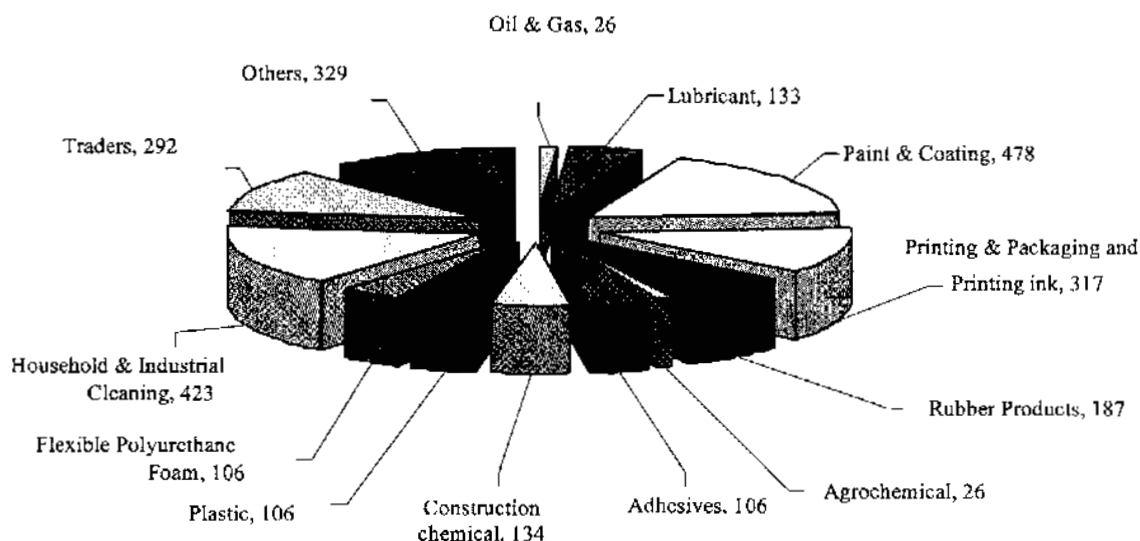


#### 4. INFORMATION ON OUR GROUP (Cont'd)

Presently, our Group has a diversified customer base covering various sectors in the economy, locally and overseas. In FYE 2008, approximately RM338 million representing 95.1% of our revenue was derived from over 2,500 customers in Malaysia. The number of customers of our Group by market segments in the FYE 2008 is set out in the chart below:

Samchem Group - Number of customers by market segments for FYE 2008



#### (ix) Market presence and product delivery

Presently, we have four (4) offices and thirty-one (31) dedicated sales and marketing staff in Selangor, Johor, Perak and Penang to cater to our customers' needs. Our head office in Selangor oversees the market in the central and eastern regions (namely Selangor, Negeri Sembilan, Pahang, Terengganu and Kelantan) as well as the East Malaysian market. Our office in Johor covers the southern region (namely Malacca and Johor), whilst our office in Perak as well as our two (2) sales and marketing employees based in Penang cover the northern region market (namely Perak, Penang, Kedah and Perlis).

With our extensive geographical market coverage, our Group has the advantage of being able to support and serve the needs of customers with a fast turnaround time usually within two (2) working days. We have five (5) warehouses throughout the country to ensure consistent and prompt delivery of our products to customers.

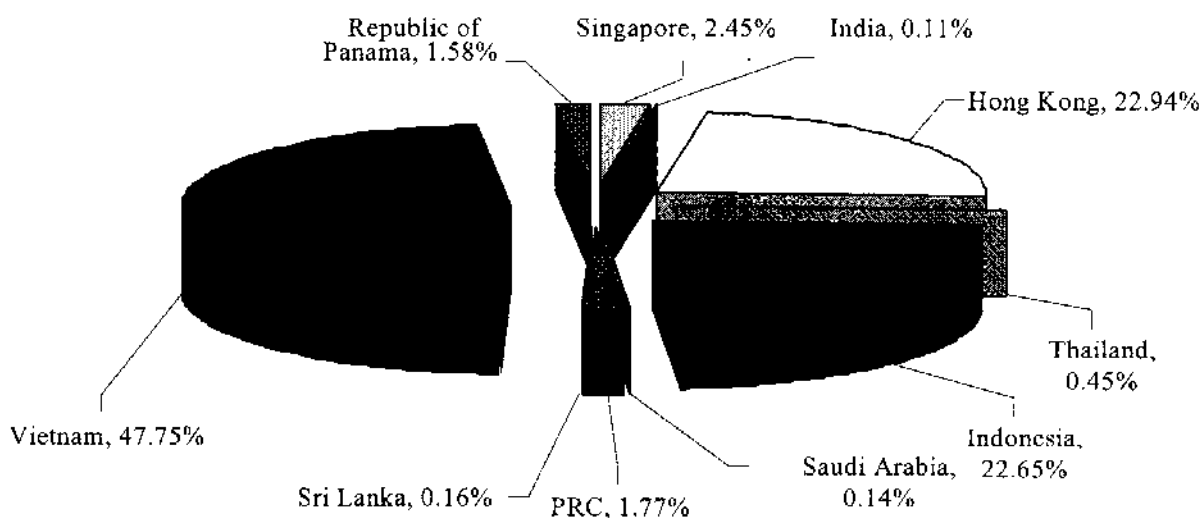
The ability to meet the demands of our customers and/or ensure prompt delivery of goods strengthens our relationships with our customers and thus ensuring long-term customer loyalty.

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

##### (x) International market exposure

In order to improve our revenue growth, we aggressively seek new overseas business opportunities, particularly in Indonesia, Vietnam and PRC. In FYE 2008, approximately RM17.5 million, representing 4.93% of our revenue was derived from overseas customers. Our export sales represented by the country of origin of our Group's customers are illustrated below:

Samchem Group - Export sales by customers' country of origin for FYE 2008



SCsphere is responsible for overseeing our Vietnamese market and was awarded formal distributorship rights by MITCO to distribute products manufactured by OPTIMAL Chemicals to the Vietnamese market. Besides OPTIMAL Chemicals, SCsphere also markets and distributes products manufactured by other MNCs, namely BASF Singapore Pte Ltd and OXEA Corporation.

We have a wide customer base in Medan, Indonesia. Presently, our Group conducts direct marketing and distribution of our chemical products to Medan, via our headquarters in Shah Alam, Selangor. Our marketing team visits these customers on a regular basis to obtain feedbacks as well as keep itself updated on the latest market trends, activities and developments in order to better understand and identify their needs and requirements.

##### (xi) Experienced and dedicated management and sales team

We have an experienced and dedicated management team which is supported by thirty-one (31) sales staff that are equipped with technical knowledge to service all our customers from our four (4) offices located in Selangor, Johor, Perak and Penang. Our Board and key management staff, have extensive experience in both the local and overseas chemical industries.

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

##### 4.5.6 Principal markets

For the FYE 2008, sales within Malaysia contributed approximately 95.07% