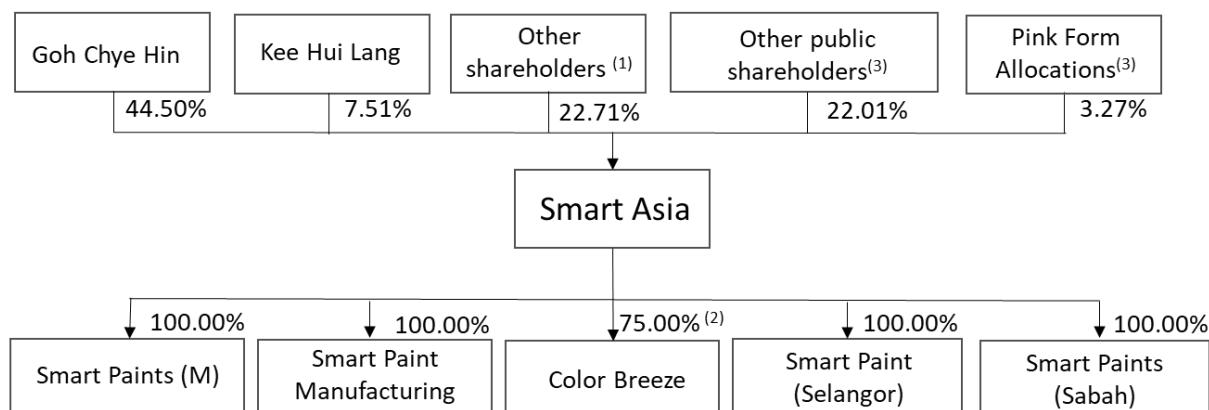


#### After Acquisitions and before our IPO



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

**After our IPO**



**Notes:**

(1) Other shareholders consist of:

Name	Relationship with our Group/ Promoters	Shareholdings		
		Before the Acquisitions (%)	After Acquisitions and before our IPO (%)	After our IPO (%)
Teh Siew Chong	Director of Smart Paint Manufacturing	4.91	4.52	3.38
Lim Kok Beng	Non-Independent Executive Director of Smart Asia	3.44	3.31	2.48
Goh Bee Sim	<ul style="list-style-type: none"> <li>Director of Smart Paints (M) and Smart Paint Manufacturing</li> <li>Cousin of Goh Chye Hin</li> </ul>	2.45	2.26	1.69
Goh Sim Yee	<ul style="list-style-type: none"> <li>Employee of our Group</li> <li>Child of our Promoters</li> </ul>	1.97	1.81	1.35
Goh Ji Syuan	<ul style="list-style-type: none"> <li>Employee of our Group</li> <li>Child of our Promoters</li> </ul>	1.97	1.81	1.35
Zhang Yinchao	Shareholder of Color Breeze	1.97	1.81	1.35
Chai Jee Choon	Business associate of the Group	1.97	1.81	1.35
Tay Poh Siew	Wife of Teh Siew Chong, director of Smart Paint Manufacturing	1.57	1.45	1.08
Won Seow Hooi	Customer of our Group	1.57	1.45	1.08
Yennie	Customer of our Group	1.18	1.08	0.81
Tin Hock Chuan	Customer of our Group	0.98	0.90	0.68
Santos Loy	Customer of our Group	0.79	0.72	0.54
Lee Kim Soon	Customer of our Group	0.69	0.64	0.47
Mah Choon Phin	Customer of our Group	0.69	0.64	0.47
Hong Kian Meng	Customer of our Group	0.59	0.55	0.41
Chen Ka Moi	Customer of our Group	0.59	0.55	0.41
Koh Kooi Soon	Brother-in-law of Kee Hui Lang	0.49	0.45	0.34
Kee Hui Cheng	Sister of Kee Hui Lang and sister-in-law of Goh Chye Hin	0.49	0.45	0.34
Tan Say How	Employee of our Group	0.39	0.36	0.27



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

Goh Bee Guat	<ul style="list-style-type: none"> <li>Customer of our Group via UA Paints &amp; Hardware Sdn Bhd</li> <li>Sister of Goh Chye Hin and sister-in-law of Kee Hui Lang</li> </ul>	0.39	0.36	0.27
Tan Kwang Bock	Customer of our Group	0.39	0.36	0.27
Khoo Jin Huang (Qiu JinHuang)	Customer of our Group	0.39	0.36	0.27
Kee Nam Li	<ul style="list-style-type: none"> <li>Customer of our Group via BIY Home Store (Kota Tinggi) Sdn Bhd</li> <li>Nephew of Kee Hui Lang</li> </ul>	0.39	0.36	0.27
Tan Kim Peng	Key senior management of our Group	0.39	0.36	0.27
Chu Teck	Director of Smart Paint (Selangor)	-	1.18	0.88
Wong Kui Ming	Director of Smart Paints (Sabah)	-	0.22	0.16
Goh Chye Leng	<ul style="list-style-type: none"> <li>Customer and/ or supplier of our Group via Major Harvest Sdn Bhd, Mr. Mark Tools (M) Sdn Bhd and 1 Living Depot Sdn Bhd</li> <li>Brother of Goh Chye Hin and brother-in-law of Kee Hui Lang</li> </ul>	-	0.63	0.47

- (2) 25.00% equity interest in Color Breeze is held by Zhang Yinchao. His role as a shareholder of Color Breeze whereby our Group may also consult him for his experience in research and development of chemical materials and products when required.

Zhang Yinchao has over 22 years of experience in research and development of chemical materials and products including adhesive products, ink colourants as well as paints and coatings. He has a Bachelor in Chemistry from Sichuan University. Our Group believes that he will contribute positively to the success of Color Breeze with the technical knowledge and experience he possess. He also holds 1.97%, 1.81% and 1.35% equity interest in our Company before the Acquisitions, after the Acquisitions and before our IPO, and after our IPO, respectively.

- (3) Collectively, the public shareholding spread is 34.46% after the IPO which consists of other shareholders (9.74%), other public shareholders (22.00%) and Pink Form Allocations (2.72%) after excluding the Promoters and directors of our Group and persons connected to the Promoters and Directors and Pre-IPO Investor.

**[The rest of this page is intentionally left blank]**

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

### 6.3 SHARE CAPITAL

As at the LPD, our share capital is RM55,270,084.00 comprising 276,350,420 Shares. The movements in our share capital during the Financial Years Under Review and up to the LPD are set out below:

Date of allotment / subdivision	No. of Shares allotted	Consideration/ Nature of transaction	Cumulative issued share capital	
			No. of Shares	RM
12 May 2023	N/A	N/A/ Share split	254,500,010	50,900,002
1 February 2024	21,850,410	Otherwise than cash/ Allotment of Shares pursuant to the Acquisitions	276,350,420	55,270,084

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM92,670,084 comprising 369,850,420 Shares.

### 6.4 INFORMATION ON OUR SUBSIDIARIES

As at the LPD, we have 5 subsidiaries, namely Smart Paint Manufacturing, Smart Paints (M), Smart Paint (Selangor), Smart Paints (Sabah) and Color Breeze.

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

Details of our subsidiaries are summarised below:

Company name	Principal activities	Date and place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest
Smart Paint Manufacturing	Manufacturing of paints, varnishes and similar coatings ink and mastics	10 January 2013 Malaysia	Malaysia	20,000,000	100%
Smart Paints (M)	Trading of paints, coatings and varnishing materials	8 January 2013 Malaysia	Malaysia	1,000,000	100%
Smart Paint (Selangor)	Trading and distribution of paints, hardware and painting accessories	11 May 2012 Malaysia	Malaysia	650,000	100%
Smart Paints (Sabah)	Trading of paints, coatings and varnishing materials	8 May 2013 Malaysia	Malaysia	250,000	100%
Color Breeze	Trading of chemical colourants and pigments	22 June 2018 Malaysia	Malaysia	1,000,000	75%

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

### 6.4.1 Smart Paint Manufacturing

#### (a) Background, history and principal activities

Smart Paint Manufacturing was incorporated on 10 January 2013 in Malaysia under the Companies Act 1965 as a private limited company under its previous name, known as Bond Paints (M) Sdn Bhd, and is deemed incorporated under the Act. On 20 May 2015, the name of Bond Paints (M) Sdn Bhd was changed to Smart Paint Manufacturing.

Smart Paint Manufacturing is principally involved in the manufacturing of paints, varnishes and similar coatings ink and mastics.

#### (b) Share capital

As at the LPD, the issued share capital of Smart Paint Manufacturing is RM20,000,000.00 comprising 20,000,000 ordinary shares. There were no changes in the issued share capital of Smart Paint Manufacturing during the Financial Years Under Review and up to the LPD.

#### (c) Shareholders and directors

Smart Paint Manufacturing is our wholly-owned subsidiary.

As at the LPD, the directors of Smart Paint Manufacturing are Goh Bee Sim, Goh Chye Hin, Teh Siew Chong and Kee Hui Lang.

#### (d) Subsidiary, associate company and joint venture

Smart Paint Manufacturing does not have any subsidiary, associate company or joint venture.

### 6.4.2 Smart Paints (M)

#### (a) Background, history and principal activities

Smart Paints (M) was incorporated on 8 January 2013 in Malaysia under the Companies Act 1965 as a private limited company under its present name and is deemed incorporated under the Act.

Smart Paints (M) is principally involved in the trading of paints, coatings and varnishing materials.

#### (b) Share capital

As at the LPD, the issued share capital of Smart Paints (M) is RM1,000,000.00 comprising 1,000,000 ordinary shares. The changes in the issued share capital of Smart Paints (M) during the Financial Years Under Review up to the LPD are as follows:

Date of allotment	No. of ordinary shares allotted	Consideration	Cumulative issued share capital (RM)
22 June 2020	799,998	Cash	1,000,000

---

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

---

**(c) Shareholders and directors**

Smart Paints (M) is our wholly-owned subsidiary.

As at the LPD, the directors of Smart Paints (M) are Goh Bee Sim, Goh Chye Hin and Kee Hui Lang.

**(d) Subsidiary, associate company and joint venture**

Smart Paints (M) does not have any subsidiary, associate company or joint venture.

**6.4.3 Smart Paint (Selangor)****(a) Background, history and principal activities**

Smart Paint (Selangor) was incorporated on 11 May 2012 in Malaysia under the Companies Act 1965 as a private limited company under its previous name, known as Ztree (M) Sdn Bhd, and is deemed incorporated under the Act. On 8 March 2016, the name of Ztree (M) Sdn Bhd was changed to Smart Paint (Selangor).

Smart Paint (Selangor) is principally involved in the trading and distribution of paints, hardware and painting accessories.

**(b) Share capital**

As at the LPD, the issued share capital of Smart Paint (Selangor) is RM650,000.00 comprising 650,000 ordinary shares. There were no changes in the issued share capital of Smart Paint (Selangor) during the Financial Years Under Review and up to the LPD.

**(c) Shareholders and directors**

Smart Paint (Selangor) is our wholly-owned subsidiary.

As at the LPD, the directors of Smart Paint (Selangor) are Chu Teck, Goh Chye Hin and Kee Hui Lang.

**(d) Subsidiary, associate company and joint venture**

Smart Paint (Selangor) does not have any subsidiary, associate company or joint venture.

**6.4.4 Smart Paints (Sabah)****(a) Background, history and principal activities**

Smart Paints (Sabah) was incorporated on 8 May 2013 in Malaysia under the Companies Act 1965 as a private limited company under its present name and is deemed incorporated under the Act.

Smart Paints (Sabah) is principally involved in the trading of paints, coatings and varnishing materials.

**(b) Share capital**

As at the LPD, the issued share capital of Smart Paints (Sabah) is RM250,000.00 comprising 250,000 ordinary shares. There were no changes in the issued share capital of Smart Paints (Sabah) during the Financial Years Under Review and up to the LPD.

**6. INFORMATION ON OUR GROUP (Cont'd)****(c) Shareholders and directors**

Smart Paints (Sabah) is our wholly-owned subsidiary.

As at the LPD, the directors of Smart Paints (Sabah) are Goh Chye Hin, Wong Kui Ming and Kee Hui Lang.

**(d) Subsidiary, associate company and joint venture**

Smart Paints (Sabah) does not have any subsidiary, associate company or joint venture.

**6.4.5 Color Breeze****(a) Background, history and principal activities**

Color Breeze was incorporated on 22 June 2018 in Malaysia under the Act as a private limited company under its present name.

Color Breeze is principally involved in the trading of chemical colourants and pigments.

**(b) Share capital**

As at the LPD, the issued share capital of Color Breeze is RM1,000,000.00 comprising 1,000,000 ordinary shares. The changes in the issued share capital of Color Breeze during the Financial Years Under Review up to the LPD are as follows:

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Consideration</b>	<b>Cumulative issued share capital (RM)</b>
3 August 2022	900,000	Cash	1,000,000

**(c) Shareholders and directors**

Our Company owns 75.00% equity interest in Color Breeze and the remaining 25.00% is owned by Zhang Yinchao.

As at the LPD, the sole director of Color Breeze is Goh Chye Hin.

**(d) Subsidiary, associate company and joint venture**

Color Breeze does not have any subsidiary, associate company or joint venture.

**6.5 PUBLIC TAKE-OVERS**

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

- (a) public take-over offers by third parties in respect of our Shares; and
- (b) public take-over offers by our Company in respect of other companies' shares.

## 7. BUSINESS OVERVIEW

### 7.1 HISTORY

Our Company was incorporated in Malaysia on 13 May 2019 under the Act as a private limited company under the name of Smart Asia Chemical Sdn Bhd. Subsequently, our Company was converted to a public limited company on 30 May 2023 and assumed our present name as Smart Asia Chemical Bhd.

The history of our Group dates back to 11 May 2012 when Ztree (M) Sdn Bhd was incorporated as a private limited company. On 8 March 2016, Ztree (M) Sdn Bhd underwent a name change to Smart Paint (Selangor).

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

Year	Key events and milestones
2012	<ul style="list-style-type: none"> <li>Ztree (M) Sdn Bhd was incorporated on 11 May 2012 by our founder and Managing Director, Goh Chye Hin, along with our Non-Independent Executive Director, Kee Hui Lang, to venture into the trading of third party branded decorative paints, protective coatings as well as painting tools and accessories. Prior to setting up Ztree (M) Sdn Bhd, Goh Chye Hin had accumulated approximately 30 years of experience in the decorative paints and protective coatings industry.</li> </ul>
2013	<ul style="list-style-type: none"> <li>We ventured into the decorative paints and protective coatings manufacturing business upon the incorporation of Bond Paints (M) Sdn Bhd, which later underwent a name change to Smart Paint Manufacturing in 2015. Bond Paints (M) Sdn Bhd was incorporated by our founder and Managing Director, Goh Chye Hin, along with his cousin, Goh Bee Sim. We manufactured and sold decorative paints and protective coatings under our first house brand 'Smart Paints'.</li> <li>We rented and operated from Johor Factory 1.</li> <li>Upon commencement of our business, our decorative paints and protective coatings offering comprised standard, ready-mix and paint bases as well as decorative paints and protective coatings with enhanced mechanical properties such as easy-to-clean, UV-protected, dirt resisting, and environmental friendly with low odour and VOC.</li> <li>We were involved in product development activities to develop new colour formulation for our decorative paints and protective coatings. With our product development activities, we were also able to formulate and manufacture in-plant colourants for use in our manufacturing of decorative paints and protective coatings. Please refer to Section 7.3.3 of this Prospectus for further details of our colourants.</li> <li>We distributed our decorative paints and protective coatings directly to wholesalers and dealers (i.e. retail hardware stores and paint shops) throughout Malaysia. Further details on our wholesalers and dealers are as set out in Section 7.2.6 of this Prospectus.</li> <li>We recorded our first export sales when we exported our products to a customer in Brunei. In the same year, we also recorded our first export sales to Singapore, which further expanded our customer base.</li> <li>We launched our second house brand 'Toplus' to carry our decorative paints and protective coatings.</li> </ul>

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

<b>Year</b>	<b>Key events and milestones</b>
2013	<ul style="list-style-type: none"> <li>We first acquired several Smart Colour POS Tinting Machines and set up the machines at our dealers' stores. Smart Colour POS Tinting Machines are machines that allow on-the-spot mixing to obtain a wide range of paint colours whereby colourants (i.e. concentrated pigment solution) are mixed with a paint base in accordance to the colour codes selected by retail end-users. It allows our dealers to offer a large variety of paint colours to retail end-users while optimising inventory space as it eliminates the need to store large inventories of coloured paints at their stores. Further details on our Smart Colour POS Tinting Machines are as set out in Section 7.2.6 of this Prospectus.</li> </ul>
2014	<ul style="list-style-type: none"> <li>We recorded our first export sales to Indonesia as our Group continued to expand our regional presence.</li> </ul>
2015	<ul style="list-style-type: none"> <li>As our business grew, we acquired an adjacent factory, Johor Factory 2 from Yudo Asian (Malaysia) Sdn Bhd at a purchase consideration of RM6.50 million. This factory has been used to store finished goods as well as to house our product development facility until to-date.</li> <li>We expanded our product offerings when we began to manufacture and sell binding and coating chemicals under our third house brand 'King-Bond'. Our binding and coating chemicals are additives that are used to improve certain properties of cement or mortar. Please refer to Section 7.3.4 of this Prospectus for further details of our binding and coating chemicals.</li> </ul>
2016	<ul style="list-style-type: none"> <li>To further enhance the value-added functions of our offerings to promote better air quality, we launched our first Zero VOC paint series, namely Eco-Wash. This series is catered for customers who have higher requirement on VOC restriction in paints which are suitable for places with more stringent contaminant controls such as nurseries, hospitals and laboratories.</li> <li>We recorded our first export sales to Cambodia.</li> <li>We launched our fourth house brand 'Hunter' to carry our decorative paints and protective coatings.</li> <li>We continued to expand the distribution of our Smart Colour POS Tinting Machines and achieved a new milestone with approximately 140 retail hardware stores/retail paint shops carrying our Smart Colour POS Tinting Machines across Malaysia by the end of 2016.</li> </ul>
2017	<ul style="list-style-type: none"> <li>We expanded our product offerings to include aerosol spray paints which is launched under our fifth house brand 'Bond7'.</li> </ul>
2018	<ul style="list-style-type: none"> <li>We acquired Johor Factory 1 from UT Holdings at a purchase consideration of RM6.80 million, which remains as our headquarters and manufacturing facility until to-date.</li> <li>We started manufacturing POS universal colourants in Johor Factory 1. POS universal colourants are in-house developed colourants that are specifically catered for use in our Smart Colour POS Tinting Machines. Prior to this, we sourced colourants for use in our Smart Colour POS Tinting Machines from our supplier.</li> <li>The distribution of our Smart Colour POS Tinting Machines expanded further and we recorded approximately 200 retail hardware stores/retail paint shops carrying our Smart Colour POS Tinting Machines across Malaysia by the end of 2018. We also recorded our first sales of Smart Colour POS Tinting Machines to Indonesia.</li> <li>In anticipation of our future expansion, we acquired Perak Land from Perbadanan Kemajuan Negeri Perak at a purchase consideration of approximately RM2.79 million. Further details on our expansion plan are as set out in Section 7.22.1 of this Prospectus.</li> </ul>

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

Year	Key events and milestones
2019	<ul style="list-style-type: none"> <li>We launched our sixth house brand 'Aquatint' to carry our POS universal colourants as well as in-plant colourants.</li> </ul>
2020	<ul style="list-style-type: none"> <li>We continued to enhance the value-added functions of our paints when we launched our anti-viral and anti-bacterial paint series, Eco-Medi SafeGuard+ which eliminates human coronavirus OC43 ("CoV-OC43") with efficacy of 99.94%, human enterovirus 71 ("EV-A71") with efficacy of 99.93%, Escherichia Coli and Staphylococcus Aureus bacteria with efficacy of 99.99% as well as SARS-CoV-2 ("COVID-19 virus") with efficacy greater than 99.99% that comes in contact with the paint.<sup>(1)</sup></li> <li>We launched our seventh house brand 'Durra Paints' to carry our decorative paints and protective coatings.</li> <li>We launched our eighth and ninth house brand, 'Unitint' and 'Flexitint' to carry our in-plant colourants.</li> <li>We recorded our first export sales to Vietnam and PRC.</li> </ul>
2021	<ul style="list-style-type: none"> <li>We achieved a new milestone when the distribution of our Smart Colour POS Tinting Machines reached approximately 320 retail hardware stores/retail paint shops across Malaysia by the end of 2021.</li> <li>By the end of 2021, we also achieved a cumulative sale of 53 units of Smart Colour POS Tinting Machine across Indonesia, Singapore, Brunei and Cambodia. Further details on the distribution of Smart Colour POS Tinting Machines are as set out in Section 7.2.6 of this Prospectus.</li> </ul>
2022	<ul style="list-style-type: none"> <li>We acquired the trademark of 'Goldliner' from UT Holdings and with that, 'Goldliner' became our tenth house brand.</li> <li>We further expanded our operational facilities when we acquired another adjacent factory, Johor Factory 3 from Sheng Sin Equipment Sdn Bhd at a purchase consideration of RM7.20 million. This factory has been used to store raw materials until to-date.</li> <li>We commenced construction of our Perak Plant on the Perak Land that we acquired in 2018. Please refer to Section 7.22.1 of this Prospectus for further details on the construction of our Perak Plant.</li> </ul>
2023	<ul style="list-style-type: none"> <li>We received The BrandLaureate SMEs BestBrands Award 2023 from The World Brands Foundation, an award that recognises a company's effort in branding. Companies are evaluated based on brand strategy, brand culture, brand innovation, brand performance and brand communication, prior to being selected as winners amongst their respective categories.</li> <li>The construction of our Perak Plant was completed.</li> </ul>
2024	<ul style="list-style-type: none"> <li>We rebranded all our products under 'Unitint' to 'Flexitint'</li> </ul>

**Note:**

(1) The efficacy of Eco-Medi SafeGuard+ in eliminating CoV-OC43, EV-A71, Escherichia Coli and Staphylococcus Aureus bacteria, as well as COVID-19 virus is verified through tests carried out by the following independent laboratories:

- Institute of Health & Community Medicine - Universiti Malaysia Sarawak between 30 August 2020 and 10 September 2020 on Eco-Medi SafeGuard+. The test result reported that surfaces treated with Eco-Medi SafeGuard+ showed virucidal efficacy (for CoV-OC43 and EV-A71) of greater than 90% after 2 hours of exposure, and the efficacy increased to 99.94% for CoV-OC43 and 99.93% for EV-A71 after exposure for 24 hours, as compared to untreated control surfaces.
- SGS (Malaysia) Sdn Bhd (an independent laboratory) between 14 August 2020 and 1 September 2020 on Eco-Medi SafeGuard+. The test result reported that surfaces treated with



## 7. BUSINESS OVERVIEW (Cont'd)

*Eco-Medi SafeGuard+ showed bactericidal efficacy (for Escherichia Coli and Staphylococcus Aureus) of 99.99% after 24 hours of exposure, as compared to untreated control surfaces.*

- (c) *Antimikrop Antimikrobiyal Mad Lab (an independent laboratory based in Turkey and is accredited by the General Directorate of Public Health of the Ministry of Health Turkey) between 29 November 2021 and 3 December 2021 on Eco-Medi SafeGuard+. The test result reported that surfaces treated with Eco-Medi SafeGuard+ were able to kill COVID-19 virus at a rate of >99.99% within 6 hours, 12 hours and 24 hours, as compared to untreated control surfaces.*

*The tests carried out by the independent laboratories mentioned above only determine the efficacy of Eco-Medi SafeGuard+ in eliminating CoV-OC43, EV-A71, Escherichia Coli and Staphylococcus Aureus bacteria, as well as COVID-19 virus on treated surfaces after 24 hours of exposure. However, no further tests have been carried out to determine the period of efficacy of Eco-Medi SafeGuard+ in eliminating CoV-OC43, EV-A71, Escherichia Coli and Staphylococcus Aureus bacteria, as well as COVID-19 virus on treated surfaces.*

### 7.2 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

Our Group is principally involved in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications. In addition, we are also involved in the development, manufacturing, distribution and sale of related products, namely colourants, and binding and coating chemicals; sale and trading of painting tools and accessories, aerosol spray paints and other related products to complement our decorative paints and protective coatings offerings. We also provide ODM services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners.

#### 7.2.1 Development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications

We develop, manufacture, distribute and sell decorative paints and protective coatings under our house brands 'Smart Paints', 'Durra Paints', 'Toplus' and 'Hunter'.



We have an in-house product development team to formulate and develop new decorative paints and protective coatings based on market trends and preferences. We have a laboratory located within Johor Factory 2 to carry out product development activities to formulate and develop new products. Our laboratory in our Johor Factory 2 has not been certified by any certification bodies, as it is used solely for our internal product development activities. As at the LPD, we have an in-house product development team consisting of 3 chemists and 4 lab assistants led by our Senior Lead Chemist, Nurul Farhah binti Abdullah, who carry out product development activities in our laboratory. Please refer to Section 7.15 of this Prospectus for further details on our product development activities. As at the LPD, our decorative paints and protective coatings are manufactured in Johor Factory 1. Please refer to Section 7.8 of this Prospectus for further details on the manufacturing process of our decorative paints and protective coatings.

Our decorative paints and protective coatings are primarily distributed to our network of wholesalers, dealers and authorised distributors for onward sale to retail end-users. Please refer to Section 7.2.6 of this Prospectus for further details on our network of wholesalers, dealers and authorised distributors. We also sell our decorative paints and protective coatings directly to business end-users (e.g. factories, construction companies and renovation companies) locally and overseas. In the Financial Years Under Review, sales to our

## 7. BUSINESS OVERVIEW (Cont'd)

wholesalers, dealers and authorised distributors collectively accounted for 95.06%, 96.84%, 98.53% and 91.87% of our Group's revenue, respectively, while sales to business and retail end-users as disclosed in Section 7.2.6(c) for direct use accounted for 4.94%, 3.16%, 1.47% and 8.13% of our Group's revenue, respectively.

Our decorative paints and protective coatings are primarily sold as off-the-shelf products to retail end-users and business end-users. Upon request, we may also provide product customisation for business end-users according to their specific business requirement. Please refer to Section 7.3 of this Prospectus for further details on our product offerings.

For branding, promotion and marketing of our in-house branded products, we aim to create brand equity which includes creating high brand awareness and loyalty and establishing the desired brand image. As such, we market our products through our various house brands namely, 'Smart Paints', 'Durra Paints', 'Toplus' and 'Hunter'. Our Group's 'Smart Paint' products are sold at a higher price bracket, whereas 'Durra Paints', 'Toplus' and 'Hunter' products are sold at a lower price bracket. Our Group's 'Smart Paint', 'Durra Paints', 'Toplus' and 'Hunter' products have varying quality levels based on their value-added features as set out in Section 7.3.1 of this Prospectus. The introduction of 'Durra Paints', 'Toplus' and 'Hunter' were mainly for marketing purposes to provide more brand options to users.

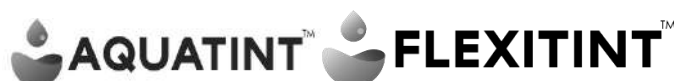
### 7.2.2 Development, manufacturing, distribution and sale of related products

#### (a) Colourants

We develop and manufacture colourants for use in our Smart Colour POS Tinting Machines. Colourants that are manufactured for use in our Smart Colour POS Tinting Machines are termed as POS universal colourants, and are used for our water-based and solvent-based decorative paints. Our product development team is equipped with the expertise to develop our own colourants in-house. Our POS universal colourants are sold to our wholesalers, dealers and authorised distributors under our house brands 'Aquatint' and 'Smart Paints'. Our 'Smart Paints' POS universal colourants are used for 'Smart Paints' paint bases, whereas 'Aquatint' POS Universal colourants are used for 'Durra Paints', 'Toplus', and 'Hunter' paint bases.



In addition, we also develop and manufacture colourants for in-plant paints and protective coatings manufacturing activities. Colourants that are used for manufacturing activities are termed as in-plant colourants. We sell our in-plant colourants to third party manufacturers under our house brand 'Aquatint' and 'Flexitint'. Our 'Aquatint' colourants are used for water-based decorative paints manufacturing, whereas our 'Flexitint' colourants are used for solvent-based decorative paints and protective coatings manufacturing.



Colourants are amongst the key raw materials used in our Smart Colour POS Tinting Machines as well as in our in-house manufacturing of decorative paints and protective coatings. The chemical composition of our POS universal colourants is different from in-plant colourants whereby our POS universal colourants are required to achieve high accuracy of colour strength as it will be used by our wholesalers, dealers and authorised distributors when selling our decorative paints and protective coatings at their retail hardware stores/retail paint shops. On the other hand, the requirement on the accuracy of colour strength for in-plant colourants, is less stringent as the colour of the decorative paints and protective coatings can be adjusted during manufacturing to achieve the required colour specification.

## 7. BUSINESS OVERVIEW (Cont'd)

Our POS universal colourants and in-plant colourants are developed by our in-house product development team. Please refer to Section 7.15 of this Prospectus for further details on our product development activities. As at the LPD, our colourants are manufactured in Johor Factory 1. Please refer to Section 7.8 of this Prospectus for further details on the manufacturing process of our colourants.

### (b) Binding and coating chemicals

We develop, manufacture and sell binding and coating chemicals under our house brand 'King-Bond'.



We leverage on the expertise of our in-house product development team to formulate and develop binding and coating chemicals. Binding and coating chemicals manufactured by our Group include cementitious waterproofing bonding agents and water repellent solutions. Cementitious waterproofing bonding agents are binders and additives that are added into cement or mortar to improve waterproofing properties and bonding strength. Water repellent solutions are water-based solutions that provide water repelling properties when coated on surfaces. As at the LPD, our binding and coating chemicals are manufactured in Johor Factory 1. Please refer to Section 7.8 of this Prospectus for further details on the manufacturing process for our binding and coating chemicals.

Our binding and coating chemicals are sold as off-the-shelf products to retail-end users and business end-users. Please refer to Section 7.3 of this Prospectus for further details on our product offerings.

### 7.2.3 Sale and trading of painting tools and accessories, aerosol spray paints and other related products

#### (a) OEM sales

We sell painting tools and accessories under our house brand 'Goldliner'.



Our painting tools and accessories comprise a variety of rollers, roller handles, paint brushes and extension poles, to complement our paints and protective coatings offerings. We engage OEMs in PRC and Vietnam to manufacture our painting tools and accessories in which the products are manufactured according to our specification.

Our painting tools and accessories are sold to wholesaler, dealers and authorised distributors for onward sale to retail end-users, as well as to business end-users.

We also sell aerosol spray paints under our house brand 'Bond7'.



Our aerosol spray paints are available in a variety of colours. We engage OEMs in PRC and Hong Kong to manufacture our aerosol spray paints in which the products are manufactured according to our colour specifications.

## 7. BUSINESS OVERVIEW (Cont'd)

Our aerosol spray paints are sold to wholesalers, dealers and authorised distributors for onward sale to retail-end users.

### (b) Trading

We trade raw materials such as binders, pigment and additives upon customers' requests, which we sourced from our suppliers. We also trade aerosol spray paints under third party brand 'Anchor', as well as painting tools and accessories under third party brand 'Golben'.

Our raw materials, third party branded aerosol spray paints and third party branded painting tools and accessories are sold to wholesalers, dealers and authorised distributors for onward sale to retail end-users.

### 7.2.4 Provision of ODM services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners

We leverage on our in-house manufacturing capabilities to provide decorative paints, protective coatings as well as binding and coating chemicals ODM services to third party brand owners (i.e. ODM customers) upon request. We are engaged by our ODM customers, who are also our authorised distributor or dealers to manufacture decorative paints, protective coatings as well as binding and coating chemicals under their brand names and according to their specifications. We formulate and manufacture the decorative paints, protective coatings and/or binding and coating chemicals based on the specifications provided by the ODM customers. As at the LPD, we have 6 ODM customers that engage us for ODM services of decorative paints, protective coatings as well as binding and coating chemicals, of which 3 are also our dealers, and 1 is also our authorised distributor. In the Financial Years Under Review, our ODM services accounted for 2.38%, 3.91%, 4.47% and 8.55% of our Group's revenue, respectively. The sales to our ODM customers are primarily generated from ODM services, which amounted to 44.27%, 57.07%, 57.29% and 74.70% of the total sales generated from our ODM customers in the Financial Years Under Review, respectively. Further, revenue generated from the sale of our house brands products to our ODM customers are substantially lower, ranging from 2.02% to 12.40% of the total sales generated from our ODM customers. The remaining of our total sales to ODM customers were generated from trading of raw materials (i.e. additives, binder, and pigments), sale of POS Tinting Machines as well as the sale of colour cards which amounted to 43.33%, 33.78%, 35.05% and 23.28% in the Financial Years Under Review, respectively. Premised on this, there is no potential conflict between our Group and our ODM customers.

Breakdown of sales generated from our ODM customers are as follows:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM ('000)	%	RM ('000)	%	RM ('000)	%	RM ('000)	%
ODM services	1,703	44.27	3,119	57.07	3,538	57.29	7,788	74.70
Trading of raw materials	1,667	43.33	1,846	33.78	2,165	35.05	2,090	20.05
Sale of POS Tinting Machines	-	-	-	-	-	-	264	2.53
Sale of house brands products	477	12.40	500	9.15	473	7.66	211	2.02
Sale of colour cards	-	-	-	-	-	-	73	0.70
<b>Total sales generated from ODM customers</b>	<b>3,847</b>	<b>100.00</b>	<b>5,465</b>	<b>100.00</b>	<b>6,176</b>	<b>100.00</b>	<b>10,426</b>	<b>100.00</b>

Given that our ODM services support our customers throughout the entire process from formulation to manufacturing and delivery, it provides convenience for our customers as we are

## 7. BUSINESS OVERVIEW (Cont'd)

able to provide a full array of services and as such, our customers do not need to source for multiple suppliers. With that, our customers are able to focus their resources and investments on branding, marketing, distributing and retailing their products to consumers.

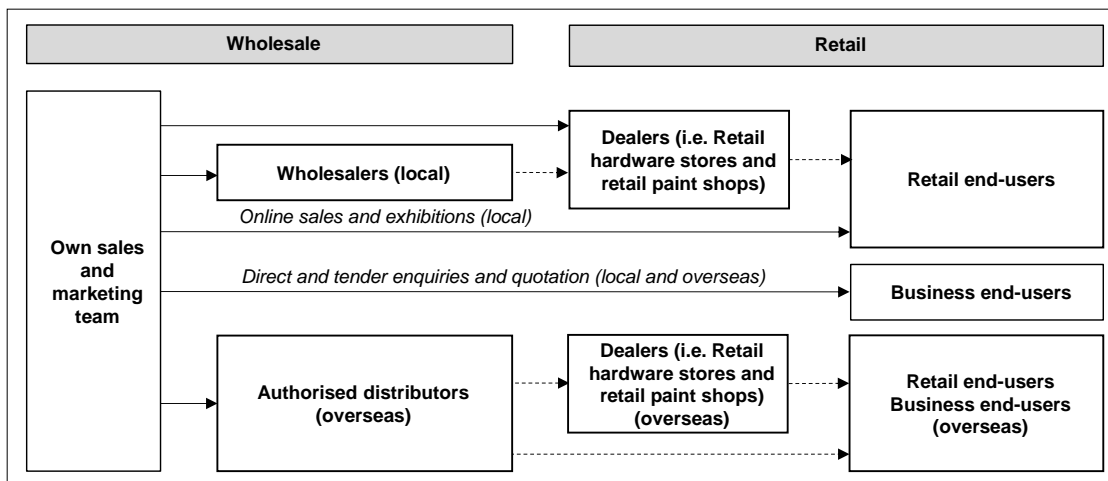
### 7.2.5 Business model

A summary of our Group's business model is illustrated as follow:

<b>Principal activities</b>	Development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications	Development, manufacturing, distribution and sale of related products	Sale and trading of painting tools and accessories, aerosol spray paints and other related products	Provision of ODM services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners
<b>Products</b>	<ul style="list-style-type: none"> <li>Decorative paints</li> <li>Protective coatings</li> </ul>	<ul style="list-style-type: none"> <li>Colourants</li> <li>Binding and coating chemicals</li> </ul>	<ul style="list-style-type: none"> <li>Painting tools and accessories</li> <li>Aerosol spray paints</li> <li>Raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Decorative paints</li> <li>Protective coatings</li> <li>Binding and coating chemicals</li> </ul>
<b>House brands</b>				Third party brand names
<b>Distribution channels</b>	<ul style="list-style-type: none"> <li>Third-parties</li> <li>Local: Wholesalers and dealers</li> <li>Overseas: Authorised distributors</li> </ul>	<ul style="list-style-type: none"> <li>In-house team</li> <li>Own sales and marketing team</li> </ul>	Own sales and marketing team	
<b>Customers</b>	<ul style="list-style-type: none"> <li>Wholesale segment</li> <li>Wholesalers (local)</li> <li>Authorised distributors (overseas)</li> </ul>	<ul style="list-style-type: none"> <li>Retail segment</li> <li>Dealers (local retail hardware stores and retail paint shops)</li> <li>Retail end-users (local)</li> <li>Business end-users (local and overseas)</li> </ul>	ODM customers	
<b>Locations</b>	<ul style="list-style-type: none"> <li>Headquarters and manufacturing factory</li> <li>Current: Johor</li> <li>New manufacturing factory: Batu Gajah, Perak</li> </ul>		<ul style="list-style-type: none"> <li>Sales and administrative office</li> <li>Selangor</li> </ul>	

### 7.2.6 Our distribution channels and customers

Our Group adopts a multi-channel distribution strategy comprising wholesalers, dealers and authorised distributors, as well as our own sales and marketing team, resulting in a wide network of distribution reach and a diverse customer base in the wholesale and retail segments. Our Group's direct customers comprise wholesalers, dealers, authorised distributors, business end-users (e.g. factories, construction companies and renovation companies), as well as retail end-users.



**Notes:**

- —> denotes direct sales to our customers.
- - -> denotes indirect sales.

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

Breakdown of the revenue contribution by wholesalers, dealers, authorised distributors as well as business and retail end-users in the Financial Years Under Review is as follows:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM ('000)	%	RM ('000)	%	RM ('000)	%	RM ('000)	%
Wholesalers	11,566	16.16	13,000	16.30	10,751	13.57	11,552	12.68
Dealers	43,389	60.60	50,565	63.39	52,561	66.35	58,962	64.73
Authorised distributors	13,105	18.30	13,678	17.15	14,738	18.61	13,169	14.46
Business and retail end-users	3,539	4.94	2,523	3.16	1,168	1.47	7,408	8.13
<b>Total revenue</b>	<b>71,599</b>	<b>100.00</b>	<b>79,766</b>	<b>100.00</b>	<b>79,218</b>	<b>100.00</b>	<b>91,091</b>	<b>100.00</b>

**(a) Wholesalers and dealers (local)**

For the local market, we sell decorative paints, protective coatings, colourants, binding and coating chemicals, painting tools and accessories as well as aerosol spray paints in bulk to wholesalers who distribute our products to dealers (i.e. retail hardware stores and retail paint shops). Wholesalers who have their own retail hardware stores or retail paint shops may also sell our decorative paints, protective coatings, colourants, binding and coating chemicals, painting tools and accessories as well as aerosol spray paints through their stores to retail end-users. As at the LPD, our Group has a network of 9 wholesalers located throughout Malaysia. We issue appointment letters to all our wholesalers, of which the appointment is valid for 1 year and is renewable upon expiry. Each of our wholesalers is assigned with their territory comprising the assigned geographical coverage. Assigned geographical coverage refers to a specific area of coverage within a state assigned to wholesalers where the wholesalers are allowed to secure their own dealers. Our wholesalers' dealers are not our Group's customers, as they do not purchase products directly from our Group. Each wholesaler will have their own assigned geographical coverage that does not overlap with one another. While our Group will assign each wholesaler with its own territory of geographical coverage, there will be a mutual agreement between our Group and our wholesalers on the assigned geographical coverage. Our wholesalers are not exclusive distributors of our house brand products, whereby they may also distribute other brands of paint and coating products.

We also sell decorative paints, protective coatings, colourants, binding and coating chemicals, painting tools and accessories as well as aerosol spray paints to dealers for onward sale to retail end-users through their retail hardware stores and retail paint shops. Our dealers may also sell our products to retail end-users through e-commerce platforms. As at the LPD, our Group has a network of 937 dealers located throughout Malaysia. Our Group entered into agreements with 94 out of our 937 dealers to be our preferred dealer, whereby these dealers are given incentives to achieve their respective annual sales target set by our Group. The period of agreement is 1 year and is renewable upon expiry based on their sales performance (i.e. achieving the annual sales target set by our Group).

We introduce the Smart Rewards Programme to all our wholesalers and dealers in Malaysia whereby they will be able to use their accumulated points to exchange for rewards such as overseas trips, cars, phones, electrical appliances and cash vouchers. We provide sales support (e.g. colour cards, posters and sales kits) to all our wholesalers and dealers to assist them in their sales. In addition, we also continuously monitor their sales performance to ensure that marketing and technical support can be provided in a timely manner to promote sales.

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

The strategy of using indirect distribution is in line with our objective of targeting the mass market. Using a wide network of wholesalers and dealers enables us to utilise their network to expand our market coverage as well as to reach out to a wide customer base to achieve economies of scale and grow our market share. We actively source new wholesalers and dealers where we assess their suitability based on their respective customer base, product range, market outreach, geographical coverage and level of commitment to promote our products.

For wholesalers and dealers who had registered their interest to carry our Smart Colour POS Tinting Machines, we will set up our Smart Colour POS Tinting Machines at their retail hardware stores and retail paint shops to facilitate the sales of our products. Wholesalers and dealers who use our Smart Colour POS Tinting Machines will also be provided with product and technical training to operate our machines. In return, these wholesalers and dealers will pay our Group an annual maintenance fee for the service provided by our Group to upkeep the Smart Colour POS Tinting Machines. However, if our wholesalers and dealers are able to achieve the annual sales target set by our Group, we will waive the maintenance fee on the Smart Colour POS Tinting Machines. We may also set up our Smart Colour POS Tinting Machines at retail hardware stores or retail paint shops owned by our wholesalers' customers who wish to carry our Smart Colour POS Tinting Machines. As at the LPD, we have set up our Smart Colour POS Tinting Machines in 381 retail hardware stores/retail paint shops throughout Malaysia.

Further breakdown on the distribution of our wholesalers, dealers and stores/shops with Smart Colour POS Tinting Machines, by geographical region, in Malaysia are as shown in the table below:

Geographical region	Distribution as at the LPD			
	No. of wholesalers	No. of dealers <sup>(5)</sup>	Total	No. of stores/shops with Smart Colour POS Tinting Machines <sup>(6)</sup>
Peninsular Malaysia				
• Northern <sup>(1)</sup>	2	48	50	44
• Central <sup>(2)</sup>	1	333	334	114
• Southern <sup>(3)</sup>	3	235	238	74
• East Coast <sup>(4)</sup>	2	122	124	54
East Malaysia	1	199	200	95
<b>Total</b>	<b>9</b>	<b>937</b>	<b>946</b>	<b>381</b>

**Notes:**

- (1) Northern region consists of Penang, Perak, Perlis and Kedah.
- (2) Central region consists of Selangor, Kuala Lumpur and Negeri Sembilan.
- (3) Southern region consists of Johor and Malacca.
- (4) East Coast region consists of Pahang, Kelantan and Terengganu.
- (5) Number of dealers presented only includes dealers that purchase products from our Group directly.
- (6) The number of stores/shops with Smart Colour POS Tinting Machines may be greater than the total number of wholesalers and dealers as some wholesalers and dealers may have stores/shops in more than one location carrying our Smart Colour POS Tinting Machine. Further, the number of stores/shops with Smart Colour POS Tinting Machines presented above also includes stores/shops with Smart Colour POS Tinting Machines owned by our wholesalers' customers.

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

Upon request, we may also sell our Smart Colour POS Tinting Machines to our wholesalers and dealers. As at the LPD, we have sold a total of 64 units of Smart Colour POS Tinting Machines to our wholesalers and dealers. Wholesalers and dealers who purchase our Smart Colour POS Tinting Machines are required to pay our Group an annual maintenance fee from the 4th year of installation for the service provided by our Group to upkeep the Smart Colour POS Tinting Machines. The payment of annual maintenance fee prior to the 4th year of installation is waived for wholesalers and dealers who purchased our Smart Colour POS Tinting Machines.

**(b) Authorised distributors (overseas)**

For overseas markets, we appoint authorised distributors and sell decorative paints, protective coatings, colourants, binding and coating chemicals, painting tools and accessories as well as aerosol spray paints to them for onward sale to retail hardware stores and retail paint shops, business end-users (e.g. factories, construction companies and renovation companies) and/or retail-end users (e.g. home owners and painters) within their designated territory. We issue appointment letters to all our authorised distributors, of which the appointment is valid for 1 year and is renewable upon expiry. As at the LPD, our Group has a network of 14 authorised distributors located in 6 countries, namely Singapore, Brunei, Cambodia, Indonesia, Vietnam and Myanmar. Each of our authorised distributor is assigned with their territory comprising the assigned geographical coverage.

We provide sales support (e.g. colour cards, posters, sales kits and colour scheme proposals) to our authorised distributors to aid them in their sales. In addition, we also continuously monitor their sales performance to ensure that marketing and technical support can be provided remotely through email correspondence, telephone conversation and video conferencing in a timely manner to promote sales.

Authorised distributors who have their own retail hardware stores and retail paint shops may purchase our Smart Colour POS Tinting Machines from our Group to aid in their sales. We sell our Smart Colour POS Tinting Machines to our authorised distributors as they are located overseas and we do not collect maintenance fee from them. Our authorised distributors may also purchase our Smart Colour POS Tinting Machines for onward sale to their dealers (i.e. retail hardware stores and retail paint shops). As at the LPD, we have cumulatively sold 62 units of Smart Colour POS Tinting Machines to our authorised distributors overseas.

Further breakdown on the distribution of our authorised distributors and the number of Smart Colour POS Tinting Machines sold, by countries, are as shown in the table below:

Countries	Distribution as at the LPD	
	No. of authorised distributors	No. of units of Smart Colour POS Tinting Machines <sup>(1)</sup>
• Singapore	4	8
• Brunei	4	34
• Cambodia	2	17
• Indonesia	2	3
• Vietnam	1	-
• Myanmar	1	-
<b>Total</b>	<b>14</b>	<b>62</b>

**Note:**

(1) Refers to the cumulative number of Smart Colour POS Tinting Machines sold to our authorised distributors overseas.



## 7. BUSINESS OVERVIEW (Cont'd)

### (c) In-house sales and marketing team

Our Group markets our decorative paints, protective coatings, colourants, binding and coating chemicals, painting tools and accessories as well as aerosol spray paints to consumers through our Facebook at "Smart Paint Malaysia", YouTube channel at "Smart Paints Malaysia" and corporate website at <https://smart-paints.com/>. Our Group has a dedicated sales and marketing team managing sales to direct customers comprising wholesalers, dealers, authorised distributors and business end-users (e.g. factories, construction companies and renovation companies), as well as walk-in requests by other business end-users such as painters or contractors.

Further, our sales and marketing team handles direct tender enquiries and quotation submissions from business end-users to supply decorative paints, protective coatings, colourants, binding and coating chemicals, painting tools and accessories as well as aerosol spray paints to local and overseas customers. Further, we also sell our decorative paints, protective coatings, binding and coating chemicals, as well as painting tools and accessories through third party e-commerce platform, namely Shopee, to retail end-users.

Please refer to Section 7.14 of this Prospectus for further information on our sales and marketing activities.

### 7.2.7 Our locations

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

Facilities	Location	Function
Johor Factory 1	No. 11, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor	Head office, manufacturing facility and quality control facility
Johor Factory 2	No. 9, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor	Storage of finished goods and product development facility
Johor Factory 3	No.15, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor	Storage of raw materials
Selangor Office	Lot 2-43 & 2-45, Jalan SU 8 (Lion Industrial Park), Persiaran Tengku Ampuan, Taman Perindustrian Subang, Seksyen 26, 40400 Shah Alam, Selangor	Sales and administrative office

### 7.2.8 Warranty

We provide warranty of 5 to 11 years for our exterior paints. In the event that defects are formed on the surfaces after application of our exterior paints, we will conduct investigation on the root causes of the defects formed. Defects that are covered under our product warranty policy include peeling, cracking and fungus growth. If the defects are concluded to be caused by our products, we will provide our customers with replacement products. We do not provide warranty for interior paints, protective coatings, colourants, binding and coating chemicals, painting tools and accessories and aerosol spray paints.

In the Financial Years Under Review and up to LPD, we did not receive any warranty claims from our customers.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3 OUR PRODUCTS

Our products can be categorised into 6 main categories, namely decorative paints, protective coatings, colourants, binding and coating chemicals, painting tools and accessories as well as aerosol spray paints. Details of our decorative paints are as follows:

#### 7.3.1 Decorative paints

Our decorative paints are used for wall application (i.e. interior and exterior) and roof application, primarily catered for residential and commercial buildings. We also manufacture paints that are used on other surfaces (e.g. doors, frames, staircase railing, roof trusses, metal gates and grills) such as wall sealer, wood and metal care, wood varnish and general emulsion. Our decorative paints are available in the form of water-based and solvent-based decorative paints. Water-based decorative paints utilise water as the main diluent and are normally applied in areas that are less ventilated due to the lower odour intensity and quick drying properties. Solvent-based decorative paints utilise solvent as the main diluent to adjust curing properties and viscosity of the paints and are normally applied on surfaces that require high resistance to wear and tear. We also manufacture low VOC and Zero VOC paint series which is a water-based decorative paint series that contains relatively lower volume of VOC per litre of paint.

We offer decorative paints under our house brands, namely 'Smart Paints', 'Durra Paints' and 'Toplus' and 'Hunter'.

- **Smart Paints**



- **Durra Paints**



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

- **Toplus**



- **Hunter**



[The rest of this page is intentionally left blank]

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

As at the LPD, the decorative paints that we offer under our respective house brands are as follows:

<b>Decorative paints</b>				
<b>Categories</b>	<b>Smart Paints</b>	<b>Durra Paints</b>	<b>Toplus Paints</b>	<b>Hunter</b>
Exterior paints	- Cool Weather Diamond <sup>(1)(2)</sup> - Cool Weather <sup>(2)</sup> - Roof Max <sup>(2)</sup> - Cool Weather Max 5	- Weather Plus <sup>(1)(2)</sup> - Super Roof <sup>(2)</sup>	- Weatherplus <sup>(1)</sup>	- Super Weather <sup>(2)</sup>
Interior paints	- Eco-Medi Safeguard+ <sup>(2)(3)(4)</sup> - Eco-Mediglo <sup>(2)(3)(4)</sup> - Eco-Ultrasilk <sup>(2)(5)</sup> - Vinyl Glo <sup>(2)(4)</sup> - Smartex Eco-Wall <sup>(2)(3)(5)</sup> - Eco-Wash <sup>(2)(5)</sup> - Easywash - Smartex WOW Emulsion	- Anti-Viral Safe+ <sup>(1)(2)(3)(4)</sup> - Silk Glo <sup>(1)(2)</sup> - Super Max <sup>(1)(2)(3)</sup> - Easy Wash <sup>(1)(2)</sup>	- Silk Glo Plus - Gold	- Super Silk - Gold
Wall sealer	- Eco Sealer <sup>(5)</sup> - Green Sealer 850 <sup>(2)</sup> - Wall Sealer Super 5400 <sup>(2)</sup> - Wall Sealer 400S <sup>(2)</sup> - High Performance Sealer 900 - GP Wall Sealer 400 <sup>(2)</sup>	- Eco Sealer 5100 <sup>(2)</sup> - Wall Sealer 400 - High Performance Sealer 5170	- Eco Sealer <sup>(2)</sup>	- Eco Sealer 5400 <sup>(2)</sup> - Wall Sealer 400 - Solvent Based Sealer 900
Wood and metal care	- High Gloss Diamond Series 9000 <sup>(1)</sup> - Smart Glo	- High Gloss	- High Gloss	- High Gloss
Wood varnish	- Wood stain - PU Solar Wood	- Solar Varnish	- Wood Stain	- Wood Stain
General emulsion	- Smartex <sup>(1)(2)</sup> - Eco Painter <sup>(2)</sup> - Odourless Snow White	- Deluxe Emulsion <sup>(2)</sup>	- Emulsion	- Home Deluxe
Gold paint	- 24K Pure Gold	-	- Gold paint	-

**Notes:**

- (1) This product is compliant with MS 134:2007.
- (2) This product is compliant with SIRIM ECO 019:2012 and is certified under the SIRIM Eco-Labeling Scheme to use the MyHIJAU Mark.
- (3) This product provides antiviral efficacy.
- (4) This product provides anti-bacterial efficacy.
- (5) This product contains Zero VOC.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.2 Protective coatings

Protective coatings are coatings that primarily provide protective functions. Protective coatings are used on steel and cement surfaces such as heavy structural steelwork, cemented floors and industrial walls, as well as for industrial machinery, where chemical, oil and abrasion resistant coatings are required to prevent surface deterioration and corrosion under harsh environment. Some protective coatings may also be available in a series of different colours for aesthetic or marking purposes. Further, our protective coatings also include roadline paint for road marking such as centrelines, edge lines, car parks and pedestrian crossings.

We offer protective coatings under our house brands 'Smart Paints', 'Durra Paints', 'Toplus', and 'Hunter'.

- **Smart Paints**



- **Durra Paints**



- **Toplus**



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

- **Hunter**



As at the LPD, the protective coatings that we offer under our house brands are as follows:

Protective coatings				
Categories	Smart Paints	Durra Paints	Toplus	Hunter
Industrial coating	<ul style="list-style-type: none"> <li>- Etching primer</li> <li>- Zinc phosphate primer</li> <li>- Aluminium paint</li> <li>- Aluminium heat resistance</li> <li>- Oxide primer</li> <li>- Micaceous iron oxide</li> <li>- Roadline paint</li> <li>- Epoxy BE4 Finish</li> <li>- Epoxy BE5 Finish</li> <li>- Acrylic Tile 1000</li> <li>- General Purpose White Undercoat</li> <li>- Eco-Sport Floor</li> </ul>	<ul style="list-style-type: none"> <li>- Oxide primer</li> <li>- Aluminium paint</li> <li>- General Purpose White Undercoat</li> <li>- Epoxy finish</li> <li>- Roadline paint</li> </ul>	<ul style="list-style-type: none"> <li>- Oxide primer</li> <li>- Aluminium paint</li> <li>- General Purpose White Undercoat</li> <li>- Epoxy finish</li> <li>- Roadline paint</li> </ul>	<ul style="list-style-type: none"> <li>- Oxide primer</li> <li>- Aluminium paint</li> <li>- General Purpose White Undercoat</li> <li>- Epoxy finish</li> <li>- Roadline paint</li> </ul>
Waterproofing sealer	<ul style="list-style-type: none"> <li>- Elasto 200</li> <li>- Elasto Hybrid</li> <li>- 2K Water-based Epoxy Damp Sealer</li> <li>- Penetrating Primer</li> </ul>	-	-	-
Hi-Performance Coating	<ul style="list-style-type: none"> <li>- Heavy Duty 2K</li> <li>- Polyurea 88</li> <li>- HP PU Exterior</li> <li>- Flakes Primer 33</li> <li>- HP PU 22 Finish</li> </ul>	-	-	-

[The rest of this page is intentionally left blank]

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.3 Colourants

A colourant is a concentrated pigment solution that is mixed with a paint base (e.g. a solid substance that forms the body of the paint and conveys the characteristic of the paint such as the opaqueness, elasticity and hardness) to produce a specific colour. We manufacture and sell POS universal colourants to wholesalers, dealers and authorised distributors for use in our Smart Colour POS Tinting Machines. POS universal colourants are sold under our house brands 'Aquatint' and 'Smart Paints'. As at the LPD, we have 5 POS universal colourant series, namely the Aquatint 810 Series, Aquatint 888 Series, Aquatint 300 Series, Smart Paints Smart Colour 810 Series and Flexitint 800 Series.



We also manufacture and sell in-plant colourants to third party manufacturers for manufacturing use. Our in-plant colourants are sold under our house brands 'Aquatint' and 'Flexitint'. As at the LPD, we have 5 in-plant colourant series, namely the Aquatint T-Series, Flexitint E Series, Flexitint OPP Series, Flexitint A Series and Flexitint L Series.



### 7.3.4 Binding and coating chemicals

As at the LPD, we develop, manufacture and sell binding and coating chemicals under our house brand 'King-Bond', which comprise bonding agents and waterproofing products such as King-Bond Easy Seal 107, King-Bond Latex-33, King-Bond Latex-55, King-Bond Latex-88, King-Bond Latex-99, King-Bond Water Block C, King-Bond T-200 and Epoxy Tile Finish as follows:



## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.5 Painting tools and accessories

As at the LPD, we sell painting tools and accessories under our house brand 'Goldliner' as well as trade third party branded painting tools and accessories under the brand of 'Golben', which comprise a variety of rollers, roller handles, paint brushes and extension poles to complement our paints and protective coatings offerings.



### 7.3.6 Aerosol spray paints

As at the LPD, we sell aerosol spray paints under our house brand 'Bond7', as well as trade third party branded aerosol spray paints under the brand of 'Anchor'. Our aerosol spray paints can be applied on metal, wood and plastic surfaces.



[The rest of this page is intentionally left blank]



**7. BUSINESS OVERVIEW (Cont'd)****7.4 OUR BUSINESS SEGMENTS AND PRINCIPAL MARKETS**

In the Financial Years Under review, the sales of our products and services from our manufacturing segment which comprises decorative paints, protective coatings, colourants, ODM services as well as binding and coating chemicals were the largest revenue contributor as they contributed 77.91%, 84.01%, 88.48% and 89.33% to the total revenue, respectively. The breakdown of revenue by business segment and principal product is as follows:

Revenue	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>Manufacturing Segment:</b>								
Decorative paints	45,791	63.95	53,583	67.18	54,041	68.22	60,256	66.15
Protective coatings	3,218	4.49	3,941	4.94	5,963	7.53	7,360	8.08
Colourants	4,307	6.02	5,561	6.97	5,430	6.85	4,319	4.74
ODM services <sup>(1)</sup>	1,703	2.38	3,119	3.91	3,538	4.47	7,788	8.55
Binding and coating chemicals	764	1.07	803	1.01	1,114	1.41	1,652	1.81
<b>Sub-total</b>	<b>55,783</b>	<b>77.91</b>	<b>67,007</b>	<b>84.01</b>	<b>70,086</b>	<b>88.48</b>	<b>81,375</b>	<b>89.33</b>
<b>Sale and Trading Segment:</b>								
OEM <sup>(2)</sup>	4,226	5.90	4,428	5.55	4,899	6.18	3,723	4.09
Non-OEM <sup>(3)</sup>	4,537	6.34	3,263	4.09	3,082	3.89	2,980	3.27
<b>Sub-total</b>	<b>8,763</b>	<b>12.24</b>	<b>7,691</b>	<b>9.64</b>	<b>7,981</b>	<b>10.07</b>	<b>6,703</b>	<b>7.36</b>
<b>Others:</b>								
Disinfecting products <sup>(4)</sup>	5,942	8.30	4,959	6.22	802	1.01	68	0.08
Smart Colour POS Tinting Machines								
-Maintenance services	102	0.14	42	0.05	81	0.10	235	0.26
-Sales of machines	178	0.25	51	0.06	189	0.24	1,223	1.34
Painting services <sup>(5)</sup>	831	1.16	16	0.02	79	0.10	1,487	1.63
<b>Sub-total</b>	<b>7,053</b>	<b>9.85</b>	<b>5,068</b>	<b>6.35</b>	<b>1,151</b>	<b>1.45</b>	<b>3,013</b>	<b>3.31</b>
<b>Total</b>	<b>71,599</b>	<b>100.00</b>	<b>79,766</b>	<b>100.00</b>	<b>79,218</b>	<b>100.00</b>	<b>91,091</b>	<b>100.00</b>

**Notes:**

(1) We are engaged by our ODM customers to manufacture decorative paints, protective coatings as well as binding and coating chemicals under their brand names.

(2) Our Group engaged OEM in PRC, Vietnam and Hong Kong to manufacture our aerosol spray paints and painting tools and accessories in which the products are manufactured according to our specification. We then sell these OEM products under our house brand 'Bond7' and 'Goldliner' for aerosol spray paints and painting tools and accessories, respectively.

The trademark for 'Goldliner' was owned by UT Holdings until FYE 2021, before we acquired the trademark from UT Holdings in FYE 2022.

(3) Non-OEM comprises revenue generated from trading products which we purchase from our suppliers. This includes raw materials (such as binders, pigments and additives), third party branded aerosol spray paints under the brand of 'Anchor', third party branded painting tools and accessories and face masks. We have ceased the sale of face masks in June 2022.

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

- (4) We utilised our manufacturing line to manufacture surface disinfectants during the COVID-19 pandemic as there was demand for disinfecting products. We also source hand sanitisers from a third party manufacturer in Malaysia in which the products are manufactured and packed under our house brand 'Smart Cares Sihat+'. We sell the surface disinfectants and hand sanitisers under our house brand 'Smart Cares Sihat+'. However, we have ceased the manufacturing of surface disinfectants in April 2022.
- (5) We provide painting services for construction and renovation projects, whereby we are engaged by our customers to supply products and concurrently provide painting services using the products we supply as part of our value-added services provided to our customers. Under these engagements, we outsource the painting services to painting sub-contractors.

Our Group's principal market is in Malaysia which accounted for 80.97%, 82.63%, 81.47% and 85.53% of revenue in the Financial Years Under Review. During this period, our Group also derived revenue from 6 countries overseas. The following table details our Group's principal markets in the Financial Years Under Review:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia <sup>(1)</sup>	57,976	80.97	65,907	82.63	64,539	81.47	77,914	85.53
Singapore <sup>(2)</sup>	4,901	6.84	6,911	8.66	7,845	9.90	8,921	9.79
Brunei <sup>(3)</sup>	3,577	5.00	3,121	3.91	2,753	3.48	2,715	2.98
Cambodia <sup>(4)</sup>	3,743	5.23	1,819	2.28	2,178	2.75	(50) <sup>(6)</sup>	(0.05)
Others <sup>(5)</sup>	1,402	1.96	2,008	2.52	1,903	2.40	1,591	1.75
<b>Total</b>	<b>71,599</b>	<b>100.00</b>	<b>79,766</b>	<b>100.00</b>	<b>79,218</b>	<b>100.00</b>	<b>91,091</b>	<b>100.00</b>

**Notes:**

- (1) Comprises the product brands of Smart Paints, Toplus Paints, Durra Paints, Hunter Paints, Bond7, King-Bond, Goldliner, Aquatint, Unitint and Flexitint.
- (2) Comprises the product brands of Smart Paints, Toplus Paints, Durra Paints, Bond7, Goldliner and Aquatint.
- (3) Comprises the product brands of Smart Paints, Durra Paints, Hunter Paints, Bond7, Goldliner and Aquatint.
- (4) Comprises the product brands of Smart Paints and Durra Paints.
- (5) Comprises sales from Indonesia, PRC and Vietnam which includes product brands of Smart Paints, Toplus Paints, King-Bond, Bond7, Unitint and Aquatint.
- (6) The negative revenue generated from our Cambodia market in FYE2023 was due to product returns from one of our authorised distributors. For further details on the revenue generated from our principal markets, please refer to Section 12.3.3(a)(ii) of this Prospectus for further details.

The breakdown of revenue by geographical regions in Malaysia is as follows:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Peninsular Malaysia								
• Northern	6,688	11.54	5,571	8.45	4,331	6.71	5,706	7.32
• Central	15,875	27.38	16,107	24.44	14,777	22.90	20,406	26.19
• Southern	13,691	23.62	17,093	25.93	15,216	23.58	16,866	21.65
• East Coast	4,484	7.73	6,654	10.10	6,764	10.48	7,223	9.27
East Malaysia	17,238	29.73	20,482	31.08	23,451	36.33	27,713	35.57
<b>Total revenue derived from Malaysia</b>	<b>57,976</b>	<b>100.00</b>	<b>65,907</b>	<b>100.00</b>	<b>64,539</b>	<b>100.00</b>	<b>77,914</b>	<b>100.00</b>

---

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

---

**7.5 INTERRUPTIONS TO BUSINESS AND OPERATIONS**

Save for minor interruptions to our operations arising from COVID-19 pandemic as detailed below, our Group had not experienced any other interruptions in our operations in the last 12 months from the LPD which had a significant effect on our operations.

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

Pursuant to the outbreak of the COVID-19 pandemic in 2020, the Government of Malaysia had implemented different forms of MCO since 18 March 2020 to contain the spread of the virus. During this period, our Group was required to comply with the changes in SOP outlined by MITI throughout the period. Our business and operations faced temporary disruptions with details as follows:

- (i) Our operations were temporarily suspended from 18 March 2020 to 18 April 2020 due to the imposition of the 1st MCO. This did not result in material adverse impact to our business and operations.
- (ii) From 7 August 2021 to 12 August 2021, our Group voluntarily closed our manufacturing facility for disinfection to contain the spread of the COVID-19 virus among our employees. There were 2 employees who were tested positive for the COVID-19 virus prior to the closure from 7 August 2021 to 12 August 2021. This did not result in material adverse impact to our business and operations.
- (iii) From 24 August 2021 to 26 August 2021 and 7 March 2022 to 13 March 2022, our manufacturing facility was temporarily closed for disinfection as instructed by the Ministry of Health due to positive COVID-19 cases amongst our employees. This did not result in material adverse impact to our business and operations.

Aside from the abovementioned temporary suspensions of business operation, our Group was allowed to operate while complying with the SOP (e.g. reduced workforce capacity) outlined by MITI throughout the pandemic. The reduction of workforce capacity, as per MITI's SOP during this period, did not result in material adverse impact to our business and operations. Malaysia entered into the "Transition to Endemic" phase beginning 1 April 2022. Our business operations were not impacted by the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

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

Pursuant to the outbreak of the COVID-19 pandemic, for the FYE 2022, our sales of decorative paints, in terms of volume sold, were affected due to the slowdown in demand as construction and renovation activities were disrupted by the SOPs that were implemented during the pandemic. Nevertheless, there was no material impact to our revenue as we recorded an increase in revenue in FYE 2021 with a slight decrease in FYE 2022 due to increase in average selling price for all products in our manufacturing segment in FYE 2021 and FYE 2022.

Save for the temporary disruptions to our business operations as disclosed above, there was no material impact on the delivery of our products, receipt of supplies, and the collectability of our trade receivables. Further, there was no material impact on our sales, delivery, and receipt of supplies upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

There was no material impact to our business cash flows, liquidity, financial position and financial performance for the Financial Years Under Review.

---

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


---

**(c) Strategy and steps taken to address the impact of COVID-19**

In response to the COVID-19 pandemic, our Group has established a standard safety protocol that outlines several infection control measures based on the guidelines and SOP issued by MITI from time to time to protect employees and customers against COVID-19 infection. Since the outbreak of the COVID-19 pandemic and up to the LPD, there have been no actions taken or penalties issued by the relevant authorities for breach of any laws relating to COVID-19 restrictions and/or SOPs.

**7.6 COMPETITIVE STRENGTHS**

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

**7.6.1 We have a wide range of products sold under our house brands**

With a history that spans approximately 12 years since the commencement of our business in 2012, we have successfully grown our product offerings to include a wide range of decorative paints and protective coatings for household and industrial applications, as well as colourants, binding and coating chemicals, painting tools and accessories, and aerosol spray paints. Our products are sold under our house brands, namely 'Smart Paints', 'Durra Paints', 'Toplus', 'Hunter', 'Aquatint', 'Flexitint', 'King-Bond', 'Goldliner' and 'Bond7'.

We offer a diverse range of decorative paints and protective coatings for various applications such as wall application, roof application, wall sealer, wood and metal care and wood varnish. In addition, we also offer decorative paints with value-added functions such as low VOC paints, Zero VOC paints, anti-viral and anti-bacterial paints. To complement our decorative paints and protective coatings, we also offer painting tools and accessories, and aerosol spray paints to provide the convenience for retail end-users and business end-users to source all necessary materials to carry out painting works from a single source.

Further, to enhance the sales and marketing effort of our wholesalers, dealers and authorised distributors, we also develop and manufacture POS universal colourants for use in our Smart Colour POS Tinting Machines. Our in-house development of POS universal colourants enables our Group to ensure the quality and colour accuracy of our decorative paints sold to retail end-users at retail hardware stores and retail paint shops. This enables our Group to build our reputation on the quality of our products thus, enhancing brand recognition among retail end-users.

Please refer to Section 7.3 of this Prospectus for further details of the products offered under our house brands.

**7.6.2 We adopt a multi-channel distribution network to distribute our products**

Our Group adopts a multi-channel distribution network comprising wholesalers, dealers and authorised distributors as well as our own sales and marketing team, to reach out to a wide customer base to achieve economies of scale and grow our market share. As at the LPD, our Group has a total of 9 wholesalers and 937 dealers across Malaysia, and 14 authorised distributors overseas. Please refer to Section 7.2.6 of this Prospectus for further details on our Group's distribution channels and customers.

Further, we have set up our Smart Colour POS Tinting Machines in 381 retail hardware stores/retail paint shops throughout Malaysia and have cumulatively sold 64 units of Smart Colour POS Tinting Machines to our wholesalers and dealers, as well as 62 units of Smart Colour POS Tinting Machines to our authorised distributors overseas. These machines are used to allow our wholesalers, dealers and authorised distributors to offer a wide variety of coloured paints to retail end-users while optimising storage space as it eliminates the need to store large inventories of coloured paints, thus providing our wholesalers, dealers and authorised distributors the ease to sell our products.

---

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


---

Our Group believes that our wide distribution network provides a strong foundation for our future business expansion and growth.

**7.6.3 Our technical expertise and product knowledge enable us to develop and manufacture decorative paints, protective coatings and colourants that align with current market trends and demand**

Our technical expertise and knowledge on decorative paints, protective coatings and colourants is backed by our in-house product development team, consisting of 3 chemists and 4 lab assistants which is led by our Senior Lead Chemist, Nurul Farhah binti Abdullah, who has 11 years of experience in the paints and coatings industry. All our chemists hold science degree qualifications. Our in-house product development capabilities have enabled us to innovate, develop new products and improve existing products that align with current market trends and demand. As at the LPD, our Group offers 52 decorative paints series, 21 protective coatings series, 10 colourants series, 5 binding and coating chemical series, 5 painting tools and accessories series, and 7 aerosol spray paints series.

We commenced our business by offering decorative paints and protective coatings which comprised standard, ready-mix and paint bases, as well as decorative paints and protective coatings with enhanced mechanical properties such as easy-to-clean, UV-protected, dirt resisting, and environmental friendly with low VOC. Subsequently, in response to market demand for more environmental friendly products and to cater to more health-conscious consumers, we had in 2016, launched our first Zero VOC paint series namely Eco-Wash, which is a water-based decorative paint series that contains less than 5 grams of VOC per litre of paint. We then further enhanced the value-added functions of our decorative paints when we launched our Eco-Medi SafeGuard+, an anti-viral and anti-bacterial decorative paint series with the capability to kill viruses associated with COVID-19 and HFMD in 2020. The claims for our Eco-Medi SafeGuard+ do not require acknowledgment from the Ministry of Health. Further details on our product development activities are as set out in Section 7.15 of this Prospectus.

Further, with our technical expertise and knowledge, we have the flexibility to source raw materials to adapt to our costing, formulation and manufacturing needs, thus giving us the flexibility to choose our suppliers. This allows us to ensure that the quality of our decorative paints and protective coatings are consistent as well as to promote better cost management. As such, we do not have dependency on any particular suppliers for our raw materials.

As a decorative paints and protective coatings manufacturer, we also develop and manufacture colourants for in-plant manufacturing use, as well as for use in our Smart Colour POS Tinting Machines. Colourants are critical ingredients that influence the colour quality of our decorative paints and protective coatings. Our ability to develop and manufacture colourants enables us to achieve faster production turnaround time, ensure consistent quality and supply of colourants, and reduce production cost. In addition, our in-house developed POS universal colourants provide our Group with enhanced competitive edge as we are able to control the quality and cost as well as to ensure the colour accuracy of our decorative paints sold to retail end-users at retail hardware stores and retail paint shops, thus allowing our Group to provide competitively-priced coloured paints to retail-end users. As at the LPD, we have 5 in-plant colourant series, namely Aquatint T-Series, Flexitint E Series, Flexitint OPP Series, Flexitint A Series and Flexitint L Series. Hence, we are not reliant on third party colourant suppliers to develop and supply colourants based on market needs, which enables us to expand our business without supply restrictions. We are also able to develop different tones and shades of colourants which allows us to offer a wider variety of products in the market.

As we strive to ensure that we remain at the forefront of the paints and coatings industry, our Group continuously invests in product development activities, as well as staying abreast with the latest market trends and demand. All of these will serve as a foundation for our Group to further grow and expand our range of product offerings moving forward.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.6.4 We have an experienced and hands-on key senior management team

Our Group is led by an experienced and technically skilled key management team that has accumulated years of industry experience and in-depth knowledge of our business operations. Our Managing Director, Goh Chye Hin, who has 41 years of experience in the paints and coatings industry, has played a pivotal role in steering the growth and success of our Group. His experience, drive and passion for our business have been instrumental to our Group's success to date. He has conceptualised and implemented various business and marketing strategies that led our Group to its current position in the industry.

He is supported by our Non-Independent Executive Directors and key senior management as follows:

Name	Designation	Years of relevant working experience
Kee Hui Lang	Non-Independent Executive Director	44
Lim Kok Beng	Chief Operating Officer / Non-Independent Executive Director	41
Jiu Chieh Yin	Chief Financial Officer	13
Khoo Khiow Jin	Sales and Marketing Manager	21
Tan Kim Peng	General Manager	13
Nurul Farhah binti Abdullah	Senior Lead Chemist	11

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand. Please refer to Sections 5.1.2, 5.2.2 and 5.4.3 of this Prospectus for the profiles of our Executive Directors and key senior management.

### 7.7 SEASONALITY

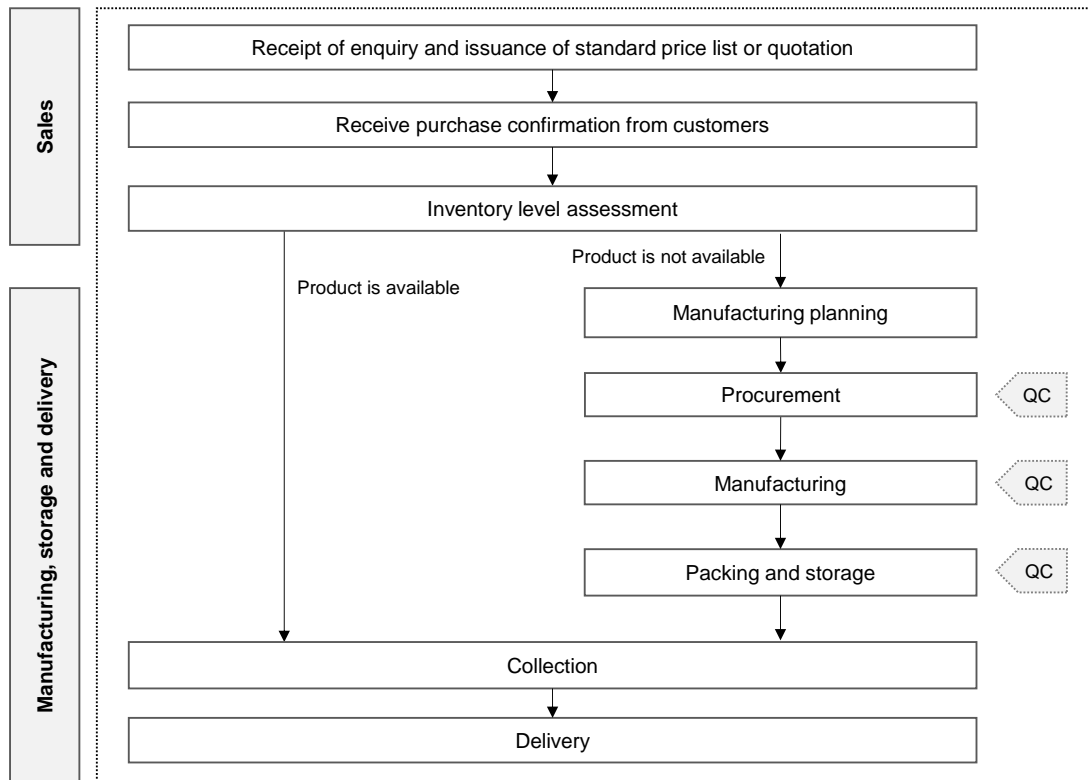
Our operations are not affected by seasonal effects as our products and services are provided to our customers which generally operate throughout the year.

[The rest of this page is intentionally left blank]

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

**7.8 OUR BUSINESS AND OPERATION PROCESS**

Our operational process flow is set out as follows:



**(a) Sales**

Upon receiving enquiry from customers who are our wholesalers, dealers and authorised distributors, they will be provided with a standard price list. For customers who are business end-users, we will issue a quotation to the customers based on the type of products and volume required.

Upon receiving the purchase confirmation from our customers, we will assess our inventory to determine the availability of the requested products. If the product is available, a delivery order will be issued and the products will be collected for delivery. The products will be delivered to our customers within 1 to 5 working days from the receipt of order for domestic delivery. For sales to East Malaysia and export sales, we will arrange product shipment within 1 to 5 working days from the receipt of order.

If the product is unavailable, we will issue a work order in preparation for manufacturing of the requested products. The lead time to complete the manufacturing of products from purchase confirmation is approximately 3 to 10 working days for decorative paints, protective coatings and colourants. The products are delivered to our customers within 1 to 5 working days upon completion of manufacturing. For sales to East Malaysia and export sales, we will arrange for product shipment within 1 to 5 working days upon completion of manufacturing.

**(b) Manufacturing, storage and delivery**

**(i) Manufacturing planning**

Based on weekly inventory assessment, we will develop a detailed manufacturing plan that specifies all the manufacturing details such as type of products, raw materials required and manufacturing schedule.

---

## 7. BUSINESS OVERVIEW (Cont'd)

---

(ii) Procurement

Our Group conducts weekly inventory assessment to ensure that there are sufficient raw materials, packaging materials, labelling and cartons to meet manufacturing needs and to prevent major disruptions to our manufacturing activities as well as to ensure timely delivery of products to our customers according to the agreed schedule. Upon the receipt of supplies (e.g. raw materials and packaging materials), our Group will conduct quality checks before storing the supplies.

We also undertake quarterly inventory assessment to ensure that we have sufficient supply of painting tools and accessories, and aerosol spray paints. Upon the receipt of painting tools and accessories, and aerosol spray paints, we will store these supplies in our factory or in third party warehouse.

Please refer to Section 7.10 of this Prospectus for further details on the quality control procedures that is put in place for the receipt of supplies.

(iii) Manufacturing

(aa) Decorative paints and protective coatings manufacturing

Based on the work order issued, we will prepare the required raw materials and packaging materials. The work order also includes the formulation of the decorative paints or protective coatings to be manufactured. Further details on our product development activities to develop new colour formulation and value-added functions are as set out in Section 7.16 of this Prospectus.

Decorative paints and protective coatings' bases are manufactured by mixing binders, solvent/water, extenders, pigments and additives in accordance with the composition stated in the formulation. If colour is needed, in-plant colourants will be added to produce the required colour, this is known as the tinting process. The tinting process for our decorative paints and protective coatings is mainly carried out by our workers by mixing the in-plant colourants manually with the paint bases. Our Group has also installed an industrial tinting system in our Johor Factory 1, whereby it is able to automate the tinting process through automated dispensing of in-plant colourants into paint bases according to the selected colour formulations. Our Group commenced the installation of the industrial tinting system in Johor Factory 1 in January 2022, and completed the installation in August 2022. As at the LPD, our Group has completed the full implementation of the industrial tinting system in Johor Factory 1.

Empty cans that we received from our suppliers are readily labelled with our product design and we will ensure that the labelled cans are correctly picked according to the decorative paints or protective coatings manufactured. Once the decorative paints or protective coatings are ready, empty cans will be placed onto the filling machine to be filled and capped. Manufacturing batch number and colour code will also be printed onto the cans.

Please refer to Section 7.10 of this Prospectus for further details on the quality control procedures undertaken during the manufacturing process as well as on the final product.



---

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

---

(bb) Colourant manufacturing

We manufacture our POS universal colourants and in-plant colourants. Based on the work order issued, we will prepare the required raw materials and packaging materials. The work order also includes the formulation of the colourants to be manufactured. Further details on our product development activities to develop new colour formulation and value-added functions are as set out in Section 7.15 of this Prospectus.

Colourants are manufactured by mixing pigments, binders, solvent/water and additives in accordance with the composition stated in the formulation. The mixing process also encompasses grinding to further grind the pigment into the required particle size to ensure the uniformity of the colourant.

Colourants that are ready will be filled into empty cans that are placed on the filling machine and capped. The cans will be printed with the manufacturing batch number and colour code (i.e. empty cans that we received from our suppliers are readily labelled with our product design) before being packed and transferred for temporary storage. On the other hand, in-plant colourants that are manufactured for our in-house manufacturing use will be stored and used for the coloured paints and coloured protective coatings manufacturing.

Please refer to Section 7.10 of this Prospectus for further details on the quality control procedures undertaken during the manufacturing process as well as on the final product.

(cc) Binding and coating chemicals manufacturing

Our manufacturing process for binding and coating chemicals is similar to the manufacturing processes for decorative paints and protective coatings. Raw materials used in the manufacturing process of binding and coating chemicals include water, emulsion polymer and additives.

(iv) Packaging and storage

For 1 litre and 5 litres can size, the final product will be packed into cartons and palletised before being stored in our factory; whereas for 7 litres, 15 litres, 18 litres and 20 litres can size, the final product will be directly palletised and stored in our factory. We may also store our manufactured products in a third party warehouse located approximately 13km away from our Johor Factory 1. For the Financial Years Under Review and up to the LPD, a majority of our manufactured products are stored in the third party warehouse, as our current factories are utilised for production as well as to store raw materials. As at the LPD, the value of the products stored in the third party warehouse is approximately RM3.52 million and these products are adequately insured with fire and burglary insurances.

(v) Delivery

Once the logistics dispatch order is issued, the products will be collected from our factory or third party warehouse to be delivered to the customer by third party logistic providers (i.e. servicing delivery outside Johor and exports) and in-house logistics team (i.e. servicing delivery within Johor).

**7. BUSINESS OVERVIEW (Cont'd)****7.9 TECHNOLOGY USED AND TO BE USED**

Over the years, we have invested in various software to improve our operational processes and capability. As at the LPD, our Group uses the following software and system in our operations:

<b>Name of software / system</b>	<b>Description</b>
Colibri	An automated colour matching software that is used to perform automated colour matching whereby it enables the selection of colour formulation from a database of known colour formulations to produce the required colours. The software was purchased and, based on the terms and conditions, does not require license renewal.
Adobe Creative Cloud	A design software that is used to design the labelling of our products, marketing materials such as product brochures, advertising materials for our social media postings, and our Group's website. The software was purchased and, based on the terms and conditions, is subject to annual license renewal.
DingTalk	An enterprise communication and collaboration platform that allows internal messaging, audio and video conference, data storage, as well as management features such as tasks assignment, approvals and calendar. The application is available for free on Google Play Store and Apple App Store.
Santint Industrial Dispenser	A system used in our tinting process in which it allows the automatic dispense of colourants into paint bases in our decorative paints and protective coatings production process according to the selected colour formulation. The system was purchased and, based on the terms and conditions, does not require license renewal.
Data Colour 800 Spectrophotometer	A machine that aids in our colour formulation activities whereby the machine is able to measure the intensity of light that is absorbed by a coloured compound in order to determine the concentration of the particular colour. This enables our Group to achieve the desired colour formulation with high accuracy while optimising time and cost efficiency. The machine is also able to store databases of colour formulation for use in our manufacturing. The machine was purchased and, based on the terms and conditions, does not require license renewal.
ColorExpert and Prisma Pro	Tinting machine software that are used in our Smart Colour POS Tinting Machine in which they provide information on the pricing of the product type and colour selected by retail-end users. Upon confirmation by the retail end-users, the software will instruct the machine to dispense POS universal colourants according to the selected colour formulation. The software were purchased and, based on the terms and conditions, do not require license renewal.

## 7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, our Group plan to use the following software and system in our operations:

Name of software / system	Description
Automated paint production system	An integration of multiple machinery and equipment to form an automated production line, which will be used in our Perak Plant that is able to automate the transfer of raw materials from the storage tanks into the dispersion tanks, movement of semi-finished products from one station to another, loading and unloading of semi-finished products, and performing quality checks. The system was purchased from the vendor with customisations according to our Group's requirements, and, based on the terms and conditions, does not require license renewal.

### 7.10 QUALITY CONTROL PROCEDURES AND CERTIFICATIONS

Our Group places strong emphasis on the safety and quality of all products manufactured. Our Group is committed to ensure that the quality management system is in accordance with internationally recognised standards.

The quality control procedures that have been incorporated into our manufacturing process are detailed below:

Objective	Criteria	Description
Quality control checks on incoming raw materials and packing materials	Raw materials	
	<ul style="list-style-type: none"> <li>Specification</li> </ul>	<ul style="list-style-type: none"> <li>To check the raw materials is within the specification approved for manufacturing.</li> </ul>
	<ul style="list-style-type: none"> <li>Packaging condition</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that there are no damages on the packaging of the raw materials.</li> </ul>
	<ul style="list-style-type: none"> <li>Weight</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that the weight of the raw materials is in accordance with the stated packaging.</li> </ul>
	Packaging materials	
	<ul style="list-style-type: none"> <li>Quantity</li> </ul>	<ul style="list-style-type: none"> <li>To ensure the quantity of the packaging materials is in accordance with the delivery order.</li> </ul>
	<ul style="list-style-type: none"> <li>Physical appearance</li> </ul>	<ul style="list-style-type: none"> <li>To ensure the size and labelling of packaging materials is in accordance with the delivery order, and that there are no defects on the printing of the labels.</li> </ul>
Quality control checks on manufacturing	<ul style="list-style-type: none"> <li>Packaging condition</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that there are no damages and contamination of the packaging materials.</li> </ul>
	Dispersion	
	<ul style="list-style-type: none"> <li>Colour matching</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that the desired colour has been manufactured.</li> </ul>
	<ul style="list-style-type: none"> <li>Viscosity</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that the viscosity level is within specification.</li> </ul>

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

Objective	Criteria	Description
	<ul style="list-style-type: none"> <li>pH level</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that the pH level of the product achieves the required product type's pH level.</li> </ul>
	<ul style="list-style-type: none"> <li>Specific gravity</li> </ul>	<ul style="list-style-type: none"> <li>To measure the weight reading of the product.</li> </ul>
	<ul style="list-style-type: none"> <li>Opacity</li> </ul>	<ul style="list-style-type: none"> <li>To measure the strength of coverage of the paint upon application.</li> </ul>
	<ul style="list-style-type: none"> <li>Gloss level</li> </ul>	<ul style="list-style-type: none"> <li>To measure the glossiness of the paint.</li> </ul>
	Filling and printing	
	<ul style="list-style-type: none"> <li>Filling</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that the decorative paints, protective coatings, colourants and binding and coating chemicals are correctly filled into the labelled cans and according to the right weight.</li> <li>Samples for each batch of our decorative paints, protective coatings, colourants and binding and coating chemicals are retained for 3 years for further monitoring.</li> </ul>
	<ul style="list-style-type: none"> <li>Printing</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that the manufacturing batch number and product description is clearly printed and correctly positioned on the cans and cartons.</li> </ul>
	Packaging	
	<ul style="list-style-type: none"> <li>Packaging condition</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that the final products are properly packed into the cartons and that there are no damages on the cans and cartons.</li> </ul>

The quality control facility located in our Johor Factory 1 has a built-up area of approximately 404 sq ft. The equipment used in our quality control facility include amongst others, applicator bar, pH meter, specific gravity cup, drying time recorders, drying oven, viscometer, sagging tester, moisture analyser, fineness of grind gauge, glossmeter, bird-type film applicator, precision balance and digital reactor block.

**[The rest of this page is intentionally left blank]**

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

Our Group's commitment to product quality and safety is further attested by our compliance with local and international quality standards, and we were awarded the certifications of compliance as follows:

<b>Standard</b>	<b>Certification body</b>	<b>Country of certification body</b>	<b>Date first awarded</b>	<b>Current validity period</b>	<b>Scope of certification</b>
Green Label Certification (ISO 14024 Type I ECO-Labels)	Malaysian Green Technology and Climate Change Corporation	Malaysia	December 2019	December 2025	A green label certification which authorises the use of MyHIJAU Mark on our products, in recognition of our products meeting local and international environmental standards
SIRIM ECO 019:2012	SIRIM QAS International Sdn Bhd	Malaysia	February 2014	December 2025	An eco-label licence for the use of SIRIM Eco-Labeling mark on the packaging and promotional materials of products that are verified to be in compliant with specific eco-label criteria and standards
MS 134:2007	SIRIM QAS International Sdn Bhd	Malaysia	April 2014	December 2024	Product certification licence on latex emulsion paint for exterior and interior use
MS 903:1984	SIRIM QAS International Sdn Bhd	Malaysia	December 2014	December 2024	Product certification licence on latex emulsion paint for interior use
MS 125:1995	SIRIM QAS International Sdn Bhd	Malaysia	October 2015	December 2024	Product certification licence on paint for wood and metal surface use
MS 164:2007	SIRIM QAS International Sdn Bhd	Malaysia	May 2018	December 2024	Product certification licence on paint for road marking use

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

Standard	Certification body	Country of certification body	Date first awarded	Current validity period	Scope of certification
ISO 9001:2015 <sup>(1)</sup>	Guardian Independent Certification Ltd	England	December 2020	December 2026	Quality management system for the manufacturing of various purpose chemicals, paints and coating for commercial and residential

**Note:**

(1) The ISO 9001:2015 certification was first awarded to our Group in December 2020 by Alberk QA Technic GMBH. However, our Group had in December 2023 changed our certification body to Guardian Independent Certification Ltd.

Our Group renew our certifications regularly to provide confidence to our customers by ensuring our products consistently comply with local and international quality standards. Our SIRIM ECO certificates are renewed every 2 years, MS certificates are renewed every year and ISO certificates are renewed every 3 years. In order to renew our certifications, inspections will be carried out at our factories prior to the renewal by authorised representatives and samples of our products will be selected for re-testing at the certification bodies' laboratories. As for our Green Label Certification, the criteria for the renewal is subject to the renewal of our SIRIM ECO certificates.

Our Group offers anti-viral and anti-bacterial decorative paint products such as Smart Paints Eco-Medi SafeGuard+ Series, Eco-Mediglo Series, Smartex Eco-Wall Series and Durra Anti-Viral Safe+ Series. Our anti-viral and anti-bacterial paint products have undergone product tests by third party laboratories for external verification on the efficacy of our products in removing pathogens. We are not required to send our products for re-testing.

**[The rest of this page is intentionally left blank]**

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

As at the LPD, we have obtained the following testing certificates:

<b>Testing laboratory</b>	<b>Country of testing laboratory</b>	<b>Date achieved</b>	<b>Description of testing</b>
Setsco Services Pte Ltd	Singapore	January 2017	Green label test for Smart Eco-Wash paint to test the level of certain chemicals (e.g. VOC) contained within the paint that is harmful to the environment. The certification certifies that the product has met the criteria for low emission and is environmental friendly, which is expected to reduce the negative impact on the environment.
Setsco Services Pte Ltd	Singapore	June 2017	Green label test for Smartex Eco-Wall paint to test the level of certain chemicals (e.g. VOC) contained within the paint that is harmful to the environment. The certification certifies that the product has met the criteria for low emission and is environmental friendly, which is expected to reduce the negative impact on the environment.
TÜV SÜD PSB Pte Ltd	Singapore	March 2020	Anti-bacterial activity and efficacy test for Eco-Mediglo paint in which it is effective against pathogens comprising Staphylococcus aureus, Escherichia coli and Methicillin-resistant Staphylococcus aureus.
Institute of Health and Community Medicine, Universiti Malaysia Sarawak	Malaysia	September 2020	Virucidal efficacy test for Eco-Medi SafeGuard+ paint in which it has a virucidal efficacy greater than 90% against pathogens comprising Human coronavirus OC43 and Human enterovirus EV-A71 after exposure for 2 hours, and the virucidal efficacy increased to greater than 99.9% after exposure for 24 hours.
Institute of Health and Community Medicine, Universiti Malaysia Sarawak	Malaysia	September 2020	Virucidal efficacy test for Eco-Mediglo paint in which it has a virucidal efficacy greater than 99.9% against pathogens comprising Human coronavirus OC43 and Human enterovirus EV-A71, after exposure for 24 hours.
Institute of Health and Community Medicine, Universiti Malaysia Sarawak	Malaysia	September 2020	Virucidal efficacy test for Durra Anti-Viral Safe+ paint in which it has a virucidal efficacy greater than 99.9% against pathogens comprising Human coronavirus OC43 and Human enterovirus EV-A71, after exposure for 24 hours.

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

<b>Testing laboratory</b>	<b>Country of testing laboratory</b>	<b>Date achieved</b>	<b>Description of testing</b>
SGS (Malaysia) Sdn Bhd	Malaysia	September 2020	Anti-bacterial activity and efficacy test for Eco-Medi SafeGuard+ and Durra Anti-Viral Safe+ paint in which it has an anti-bacterial efficacy of up to 99.99% against pathogens comprising Staphylococcus aureus and Escherichia coli, after exposure for 24 hours.
TÜV SÜD PSB Pte Ltd	Singapore	September 2021	Anti-bacterial activity and efficacy test for Smartex Eco-Wall paint in which it is effective against pathogens comprising Staphylococcus aureus, Escherichia coli and Methicillin-resistant Staphylococcus aureus.
Antimikrop Antimikrobiyal Mad Lab	Turkey	October 2021	Anti-viral efficacy test for Smartex Eco-Wall and Durra Super Max paint in which it has a virucidal efficacy greater than 99.99% against pathogens comprising SARS-CoV-2 virus, after exposure for 24 hours.
Antimikrop Antimikrobiyal Mad Lab	Turkey	December 2021	Anti-viral efficacy test for Eco-Medi SafeGuard+ paint in which it has a virucidal efficacy greater than 99.99% against pathogens comprising SARS-CoV-2 virus after exposure for 6 hours.
Antimikrop Antimikrobiyal Mad Lab	Turkey	December 2021	Anti-viral efficacy test for Eco-Mediglo paint in which it has a virucidal efficacy of up to 99.76% against pathogens comprising SARS-CoV-2 virus after exposure for 6 hours, and the virucidal efficacy increased to greater than 99.99% after exposure for 12 hours.

[The rest of this page is intentionally left blank]



**7. BUSINESS OVERVIEW (Cont'd)****7.11 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

Our purchases primarily comprise raw materials, packing materials and others, as follows:

Supplies	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Raw materials</b>								
Binders	10,541	22.99	12,744	27.18	14,035	31.09	16,083	31.48
Pigment	7,091	15.47	9,287	19.80	9,369	20.75	8,256	16.16
Additives	7,191	15.68	6,269	13.37	6,188	13.71	7,004	13.71
Solvent	2,164	4.72	1,265	2.70	1,899	4.21	2,030	3.97
Extender <sup>(1)</sup>	1,719	3.75	1,622	3.46	1,440	3.19	2,126	4.16
Colour Paste	256	0.56	122	0.26	46	0.10	46	0.09
<b>Packing materials</b>	6,443	14.05	6,729	14.35	5,740	12.72	6,805	13.32
<b>Others<sup>(2)</sup></b>	10,446	22.78	8,853	18.88	6,422	14.23	8,739	17.11
<b>Total purchases</b>	<b>45,851</b>	<b>100.00</b>	<b>46,892</b>	<b>100.00</b>	<b>45,140</b>	<b>100.00</b>	<b>51,089</b>	<b>100.00</b>

**Notes:**

- (1) Extender comprises calcium carbonate, kaolin, calcined kaolin, talcum powder and silica.
- (2) Comprise amongst others, painting tools and accessories, aerosol spray paints, disinfectant sprays, hand sanitisers, tile flakes and thinner.

Our Group has not encountered any major disruptions in the purchase of raw materials and packing materials in the Financial Years Under Review. Our raw materials and packing materials are also generally readily available and can be easily sourced from local and overseas suppliers. The breakdown of our purchases by local and overseas suppliers is as follows:

Location of suppliers	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM ('000)	%	RM ('000)	%	RM ('000)	%	RM ('000)	%
Local	35,315	77.02	37,871	80.76	33,481	74.17	37,214	72.84
Overseas	10,536	22.98	9,021	19.24	11,659	25.83	13,875	27.16
<b>Total purchases</b>	<b>45,851</b>	<b>100.00</b>	<b>46,892</b>	<b>100.00</b>	<b>45,140</b>	<b>100.00</b>	<b>51,089</b>	<b>100.00</b>

The prices of our raw materials namely binders, pigment, additives and solvent are subject to fluctuations according to the global commodity prices. As such, our financial performance may be adversely impacted if we are unable to pass on any increase in cost of raw materials to our customers. In the Financial Years Under Review, we have been able to pass on the increase in cost of raw materials to our customers.

[The rest of this page is intentionally left blank]

**7. BUSINESS OVERVIEW (Cont'd)****7.12 MATERIAL MACHINERY AND EQUIPMENT**

As at the LPD, the material machinery and equipment used in our business operations are as follows:

<b>System</b>	<b>Function</b>	<b>Machinery / Equipment contained in the System</b>	<b>No. of Units/ Sets</b>	<b>Average Life Span (Years)</b>	<b>NBV as at 31 December 2023 (RM'000)</b>
Manual Paint and Colorant Production System	Traditional method of paint and colorant production using stirring, dissolving and dispersion methods	High speed stirrer, mixing tank, pallet jack, weighting equipment, pump and mixer	24 units	5	226
Semi-Auto Paint Production System	Intelligent Mixing System technology using rotor and stator for paint production	Pipe, tank, chiller, valves and sensor accessories	1 set	20	636
Grinding & Milling System	Grinding of pigment to finer particles	Milling machine and cooling system	10 units	5	256
Industrial Tinting System	Automated dispensing of in-plant colourants into paint bases according to the selected colour formulations	Industrial tinting system and Smart Colour POS Tinting Machines	4 sets	5	185
Semi-Auto Filling & Capping System	Filling and capping of paint products	Filling and capping machineries, conveyor, printer	12 units	5	314

[The rest of this page is intentionally left blank]

**7. BUSINESS OVERVIEW (Cont'd)****7.13 ANNUAL CAPACITY, OUTPUT AND UTILISATION**

Our Group's estimated annual capacity, actual annual output and utilisation rate is measured based on the capacity of our decorative paints and protective coatings manufacturing line. The manufacturing of our Group's water-based and solvent-based decorative paints and protective coatings share the same manufacturing line. We have 2 manufacturing lines in Johor Factory 1 as follows:

- (a) Line 1: 2 sets of tanks in which each set is capable of producing 9,000 litres per day measured based on 8 hours of operations per day. Hence, the manufacturing capacity per day is 18,000 litres. Based on 22 working days per month and 12 working months per year, the estimated annual capacity for Line 1 is 4,752,000 litres per year; and
- (b) Line 2: 5 sets of tanks in which each set is capable of producing 3,000 litres per day, measured based on 8 hours of operations per day. Hence, the manufacturing capacity per day is 15,000 litres. Based on 22 working days per month and 12 working months per year, the estimated annual capacity for Line 2 is 3,960,000 litres per year.

Our Group's estimated annual capacities, actual annual outputs and utilisation rates for decorative paints and protective coatings manufacturing for the Financial Years Under Review are as follows:

	Estimated annual capacity (litres) <sup>(1)(2)</sup>	Actual annual output (litres) <sup>(2)</sup>	Utilisation rate (%)
<b>FYE 2020</b>	8,712,000	8,028,438	92.15
<b>FYE 2021</b>	8,712,000	8,552,182	98.17
<b>FYE 2022</b>	8,712,000	7,756,721	89.03
<b>FYE 2023</b>	8,712,000	9,518,722	109.26 <sup>(3)</sup>

**Notes:**

- (1) The total annual capacity is calculated by adding up the annual capacity of Line 1 and Line 2 of 4,752,000 litres and 3,960,000 litres, respectively.
- (2) The manufacturing lines for decorative paints and protective coatings are also used to carry out the manufacturing of binding and coating chemicals as and when required. The actual annual output for the Financial Years Under Review are inclusive of actual annual output of binding and coating chemicals. For the Financial Years Under Review, sale of binding and coating chemicals contributed to 1.07%, 1.01%, 1.47% and 1.81% to our Group's revenue, respectively. Hence, the actual annual outputs for binding and coating chemicals were minimal in the Financial Years Under Review.
- (3) The utilisation rate of 109.26% is due to additional working hours to fulfill customers' orders.

**[The rest of this page is intentionally left blank]**

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

The breakdown of the actual annual output by water-based and solvent-based decorative paints, protective coatings, ODM products as well as binding and coating chemicals is as follows:

Categories	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	litres	%	litres	%	litres	%	litres	%
Water-based decorative paints (house brands)	6,515,222	81.15	6,953,576	81.31	5,683,398	73.27	6,848,559	71.95
Water-based products for ODM	74,022	0.92	131,815	1.54	103,160	1.33	547,925	5.76
Water-based binding and coating chemicals (house brands)	53,698	0.67	62,037	0.73	55,822	0.72	54,730	0.57
Solvent-based decorative paints (house brands)	1,051,300	13.10	1,041,967	12.18	1,444,331	18.62	1,441,326	15.14
Solvent-based protective coatings (house brands)	334,196	4.16	362,787	4.24	448,915	5.79	431,150	4.53
Solvent-based products for ODM	-	-	-	-	17,067	0.22	176,905	1.86
Solvent-based binding and coating chemicals (house brands)	-	-	-	-	4,028	0.05	18,127	0.19
<b>Actual annual output</b>	<b>8,028,438</b>	<b>100.00</b>	<b>8,552,182</b>	<b>100.00</b>	<b>7,756,721</b>	<b>100.00</b>	<b>9,518,722</b>	<b>100.00</b>

For the Financial Years Under Review, water-based decorative paints accounted for 81.15%, 81.31%, 73.27% and 71.95% of our actual annual output for decorative paints, protective coatings as well as binding and coating chemicals, respectively; whereas solvent-based decorative paints accounted for 13.10%, 12.18%, 18.62% and 15.14% of our actual annual output for decorative paints, protective coatings as well as binding and coating chemicals, respectively. Our Group does not have fixed percentage output between water-based decorative paints and solvent-based decorative paints, whereby the production of water-based decorative paints and solvent-based decorative paints are based on orders made by our Group's customers.

The manufacturing of colourants (i.e. POS universal colourants and in-plant colourants) is carried out using a different machinery due to the different process involved as compared to the manufacturing of decorative paints and protective coatings. Our Group's estimated annual capacity, actual annual output and utilisation rate for colourant manufacturing is measured based on 1 set of machinery, which is capable of producing 1,000 litres of colourants per cycle, in which 1 cycle takes 1 working day to complete. Hence, the manufacturing capacity per month is 22,000 litres. Based on 12 working months per year, the estimated annual capacity for the machinery is 264,000 litres per year.

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

Our Group's estimated annual capacities, actual annual outputs and utilisation rates for colourant manufacturing for the Financial Years Under Review are as follows:

	Estimated annual capacity (litres)	Actual annual output (litres)	Utilisation rate (%)
<b>FYE 2020</b>	264,000	158,364	59.99
<b>FYE 2021</b>	264,000	175,111	66.33
<b>FYE 2022</b>	264,000	185,478	70.26
<b>FYE 2023</b>	264,000	144,356	54.68

The breakdown of the actual annual output by water-based and solvent-based colourant is as follows:

Categories	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	litres	%	litres	%	litres	%	litres	%
Water-based colourant	146,430	92.46	149,613	85.44	162,813	87.78	118,243	81.91
Solvent-based colourant	11,934	7.54	25,498	14.56	22,665	12.22	26,113	18.09
<b>Actual annual output</b>	<b>158,364</b>	<b>100.00</b>	<b>175,111</b>	<b>100.00</b>	<b>185,478</b>	<b>100.00</b>	<b>144,356</b>	<b>100.00</b>

**7.14 MODE OF SALES AND MARKETING**

Our Group's sales and marketing activities are spearheaded by our Sales and Marketing Manager, Khoo Khiow Jin. Details of our sales and marketing strategies are as follows:

**(a) Digital and media advertising**

We conduct advertising and marketing activities of our house brands through digital and media channels. To increase brand awareness and to drive traffic to our social media page, we utilise boosted posts on Facebook where we display specific advertisements and promotions which are targeted to specific Facebook users as well as video advertisements on YouTube and Google Ads.

We also generate product postings on our social media pages (e.g. Facebook at "Smart Paint Malaysia", YouTube channel at "Smart Paints Malaysia", Instagram at "smart\_paints", Tik Tok at "smartpaint.malaysia" and LinkedIn at "Smart Paints Malaysia") to increase brand awareness. We also develop tutorial videos of decorative paints and protective coatings application to create brand recognition among consumers.

In addition, we leverage on e-commerce platform such as Shopee to market and sell our products through our official store. The sales and marketing activities on our Shopee official store are managed in-house. We also market our 'Smart Paints' brand and products through billboard advertisements on highways.

Further, some of our dealers advertise our brand and products via displaying glass panel posters on their store's glass windows, wall posters, counter posters, as well as displaying our brand logo on their store's signboards, which increases our brand awareness and recognition among consumers.

**(b) Brand ambassadors**

We appoint brand ambassadors to enhance the market acceptance and recognition of our brands and products. We have entered into an agreement with Harith Iskander V Day Productions Sdn Bhd on 14 August 2020, for the appointment of Harith Iskander bin

## 7. BUSINESS OVERVIEW (Cont'd)

Musa (“**Harith Iskander**”), a Malaysian actor and comedian, and his family, to be our brand ambassadors up to 14 September 2024. Through this agreement, Harith Iskander and his family will promote our ‘Smart Paints’ brand in commercials and photographic materials, as well as in events held by our Group to promote our ‘Smart Paints’ products.

### (c) Corporate website

Our Group’s corporate website, <https://smart-paints.com/>, is used to introduce and market our products as well as to provide immediate searchable information on our Group.

The current widespread use of the Internet as a source of information enables us to cross geographical boundaries and facilitates access from any part of the world, enhancing our potential market reach and exposure. Moving forward, we will continue to explore and engage in different advertising and marketing activities that are suited to the latest consumer trend to expand our brand presence.

## 7.15 PRODUCT DEVELOPMENT

Our product development activities are carried out in-house by our product development team, consisting of 3 chemists and 4 lab assistants, which is led by our Senior Lead Chemist, Nurul Farhah binti Abdullah, who has 11 years of experience in the paints and coatings industry. Our product development team stays abreast with the latest interior design and paint trends introduced in the market to identify possible opportunities to develop and introduce new products to expand our offerings.

Our Group’s product development activities primarily focus on the formulation of new paint colours as well as value-added functions (e.g. Zero VOC, anti-viral and anti-bacterial properties) for our decorative paints and protective coatings. Once a new formulation is obtained, the formulation will be added into our database for use in our manufacturing. We also undertake continuous product development activities to enhance our existing products by improving the product formulation or to incorporate additional value-added function. The development of new products and enhancement of existing products is part of our continuous effort to remain competitive in the market by constantly offering products that is in accordance with market trends and demand. Development of new product formulations is also carried out upon request by our business end-users for customised paints and protective coatings.

We also carry out product development activities to develop new series of colourants for use in different types of paint application such as polyurethane-based paints and epoxy-based paints. The development of new colourants allows us to serve a wider customer base by offering colourants that are specifically developed for different types of paint bases.

Over the years, we have developed a wide range of decorative paints and protective coatings in which we have 50 series of decorative paints and 15 series of protective coatings. We have also developed a total of 9 series of colourants, of which 4 are POS universal colourants and 5 are in-plant colourants. We believe that by expanding and enhancing our product offerings, we will be well-positioned to capture business opportunities and to expand our market presence.

For the Financial Years Under Review, the product development expenses incurred by our Group amounted to RM0.78 million, RM1.11 million, RM0.61 million and RM0.61 million respectively, representing 1.09%, 1.39%, 0.77% and 0.67% of our Group’s total revenue.





The built-up area of our product development facility located in our Johor Factory 2 is approximately 1,008 sq ft. The machineries and equipment used in our production development facility include amongst others, universal oven, pH meter, moisture analyser, precision balance, glossmeter, viscometer, accelerated weathering tester, spectrophotometer, lab scale high speed dispersing machine, wet abrasion tester, autoclave machine, drying time recorder, drying oven, incubator, magnetic hot plate stirrer, mixer, and vacuum stirrer.

## 7. BUSINESS OVERVIEW






### 7.16 INTELLECTUAL PROPERTIES

As at the LPD, our Group does not own and has not applied for the registration of any other intellectual properties other than those disclosed below:

#### 7.16.1 Trademark Registrations






Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
2013011726 / 2	Intellectual Property Corporation of Malaysia ("MyIPO")		Smart Paints (M)	Paints included in class 2.	Registered <sup>(1)</sup> / 22 August 2013 – 22 August 2033
40201515721W / 2	Intellectual Property Office of Singapore ("IPOS")		Smart Paint Manufacturing	Paints included in class 2.	Registered <sup>(1)</sup> / 8 March 2016 - 10 September 2025
47037 / 2	Brunei Intellectual Property Office ("BruIPO")		Smart Paint Manufacturing	Paints.	Registered <sup>(1)</sup> / 18 January 2017 – 28 September 2025
4-2016-504536 / 2	Intellectual Property Office of the Philippines ("IPOP HL")		Smart Paint Manufacturing	Coatings for roofing felt (paints); coatings (paints); enamels for painting; enamels (varnishes); paints; primers; wood stains; wood coatings (paints); as far as included in Class 2 and not in other classes.	Registered <sup>(1)</sup> / 17 November 2016 – 17 November 2026

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






Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
4-0319820-000 / 2	Intellectual Property Office of Viet Nam ("IP Viet Nam")		Smart Paint Manufacturing	Coatings for roofing (paint); coating; enamel layer used for painting; enamel (varnish); paint; primer; wood colorants; coating for wood (paint).	Registered <sup>(1)</sup> / 8 May 2019 – 23 August 2026
4/12140/2016 / 2	Myanmar Intellectual Property Department		Smart Paint Manufacturing	Coatings for roofing felt (paints); coatings (paints); enamels for painting; enamels (varnishes); paints; primers; wood stains; wood coatings (paints).	Date of Cautionary Notice: 8 August 2016 – no date of expiry <sup>(1)</sup>
Nil / 2	Timor-Leste Intellectual Property Office		Smart Paint Manufacturing	Coatings for roofing felt (paints); coatings (paints); enamels for painting; enamels (varnishes); paints; primers; wood stains; wood coatings (paints).	Date of Cautionary Notice: 18 February 2019 – no date of expiry <sup>(1)</sup>
TM2019019228 / 2	MyIPO		Smart Paint Manufacturing	Coatings for roofing felt (paints); coatings (paints); wood coatings (paints); all included in class 2.	Registered / 29 May 2019 - 29 May 2029
2015067573 / 19	MyIPO		Smart Paint Manufacturing	Bituminous coatings for roofing; bituminous products for building; fireproof cement coatings; coatings (building materials); road coating materials; materials for making and coating roads; all included in class 19.	Registered / 20 October 2015 – 20 October 2025







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

Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
2015067574 / 2	MyIPO		Smart Paint Manufacturing	Coatings for roofing felt (paints); coatings (paints); wood coatings (paints); all included in class 2.	Registered / 20 October 2015 – 20 October 2025
2015067575 / 1	MyIPO		Smart Paint Manufacturing	Cement-water proofing chemicals, except paints; concrete preservatives, except paints and oils; cement-water proofing preparations, except paints; all included in class 1.	Registered / 20 October 2015 – 20 October 2025
TM2019046851 / 2	MyIPO		Smart Paint Manufacturing	Paints; Coatings for roofing felt (paints); Coatings (paints); Wood coatings (paints); Pigments; Color pigments; Pigments for paints; all included in class 2.	Registered / 19 December 2019 – 19 December 2029
40201927390Q / 2	IPOS		Smart Paint Manufacturing	Paints; coating for roofing felt (paints); coatings (paints); wood coatings (paints); pigments; color pigments; pigment for paints.	Registered / 11 June 2020 – 19 December 2029
KH/2022/88102/ 2	Department of Intellectual Property Rights Cambodia (“Cambodia DIPR”)		Smart Paint Manufacturing	Paints; coating for roofing felt (paints); coatings (paints); wood coatings (paints); pigments; color pigments; pigment for paints.	Registered / 30 May 2022 – 16 December 2031





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

Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
51206 / 2	BrulPO		Smart Paint Manufacturing	Paints; Coatings for roofing felt (paints); Coatings (paints); Wood coatings (paints); Pigments; Color pigments; Pigments for paints.	Registered / 7 June 2022 – 24 December 2029
02008546 / 8	MyIPO		Smart Paint Manufacturing	Hand tools and implements (hand-operated); hand operated painters tools; scrapers, palette knives, spanners, wrenches, hammers, pliers, screwdrivers, files, riveters, cutting tools, chisels, hex keys, saws; all being hand tools; all included in class 8.	Registered / 19 July 2002 – 19 July 2032
02008547 / 16	MyIPO		Smart Paint Manufacturing	Paper and paper articles, printed matter, stickers, artists materials, paint palettes, paint roller trays, paint rollers, paint trays, painters' brushes, painting materials (other than paints); all included in class 16.	Registered / 19 July 2002 – 19 July 2032
TM2019042114 / 2	MyIPO		Color Breeze	Paints; Coatings for roofing felt (paints); Coatings (paints); Wood coatings (paints); Pigments; Color pigments; Pigments for paints; all included in class 2.	Registered / 15 November 2019 – 15 November 2029
40201922367V / 2	IPOS		Color Breeze	Paints; Coatings for roofing felt (paints); Coating for (paints); Wood coatings (paints); pigments; Color pigments; Pigments for paints.	Registered / 16 April 2020 – 11 October 2029






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

Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
4-2019-15766 / 2	IPOPHL		Color Breeze	Colourant; Pigment; Lacquers; paints; primers; spray coatings (paints); automotive paint; coating (paints); spray on paint; epoxy paint (other than insulating paints); polyurethane paint; anti-corrosive oils; anti-rust oils; thinner for paints; turpentine; coating compositions having waterproofing properties (paints or oils).	Registered / 22 February 2020 – 22 February 2030
KH/2021/85910 / 2	Cambodia DIPR		Color Breeze	Colourant; Pigment; Lacquers; paints; primers; spray coatings (paints); automotive paint; coating (paints); spray on paint; epoxy paint (other than insulating paints); polyurethane paint; anti-corrosive oils; anti-rust oils; thinner for paints; turpentine; coating compositions having waterproofing properties (paints or oils).	Registered / 26 October 2021 – 4 September 2029
IDM000841944 / 2	Indonesian Directorate General of Intellectual Property (“Indonesia DGIP”)		Color Breeze	Anti-rust oil, base paint, pigment (dyeing agent); epoxy coating for concrete floors; turpentine (paint thinners); paints; varnish; paint coating (decorative); dye; coating (paint), waterproofing preparations (paint); vehicle paint; anti-rust oil.	Registered / 5 April 2021 – 5 September 2029
4-0408244-000 / 2	IP Viet Nam		Color Breeze	Colourant; dyes; lacquer; paint; primer; coatings (paint); automotive paints (not insulating paint); coating; spray paints; base coatings (save for insulating paints); PU paint; anti-corrosion oil; anti-rust oil; paint thinner; turpentine (paint thinners); Paint or oil-based water-repellent coating	Registered / 5 January 2022 – 4 September 2029





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

Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
40814361 / 2	China National Intellectual Property Administration ("China IP")		Color Breeze	Colorants; pigments; lacquers, varnishes, primers: paints (paints); anticorrosion agents; antirust greases; thinner for paints; turpentine; water proofing powder coatings	Registered / 21 April 2020 – 20 April 2030
TM2019042115 / 2	MyIPO		Color Breeze	Paints; Coatings for roofing felt (paints); coatings (paints); wood coatings (paints); pigments; color pigments; pigments for paints; all included in class 2.	Registered / 15 November 2019 – 15 November 2029
40201922366X / 2	IPOS		Color Breeze	Paints; Coatings for roofing felt (paints); coatings (paints); wood coatings (paints); pigments; color pigments; pigments for paints.	Registered / 28 February 2020 – 11 October 2029
KH/2021/82625 / 2	Cambodia DIPR		Color Breeze	Colourant; pigment; lacquers; paints; primers; spray coatings (paints); automotive paint; coating (paints); spray on paint; epoxy paint (other than insulating paints); polyurethane paint; anti-corrosive oils; anti-rust oils; thinner for paints; turpentine; coating compositions having waterproofing properties (paints or oils).	Registered / 12 May 2021– 4 September 2029

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



Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
IDM000842010 / 2	Indonesia DGIP		Color Breeze	Anti-rust oil; base coatings, pigment (dying agent); epoxy coating for concrete floors, turpentine (paint thinners); paint; varnish; paint coating (decorative)l dye; coating (paint); waterproofing preparations (paint); vehicle paint; anti-rust oil.	Registered / 6 April 2021 – 5 September 2029
4-0420588-000 / 2	IP Viet Nam		Color Breeze	Colourant; dyes; lacquers; paints; primers; coatings (paints); automotive paints (save for electrical and thermal insulation paints); coatings; spray paints; base coatings (save for electrical and thermal insulation paints); PU paint; anti-corrosion oil; anti-rust oil; paint thinner; turpentine (paint thinners); Paint or oil-based water-repellent coating	Registered / 29 April 2022 – 4 September 2029
40838340 / 2	China IP		Color Breeze	Pigments; anti-corrosion agents; anti-rust oil	Registered / 21 June 2020 – 20 June 2030
43938165 / 2	China IP		Color Breeze	Colorants; pigments; paints, paint thinners; paints (paints); primers; varnishes; turpentine (paint thinners); water-repellent powders (paints); anticorrosion agents; anti-rust oil	Registered / 28 September 2020 – 27 September 2030
TM2019027483 / 2	MyIPO		Smart Paint Manufacturing	Coatings for roofing felt (paints); coatings (paints); wood coatings (paints); all included in class 2.	Registered / 29 July 2019 – 29 July 2029

7. BUSINESS OVERVIEW (Cont'd)

Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
TM2021035011 / 2	MyIPO		Smart Paint Manufacturing	Paints; coatings for roofing felt (paints); coatings (paints); wood coatings (paints); pigments; color pigments; pigmented coatings in the nature of paint.	Registered / 14 December 2021 – 14 December 2031
40202130223R / 2	IPOS		Smart Paint Manufacturing	Paints; coatings for roofing felt (paints); coatings (paints); wood coatings (paints); pigments; color pigments; Pigments for paints.	Registered / 12 September 2022 – 14 December 2031
52565 / 2	BruIPO		Smart Paint Manufacturing	Paints; coatings for roofing felt (paints); coatings (paints); wood coatings (paints); pigments; color pigments; pigments for paints.	Registered / 11 September 2023 – 17 January 2032
2014070001 / 2	MyIPO		Smart Paint Manufacturing	Coatings (paints); paints, varnishes, lacquers; all included in class 2.	Registered / 31 December 2014 – 31 December 2024

Registration No. 201901016953 (1326281-T)

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

Registration No. / Class	Issuing Authority	Trademark	Registered Owner	Description / Product name	Status / Registration validity
2017073585 / 2	MyIPO		Smart Paint Manufacturing	Coatings for roofing felt (paints); coatings (paints); wood coatings (paints); all included in class 2.	Registered / 27 November 2017 – 27 November 2027
TM2023004542 / 2	MYIPO		Color Breeze	Paints; Coatings for roofing felt (paints); Coatings (paints); Wood coatings (paints); Pigments; Color pigments; pigmented coatings in the nature of paints.	Registered / 23 February 2023 – 23 February 2033

**Note:**

- (1) As at the LPD, the sole proprietor of our Group's customer and also authorised distributor in Cambodia, Toplus Paint, had registered our Group's 'Smart Paints' logo as its trademark in Cambodia without our Group's permission.

Our Group supplies products to 2 Cambodian customers, namely Toplus Paint and Kung Huy Construction Material Supply Co. Ltd. 'Smart Paints' branded products are solely supplied to Toplus Paint while 'Durra Paints' branded products are solely supplied to Kung Huy Construction Material Supply Co. Ltd. Toplus Paint was previously our Group's top 5 customers in FYE 2020. However, it has ceased to be our Group's top 5 customers in FYE 2021, FYE 2022 and FYE 2023.

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



*Our Group currently still supplies our 'Smart Paints' branded products in Cambodia to Toplus Paint and Toplus Paint is the sole distributor of 'Smart Paints' branded products in Cambodia.*

*Although the sole proprietor of Toplus Paint has registered the logo 'Smart Paints' in Cambodia, our Group is of the view that there will not be any adverse impact to our Group's business and profitability as our Group is not dependent on the Cambodia market and the sale of 'Smart Paints' products to Cambodia only represents 5.23%, 2.28%, and 2.75% of our revenue for FYE 2020, FYE 2021 and FYE 2022, respectively.*

*Further, our Group does not intend to bring any action against the sole proprietor of Toplus Paint as our Group intend to maintain our business relationship with them and has no plans to expand further into the Cambodia market in the near future.*


*As at the LPD, the sole proprietor of Toplus Paint is unwilling to relinquish the 'Smart Paints' logo trademark to our Group, notwithstanding our Group's request. For the avoidance of doubt, Smart Paint Manufacturing has registered the trademark "Durra Paints" in Cambodia and the trademark registration is valid from 30 May 2022 to 16 December 2031.*

**7.16.2 Trademarks in Application**


Application no. / Class	Issuing Authority	Trademark	Applicant	Description / Product name	Status / Application Date
TM2024004819 / 2	MyIPO	 SMART ASIA CHEMICAL BHD	Smart Asia	Paints; Coatings for roofing felt (paints); Coatings (paints); Wood coatings (paints); Pigments; Color pigments; Pigmented coatings in the nature of paints.	Under substantive examination <sup>(1)</sup> / 20 February 2024
TM2024004823 / 16	MyIPO	 SMART ASIA CHEMICAL BHD	Smart Asia	Advertisement boards of paper or cardboard; Almanacs; Announcement cards (stationery); Bags (envelopes, pouches) of paper or plastics, for packaging; Boxes of paper or cardboard; Calendars; Cardboard*; Cards*; Catalogues; Clipboards; Covers (stationery); Document files (stationery); Drawing boards; Engravings; Envelopes (stationery); Files (office requisites); Filtering materials of paper; Fountain pens; Graphic	Under substantive examination <sup>(1)</sup> / 20 February 2024




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

Application no. / Class	Issuing Authority	Trademark	Applicant	Description / Product name	Status / Application Date
				prints; Graphic representations; Greeting cards; Index cards (stationery); Labels of paper or cardboard; Magazines (periodicals); Manuals (handbooks); Newsletters; Note books; Padding materials of paper or cardboard; Paper*; Periodicals; Pictures; Postcards; Posters; Printed matter; Printed publications; Printing type; Printing sets, portable (office requisites); Signboards of paper or cardboard; Stationery; Wrapping paper; Writing instruments; Informational flyers; Printed promotional materials; Events programmes; Advertising pamphlets.	
TM2024004825 / 38	MyIPO		Smart Asia	Rental of access time to global computer networks; Cable television broadcasting; Communications by telegrams; Communications by telephone; Communications by cellular phones; Communications by computer terminals; Communications by fibre optic networks; Computer aided transmission of messages and images; Electronic bulletin board services (telecommunications services); Information about telecommunication; Providing internet chatrooms; Message sending; News agency services; Providing online forums; Radio broadcasting; Radio communications; Providing telecommunications connections to a global computer network; Teleconferencing services; Television broadcasting; Transmission of electronic mail;	Under substantive examination <sup>(1)</sup> / 20 February 2024

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

Application no. / Class	Issuing Authority	Trademark	Applicant	Description / Product name	Status / Application Date
				Transmission of greeting cards online; Transmission of digital files; Providing user access to global computer networks; Video-on-demand transmission; Videoconferencing services; Wireless broadcasting.	
TM2024003570 / 16	MyIPO		Smart Paint Manufacturing	Advertisement boards of paper or cardboard; Almanacs; Announcement cards (stationery); Bags (envelopes, pouches) of paper or plastics, for packaging; Boxes of paper or cardboard; Calendars; Cardboard*; Cards*; Catalogues; Clipboards; Covers (stationery); Document files (stationery); Drawing boards; Engravings; Envelopes (stationery); Files (office requisites); Filtering materials of paper; Fountain pens; Graphic prints; Graphic representations; Greeting cards; Index cards (stationery); Labels of paper or cardboard; Magazines (periodicals); Manuals (handbooks); Newsletters; Note books; Padding materials of paper or cardboard; Paper*; Periodicals; Pictures; Postcards; Posters; Printed matter; Printed publications; Printing type; Printing sets, portable (office requisites); Signboards of paper or cardboard; Stationery; Wrapping paper; Writing instruments; Informational flyers; Printed promotional materials; Events programmes; Advertising pamphlets.	Under substantive examination <sup>(1)</sup> / 5 February 2024

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

Application no. / Class	Issuing Authority	Trademark	Applicant	Description / Product name	Status / Application Date
TM2024003572 / 35	MyIPO		Smart Paint Manufacturing	Advertising; Advertising of business web sites; Advertising services relating to the sale of goods; Advertising by mail order; Business information; Providing business information via a web site; Demonstration of goods; Distribution of samples; Direct mail advertising; Marketing; Online advertising on a computer network; Provision of an online marketplace for buyers and sellers of goods and services; Outdoor advertising; Presentation of goods on communication media, for retail purposes; Import-export agency services; Invoicing; Sales promotion for others; Arranging and conducting of promotional and marketing events; Advisory services relating to business organization and management; Corporate branding services; Commercial business management services; Commercial consultancy services; Business management of wholesale and retail outlets.	Under substantive examination <sup>(1)</sup> / 5 February 2024

**Note:**

(1) *The application is under substantive examination which entails examination by MyIPO on whether the trademark fulfils the requirements for registration under the Trademarks Act 2019 such as the distinctiveness and whether there exist potential conflicts with existing trademarks. The estimated timeframe for the registration of the trademarks is between 12 to 24 months from the date of application.*

*Although the registration of the above trademarks (“New Trademarks”) have yet to be effected, our Group’s business and profitability are not dependent on the New Trademarks. Further, our Group has established a strong presence in the industry and as such, our Group will not be affected in the event of non-approval of registrations. In addition, our Group may still be able to initiate a passing off action against any person using a mark which is similar or identical to the New Trademarks pursuant to common law principles.*

Registration No. 201901016953 (1326281-T)

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.16.3 Patent Registration

Patent Grant No.	Issuing Authority	Patent Title	Registered Owner	Status / Grant Validity Period
MY-196954-A	MyIPO	Low VOC Emission Paint Formulation	Smart Paint Manufacturing	Granted / 12 May 2023 to 17 December 2030

### 7.16.4 Patent in Application

Patent Application No.	Issuing Authority	Patent Title	Applicant	Status / Application Date
UI2021004721	MyIPO	A Method of Manufacturing a Paint	Smart Paint Manufacturing	Under substantive examination <sup>(1)</sup> / 18 August 2021

**Note:**

(1) The application is under substantive examination whereby MyIPO will examine as to whether the utility innovation fulfils the requirements for certification for utility innovation under the Patent Act 1983 such as novelty and industrial applicability. Subsequent to the LPD, the said application has been granted on 14 April 2024 and the grant validity period is from 14 April 2024 to 18 August 2031.

Although the registration of the above patent has yet to be effected, our Group is of the view that the business and profitability of our Group is not dependent on the patent. In addition, the details of the invention are kept confidential and the inventor, who is our Group's former employee, is bound by her employment contract to not disclose to any parties any time during the continuance or after the termination of her service with our Group, the affairs and confidential information of our Group which she has knowledge of or become aware of during the course of her employment with our Group.

[The rest of this page is intentionally left blank]

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

**7.17 LICENCES AND PERMITS**

Save as disclosed below, there are no other licences and permits which our Group is materially dependent on for our business or profitability as at the LPD.

No.	Licencee / Issuing authority / Registration Reference no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
1.	Smart Paint Manufacturing / MITI / A020372	15 January 2016 <sup>(1)</sup> / Valid until withdrawn	Manufacturing licence for the manufacturing of 'Paints (Decorative and Protective Coating)' at Johor Factory 1 and Johor Factory 2	(i) If there is a sale of its shares, the company shall inform MITI and MIDA regarding the sale of shares.  (ii) Company must train Malaysians to promote the transfer of technology and expertise at all levels of positions.	Complied  Complied
2.	Smart Paint Manufacturing / MITI / A022354	25 July 2023 <sup>(2)</sup> / Valid until withdrawn	Manufacturing licence for the manufacturing of 'Paints (Decorative and Protective Coating)' at Perak Land	(i) If there is a sale of Company shares, the Company shall inform MITI and MIDA regarding the sale of shares.  (ii) Company must train Malaysians to promote the transfer of technology and expertise at all levels of positions.  (iii) Company must have capital investment per employee (CIPE) ratio of at least RM140,000.00  (iv) Total full-time workforce of the company must comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to prevailing policies.	Complied  Complied  Complied  Complied



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

No.	Licencee / Issuing authority / Licence Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
5.	Smart Paints (M) / Johor Bahru City Council / L2023518075	9 October 2023 / 31 December 2024	Business License of Smart Paints (M) in respect of the following:  (i) Storage; and  (ii) Advertisement board, at Johor Factory 2.	(i) Polystyrene is prohibited from being used from 1 January 2018 onwards.  (ii) The license is to be renewed 1 month prior to its expiry.	Complied  Noted
6.	Smart Paint Manufacturing/ Johor Bahru City Council / L2023496110	9 October 2023 / 31 December 2024	Business License of Smart Paint Manufacturing in respect of the following:  (i) Management office;  (ii) Storage; and  (iii) Advertisement board, at Johor Factory 2.	(i) Polystyrene is prohibited from being used from 1 January 2018 onwards.  (ii) The license is to be renewed 1 month prior to its expiry.	Complied  Noted

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

No.	Licencee / Issuing authority / Licence Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
7.	Smart Paint Manufacturing/ Johor Bahru City Council / L2023486691	9 October 2023 / 31 December 2024	Business License of Smart Paint Manufacturing in respect of the following:  (i) Paint business license;  (ii) Management office; and  (iii) Advertisement board, at Johor Factory 1.	(i) Polystyrene is prohibited from being used from 1 January 2018 onwards.  (ii) The license is to be renewed 1 month prior to its expiry.	Complied  Noted
8.	Smart Paint Manufacturing/ Johor Bahru City Council / L2023512002	9 October 2023 / 31 December 2024	Business License of Smart Paint Manufacturing in respect of the following:  (i) Paint supplier license; and  (ii) Advertisement board, at Johor Factory 3.	(i) Polystyrene is prohibited from being used from 1 January 2018 onwards.  (ii) The license is to be renewed 1 month prior to its expiry.	Complied  Noted
9.	Smart Paint Manufacturing/ Johor Bahru City Council / L2023518973	9 October 2023 / 31 December 2024	Business License of Smart Paint Manufacturing in respect of the following:  (i) Storage license; and  (ii) Advertisement board, at Johor Factory 3.	(i) Polystyrene is prohibited from being used from 1 January 2018 onwards.  (ii) The license is to be renewed 1 month prior to its expiry.	Complied  Noted



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

No.	Licencee / Issuing authority / Licence Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
10.	Color Breeze/ Johor Bahru City Council / L2023514378	9 October 2023 / 31 December 2024	<p>Business License of Color Breeze in respect of the following:</p> <ul style="list-style-type: none"> <li>(i) Sale of paints;</li> <li>(ii) Management office;</li> <li>(iii) Sale of metal goods; and</li> <li>(iv) Advertisement board.</li> </ul> <p>at Johor Factory 2.</p>	<ul style="list-style-type: none"> <li>(i) Polystyrene is prohibited from being used from 1 January 2018 onwards.</li> <li>(ii) The license is to be renewed 1 month prior to its expiry.</li> </ul>	<p>Complied</p> <p>Noted</p>
11.	Smart Paint (Selangor) / Shah Alam City Council ("MBSA") / MBSA/LSP/LS/600-3/1/0283-23	22 August 2023 / 14 August 2024	<p>Business License of Smart Paint (Selangor) in respect of the following:</p> <ul style="list-style-type: none"> <li>(i) Management office;</li> <li>(ii) Paint supplier services; and</li> <li>(iii) Advertisement board,</li> </ul> <p>at Lot 2-43 &amp; 2-45, Jalan SU 8 (Lion Industrial Park), Persiaran Tengku Ampuan, Taman Perindustrian Subang, Seksyen 26, 40400 Shah Alam, Selangor</p>	<ul style="list-style-type: none"> <li>(i) This license is not transferable.</li> <li>(ii) This license is to be exhibited at conspicuous areas.</li> <li>(iii) The license is to be renewed 3 months prior to its expiry.</li> <li>(iv) The licensee is not permitted to hire any foreign workers who have not been issued with valid working visa / permits issued by the Immigration Department of Malaysia.</li> <li>(v) The licensee is prohibited from placing chairs and/or tables at the sidewalk and/or at the footway without prior permission of the MBSA.</li> </ul>	<p>Noted</p> <p>Complied</p> <p>Noted</p> <p>Complied</p> <p>Noted</p>

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

No.	Licencee / Issuing authority / Licence Registration or Reference no.	Date of issue / Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
				(vi) There can be no change or addition in the business activities of the licensee without prior permission of the MBSA. Any changes in the business activities of the licensee should be notified to MBSA in writing.	Noted

**Notes:**

- (1) *The manufacturing licence was issued by MITI on 15 January 2016, but the effective date of the licence is 8 October 2015.*
- (2) *The manufacturing licence was issued by MITI on 25 July 2023, but the effective date of the licence is 23 October 2019.*

**7.18 MATERIAL DEPENDENCY ON COMMERCIAL OR FINANCIAL CONTRACTS / AGREEMENTS / INTELLECTUAL PROPERTY RIGHTS / LICENCES OR PERMITS / BUSINESS PROCESSES**

Save for our business and operation process in Section 7.8, trademarks in Section 7.16 and licences and permits in Section 7.17 above of this Prospectus, the business and profitability of our Group are not materially dependent on any contracts, agreements, intellectual property rights, licences and permits, and production or business processes as at the LPD.

**[The rest of this page is intentionally left blank]**

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

**7.19 MATERIAL PROPERTIES OF OUR GROUP**

**7.19.1 Properties owned by our Group**

The summary of the material properties owned by our Group as at the LPD are set out below:

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title (sq ft)	Express Conditions / Restrictions in Interest / Encumbrances	NBV as at the 31 December 2023 (RM)
1.	Perak Land <sup>(1)</sup>	<p><b>Registered owner</b> Smart Paint Manufacturing</p> <p><b>Title Details</b> HSD 247906, PT 44859, Mukim Sungai Terap, Daerah Kinta, Negeri Perak</p> <p><b>Postal Address</b> N/A</p>	<p><b>Category of Land Use</b> Industrial</p> <p><b>Tenure of Property</b> Leasehold of 99 years expiring on 10 December 2119</p>	<p><b>Description</b> Perak Plant<sup>(2)</sup></p> <p><b>Existing Use</b> Perak Plant<sup>(2)</sup></p>	13 August 2018 / N/A <sup>(2)</sup>	95,170 / 206,505.62	<p><b>Express Conditions</b> Commercial industrial lots</p> <p><b>Restrictions in Interest</b> This land can only be transferred, leased, mortgaged or secured with the permission of the state authority.</p> <p><b>Encumbrances</b> Land charged in favour of CIMB Bank Berhad on 10 July 2023.</p>	2,901,921.74
2.	Perak Land 2 <sup>(1)</sup>	<p><b>Registered owner</b> Smart Paint Manufacturing</p> <p><b>Title Details</b> PN 1068819, Lot 374007, Mukim Sungai Terap, Daerah Kinta, Negeri Perak</p>	<p><b>Category of Land Use</b> Industrial</p> <p><b>Tenure of Property</b> Leasehold of 99 years expiring on 16 May 2115</p>	<p><b>Description</b> Vacant land</p> <p><b>Existing Use</b> Vacant land<sup>(2)</sup></p>	9 July 2020 / N/A	N/A / 55,089.69	<p><b>Express Conditions</b> Commercial industrial lots</p> <p><b>Restrictions in Interest</b> This land can only be transferred, leased, mortgaged or secured</p>	520,204.69

7. BUSINESS OVERVIEW (Cont'd)

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title (sq ft)	Express Conditions / Restrictions in Interest / Encumbrances	NBV as at the 31 December 2023 (RM)
		<u>Postal Address</u> N/A					with the permission of the state authority.  <u>Encumbrances</u> Nil	
3.	Perak Land 3 <sup>(1)</sup>	<u>Registered owner</u> Smart Paint Manufacturing  <u>Title Details</u> PN 1068820, Lot 374008, Mukim Sungai Terap, Daerah Kinta, Negeri Perak  <u>Postal Address</u> N/A	<u>Category of Land Use</u> Industrial  <u>Tenure of Property</u> Leasehold of 99 years expiring on 16 May 2115	<u>Description</u> Vacant land  <u>Existing Use</u> Vacant land <sup>(3)</sup>	9 July 2020 / N/A	N/A / 63,054.99	<u>Express Conditions</u> Commercial industrial lots  <u>Restrictions in Interest</u> This land can only be transferred, leased, mortgaged or secured with the permission of the state authority.  <u>Encumbrances</u> Nil	591,869.60
4.	Perak Land 4 <sup>(1)</sup>	<u>Registered owner</u> Smart Paint Manufacturing  <u>Title Details</u> PN 1068821, Lot 374009, Mukim Sungai Terap, Daerah Kinta, Negeri Perak	<u>Category of Land Use</u> Industrial  <u>Tenure of Property</u> Leasehold of 99 years expiring on 16 May 2115	<u>Description</u> Vacant land  <u>Existing Use</u> Vacant land <sup>(3)</sup>	9 July 2020 / N/A	N/A / 83,614.06	<u>Express Conditions</u> Commercial industrial lots  <u>Restrictions in Interest</u> This land can only be transferred, leased, mortgaged or secured with the permission of the state authority.	776,912.48

7. BUSINESS OVERVIEW (Cont'd)

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title (sq ft)	Express Conditions / Restrictions in Interest / Encumbrances	NBV as at the 31 December 2023 (RM)
		<u>Postal Address</u> N/A					<u>Encumbrances</u> Nil	
5.	Johor Factory 1	<u>Registered owner</u> Smart Paint Manufacturing  <u>Title Details</u> HSD 506797, PTD 212908, Mukim Plentong, Daerah Johor Bahru, Negeri Johor  <u>Postal Address</u> No. 11, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor	<u>Category of Land Use</u> Commercial or Industrial  <u>Tenure of Property</u> Freehold	<u>Description</u> Single storey detached factory with three storey office building  <u>Existing Use</u> Factory	10 August 2018 / 5 October 2012 and 13 April 2023 <sup>(4)</sup>	34,198.62 / 43,475.43	<u>Express Conditions</u> (i) This land is to be used for medium industry single-storey factory with three-storey office for the purpose of medium-sized industries and other relevant uses built in accordance with the plan approved by the relevant local authority.  (ii) All wastes and pollution caused by such activities should be directed to areas determined by the authorities.  (iii) All laws and conditions determined by the authorities from time to time are to be	6,775,976.33

7. BUSINESS OVERVIEW (Cont'd)

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title (sq ft)	Express Conditions / Restrictions in Interest / Encumbrances	NBV as at the 31 December 2023 (RM)
							<p>complied with.</p> <p><b>Restrictions in Interest</b> Nil</p> <p><b>Encumbrances</b> (i) Land charged in favour of OCBC Al-Amin Bank Berhad on 3 January 2019. (ii) Private caveat lodged by OCBC OCBC Al-Amin Bank Berhad on 22 October 2018.</p>	
6.	Johor Factory 2	<p><b>Registered owner</b> Smart Paint Manufacturing</p> <p><b>Title Details</b> HSD 506798, PTD 212909, Mukim Plentong, Daerah Johor Bahru, Negeri Johor</p> <p><b>Postal Address</b> No. 9, Jalan Indah Gemilang 5, Taman</p>	<p><b>Category of Land Use</b> Commercial or Industrial</p> <p><b>Tenure of Property</b> Freehold</p>	<p><b>Description</b> Single storey detached factory with three storey office building</p> <p><b>Existing Use</b> Factory</p>	23 April 2015 / 5 October 2012	31,658.00 / 43,475.43	<p><b>Express Conditions</b> (i) This land is to be used for medium industry single-storey factory with three-storey office for the purpose of medium-sized industries and other relevant uses built in accordance with the plan approved by the relevant local authority.</p>	6,139,225.04

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

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title (sq ft)	Express Conditions / Restrictions in Interest / Encumbrances	NBV as at the 31 December 2023 (RM)
		Perindustrian Gemilang, 81800 Ulu Tiram, Johor					(ii) All wastes and pollution caused by such activities should be directed to areas determined by the authorities.  (iii) All laws and conditions determined by the authorities from time to time are to be complied with.  <u>Restrictions in Interest</u> Nil  <u>Encumbrances</u> Land charged in favour of CIMB Bank Berhad on 8 September 2015.	
7.	Johor Factory 3	<b>Registered owner</b> Smart Paint Manufacturing  <b>Title Details</b> HSD 506796, PTD 212907, Mukim of Plentong, Daerah Johor Bahru, Negeri Johor	<b>Category of Land Use</b> Commercial or Industrial  <b>Tenure of Property</b> Freehold	<b>Description</b> Single storey detached factory with three storey office building  <b>Existing Use</b> Factory	10 March 2022 / 5 October 2012	28,532.00 / 43,475.43	<b>Express Conditions</b> (i) This land is to be used for medium industry single storey factory with three-storey office for the purpose of medium-sized industries and other relevant uses built in	7,468,801.41

7. BUSINESS OVERVIEW (Cont'd)

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title (sq ft)	Express Conditions / Restrictions in Interest / Encumbrances	NBV as at the 31 December 2023 (RM)
		<p><b>Postal Address</b>                      No. 15, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor</p>					<p>accordance with the plan approved by the relevant local authority.</p> <p>(ii) All wastes and pollution caused by such activities should be directed to areas determined by the authorities.</p> <p>(iii) All laws and conditions determined by the authorities from time to time are to be complied with.</p> <p><b>Restrictions in Interest</b>                      The land when transferred to a Bumiputera / Bumiputera company shall not be subsequently sold, leased or transferred in any way to non-Bumiputera / non-Bumiputera companies without the consent of the state authority.</p>	



Registration No. 201901016953 (1326281-T)

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

No.	Property	Registered owner / Title details / Postal address	Category of land use / Tenure / Expiry of lease (if any)	Description and existing use	Date of purchase / Date of issuance of CF / CCC	Total built-up area / Land area based on title (sq ft)	Express Conditions / Restrictions in Interest / Encumbrances	NBV as at the 31 December 2023 (RM)
							<b>Encumbrances</b> (i) Land charged in favour of Public Bank Berhad on 12 July 2022.  (ii) Private caveat lodged by Public Bank Berhad on 28 April 2022.	

**Note:**

- (1) *Perak Land, Perak Land 2, Perak Land 3 and Perak Land 4 are adjoining to each other.*
- (2) *The Perak Plant was certified practically completed on 14 November 2023 and the Group is in the process of applying for the CCC. Barring any unforeseen circumstances, the CCC is estimated to be obtained by end of April 2024.*
- (3) *Perak Land 2, Perak Land 3 and Perak Land 4 are intended to be used for future expansion of our Perak Plant, for which there are no concrete plans in placed at this juncture.*
- (4) *The CCC dated 13 April 2023 is in respect of the additional structural modification of 2 metres setback behind the Johor Factory 1.*

The properties owned by our Group are not in breach of any land use or regulatory requirements.

**[The rest of this page is intentionally left blank]**

**7. BUSINESS OVERVIEW (Cont'd)****7.19.2 Properties rented by our Group**

The summary of the material properties rented by our Group as at the LPD are set out below:

No.	Description	Owner / Tenant	Existing Use	Date of issuance of CF / CCC	Built-up area (sq ft)	Period of tenancy / Rental per month
1.	2 <sup>nd</sup> floor of the three storey shophouse bearing the address of No.14A, Jalan Johar 3, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor (“ <b>No. 14A Workers’ Quarter</b> ”)	Lim Boon Kuan / Smart Paint Manufacturing	Workers’ accommodation	5 July 1994	1,539.00	<b>Period of tenancy</b> 1 April 2024 to 31 March 2025 (1 year)  <b>Rental per month</b> RM 950.00
2.	3 <sup>rd</sup> floor of the three storey shophouse bearing the address of No.14B, Jalan Johar 3, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor (“ <b>No. 14B Workers’ Quarter</b> ”)	Lim Boon Kuan / Smart Paint Manufacturing	Workers’ accommodation	5 July 1994	1,539.00	<b>Period of tenancy</b> 1 April 2024 to 31 March 2025 (1 year)  <b>Rental per month</b> RM 950.00
3.	3 <sup>rd</sup> floor of the three storey shophouse bearing the address of No. 28B, Jalan Johar 2, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor (“ <b>No.28B Workers’ Quarter</b> ”)	Li Lan Ying / Smart Paint Manufacturing	Workers’ accommodation	5 July 1994	1,283.00	<b>Period of tenancy</b> 15 December 2022 to 14 December 2025 (3 Years)  <b>Rental per month</b> RM 1,000.00

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

No.	Description	Owner / Tenant	Existing Use	Date of issuance of CF / CCC	Built-up area (sq ft)	Period of tenancy / Rental per month
4.	Selangor Office	Tiong Nam Logistics Solutions Sdn Bhd / Smart Paint (Selangor)	Sales and Administrative office	31 October 2001	1,981.00	<p><b><u>Period of tenancy</u></b> 1 Sep 2022 to 30 August 2024 (2 years)</p> <p><b><u>Rental per month</u></b> RM 3,962.00</p>

Further details on the requirement for CFA is set out in Section 7.21 of this Prospectus.

The properties rented by our Group are not in breach of any land use or regulatory requirements.

**[The rest of this page is intentionally left blank]**

---

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

---

### **7.20 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES**

We recognise the importance of adopting Environment, Social and Governance (“**ESG**”) practices such as ensuring environmentally responsible operations, providing conducive workplaces for employees and a high standard of corporate governance for sustainable valuation creation and maintaining the confidence of our shareholders and stakeholders. As such, we will focus on the following 3 broad categories:

#### **(a) Environmental**

We endeavour to adhere to environmentally friendly practices in our management of resources and pollution generated from our business activities. In managing environmental sustainability matters, we will focus on, amongst others, the following:

- (i) using sustainable bio-based materials in design and formulation of our products through our research and development such as using renewable agricultural materials for example plant and forestry materials or an intermediate feedstock;
- (ii) engaging licensed scheduled waste collector licensed by the DG Environment to collect and treat the production waste generated from our business activities;
- (iii) empowering 2 qualified competent persons certified by the DG Environment to ensure the compliance in relation to the waste management for scheduled waste as well as air quality monitoring and control respectively; and
- (iv) practising ERRR (Eliminate, Reduce, Re-use, Recycle) Lean Resources Management approach which includes, amongst others, reducing the use of paper in our operations and utilising digital documents where possible and practical, encouraging all employees to collect recyclable waste in the office and minimising electricity wastage to reduce carbon footprint.

Upon commencement of the operations of our Perak Plant, the environmentally friendly practices above will also be implemented at our Perak Plant.

#### **(b) Social**

We place a strong emphasis on the safety and health of our employees, driving towards mitigating any associated safety and health risks at our workplace, creating a safe environment for our employees to enhance productivity and performance. In managing social sustainability matters, we will focus on, amongst others, the following:

- (i) ensure a safe, healthy, and conducive work environment for our employees;
- (ii) practice gender equality and cultural diversity with equal opportunities regardless of one’s age, gender, ethnicity, religion, national origin, disability, sexual orientation or any other relevant characteristics for employment, career development and advancement;
- (iii) prevent any form of misconduct and improper behaviour, such as workplace bullying, discrimination based on individual differences, discriminatory and sexual harassment, intimidation and victimisation; and
- (iv) empower our workforce by supporting their personal and professional growth. We constantly upskill our employees through training programs such as safety training, production techniques, leadership skills and self-development training to prepare them for career advancement opportunities.

## 7. BUSINESS OVERVIEW (Cont'd)

In addition to the above, our processing facility and machineries installed within our factories have been registered under the Factories and Machinery Act 1967, any necessary CF for applicable machineries had also been obtained and maintained. Safety and health related trainings are also conducted annually to increase the level of safety and health awareness among all employees.

### (c) Governance

Our Group is committed to conduct our business ethically and in compliance with all the relevant laws and regulations as disclosed in Section 7.21 of this Prospectus. In managing governance sustainability matters, we will focus on, amongst others, the following:

- (i) uphold exemplary levels of business ethics, integrity, and corporate governance practices;
- (ii) develop and continually enhance appropriate governance structures and processes;
- (iii) adhere with all relevant laws and regulations pertaining to corporate governance; and
- (iv) develop policies and procedures to ensure the sufficiency and integrity of our Group's internal control system.

Our Board is committed to achieving and sustaining high standards of corporate governance according to the MCCG (i.e. ethical behaviour, accountability, transparency and sustainability). In order to promote business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into account the interest of our stakeholders, we have adopted all relevant recommendations under the MCCG.

In addition, we have in place policies, procedures and practices to promote and maintain compliances in relation to the following:

- (i) Malaysian Anti-Corruption Commission Act 2009;
- (ii) Whistleblower Protection Act 2010;
- (iii) Personal Data Protection Act 2010;
- (iv) Employment Act 1955; and
- (v) Factories and Machinery Act 1967.

## 7.21 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

Save as disclosed below and in Section 15.6 of this Prospectus on the exchange controls, there are no other regulatory requirements and/or major environmental issues which may materially affect our operations and utilisation of our property, plant and equipment.

The following is an overview of the relevant laws, regulations and requirements of Malaysia governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

### (a) Industrial Co-ordination Act 1975 ("ICA")

Pursuant to Section 3(1) of the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Failure to comply is an offence and such person shall be liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000.00 for every day during which such default continues.

## 7. BUSINESS OVERVIEW (Cont'd)

“Manufacturing activity” is defined under the ICA as the “making, altering, blending, ornamenting, finishing or otherwise treating or adapting any articles 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”.

Manufacturing companies with shareholders’ funds of RM2.50 million and above or engaging 75 or more full-time paid employees are required to apply to the MITI for a manufacturing licence.

Our Group had manufactured disinfectants without a valid manufacturing license during the COVID-19 period from April 2020 to April 2022. Our Group has since ceased the manufacturing of disinfectants since April 2022 and there are no future plans for our Group to recommence the manufacturing of disinfectants. Should a penalty be imposed on the Group, the potential maximum penalty that may be imposed by the authority for the non-compliance is RM2,000.00. As at the LPD, our Group has not experienced any material adverse impact on our business operations nor has our Group been imposed with any notices, penalties or compounds arising from such non-compliance.

Moving forward, in the event that our Group intends to manufacture any products that does not fall within the ambit of our current manufacturing licences, our Group will obtain a valid manufacturing license for such products prior to manufacturing the same.

As at the LPD, our subsidiary, Smart Paint Manufacturing, which carries out the manufacturing activities of our Group holds 2 valid manufacturing licences for the manufacturing of ‘paints (decorative and protective coating)’ at Johor Factory 1 and 2, and Perak Land respectively. Johor Factory 3 does not have any manufacturing licence as there is no manufacturing activities carried out in Johor Factory 3 as at the LPD. Our Group holds a valid storage licence for Johor Factory 3 as it is used for storage purposes.

(b) **Employees’ Minimum Standards of Housing and Amenities Act 1990 (“EMSA 1990”), Employees’ Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 (“EMSR”)**

Pursuant to the EMSA 1990 (as amended by the Worker’s Minimum Standards of Housing and Amenities (Amendment) Act 2019) and the EMSR that came into force on 1 September 2020, every employer or centralised accommodation provider shall ensure that every accommodation provided for employees complies with the minimum standards prescribed thereunder, including but not limited to the minimum space and basic amenities requirements. Employers and centralised accommodation providers must also ensure that the accommodation provided is fit for human habitation in accordance with the relevant written laws, preventive measures are taken to ensure employees’ safety and well-being and that employees receive necessary medical assistance. In addition, no accommodation shall be provided to an employee unless certified with a CFA.

Employers who fail to obtain a CFA or fails to ensure the employee accommodation is fit for human habitation in accordance with the EMSA 1990 commits an offence and, on conviction, will be liable to a fine not exceeding RM50,000.00. Employers who contravene any other provision of the EMSA 1990 or any regulation made thereunder or fails to carry out any order made by the Director General of Labour, will commit an offence, and if no penalty is expressly provided for the offence will, on conviction, be liable to a fine not exceeding RM50,000.00 and to a further fine not exceeding RM1,000.00 a day for each day during which the offence continues.

As at the LPD, we provide accommodation to our employees at 3 premises located within the vicinities of our factories, namely the No.14A Workers’ Quarter, No.14B Workers’ Quarter and No.28B Workers’ Quarter. All the accommodations that we provide to our employees have been awarded with valid CFA and the conditions therein have been complied with.

---

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

---

**(c) EQA, EQSWR and EQIER**

The EQA regulates and control the levels of pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without licence, prohibits the discharge of oil and wastes into Malaysian waters without a licence and prohibits open burning.

The EQSWR is a subsidiary legislation pursuant to the EQA which impose on the waste generator of premises an obligation to record, store, label, treat and dispose scheduled waste in accordance to the regulation. Any person who contravenes the aforementioned will commit an offence, and will be compounded by the DG Environment or any other public officer or local authority to whom the DG Environment has delegated such power to a sum of money not exceeding RM2,000.

The EQIER is a subsidiary legislation pursuant to the EQA regulating premises which discharge or release industrial effluent or mixed effluent, onto or into any soil, or into inland waters or Malaysian waters and impose obligations for amongst others, performance monitoring of the industrial effluent system and monitoring of discharge of industrial effluent or mixed effluent. Any person who contravenes the aforementioned shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000.00 or to a term of imprisonment for a period not exceeding 5 years or to both and to a further fine not exceeding RM1,000.00 a day for every day that the offence is continued after the notice by the DG Environment requiring him to cease the act as specified in the notice has been served upon him.

On 29 March 2022, our subsidiary, Smart Paint Manufacturing was issued 5 compounds by the Department of Environment (“DOE”) amounting to RM10,000.00 (which was subsequently reduced to RM7,500.00 as agreed with the Compound Appeal Committee of the DOE) for failing to observe the following provisions of the EQIER and EQSWR:

- (i) Regulation 9 of EQSWR: Failure to ensure the scheduled waste to be properly stored;
- (ii) Regulation 9 of EQSWR: Failure to ensure the scheduled waste to be stored in a container that is suitable and can prevent leakage;
- (iii) Regulation 10 of EQSWR: Failure to clearly label the scheduled waste according to its type;
- (iv) Regulation 11 of EQSWR: Failure to clearly label the scheduled waste according to its type; and
- (v) Regulation 8 of the EQIER: Failure to ensure that the components of industrial effluent treatment system are in a good condition.

Smart Paint Manufacturing has since made the necessary rectifications as required by the DOE and had settled the payment of RM7,500.00 (a reduction from the total amount of RM10,000.00 as agreed with the Compound Appeal Committee of the DOE) on 10 May 2022. The compound has been duly paid and our Group has not experienced any material adverse impact on our business operations or financial condition arising from such compound.

As at the LPD and save as disclosed above, our Group is in compliance with the relevant requirements under the EQA, EQSWR and EQIER.

---

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

---

**(d) Factories and Machinery Act 1967 (“FMA 1967”)**

The FMA 1967 and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 provide for the control of factories with respect to matters relating to the safety, health and welfare of persons in the factories, the registration and inspection of machinery and other matters connected therewith.

Section 19 of the FMA 1967 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 a valid certificate of fitness issued under the FMA 1967 in relation to the operation of the machinery. Any person who contravenes this provision shall be served with a notice in writing prohibiting the operation of such machinery or may render such machinery inoperative until such time as a valid certificate of fitness is issued. In addition, such person shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM150,000.00 or to imprisonment for a term not exceeding 3 years or to both.

As at the LPD, our Group is in compliance with the relevant provisions under the FMA 1967 and we have obtained valid certificates of fitness for the operation of our machineries that require certifications under the FMA 1967.

**(e) Occupational Safety and Health Act 1994 (“OSHA 1994”)**

The OSHA 1994 regulates the safety, health and welfare of persons at work, to protect others against risks to safety or health in connection with the activities of persons at work, as well as to promote an occupational environment for persons at work.

Pursuant to Section 16 of the OSHA 1994, it is the duty of every employer to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all of his employees. Employer who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 2 years or to both.

Section 29 of the OSHA 1994 requires an occupier of a place of work to which this section applies to employ a competent person to act as a safety and health officer at the place of work. An occupier who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000.00 or to a term of imprisonment not exceeding 6 months or to both. The employer of the class or description of industries that shall employ a safety and health officer can be found under Order 3 of the Occupational Safety and Health (Safety and Health Officer) Order 1997, which include any boiler and pressure vessel manufacturing activity employing more than a hundred employees.

In addition, Section 30 of the OSHA 1994 provides that every employer shall establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work or the Director General of DOSH directs the establishment of such a committee at the place of work. A person who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000.00 or to imprisonment for a term not exceeding 6 months or to both.

As at the LPD, our Group is in compliance with the relevant provisions under the OSHA 1994.



## 7. BUSINESS OVERVIEW (Cont'd)

Notwithstanding the above, our subsidiary, Smart Paint Manufacturing, was on 17 April 2023 issued with 14 improvement notices by DOSH pursuant to Section 48 of the OSHA 1994 due to the following non-compliances:

- (i) Regulation 3(1) of the Occupational Safety and Health (Noise Exposure) Regulations 2019 (“**OSHNER**”): Failure to conduct excessive noise identification for the workplace areas;
- (ii) Regulation 5(2) of the OSHNER: Failure to provide training for workers who are exposed to excessive noise at least once a year;
- (iii) Regulation 7(1) of the OSHNER: Failure to provide appropriate and efficient personal hearing protection to employees who are exposed to excessive noise;
- (iv) Regulation 8 of the OSHNER: Work areas exposed to excessive noise levels exceeding the specified limits was not marked with the words “Zon Perlindungan Pendengaran” or “Hearing Protection Zone”;
- (v) Regulation 9 of the OSHNER: Failure to conduct audiometric tests for workers who are exposed to excessive noise exposure limits every year;
- (vi) Regulation 9(4) of the OSHNER: Failure to conduct medical examinations for employees who have abnormal audiogram;
- (vii) Regulation 5 of the Occupational Safety and Health (Classification, Labelling And Safety Data Sheet Of Hazardous Chemicals) Regulations 2013 (“**OSHCR**”): Failure to explain chemicals as hazardous chemicals according to the format specified in the industry code of practice;
- (viii) Regulation 8(1) of the OSHCR: Failure to label all chemicals by placing the information specified in the regulation;
- (ix) Regulation 14(1) of the OSHCR: Failure to prepare an inventory of dangerous chemicals that are supplied or imported in excess of 1 metric ton per year;
- (x) Regulation 14(2) of the OSHCR: Failure to present to the Director General an inventory of hazardous chemicals for each calendar year no later than March 31 of the next year;
- (xi) Regulation 5 of the Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000 (“**OSHUR**”): Failure to record all chemicals that are hazardous to health according to the format specified in the guidelines for the registration of chemicals hazardous to health;
- (xii) Regulation 17(1)(b) of the OSHUR: Failure to have the engineering control equipment checked and tested for effectiveness by hygiene technicians at regular intervals, each period of not more than twelve months;
- (xiii) Regulation 26 of the OSHUR: Failure to appoint a hygiene technician to carry out exposure monitoring based on the parameters specified in the Chemical Health Risk Assessment report; and
- (xiv) Regulation 14(1) of the OSHUR: Failure to provide workers with protective equipment of R95, organic vapor cartridge respirators.

## 7. BUSINESS OVERVIEW (Cont'd)

Section 48(1) of the OSHA 1994 provides that if an officer is of the opinion that a place of work, plant, substance or process is likely to be a danger, to cause bodily injury or is a serious risk to the health of any person, or is likely to cause damage to any property, he shall serve an improvement notice on the person under whose control the place of work, plant, substance or process lies, requiring the person to take measures to remove the danger or rectify any defect within such period as he shall therein specify, and in every such case the place of work, plant, substance or process shall not be used or operated even after the period of expiry of the notice until the danger has been removed or the defect made good to the satisfaction of the officer.

Pursuant to Section 49(2) of the OSHA 1994, a person who without reasonable excuse fails to comply with any improvement or prohibition notice issued under Section 48 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding five years or to both, and to a further fine of RM500.00 for each day during which the offence continues.

As at the LPD, our Group has made all the necessary rectifications required in respect of the non-compliances and no compounds nor penalties have been imposed on our Group for the same. Our Group has via a letter dated 15 May 2023 notified DOSH of the rectifications made pursuant to the improvement notices issued and the same was acknowledged by DOSH on 24 May 2023 and 31 May 2023. Following the notifications, our Group is of the view that the rectifications are deemed sufficient and accepted by DOSH as our Group has not received any further queries nor requests for rectification from DOSH in respect of the abovementioned improvement notices.

(f) **Immigration Act 1959 (“IA 1959”), Employment (Restriction) Act 1968 (“ERA 1968”) and all regulations made thereunder**

The IA 1959 regulates matters relating to immigration in Malaysia where it provides that no person other than a citizen shall enter Malaysia unless he is in possession of a valid entry permit, his name is endorsed upon the said valid entry permit and he is in the company of the holder of the said entry permit or he is in possession of a valid pass lawfully issued to him to enter Malaysia or exemption is granted to him pursuant to the IA 1959.

Section 55B(1) of the IA 1959 provides that a person who employs one or more persons, other than a citizen or a holder of an entry permit, who is not in possession of a valid pass shall be guilty of an offence, and shall on conviction, be liable to a fine of not less than RM10,000.00 but not more than RM50,000.00 or to a term of imprisonment not exceeding 12 months or to both for each such employee. Further, where it is proved to the satisfaction of the court that the person has at the same time employed more than 5 such employees, that person shall, on conviction be liable to imprisonment for a term of not less than 6 months but not more than 5 years and shall also be liable to whipping of not more than 6 strokes.

In addition, the ERA1968 also expressly prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit. Failure to obtain the valid employment permit is an offence and shall, on conviction, be liable to a fine not exceeding RM5,000.00 or imprisonment for a term not exceeding 1 year or both.

As at the LPD, all of our foreign employees are in possession of a valid work permit.

(g) **Fire Services Act 1988 (“FSA 1988”)**

The FSA 1988 provides for the effective and efficient functioning of the Fire and Rescue Department of Malaysia (“**BOMBA**”), for the protection of persons and property from fire risks or emergencies. The FSA 1988 provides, among other things, that a fire certificate shall only be issued after the designated premises have been inspected and BOMBA is

## 7. BUSINESS OVERVIEW (Cont'd)

satisfied that there is adequate life safety, fire prevention, fire protection and firefighting facilities.

Where there is no fire certificate in force in respect of any designated premises, the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 5 years or to both.

As at the LPD, save for our Perak Plant and Selangor Office, all our premises which fall within the category of 'designated premises' under the FSA 1988 has a valid fire certificate issued by BOMBA and which is renewable annually. The application and renewal process are ongoing processes and at one point in time, there will be premises which are in the midst of applying for the renewal of fire certificates. The Group is in the process of applying for the fire certificate of the Perak Plant and the same is estimated to be obtained by December 2024. The landlord of the Selangor Office is the process of renewing the fire certificate and the same is estimated to be obtained by May 2024.

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

The LGA 1976 empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor. As our Group's business activities are mainly carried out in Johor and Shah Alam, we are subject to the following by-laws of the respective states:

- (i) Licensing of Trades, Business and Industries (Johor Bahru City Council) By-Laws 2004 ("**Johor Bahru Business By-Laws**") provides that no person shall use any place or premise within the area of the Johor Bahru City Council for any trade, business or industry without a licence issued by the licensing authority. The Advertisement (Majlis Perbandaran Johor Bahru) By-Laws 1981 ("**Johor Bahru Advertisement By-Laws**") provides that no person shall exhibit or cause to be exhibited any advertisement without a licence issued by the licensing authority.

Any person who contravenes any provisions of the Johor Bahru Business By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both such fine and imprisonment. Any person who contravenes any provisions of the Johor Bahru Advertisement By-Laws shall on conviction, be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 1 year or both and in the case of a continuing offence to a fine not exceeding RM200.00 for each day during which such offence is continued after conviction; and

- (ii) The Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007 ("**Shah Alam By-Laws**") provides that no person shall (1) operate any activity of trade, business and industry or use any place or premise in the local area of Shah Alam for any activity of trade, business and industry; or (2) exhibit any advertisement, without a licence issued by the licensing authority.

Any person who contravenes any provisions of the Shah Alam By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 1 year or to both such fine and imprisonment.

As at the LPD, our Group holds and maintains valid business premise licences for all our operating business premises, valid signboard licences in respect of all premises with external signboards as well as valid storage licences in respect of all premises used for storage purposes.

## 7. BUSINESS OVERVIEW (Cont'd)

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 7.17 of this Prospectus. As at the LPD, our Group has complied with all relevant laws and regulations governing its business operations. Save as disclosed above, as at the LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations.

### 7.22 BUSINESS STRATEGIES AND FUTURE PLANS

#### 7.22.1 Construction of Perak Plant

As at the LPD, our Group carries out our manufacturing operations at Johor Factory 1. As our business continues to expand domestically, we have decided to set up our Perak Plant to streamline our manufacturing operations as well as to increase our manufacturing capacity. This is achieved through the installation of an industrial tinting system and automated paint production system in our Perak Plant which are expected to reduce our dependency on human operators for our manufacturing activities, as well as the closer proximity of our Perak Plant to calcium carbonate sources which is expected to reduce our production lead time. Please refer to this section below for further details on the closer proximity of our Perak Plant to calcium carbonate sources, and Section 7.22.2 of this Prospectus for further details on the industrial tinting system and automated paint production system to be installed in our Perak Plant. Upon the completion of our Perak Plant, the manufacturing of water-based decorative paints and protective coatings will be transferred from Johor Factory 1 to Perak Plant, whereas Johor Factory 1 will focus on the manufacturing of solvent-based decorative paints and protective coatings as well as colourants. The current breakdown of the manufacturing output and revenue, and utilisation rate between water-based and solvent-based decorative paints and protective coatings as well as colourants are as follows:

<b>FYE 2023</b>	<b>Actual annual output (litres)</b>	<b>Utilisation rate (%)</b>	<b>Revenue (RM'000)</b>
Water-based decorative paints (house brands)	6,848,559	78.61	46,883
Water-based products for ODM	547,925	6.29	6,147
Water-based binding and coating chemicals (house brands)	54,730	0.63	1,652
Solvent-based decorative paints (house brands)	1,441,326	16.54	13,373
Solvent-based protective coatings (house brands)	431,150	4.95	7,360
Solvent-based products for ODM	176,905	2.03	1,641
Solvent-based binding and coating chemicals (house brands)	18,127	0.21	-
<b>Total :</b>	<b>9,518,722</b>	<b>109.26</b>	<b>77,056</b>
Water-based colourants	118,243	44.79	4,249
Solvent-based colourants	26,113	9.89	70
<b>Total :</b>	<b>144,356</b>	<b>54.68</b>	<b>4,319</b>
<b>Total revenue for manufacturing segment:</b>			

---

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

---

As the manufacturing line in Perak Plant will focus on the manufacturing of water-based decorative paints, there is no breakdown of expected manufacturing capacity available. As for Johor Factory 1, the 2 manufacturing lines can be interchangeably used to manufacture solvent-based decorative paints and protective coatings, as well as water-based binding and coatings chemicals, and that there is no dedicated manufacturing line to manufacture a particular product, the breakdown of the expected manufacturing capacity by solvent-based decorative paints and protective coatings, as well as water-based binding and coatings chemicals cannot be determined as the utilisation of the manufacturing line by product type will be determined by the orders received.

Further, as the manufacturing line for colourants can be interchangeably used to manufacture water-based and solvent-based colourants, the breakdown of the expected manufacturing capacity by water-based and solvent-based colourants cannot be determined as the utilisation of the manufacturing line by product type will be determined by the orders received.

Our Perak Plant, will allow us to expand our customer-base within the Central and Northern regions of Malaysia due to closer proximity to our customers. For the Financial Years Under Review, revenue contributed by the Central and Northern regions of Malaysia collectively amounted to 31.51%, 27.17%, 24.12% and 33.51% of our Group's revenue, respectively. Further, according to the IMR Report, the Central and Northern regions of Malaysia collectively accounted for 59.23% of the total number of property transactions (i.e. comprising residential, commercial and industrial properties) in Malaysia, signifying higher property investments which is expected to consequently drive the demand for paints and coatings in these regions, and for this reason, we intend to target these regions for our Group's market expansion.

In addition, the decision to set up our new manufacturing plant in Perak is also driven by the close proximity to calcium carbonate sources in Perak. Perak is the primary source of calcium carbonate in Malaysia and calcium carbonate is one of the raw materials used in the manufacturing of our decorative paints and protective coatings. The close proximity of our factory to calcium carbonate sources is expected to reduce our production lead time. This is achievable by minimising the packing and transportation duration of calcium carbonate through frequent deliveries and shorter transportation distance.

Further details on the acquisition of land and indicative timeline, source of funding, expansion of manufacturing capacity, and reallocation and recruitment of employees for our Perak Plant are as set out below:

### **(a) Acquisition of land and indicative timeline**

On 13 August 2018, we entered into a sales and purchase agreement with Perbadanan Kemajuan Negeri Perak to purchase the Perak Land at a purchase consideration of approximately RM2.79 million, for the construction of our Perak Plant. The amalgamation of the Perak Land was completed in December 2020 and we commenced the construction of our Perak Plant on July 2022.

**[The rest of this page is intentionally left blank]**

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

The indicative timeline for the setting up of our Perak Plant is as follows:

<b>Timeline</b>	<b>Details</b>
August 2018	Signed sales and purchase agreement to acquire the Perak Land
December 2020	Completion of amalgamation of the Perak Land
July 2022	Commencement of construction of our Perak Plant
November 2023	Completion of construction of our Perak Plant
April 2024	Commissioning of industrial tinting system and automated paint production system
Second quarter of 2024	Commencement of commercial operations <sup>(1)</sup>

**Note:**

(1) *As disclosed in Section 7.21(g) of this Prospectus, our Group is in the process of applying for the fire certificate of the Perak Plant and the same is estimated to be obtained by December 2024. The Perak Plant will commence its commercial operations without the fire certificate but only after obtaining the CCC for the Perak Plant which is expected to be obtained by end of April 2024. Based on a general enquiry with the Fire Department, the Fire Department has verbally informed that upon completion of a building, there is a grace period of 1 year from the date of issuance of CCC whereby commercial operations may take place without a fire certificate and the Fire Department will not take any actions against such company for doing the same.*

**(b) Source of funding**

The total estimated cost for the construction of our Perak Plant is RM28.20 million, of which RM16.00 million will be funded via IPO proceeds to repay bank facility that will be drawn down for the construction of Perak Plant, whereas the remaining construction cost will be funded via bank borrowing and/or internally generated funds. As at the LPD, RM26.13 million has been funded via bank borrowings and internally generated funds. Please refer to Section 4.9 of this Prospectus for further details on the breakdown of the total estimated costs, source of funding and utilisation of our IPO proceeds.

**(c) Expansion of manufacturing capacity**

With the expanded manufacturing space, our annual manufacturing capacity for the decorative paints and protective coatings is expected to increase by 27.00 million litres (i.e. estimated monthly manufacturing capacity of 2.25 million litres), which is an increase of 309.99% from our current annual manufacturing capacity of 8.71 million litres in the FYE 2023. Further details on our annual manufacturing capacity in the Financial Years Under Review are as set out in Section 7.13 of this Prospectus, whereas details on the purchase and commission of industrial tinting system and automated paint production system in our Perak Plant are as set out in Section 7.22.2 of this Prospectus.

## 7. BUSINESS OVERVIEW (Cont'd)

We commenced the manufacturing of our decorative paints and protective coatings in 2013. In the Financial Years Under Review, we achieved utilisation rates ranging from 89.04% to 109.26% for our decorative paints and protective coatings manufacturing. This demonstrates our Group's ability to reach almost full manufacturing capacity within 7 years (i.e. from 2013 to 2020). Further, the compound annual growth rate of 8.36% in our revenue recorded in the Financial Years Under Review underpins the need for an expansion in our manufacturing capacity in order to further drive the growth of our business. Hence, the increased capacity of our Perak Plant is intended to support the future long term growth of our Group. We expect to utilise approximately 50.00% of the manufacturing capacity (i.e. 13.50 million litres per annum) of our Perak Plant in the next 3 years (i.e. by 2026) and target to achieve utilisation rate of approximately 70.00% of our Perak Plant in the next 6 to 7 years (i.e. by 2029 - 2030). We expect to utilise close to maximum manufacturing capacity of our Perak Plant at above 95.00% by 2032.

The projected growth of the utilisation of our manufacturing capacity of our Perak Plant is approximately 20.00% to 35.00% per annum in the next 3 years (i.e. by 2026) and subsequently the projected growth is expected to be around approximately 10.00% per annum until we reach the maximum manufacturing capacity at above approximately 95.00% by 2032.

Upon commencement of our Perak Plant in 2024, the projected growth of the utilisation of our manufacturing capacity of our Johor Factory 1 is approximately 15.00% per annum in the subsequent 2 years (i.e. 2025 and 2026), followed by projected growth of approximately 7.00% to 10.00% per annum thereafter until we reach manufacturing capacity of approximately 70.00% by 2032.

### (d) Reallocation or recruitment of employees

Our Group intends to station 50 employees in our Perak Plant to support our day-to-day business activities upon the commencement of business operations in Perak Plant, of which we intend to recruit 15 new employees and reallocate 35 existing employees from various departments such as the QC, manufacturing operations and information technology departments in Johor Factory 1, Johor Factory 2, or Johor Factory 3 to our Perak Plant. The estimated cost for the recruitment and reallocation of employees is RM0.07 million and the estimated staff cost is RM1.44 million per annum, which will be funded via internally generated funds.

### 7.22.2 Purchase and commissioning of an industrial tinting system and automated paint production system in our Perak Plant

Upon the completion of construction of our Perak Plant, we will install and commission the following systems in our Perak Plant with further details as set out below:

#### (a) Industrial tinting system

Our industrial tinting system is an automated tinting machine which function similarly as our Smart Colour POS Tinting Machines but is catered for industrial use to produce a wide variety of colours for our decorative paints and protective coatings. With the use of an industrial tinting system, we will be able to automate the tinting process, whereby we will be able to reduce our dependency on human operators to perform colour tinting in our manufacturing of decorative paints and protective coatings. As we already manufacture colourants in-house, we will be able to use our colourants in the industrial tinting system.

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

The adoption of the industrial tinting system also aids in the reduction of yield loss as the system is able to accurately measure and disperse the exact volume of decorative paint and protective coating products to be manufactured. In addition, the system can also be effectively used for the manufacturing of decorative paints and protective coatings in small quantities. With this, customers are able to request for customised colours of decorative paints and protective coatings with lower minimum order quantity, which will enable us to be more flexible in accepting orders from customers.

**(b) Automated paint production system**

Our automated paint production system comprises the set up and integration of machinery to form an automated production line. This automated production line is expected to reduce the need for human operators. With this system, we will be able to automate the transfer of raw materials from the storage tanks into the dispersion tanks, movement of semi-finished products from one station to another, loading and unloading of semi-finished products, and performing quality checks, thus eliminating the need for human operators for these processes. Consequently, human labour will only be only required to supervise and control the operations, including certain tasks such as adding of certain raw materials (e.g. additives) due to the low quantities required, and the movement of finished products to our storage facilities.

As at the LPD, we have an automated colour matching software installed and adopted in Johor Factory 1. Our automated colour matching software is used to perform automated colour matching which forms the main function of our manufacturing activities, whereby the software enables the selection of formulation to produce the required colour. Upon commissioning of our industrial tinting system and automated paint production system in our Perak Plant, we will integrate our automated colour matching software into the systems to support the manufacturing activities in our Perak Plant. Our industrial tinting system, which is also integrated with our automated paint production system, will enable the continuous flow of our manufacturing processes. The integration of our software and systems will enable our Group to reduce our dependency on human operators when carrying out our manufacturing activities.

The implementation of our automated paint production system, industrial tinting system and automated colour matching software in our Perak Plant will be in-line with the government's vision of progressing towards Industry 4.0 to achieve higher national productivity, create higher skilled employment as well as enhance innovation capabilities and competitiveness. With the implementation of the abovementioned systems and software, it will allow us to reduce our dependency on human operators and on foreign labour for our manufacturing activities, as well as to achieve higher productivity, cost-efficiency and quality consistency. On June 2022, our Group was given a grant under the Industry4WRD Intervention Fund Grant from the Malaysia Investment Development Authority which amounted to approximately RM0.48 million to support our Industry 4.0 initiatives mentioned above.

The total estimated cost for the purchase and commissioning of the industrial tinting system and the automated paint production system is approximately RM0.32 million and RM15.72 million, respectively.

Our Group plans to fund the purchase and commissioning of the industrial tinting system via internally generated funds. For the automated paint production system, our Group intends to utilise our IPO proceeds of up to RM11.00 million to fully repay the bank facility that has been drawn down/ to be drawn down (as at the LPD, outstanding balance of the banking facility is approximately RM7.21 million) to part finance the purchase and commissioning of the automated paint production system and the remaining balance of RM4.72 million will be funded through internally generated funds.

Please refer to Section 4.9.1 of this Prospectus for further details on the breakdown of the total estimated costs, source of funding and utilisation of our IPO proceeds.



---

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

---

**7.22.3 Purchase 250 sets of Smart Colour POS Tinting Machine to be distributed to our wholesalers and dealers to continue driving our sales**

Our Group set up Smart Colour POS Tinting Machines at our wholesalers' and dealers' retail hardware stores and retail paint shops, as well as sell our Smart Colour POS Tinting Machines to our authorised distributors to facilitate the sale of our products. Our Smart Colour POS Tinting Machines allow our wholesalers, dealers and authorised distributors to offer a wide variety of paint colours to retail end-users without the need to store large inventories of coloured paints. This enables our wholesalers, dealers and authorised distributors to optimise their storage space, thus providing convenience to our wholesalers, dealers and authorised distributors to sell our products. For further details on our Smart Colour POS Tinting Machines, please refer to Section 7.2.6 of this Prospectus.

Further, the distribution and sale of our Smart Colour POS Tinting Machines also enhances our brand recognition in the paints and coating industry as well as among retail and business end-users. This may, in turn, help to retain our existing wholesalers, dealers and authorised distributors as well as to attract new wholesalers, dealers and authorised distributors to carry our products and the Smart Colour POS Tinting Machines, and consequently expand our customer base.

As at the LPD, we have set up our Smart Colour POS Tinting Machines in 381 retail hardware stores or retail paint shops across Malaysia and have sold a total of 64 units of Smart Colour POS Tinting Machines to our wholesalers and dealers. As our Smart Colour POS Tinting Machines are used to facilitate the sales of our decorative paints, we plan to purchase an additional 250 sets of Smart Colour POS Tinting Machine within these 3 years (i.e. 2024 (after our Listing) to 2026) to be distributed locally to new wholesalers and dealers as well as to existing wholesalers and dealers who set up new retail hardware stores or retail paint shops, across Malaysia. This is expected to encourage more wholesalers and dealers to market our decorative paints, which we anticipate will continue to drive the sales of our products.

The total estimated cost for the purchase of the 250 sets of Smart Colour POS Tinting Machine is RM5.00 million, which will be fully funded via IPO proceeds. Please refer to Section 4.9.1 of this Prospectus for further details on the breakdown of the total estimated costs, source of funding and utilisation of our IPO proceeds.

**7.22.4 Sales and marketing strategies**

Given the increase in our manufacturing capacity with our upcoming Perak Plant, we will carry out the following sales and marketing strategies to ensure that we receive sufficient sales to optimise the operations at our Perak Plant to further grow our business:

- (i) We plan to expand our presence in Kota Bahru (Kelantan), Kuantan (Pahang) and Butterworth (Penang) through the appointment of wholesalers, appointment of third party warehouse service providers, or to set up our own storage facilities in the respective locations to store our products. Our Group believes that setting up warehousing/storage points at these locations enables our wholesalers and dealers in these regions to have better access to our Group due to the closer proximity, thus providing better confidence to new dealers to carry our products. On 15 September 2023, our Group secured a new wholesaler in Kuala Terengganu (Terengganu) in which the wholesaler will distribute our products in Terengganu as well as Kelantan. We are still in the midst of identifying wholesalers in Kuantan (Pahang) and Butterworth (Penang). If required, our Group plans to appoint third-party warehouse service providers or to set up our own storage facilities in the respective locations to store our products by fourth quarter of 2024.

In addition, we intend to expand our sales team from 38 personnel as at the LPD to 48 personnel to support this expansion plan. The estimated initial costs to set up our own storage facilities and expand our sales team are approximately RM1.00 million and it will be funded via our internally generated funds.

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

- (ii) We will continuously expand our network of dealers, and target to secure 800 new dealers over these 3 years (i.e. 2024 to 2026). Further breakdown on the expected distribution of our new dealers is as shown in the table below:

<b>Geographical region</b>	<b>Number of new dealers</b>
Peninsular Malaysia	
• Northern <sup>(1)</sup>	150
• Central <sup>(2)</sup>	300
• Southern <sup>(3)</sup>	100
• East Coast <sup>(4)</sup>	150
East Malaysia	100
<b>Total</b>	<b>800</b>

**Notes:**

- (1) Northern region consists of Penang, Perak, Perlis and Kedah.
- (2) Central region consists of Selangor, Kuala Lumpur and Negeri Sembilan.
- (3) Southern region consists of Johor and Malacca.
- (4) East Coast region consists of Pahang, Kelantan and Terengganu.
- (iii) We will further expand the distribution of our Smart Colour POS Tinting Machines by distributing additional 250 sets to new wholesalers and dealers as well as to existing wholesalers and dealers who set up new retail hardware stores or retail paint shops across Malaysia to continue driving our sales. For further details on the purchase of 250 sets Smart Colour POS Tinting Machines to be distributed to our wholesalers and dealers are as set out in Section 7.22.3.
- (iv) We will leverage on the expanded manufacturing capacity as well as our Group's capabilities to further expand our offerings on the provision of ODM services of decorative paints, protective coatings as well as binding and coating chemicals to ODM customers. As at the LPD, we have 6 ODM customers that engage us for ODM services of decorative paints, protective coatings as well as binding and coating chemicals. With the anticipated lower production lead time attributed to the close proximity of our Perak Plant to calcium carbonate sources, our Group expects to reduce the time between orders being placed and delivery of our products to our ODM customers, thus providing competitive advantage to our Group. We plan to secure 4 additional ODM customers in these 3 years (i.e. 2024 to 2026).

The abovementioned sales and marketing strategies will also be similarly applicable to cater to the expansion in the manufacturing of solvent-based products in our Johor Factory 1 upon the commencement of our Perak Plant. Our Group believes that our strong foundation, together with the sales and marketing strategies as set out above, we are able to utilise the increased manufacturing capacity upon the commencement of our Perak Plant, thus driving the long term growth of our business.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.23 EMPLOYEES

As at 31 December 2023, we employed a total of 176 employees, out of which 46 are contract employees. The breakdown of our employees by division is set out as follows:

Department/ function	Business	Permanent employee		Contractual employee		Total
		Local	Foreign	Local	Foreign	
Directors		3	-	-	-	3
Admin and Resources	Human	5	-	-	-	5
Finance		8	-	-	-	8
Manufacturing operations		32	-	11	25	68
QC		8	-	2	-	10
Procurement		5	-	-	-	5
Logistics and warehouse		21	-	3	4	28
Sales and marketing		38	-	-	-	38
Information technology		2	-	-	-	2
Product development		8	-	1	-	9
<b>Total</b>		<b>130</b>	<b>-</b>	<b>17</b>	<b>29</b>	<b>176</b>

As at 31 December 2023, local employees accounted for approximately 83.52% of our total workforce while the remaining 16.48% were foreign workers.

As at the LPD, we employed a total of 183 employees, out of which 52 are contract employees. The breakdown of our employees by division is set out as follows:

Department/ function	Business	Permanent employee		Contractual employee		Total
		Local	Foreign	Local	Foreign	
Directors		3	-	-	-	3
Admin and Resources	Human	3	-	1	-	4
Finance		7	-	-	-	7
Manufacturing operations		37	-	15	25	77
QC		9	-	2	-	11
Procurement		5	-	-	-	5
Logistics and warehouse		22	-	4	4	30
Sales and marketing		38	-	-	-	38
Information technology		1	-	-	-	1
Product development		6	-	1	-	7
<b>Total</b>		<b>131</b>	<b>-</b>	<b>23</b>	<b>29</b>	<b>183</b>

As at the LPD, local employees accounted for approximately 84.15% of our total workforce while the remaining 15.85% were foreign workers. All our foreign workers have valid working permits as at the LPD, which are renewable periodically. None of our employees belongs to any labour union. During the Financial Years Under Review and up to the LPD, we did not experience any strikes or other disruptions due to labour disputes.

We have in place a management succession plan to identify key competencies and requirements of managers and higher ranking personnel, to take positive approach towards addressing talent management to ensure our Group has talent readily available from a capability perspective to undertake leadership positions and to frequently train our middle management to ensure they are well equipped with all the necessary knowledge to succeed at senior management positions in the future in our Group.

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

**7.24 MAJOR CUSTOMERS**

Our Group's top 5 customers for the Financial Years Under Review are as follows:

**FYE 2020**

<b>Customer name</b>	<b>Customer type</b>	<b>Products or services sold</b>	<b>Length of relationship as at the LPD (Years)</b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue (%)</b>
Toplus Paint	Authorised distributor (Cambodia)	Decorative paints, POS universal colourants, disinfecting products and Smart Colour POS Tinting Machines	6	3,743	5.23
Golden Sky (S) <sup>(1)</sup>	Authorised distributor (Singapore) and ODM customer	In-plant colourants, raw materials and ODM services for decorative paints	8	3,472	4.85
UA Paints & Hardware Sdn Bhd	Wholesaler	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories and aerosol spray paints	11	3,024	4.22
Best Team Marketing Sdn Bhd	Wholesaler	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories and aerosol spray paints	11	2,848	3.98
Paumin Hardware Sdn Bhd	Wholesaler	Decorative paints, protective coatings, disinfecting products, painting tools and accessories and aerosol spray paints	11	2,792	3.90
<b>Sub-total</b>				<b>15,879</b>	<b>22.18</b>
<b>Total revenue</b>				<b>71,599</b>	<b>100.00</b>

**7. BUSINESS OVERVIEW (Cont'd)****FYE 2021**

<b>Customer name</b>	<b>Customer type</b>	<b>Products or services sold</b>	<b>Length of relationship as at the LPD (Years)</b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue (%)</b>
Golden Sky (S) <sup>(1)</sup>	Authorised distributor (Singapore) and ODM customer	In-plant colourants, raw materials and ODM services for decorative paints	8	5,193	6.51
Paumin Hardware Sdn Bhd	Wholesaler	Decorative paints, protective coatings, disinfecting products, painting tools and accessories and aerosol spray paints	11	3,808	4.78
UA Paints & Hardware Sdn Bhd	Wholesaler	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories and aerosol spray paints	11	3,656	4.58
Best Team Marketing Sdn Bhd	Wholesaler	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories and aerosol spray paints	11	3,392	4.25
Yi Hang Group <sup>(2)</sup>	Dealer	Decorative paints, protective coatings, POS universal colourants, disinfecting products, painting tools and accessories, aerosol spray paints and other trading items	12	2,358	2.96
<b>Sub-total</b>				<b>18,407</b>	<b>23.08</b>
<b>Total revenue</b>				<b>79,766</b>	<b>100.00</b>

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

**FYE 2022**

<b>Customer name</b>	<b>Customer type</b>	<b>Products or services sold</b>	<b>Length of relationship as at the LPD (Years)</b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue (%)</b>
Golden Sky (S) <sup>(1)</sup>	Authorised distributor (Singapore) and ODM customer	In-plant colourants, raw materials and ODM services for decorative paints	8	5,570	7.03
Best Team Marketing Sdn Bhd	Wholesaler	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories and aerosol spray paints	11	3,291	4.16
Paumin Hardware Sdn Bhd	Wholesaler	Decorative paints, protective coatings, binding and coating chemicals, painting tools and accessories and aerosol spray paints	11	3,137	3.96
UA Paints & Hardware Sdn Bhd	Wholesaler	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories and aerosol spray paints	11	2,837	3.58
Yi Hang Group <sup>(2)</sup>	Dealer	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories, aerosol spray paints and other trading items	12	2,285	2.88
<b>Sub-total</b>				<b>17,120</b>	<b>21.61</b>
<b>Total revenue</b>				<b>79,218</b>	<b>100.00</b>

**7. BUSINESS OVERVIEW (Cont'd)****FYE 2023**

<b>Customer name</b>	<b>Customer type</b>	<b>Products or services sold</b>	<b>Length of relationship as at the LPD (Years)</b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue (%)</b>
Golden Sky (S) <sup>(1)</sup>	Authorised distributor (Singapore) and ODM customer	In-plant colourants, raw materials and ODM services for decorative paints	8	6,280	6.89
Mr Paint Shop Sdn Bhd	Dealer	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, and painting tools and accessories	12	5,550	6.09
Best Team Marketing Sdn Bhd	Wholesaler	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories and aerosol spray paints	11	3,334	3.66
Pintar Eksklusif Sdn Bhd	Dealer and ODM customer	POS Universal colourants, POS Tinting Machines, ODM services for decorative paints, protective coatings and binding and coating chemicals.	10	3,111	3.42
UA Paints & Hardware Sdn Bhd	Wholesaler	Decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories and aerosol spray paints	11	2,957	3.25
<b>Sub-total</b>				<b>21,232</b>	<b>23.31</b>
<b>Total revenue</b>				<b>91,091</b>	<b>100.00</b>

## 7. BUSINESS OVERVIEW (Cont'd)

### Notes:

- (1) *Golden Sky (S) is based in Singapore, however, in-plant colourants, raw materials and decorative paints (i.e. under ODM services) sold to Golden Sky (S) were delivered by our Group to Myanmar.*
- (2) *Comprises Yi Hang Hardware Sdn Bhd and Yee Hang Paints & Hardware Sdn Bhd. Both entities have common partners. Our Group sells decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, disinfecting products, painting tools and accessories, aerosol spray paints as well as other trading items to Yi Hang Hardware Sdn Bhd and Yee Hang Paints & Hardware Sdn Bhd. Yi Hang Hardware Sdn Bhd has contributed RM1.51 million representing 1.89% of our Group's revenue for FYE 2021 and RM1.55 million representing 1.96% of our Group's revenue for FYE 2022 whereas Yee Hang Paints & Hardware Sdn Bhd has contributed RM0.85 million representing 1.07% of our Group's revenue for FYE 2021 and RM0.73 million representing 0.92% of our Group's revenue for FYE 2022.*

For the past Financial Years Under Review, our top 5 customers contributed 22.18%, 23.08%, 21.61% and 23.31% of our Group's total revenue respectively. Our top 5 customers in the Financial Years Under Review comprise wholesalers, dealers and authorised distributors. For the Financial Years Under Review, sales to wholesalers, dealers, and authorised distributors are our primary contributors, where they collectively accounted for 95.06%, 96.84%, 98.53% and 91.87% of our Group's revenue respectively. As at the LPD, our Group has a network of 9 wholesalers and 937 dealers in Malaysia, and 14 authorised distributors overseas. In the event that our top 5 customers cease to purchase from us, we believe we will be able to secure additional sales from other existing or new wholesalers, dealers and authorised distributors to compensate any loss in sales. Our Group also continuously expand our customer base by engaging potential customers to become our wholesalers, dealers and authorised distributors. Further, the revenue contribution from each of our top 5 customers was not substantial (i.e. not exceeding 10.00%). As such, we are not dependent on our major customers.

**[The rest of this page is intentionally left blank]**



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

**7.25 MAJOR SUPPLIERS**

Our Group's top 5 suppliers by total purchases for the Financial Years Under Review are as follows:-

**FYE 2020**

Supplier name	Countries	Products sourced	Length of relationship as at the LPD (Years)	Purchases (RM '000)	% of our Group's purchases (%)
SUNUP Group <sup>(1)</sup>	Hong Kong and PRC	Solvent, pigment, additives, aerosol spray paints and packaging materials	7	5,508	12.01
Revertex (Malaysia) Sdn Bhd	Malaysia	Binders	10	3,687	8.04
UT Holdings	Malaysia	Painting tools and accessories, and aerosol spray paints	11	3,087	6.73
Tacoplast Industries Sdn Bhd	Malaysia	Packaging materials	11	2,742	5.98
Rich Source Worldwide Limited (Previously known as Rich Source Limited)	Taiwan	Pigment	6	2,419	5.28
<b>Subtotal</b>				<b>17,443</b>	<b>38.04</b>
<b>Total purchases</b>				<b>45,851</b>	<b>100.00</b>

**FYE 2021**

Supplier name	Countries	Products sourced	Length of relationship as at the LPD (Years)	Purchases (RM '000)	% of our Group's purchases (%)
Revertex (Malaysia) Sdn Bhd	Malaysia	Binders	10	6,212	13.25
SUNUP Group <sup>(1)</sup>	Hong Kong and PRC	Solvent, pigment, additives, aerosol spray paints and packaging materials	7	4,151	8.85
Tacoplast Industries Sdn Bhd	Malaysia	Packaging materials	11	2,928	6.24
Mc-Growth Resources Sdn Bhd	Malaysia	Pigment, extender and binders	11	2,457	5.24
Allnex Malaysia Sdn Bhd	Malaysia	Binders	11	2,363	5.04
<b>Subtotal</b>				<b>18,111</b>	<b>38.62</b>
<b>Total purchases</b>				<b>46,892</b>	<b>100.00</b>

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

**FYE 2022**

Supplier name	Countries	Products sourced	Length of relationship as at the LPD (Years)	Purchases (RM '000)	% of our Group's purchases (%)
Revertex (Malaysia) Sdn Bhd	Malaysia	Binders	10	7,638	16.92
Rich Source Worldwide Limited (Previously known as Rich Source Limited)	Taiwan	Pigment	6	4,047	8.96
Tacoplast Industries Sdn Bhd	Malaysia	Packaging materials	11	2,309	5.12
SUNUP Group <sup>(1)</sup>	Hong Kong and PRC	Solvent, pigment, additives, aerosol spray paints and packaging materials	7	2,216	4.91
D&A Industrial Supply Sdn Bhd	Malaysia	Pigment, binders and additives	11	2,114	4.68
<b>Subtotal</b>				<b>18,324</b>	<b>40.59</b>
<b>Total purchases</b>				<b>45,140</b>	<b>100.00</b>

**FYE 2023**

Supplier name	Countries	Products sourced	Length of relationship as at the LPD (Years)	Purchases (RM '000)	% of our Group's purchases (%)
Revertex (Malaysia) Sdn Bhd	Malaysia	Binders	10	6,200	12.14
LB Group <sup>(2)</sup>	PRC	Pigment	1	4,421	8.65
Arkema Group <sup>(3)</sup>	South Korea and Malaysia	Binders and additives	10	3,145	6.16
BATF Industrial Co., Ltd	PRC	Binders	2	2,460	4.82
Tacoplast Industries Sdn Bhd	Malaysia	Packaging materials	11	1,882	3.68
<b>Subtotal</b>				<b>18,108</b>	<b>35.45</b>
<b>Total purchases</b>				<b>51,089</b>	<b>100.00</b>

## 7. BUSINESS OVERVIEW (Cont'd)

**Note:**

- (1) *Comprises Sunup Automotive Accessory Co. Limited, Guangzhou Sunup Car Accessory Co. Ltd, and Guangzhou Taideng New Material Co. Ltd. All 3 entities have common partners. Our Group sources for solvent, pigment, additives, aerosol spray paints and packaging materials from Sunup Automotive Accessory Co. Limited as well as packaging materials and aerosol spray paints from Guangzhou Sunup Car Accessory Co. Ltd. and Guangzhou Taideng New Material Co. Ltd. Sunup Automotive Accessory Co. Limited has contributed RM3.06 million representing 6.67% of our Group's purchases for FYE 2020, RM3.98 million representing 8.49% of our Group's purchases for FYE 2021, and RM1.68 million representing 3.72% of our Group's purchases for FYE 2022. Guangzhou Sunup Car Accessory Co. Ltd. has contributed RM2.45 million representing 5.34% of our Group's purchases for FYE 2020 and RM0.17 million representing 0.36% of our Group's purchases for FYE 2021; whereas Guangzhou Taideng New Material Co. Ltd has contributed RM0.54 million representing 1.19% of our Group's purchases for FYE 2022.*
- (2) *Comprises LB Group Co. Ltd, LB Xiangyang Titanium Industry Co. Ltd and LB Sichuan Titanium Industry Co. Ltd. LB Group Co., Ltd is the parent company of LB Xiangyang Titanium Industry Co. Ltd and LB Sichuan Titanium Industry Co. Ltd. LB Group Co. Ltd, LB Xiangyang Titanium Industry Co. Ltd. and LB Sichuan Titanium Industry Co. Ltd. have contributed approximately RM2.58 million (5.05%), RM1.15 million (2.25%) and RM0.69 million (1.35%) to our Group's purchases for FYE 2023 respectively.*
- (3) *Comprises Arkema Coating Resins Malaysia Sdn Bhd, Changshu Coatex Additives Co. Ltd, Coatex Asia Pacific Inc, and Arkema Co. Ltd. All 4 entities are subsidiaries of Arkema S.A. Our Group sources for binders from Arkema Coating Resins Malaysia Sdn Bhd and Changshu Coatex Additives Co. Ltd; and additives from Changshu Coatex Additives Co. Ltd, Coatex Asia Pacific Inc as well as Arkema Co. Ltd. Arkema Coating Resins Malaysia Sdn Bhd, Changshu Coatex Additives Co. Ltd, Coatex Asia Pacific Inc, and Arkema Co. Ltd. have contributed approximately RM2.33 million (4.56%), RM0.55 million (1.08%), RM0.15 million (0.29%) and RM0.11 million (0.22%) to our Group's purchases for FYE 2023 respectively.*

For the Financial Years Under Review, our top 5 suppliers contributed 38.04%, 38.62%, 40.59% and 35.45% of our Group's total purchases, respectively. During the Financial Years Under Review, we have 1 supplier that continuously contributed more than 10% of our Group's total purchases, namely Revertex (Malaysia) Sdn Bhd for the FYE 2021, FYE 2022 and FYE 2023. We mainly source binders from Revertex (Malaysia) Sdn Bhd. Nevertheless, we are not dependent on Revertex (Malaysia) Sdn Bhd for the supply of binders, as binders are readily available and can be easily sourced from other suppliers in the market. As at the LPD, we have a sourcing network comprising over 223 suppliers locally and 35 suppliers overseas. For the Financial Years Under Review and up to the LPD, we have been able to source all of our supplies (as disclosed in Section 7.11 of this Prospectus) from this network of suppliers. As such, we are not dependent on our top 5 suppliers.

## 8. INDEPENDENT MARKET RESEARCH REPORT

SMITH ZANDER INTERNATIONAL SDN BHD 201301028298 (1058128-V)  
15-01, Level 15, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia  
T : +603 2732 7537 W : www.smith-zander.com

# SMITH ZANDER

Date: 18 April 2024

The Board of Directors

### Smart Asia Chemical Bhd

No.11, Jalan Indah Gemilang 5  
Taman Perindustrian Gemilang  
81800 Ulu Tiram, Johor  
Malaysia

Dear Sirs / Madams,

### Independent Market Research Report on the Paints and Coatings Industry in Malaysia (“IMR Report”)

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“**SMITH ZANDER**”) for inclusion in the Prospectus in conjunction with the listing of Smart Asia Chemical Bhd on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which Smart Asia Chemical Bhd and its subsidiaries (“**Smart Asia Group**”) operate and to offer a clear understanding of the industry dynamics. Smart Asia Group is principally involved in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications; development, manufacturing, distribution and sale of related products, namely colourants, and binding and coating chemicals; sale and trading of painting tools and accessories, aerosol spray paints and other related products to complement its decorative paints and protective coatings offerings; and the provision of original design manufacturer (ODM) services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners. Hence, the scope of work for this IMR Report will address the following areas:

- (i) The paints and coatings industry in Malaysia;
- (ii) Key industry drivers, risks and challenges of the paints and coatings industry in Malaysia;
- (iii) Competitive landscape of the paints and coatings industry in Malaysia; and
- (iv) Prospects and outlook of the paints and coatings industry in Malaysia.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry primary participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report.

For and on behalf of SMITH ZANDER:



**DENNIS TAN**  
MANAGING PARTNER

---

**8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

---

SMITH ZANDER

**COPYRIGHT NOTICE**

No part of this IMR Report may be given, lent, resold, or disclosed to non-customers or any other parties, in any format, either for commercial or non-commercial reasons, without express consent from SMITH ZANDER. Further, no part of this IMR Report may be extracted, reproduced, altered, abridged, adapted, modified, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, for purposes other than the listing of Smart Asia Chemical Bhd on the ACE Market of Bursa Malaysia Securities Berhad, without express consent from SMITH ZANDER.

Any part of this IMR Report used in third party publications, where the publication is based on the content, in whole or in part, of this IMR Report, or where the content of this IMR Report is combined with any other material, must be cited and sourced to SMITH ZANDER.

The research for this IMR Report was completed on 15 April 2024.

For further information, please contact:

**SMITH ZANDER INTERNATIONAL SDN BHD**

15-01, Level 15, Menara MBMR  
1, Jalan Syed Putra  
58000 Kuala Lumpur  
Malaysia  
Tel: + 603 2732 7537

[www.smith-zander.com](http://www.smith-zander.com)

© 2024, All rights reserved, **SMITH ZANDER INTERNATIONAL SDN BHD**

**About SMITH ZANDER INTERNATIONAL SDN BHD**

*SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.*

**Profile of the signing partner, Dennis Tan Tze Wen**

*Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 26 years of experience in market research and strategy consulting, including over 21 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.*

## 8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

# SMITH ZANDER

## 1 THE PAINTS AND COATINGS INDUSTRY IN MALAYSIA

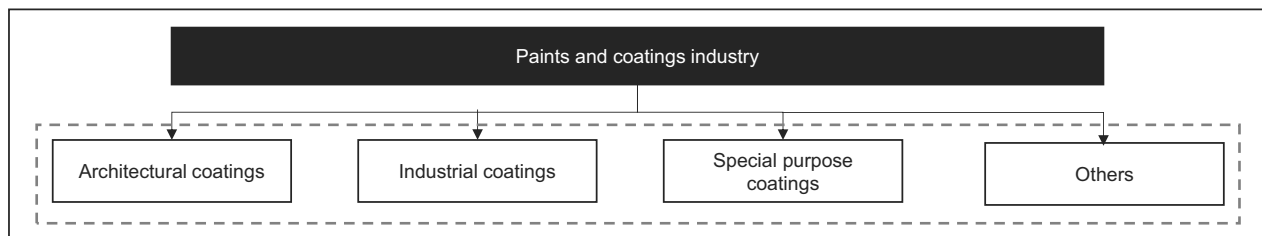
### Overview

Paints and coatings are liquid, liquefiable or solid mastic compositions, that change into a solid film after being thinly spread on a surface or substrate. They are widely applied on amongst others, buildings, infrastructure, structures, furniture, vehicles, machinery and equipment for aesthetics and protective purposes.

The paints and coatings industry can be broadly segmented into the following categories:

- (i) **Architectural coatings** – are applied on the exterior and interior of residential, commercial and industrial buildings as well as structures to preserve, protect and adorn the surfaces of buildings and structures. Architectural coatings include decorative paint and coating products such as exterior wall paints, interior wall paints and wall sealers that can be applied onto the surfaces of exterior and interior walls, and ceilings, amongst others.
- (ii) **Industrial coatings** – are commonly used for various applications including concretes, flooring and various manufactured products such as machinery and equipment, furniture, and metal products, to protect against corrosion, decay, wear and tear as well as to maintain the appearance, functionality, and longevity of a structure or a product. Industrial coatings include protective coating products such as zinc chromate primer (i.e. generally used on iron and steel surfaces to prevent corrosion), red oxide primer (i.e. generally used on ferrous metal surfaces to prevent rust formation), epoxy coating (i.e. generally used on concrete and metal structures and surfaces and is highly resistant to abrasion and harsh chemicals) and micaceous iron oxide (i.e. generally used on steel structures to protect against corrosion).
- (iii) **Special purpose coatings** – are coatings used to serve specific purposes such as marine coatings (i.e. used in the marine environment to protect water vessels from freshwater or saline water), automotive paints and road markings (e.g. paints on roads, airport runways and parking lots).
- (iv) **Others** – refer to miscellaneous items including painting tools and accessories such as brushes, rollers, spray guns, paint trays and aerosol spray paints that are used to support the application of paints and coatings.

### Segmentation of the paints and coatings industry



Note:

- [ - - - ] denotes the segments in which Smart Asia Group's products are categorised under.

Source: SMITH ZANDER

There are a diverse range of paints and coatings in the market which vary in terms of colour, composition, function, property and quality based on their formulations. The formulation of paints and coatings is developed and modified through the process of combining various components in varying proportions to create a specific desired paint or coating. Each component used in the formulation of paints and coatings provides a specific property or function to the paint or coating. Some of the basic components that can be found in paints and coatings include binders, solvents, pigments and additives. Details for each of the basic components are as follows:

- (i) **Binder** – is a film-forming substance used to hold the pigment of paint or coating to an applied surface and to bind all components of a paint or coating together. Examples of binders include alkyd resin, acrylic resin and epoxy resin.
- (ii) **Solvent** – also known as a thinner, is used to adjust the viscosity of paint or coating so that the paint or coating can be spread on a surface uniformly and smoothly. Examples of solvents include toluene, turpentine and xylene.
- (iii) **Pigment** – is used to impart colour and opacity when added to a paint or coating formulation. Examples of pigments include titanium dioxide, iron oxide and zinc oxide.
- (iv) **Additive** – is used to manipulate or enhance certain properties of a paint or coating. For instance, thickeners and modifiers are used as additives to achieve the desired application consistency of a paint or coating. Further, additives such as defoamers are used to reduce or eliminate the formation of foam in a paint or coating.

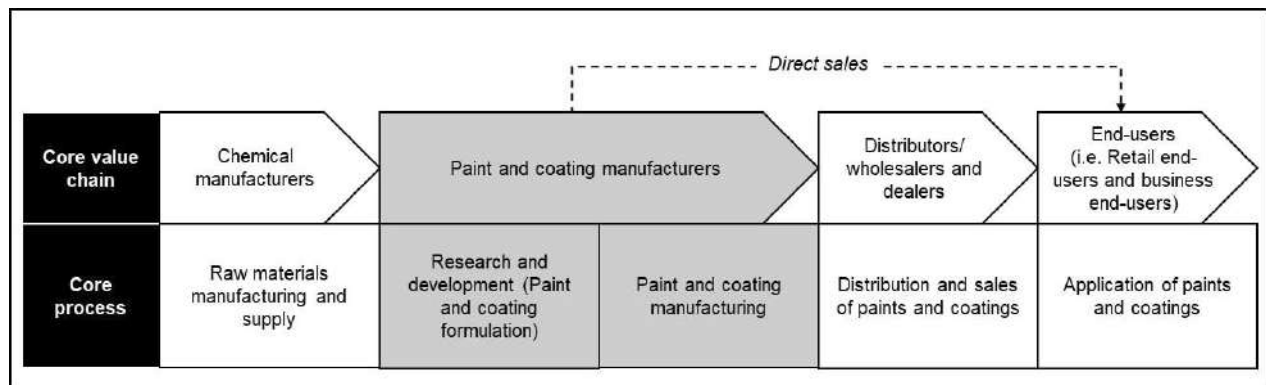
**8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

**SMITH ZANDER**

The types and proportion of components used in the formulation of a paint or coating are based on its property and function requirements. Such property requirements include amongst others, solvency (e.g. water-based or oil-based), finish and sheen (e.g. flat-matte, semi-gloss and high gloss) and application (e.g. exterior, interior, metal surface or wood surface) whereas function requirement may include aesthetic purposes, protection against corrosion, ultra-violet rays, fire, sunlight, water, fungal growth and/or bacteria growth, and/or specific purposes such as reflecting light for road markings to enhance road visibility especially during low-light or dark conditions. A good quality paint or coating is typically determined based on several attributes such as ease of application, durability, resistance against chemical and environmental effects as well as opacity.

In recent years, there has been increasing concern for environmental sustainability. Hence, many consumers are starting to lean towards green products and maintenance measures, like opting for eco-friendly paints and coatings instead of conventional ones. Some components in conventional paints and coatings may contain high Volatile Organic Compounds (“VOC”) that release environmentally harmful chemicals into the atmosphere, contributing to poor air quality and negative environment impact, while eco-friendly paints and coatings are formulated to have zero or low VOC which are more efficient, greener and safer for the environment and health. With ever-increasing environmental awareness, paint and coating manufacturers have become more innovative in the formulation and production of eco-friendly paints and coatings.

**Paints and coatings industry value chain**



Note:

- denotes the role of Smart Asia Group in the value chain of the paints and coatings industry.

Source: SMITH ZANDER

In Malaysia, the paints and coatings industry value chain involves multiple core processes, namely raw materials manufacturing and supply, research and development (“R&D”) (paint and coating formulation), paint and coating manufacturing, and distribution and sales of paints and coatings for end-users’ application. The raw materials manufacturing and supply process is carried out by chemical manufacturers to produce the necessary components of paints and coatings such as binders, solvents, pigments and additives for the manufacturing of paints and coatings. Further, the R&D (paint and coating formulation) process which is performed by the paint and coating manufacturers, is one of the key processes which keeps paint and coating manufacturers competitive in the industry whereby the paint and coating manufacturers continuously develop products with new and/or enhanced formulations in terms of new colours and functions, as well as enhanced properties to cater to changing market trends and customer requirements.

Paints and coatings are usually off-the-shelf products but can also be custom-produced for end-users. Off-the-shelf products are sold to business end-users and retail end-users (i.e. end-users who purchase paints and coatings from retail hardware stores or retail paint stores, or purchase online via e-commerce platforms) whereby the formulation of paints and coatings are determined by the paint and coating manufacturers. Despite the formulation of paints and coatings being generally fixed in terms of their properties and functions, the colour of the paint and coating can be customised by adding and mixing colourants (i.e. concentrated dispersion of pigments) into a base paint or coating to match end-users’ desired shades. Retail end-users may request to customise the colour of their paints and coatings instantly at the time of purchase in certain retail hardware stores or retail paint stores that offer paint-tinting services and are equipped with automated paint tinting machines in-store.

On the other hand, paints and coatings sold to business end-users (e.g. manufacturers (i.e. for manufactured products like machinery and equipment, vehicles and furniture), property developers, construction companies and painting contractors (e.g. for renovation, construction and/or infrastructure development projects)) can be customised based on its specified criteria in terms of amongst others, properties, functions, colour and performance of the paint and/or coating. Paints and coatings are sold by paint and coating manufacturers directly to retail

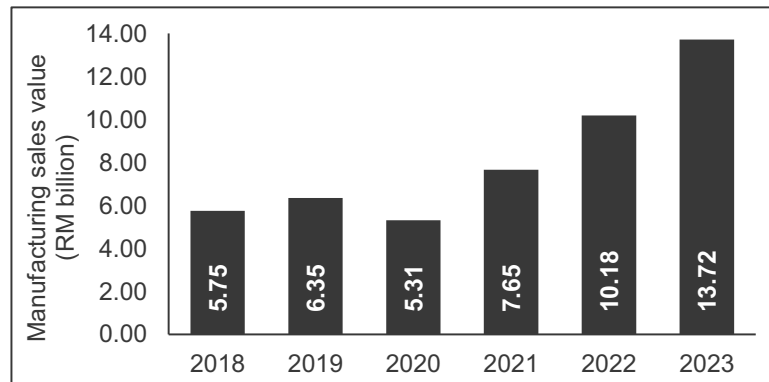
**8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****SMITH ZANDER**

end-users and business end-users, as well as indirectly through their distribution channels comprising, amongst others, distributors/wholesalers (i.e. who purchase paints and coatings from paint and coating manufacturers to be subsequently sold to business end-users and/or distributed to dealers for onward sale to retail end-users), and dealers which are retailers such as retail hardware stores, retail paint stores and online paint retailers.

**Industry Performance, Size and Growth**

The size of the paints and coatings industry in Malaysia is represented by the manufacturing sales value of paints, varnishes and similar coatings ink and mastics.

In 2019, the manufacturing sales value of paints, varnishes and similar coatings ink and mastics in Malaysia increased by 10.43% from RM5.75 billion in 2018 to RM6.35 billion in 2019. Subsequently, in view of the outbreak of the novel coronavirus disease 2019 (“**COVID-19**”) pandemic in early 2020, the manufacturing sales value of paints, varnishes and similar coatings ink and mastics declined by 16.38% year-over-year (“**YOY**”) to RM5.31 billion in 2020.

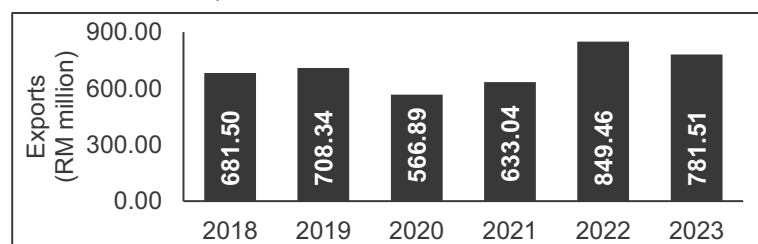
**Manufacturing sales value of paints, varnishes and similar coatings ink and mastics (Malaysia), 2018 – 2023**

Sources: Department of Statistics Malaysia (“**DOSM**”), SMITH ZANDER

This was due to the impact of the COVID-19 pandemic whereby the imposition of nationwide movement restrictions by the Government of Malaysia (“**Government**”) to curb the spread of COVID-19 had led to temporary halts in business operations in various industries that use paints and coatings for their operations such as the construction and manufacturing sectors, which subsequently dampened the demand for paints and coatings. Nonetheless, the manufacturing sales value of paints, varnishes and similar coatings ink and mastics in Malaysia recovered in 2021, 2022 and 2023, recording a compound annual growth rate (“**CAGR**”) of 37.22% from RM5.31 billion in 2020 to RM13.72 billion in 2023, as economic activities in Malaysia resumed upon the lifting of the nationwide movement restrictions imposed by the Government. Further, SMITH ZANDER forecasts the manufacturing sales value of paints, varnishes and similar coatings ink and mastics in Malaysia to increase from RM13.72 billion in 2023 to RM14.48 billion in 2024 and RM15.28 billion in 2025, recording a CAGR of 5.53% from year 2023 to 2025.

As Smart Asia Group has exported its decorative paints and protective coatings to Brunei, Cambodia, Indonesia, Singapore and Vietnam (collectively known as “**Selected Countries in Southeast Asia (“SEA”)**”), the exports of paints and varnishes from Malaysia to the Selected Countries in SEA is shown below.

In 2019, the exports of paints and varnishes from Malaysia to the Selected Countries in SEA grew by 3.94% from RM681.50 million in 2018 to RM708.34 million in 2019. However, in 2020, the exports of paints and varnishes from Malaysia to the Selected Countries in SEA declined by 19.97% YOY to RM566.89 million in 2020 due to a slowdown in the global economy and major supply chain disruptions caused by the COVID-19 pandemic thus resulting in a lower demand for paints and varnishes.

**Exports of paints and varnishes from Malaysia to the Selected Countries in SEA, 2018 – 2023**

Sources: DOSM, SMITH ZANDER

Although the exports of paints and varnishes from Malaysia to the Selected Countries in SEA recovered in 2021 and 2022, recording a CAGR of 22.41% from RM566.89 million in 2020 to RM849.46 million in 2022, the exports of paints and varnishes from Malaysia to the Selected Countries in SEA in 2023 declined by 8.00% YOY to RM781.51 million due to a decrease in demand for paints and varnishes from the Selected Countries in SEA. Nevertheless, as Malaysia’s trade performance is expected to recover in year 2024, SMITH ZANDER forecasts the exports of paints and varnishes from Malaysia to the Selected Countries in SEA to increase from RM781.51 million in 2023 to RM807.21 million in 2024 and RM833.75 million in 2025, recording a CAGR of 3.29% from year 2023 to 2025.



## 2 KEY INDUSTRY DRIVERS, RISKS AND CHALLENGES OF THE PAINTS AND COATINGS INDUSTRY IN MALAYSIA

### Key Industry Drivers

#### ► Growth recovery in the construction industry in Malaysia drives the demand for paints and coatings

The demand for paints and coatings in Malaysia is driven by construction activities undertaken to construct residential, commercial and industrial properties as well as infrastructure such as roads, bridges and highways.

Construction activities are largely economic-driven, whereby economic growth contributes to increased disposable income among the population arising from higher employment, and increased earnings for businesses and companies due to greater operating scale and wider market reach. Consequently, this leads to increased demand for residential, commercial and industrial properties as well as supporting infrastructure, which in turn leads to higher demand for paints and coatings.

In 2019, the performance of the construction industry in Malaysia, as measured by the value of construction work done, increased by 0.56% from RM145.55 billion in 2018 to RM146.37 billion in 2019.

However, in view of the COVID-19 pandemic since early 2020, Malaysia's value of construction work done declined from RM146.37 billion in 2019 to RM111.98 billion in 2021 at a negative CAGR of 12.53%. This was due to the temporary halt of construction activities except those listed under critical services (maintenance and repair works) as a result of the imposition of various degrees of movement restrictions as well as several outbreaks of COVID-19 cases at construction sites throughout the country in 2020 and 2021.

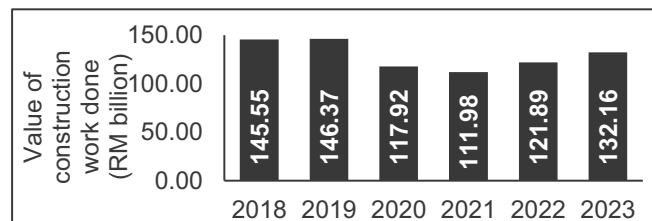
Nevertheless, the construction industry in Malaysia recovered in 2022 and 2023 whereby the value of construction work done increased at a CAGR of 8.64% from RM111.98 billion in 2021 to RM132.16 billion in 2023 due to economic recovery upon the easing of movement restrictions as well as transitioning from COVID-19 pandemic phase to endemic phase. Moving forward, the recovery of the construction industry in Malaysia is expected to further expand driven by the Government's continuous efforts in promoting infrastructure development in the country (e.g. facilitate the progress of ongoing infrastructure projects which include Johor Bahru – Singapore Rapid Transit System (RTS) Link, Pan Borneo Highway and East Coast Rail Link (ECRL)) which will subsequently spur the growth of the paints and coatings industry.

#### ► Growth in the manufacturing sector in Malaysia drives the demand for paints and coatings

Industrial coatings are widely used and applied in the manufacturing sector on various manufactured products such as machinery and equipment, as well as furniture, which helps to provide the manufactured product an aesthetic look, as well as protect and strengthen the product's durability and resistance against chemical and environmental effects to extend the product's overall lifetime. Therefore, an increase in demand for manufactured products will drive the growth of the overall manufacturing sector which will in turn spur the growth of the paints and coatings industry.

In Malaysia, the manufacturing sector remained the second largest contributor to the national economy, contributing 23.41% of the national gross domestic product ("GDP") in 2023, second to the services sector which contributed 59.23% of the national GDP in the same year<sup>1</sup>. With the manufacturing sector being one of the top contributors of the Malaysian economy, the paints and coatings industry is set to benefit from the manufacturing sector, with customers from various manufacturing segments.

**Value of construction work done (Malaysia), 2018 – 2023**



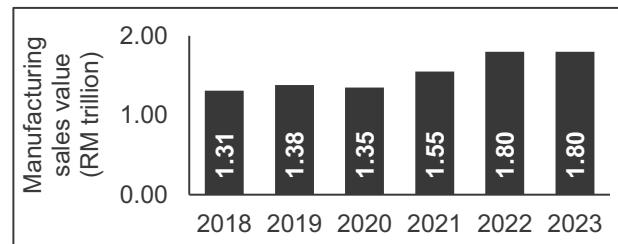
Source: DOSM

[The rest of this page is intentionally left blank]

<sup>1</sup> Sources: DOSM, SMITH ZANDER

**8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****SMITH ZANDER**

In 2019, the performance of the manufacturing sector in Malaysia, as measured by manufacturing sales value, grew by 5.34% from RM1.31 trillion in 2018 to RM1.38 trillion in 2019. However, in view of the COVID-19 pandemic, Malaysia's manufacturing sector declined by 2.17% YOY to RM1.35 trillion in 2020. This was due to the temporary suspension in manufacturing activities as a result of the imposition of various degrees of movement restrictions by the Government to curb the spread of the COVID-19 pandemic in 2020.

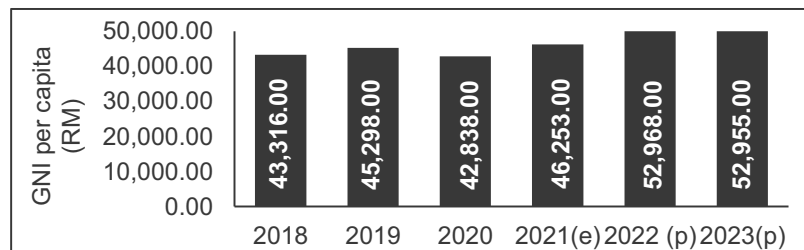
**Manufacturing sales value (Malaysia), 2018 –2023**

Sources: DOSM, SMITH ZANDER

Nevertheless, Malaysia's manufacturing sector recovered in 2021, 2022 and 2023, recording a CAGR of 10.06% from RM1.35 trillion in 2020 to RM1.80 trillion in 2023. Any growth in the manufacturing sector is expected to lead to an increase in demand for manufactured products. As the demand for manufactured goods increases, the demand for paints and coatings is expected to increase and thereby benefitting players in the paints and coatings industry.

**► Increasing disposable income and affluence lead to investments in property**

Malaysia is an upper-middle income developing country with a growing economy and increasing wealth. The gross national income ("GNI") per capita in Malaysia increased by 4.58% from RM43,316.00 in 2018 to RM45,298.00 in 2019.

**GNI per capita (Malaysia), 2018 – 2023(p)**

However, in 2020, Malaysia experienced an economic contraction due to the impact of the COVID-19 pandemic which had negatively affected the disposable income of consumers who had experienced pay cuts or loss of employment.

Notes:

- (e) – Estimate.
- (p) – Preliminary.
- Latest available information as at the date of research completion.

Source: DOSM

In 2020, GNI per capita declined YOY by 5.43% to RM42,838.00. Nevertheless, in 2021 and 2022, the economic conditions of Malaysia gradually recovered, and GNI per capita grew from RM42,838.00 in 2020 to RM52,968.00 in 2022 at a CAGR of 11.20% as the impact of the COVID-19 pandemic began to subside. However, in 2023, GNI per capita decreased slightly by 0.02% YOY to RM52,955.00 as the Malaysian population increased at a faster rate compared to GNI, where the GNI and Malaysian population increased at YOY growth rates of 2.06%<sup>1</sup> and 2.08%<sup>1</sup> respectively.

Nevertheless, moving forward, the GNI per capita is expected to recover in 2024 in view of increasing GNI. An increasing GNI per capita indicates a more affluent population with improved standards of living and greater propensity to spend. Further, there has been a growing interest of consumers in carrying out do-it-yourself (DIY) home or building improvement and maintenance projects to improve the aesthetic appeal as well as maintain the condition of their homes and buildings.

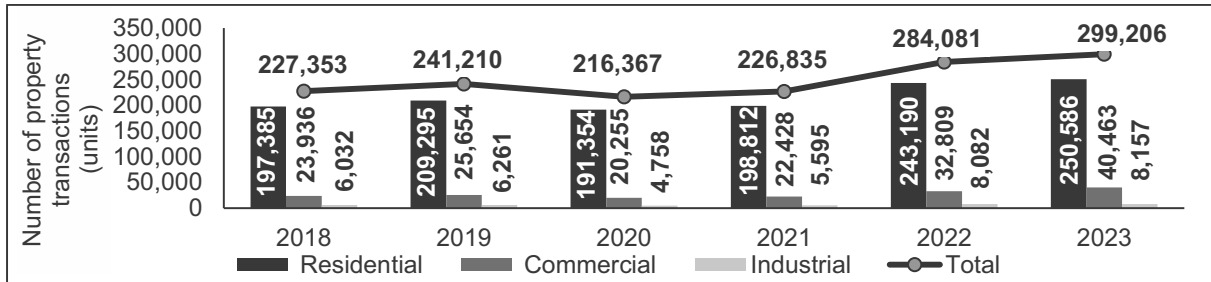
Additionally, increasing GNI per capita may also lead to increased investments in residential, commercial and industrial properties. In 2019, the number of property transactions (i.e. comprising residential, commercial and industrial properties) in Malaysia increased by 6.09% from 227,353 units in 2018 to 241,210 units in 2019. However, in 2020, the number of property transactions declined by 10.30% YOY to 216,367 units in 2020 due to the impact of COVID-19. Nevertheless, with the economic recovery in Malaysia, the number of property transactions recovered in 2021, 2022 and 2023, from 216,367 units in 2020 to 299,206 units in 2023 at a CAGR of 11.41%.

[The rest of this page is intentionally left blank]

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Number of property transactions (Malaysia), 2018 – 2023

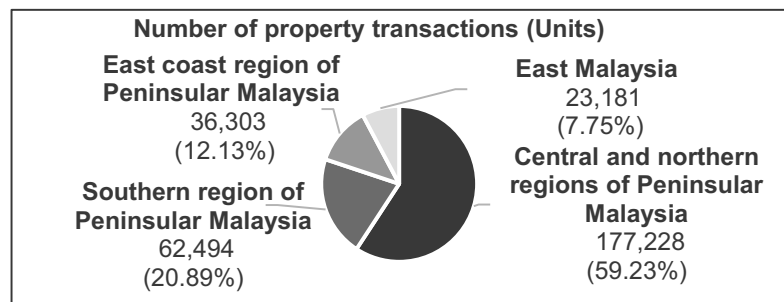


Sources: National Property Information Centre (“NAPIC”), SMITH ZANDER

In 2023, the central and northern regions of Peninsular Malaysia accounted for 59.23% of the total number of property transactions (i.e. comprising residential, commercial and industrial properties) in Malaysia, signifying higher property investments and demand for paints and coatings in these regions.

As consumers’ disposable income increases, this will encourage more consumer spending and thus increase the demand for property investment in residential, commercial and industrial properties. As newly purchased residential, commercial and industrial properties generally require renovation and refurbishment works including painting works, this will in turn boost the demand for paints and coatings and therefore drive the paints and coatings industry in Malaysia.

Number of property transactions by regions (Malaysia), 2023



Notes:

- Central and northern regions of Peninsular Malaysia comprise Kedah, Kuala Lumpur, Negeri Sembilan, Perak, Perlis, Pulau Pinang, Selangor and Wilayah Persekutuan Putrajaya.
- Southern region of Peninsular Malaysia comprises Johor and Melaka.
- East coast region of Peninsular Malaysia comprises Kelantan, Pahang and Terengganu.
- East Malaysia comprises Sabah, Sarawak and Wilayah Persekutuan Labuan.

Sources: NAPIC, SMITH ZANDER

Key Industry Risks and Challenges

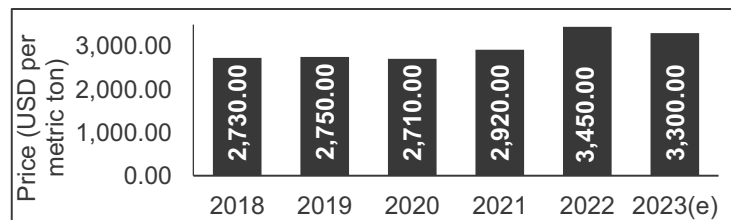
► Exposure to price fluctuation of raw materials for paints and coatings

The key raw materials that are used in paints and coatings manufacturing include binders, solvents, pigments and additives. Raw materials constitute a large part of the operating costs for paints and coatings manufacturing and are susceptible to price fluctuations as a result of demand and supply conditions.

For example, titanium dioxide, a type of pigment, is one of the commonly used raw materials in the production of paints and coatings and is subject to price fluctuations.

Between 2018 and 2020, the titanium dioxide prices remained fairly stable. Subsequently, the price of titanium dioxide increased significantly YOY by 7.75% in 2021 and 18.15% in 2022 which may be due to the aftermath of the COVID-19 pandemic which led to a global supply chain disruption, as well as rising demand for titanium dioxide in view of the gradual recovery of the global economy from the COVID-19 pandemic.

Titanium dioxide prices, 2018 – 2023(e)



Notes:

- (e) – Estimate.
- Latest available information as at the date of research completion.
- The price reflects the landed-duty paid value based on United States’ imports for consumption.

Source: United States Geological Survey

**8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****SMITH ZANDER**

However, in 2023, the price of titanium dioxide declined by 4.35% YOY due to lower overall global demand.

Nevertheless, any unfavourable changes in the demand and supply conditions of raw materials for paints and coatings may cause the price of raw materials for paints and coatings to increase materially, which may lead to a rise in cost of production for paint and coating manufacturers. If the paint and coating manufacturers are unable to pass on the raw material cost to their customers, they may have to bear the increasing costs, which could materially impact their financial performance and profitability.

► **Dependency on manual labour for the manufacturing of paints and coatings**

The manufacturing processes for paints and coatings may either be semi-automated or fully automated. While most manufacturing processes for paint and coating production can be automated using machines such as high-speed dispersion mixers and paint shakers, manual labour may be required in certain processes such as transferring intermediary products from one machine to be loaded into another machine during various stages of the manufacturing process. Further, workers may also be required to carry out in-process inspection and/or post-manufacturing inspection on the paints and coatings for quality control.

The issue of labour shortages is common in the manufacturing industry (including the paints and coatings industry) in Malaysia where Malaysia is dependent on foreign workers as a result of limited supply of local workers for manufacturing-related operations. Any quota restrictions or suspensions in the hiring of foreign workers may cause difficulties in employing sufficient labour. Further, any increase in the levy rate for foreign workers or minimum wages for employees will increase the cost of labour which may adversely impact the paint and coating manufacturers' profitability. Further, paint and coating manufacturers may also face challenges arising from the time required to register foreign workers, which may disrupt their operations due to insufficient workers.

If a suspension or similar policy issues were to cause a suspension or cessation of future intake of foreign workers, the paint and coating manufacturers may be forced to source for local workers which may come at higher cost. Paint and coating manufacturers who are unable to pass on the increase in labour costs to their customers may experience material impact on the profitability of their businesses. Further, any delay in hiring sufficient number of local workers may result in operational disruptions which would subsequently affect production schedules and cause delays in production and delivery schedules as well as potential order cancellation from customers. Consequently, this may affect the paint and coating manufacturers' business and financial performance.

► **Exposure to competition**

The paints and coatings industry in Malaysia is fragmented and competitive due to the large number of industry players comprising local and foreign industry players. Industry players generally compete in terms of branding, pricing, range of products and quality of products.

In order to remain competitive, industry players shall implement measures and strategies such as providing quality products at competitive prices, employing effective branding and marketing strategies as well as continuously innovating and developing paint and coating products with new and/or enhanced formulations and functions to cater to the everchanging market trends and customer needs. Any failure on the industry players' part to remain competitive could lead to reduced sales volume and impact their profitability.

Moreover, industry players shall also upkeep their manufacturing technologies and capabilities to increase productivity and remain competitive, including the adoption of automation which is in-line with the Government's initiative towards Industry 4.0 which encourages the adoption of automation in manufacturing processes. In the event if the industry players do not upkeep their manufacturing technologies and capabilities, these players will be exposed to the risk of decreased efficiencies in their manufacturing process. Further, paints and coatings manufactured using outdated manufacturing technologies may not meet modern quality standards and customer expectations, which may result in customer dissatisfaction and loss of customers.

### **3 COMPETITIVE LANDSCAPE OF THE PAINTS AND COATINGS INDUSTRY IN MALAYSIA**

#### **Overview**

The paints and coatings industry in Malaysia is competitive due to the fragmented nature of industry players comprising local and foreign companies. Local industry players are home-grown companies that have their own manufacturing facilities in Malaysia, and their products are primarily distributed and marketed in Malaysia. Some of the local industry players may also market and distribute their products in other regional countries. Foreign industry

**8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****SMITH ZANDER**

players consist of multinational companies who have manufacturing facilities in Malaysia to manufacture and sell their products locally and/or regionally.

Paints and coatings industry players generally compete in terms of amongst others, branding, range of products, pricing, quality of products, delivery timing and manufacturing capacities. For industry players such as Smart Asia Group that primarily distributes decorative paints and protective coatings via intermediaries such as distributors/wholesalers and dealers, it is essential to build strong brand presence and maintain good business relationships with these intermediaries. Additionally, such industry players shall also continuously expand their distribution network to broaden and/or strengthen their market presence.

The paints and coatings industry in Malaysia has various barriers to entry in terms of branding, distribution network and technical expertise. Having a strong branding is imperative as paints and coatings are sold based on brand as customers typically associate brands with the quality of the paint or coating. Therefore, new entrants are required to invest in marketing to create strong brand presence to gain traction and compete with existing industry players. Additionally, in order to remain competitive, industry players require a wide distribution network that can reach urban, suburban and rural customers. As existing industry players already have wide distribution networks with significant influence amongst industry stakeholders such as distributors and dealers, this will make it more difficult for new entrants to expand their distribution network. Moreover, technical expertise is imperative for starting up a paint and coating business as well as to remain sustainable in the long run. Technical expertise especially in the formulation of paints and coatings is important to continuously develop paints and coatings with new colours and functions, as well as enhanced properties to pursue product differentiation and remain competitive.

**Key Industry Players**

As Smart Asia Group is principally involved in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications, the basis for selection of the key industry players in the paints and coatings industry in Malaysia is as follows:

- companies principally involved in the manufacturing and sale of decorative paints and protective coatings;
- companies with manufacturing facilities in Malaysia; and
- companies which recorded more than RM30.00 million revenue based on their respective latest available financial years (or combined revenue of more than RM30.00 million for group of companies).

The list of key industry players in the paints and coatings industry in Malaysia is as follows:

Company name	Examples of decorative paints and protective coatings brands in Malaysia	Latest available financial year	Group/ company revenue (RM million)	Segmental revenue from sale of similar products and/or services as Smart Asia Group <sup>(1)</sup> (RM million)	Gross profit (RM million)	Gross profit margin (%)	Profit/ (loss) after tax (RM million)	Profit/ (loss) after tax margin (%)
Nippon Paint group of companies <sup>(2)</sup>	NIPPON PAINT and Momento	31 December 2022	2,396.08	2,359.94	593.51	24.77	156.84	6.55
Jotun Paints (Malaysia) Sdn. Bhd. (a subsidiary of Jotun A/S)	JOTUN	31 December 2022	962.06	962.06	231.55	24.07	55.19	5.74
Kansai Paint group of companies <sup>(2)</sup>	KANSAI PAINT, mr.Paint Man, SANCora, CROWN, GOODY and I-Signature PAINTS	31 December 2022	431.55	430.66	101.78	23.58	2.33	0.54
AkzoNobel group of companies <sup>(2)</sup>	Dulux, Dulux Professional, Colourland paints, Hammerite, MAXILITE PLUS and MESA PAINT	31 December 2022	320.14	301.01	8.88	2.77	(14.75)	(4.61)

**8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****SMITH ZANDER**

Company name	Examples of decorative paints and protective coatings brands in Malaysia	Latest available financial year	Group/ company revenue (RM million)	Segmental revenue from sale of similar products and/or services as Smart Asia Group <sup>(1)</sup> (RM million)	Gross profit (RM million)	Gross profit margin (%)	Profit/ (loss) after tax (RM million)	Profit/ (loss) after tax margin (%)
Kossan Paint group of companies <sup>(2)</sup>	KOSSAN and KOSSAN PAINT	31 December 2022	138.79	138.79	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	7.82	5.63
SKK group of companies <sup>(2)</sup>	SKK	31 December 2022	116.83	96.38	20.98	17.96	4.84	4.14
Smart Asia Group	Smart Paints, Durra Paints, Toplus and Hunter	31 December 2023	91.09	-(4)	29.98	32.92	8.81	9.67
Seamaster Paint group of companies <sup>(2)</sup>	seamaster paint	31 December 2022	84.27	84.27	19.08	22.64	0.09	0.11
KCC group of companies <sup>(2)</sup>	KCC and KCC paint	31 December 2022	62.91	62.91	14.60	23.21	0.70	1.11
TOA group of companies <sup>(2)</sup>	TOA, Captain and SUPERTECH	31 December 2022	58.90	58.90	16.26	27.61	(1.62)	(2.75)
MCI Paint group of companies <sup>(2)</sup>	BAOMA, BLUE-i, BRUSH & ROLLER and BENZI	30 June 2023	32.81	32.81	10.50	32.00	0.61	1.86
Federal Paints Manufacturing (M) Sdn. Bhd.	Federal Paint	31 March 2023	30.15	30.15	N/A <sup>(3)</sup>	N/A <sup>(3)</sup>	0.61	2.02

**Notes:**

- The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.
- (1) Due to differing segmental revenue definitions of industry players, this may include some revenue derived from sale of products (e.g. adhesive and sealant) other than the sale of similar products and/or services as Smart Asia Group, and/or revenue derived from countries outside Malaysia.
- (2) Group of companies are Malaysian entities that are involved in the paints and coatings business. Financial information is the combined figures of the group of companies.
- (3) N/A – not available, as gross profit is not reported in the annual report(s) of the company or group of companies.
- (4) Not applicable. Segmental revenue is disclosed for all key industry players, save for Smart Asia Group.

Sources: Smart Asia Group, various company websites, Companies Commission of Malaysia, SMITH ZANDER

**Industry/Market Share**

In 2023, the paints and coatings industry in Malaysia was recorded at RM13.72 billion, based on the manufacturing sales value of paints, varnishes and similar coatings ink and mastics in Malaysia. For the financial year end 31 December 2023, Smart Asia Group's revenue derived from its manufacturing segment was recorded at RM81.38 million, and thereby Smart Asia Group captured a market share of 0.59% in the paints and coatings industry in Malaysia.

## **4 PROSPECTS AND OUTLOOK OF THE PAINTS AND COATINGS INDUSTRY IN MALAYSIA**

The growth of the paints and coatings industry in Malaysia is driven by the growth recovery in the construction industry in Malaysia. Construction activities are largely economic-driven, whereby economic growth contributes to increased disposable income among the population arising from higher employment, and increased earnings for businesses and companies due to greater operating scale and wider market reach. Consequently, this leads to increased demand for residential, commercial and industrial properties as well as supporting infrastructure, which in turn leads to higher demand for paints and coatings.

Further, industrial coatings are widely used and applied in the manufacturing sector on various manufactured products such as machinery and equipment, as well as furniture, which helps to provide the manufactured product an aesthetic look, as well as protect and strengthen the product's durability and resistance against chemical and environmental effects to extend the product's overall lifetime. Therefore, an increase in demand for manufactured products will drive the growth of the overall manufacturing sector which will in turn spur the growth of the paints and coatings industry.

Additionally, increasing GNI per capita may lead to increased investments in residential, commercial and industrial properties. As consumers' disposable income increases, this will encourage more consumer spending and thus increase the demand for property investment in residential, commercial and industrial properties. As newly purchased residential, commercial and industrial properties generally require renovation and refurbishment works including painting works, this will in turn boost the demand for paints and coatings and therefore drive the paints and coatings industry in Malaysia.

In view of the abovementioned factors which drive the growth of the paints and coatings industry in Malaysia, SMITH ZANDER forecasts the manufacturing sales value of paints, varnishes and similar coatings ink and mastics in Malaysia to increase from RM13.72 billion in 2023 to RM14.48 billion in 2024 and RM15.28 billion in 2025, recording a CAGR of 5.53% from year 2023 to 2025. Further, SMITH ZANDER forecasts the exports of paints and varnishes from Malaysia to the Selected Countries in SEA to increase from RM781.51 million in 2023 to RM807.21 million in 2024 and RM833.75 million in 2025, recording a CAGR of 3.29% from year 2023 to 2025.

**[The rest of this page is intentionally left blank]**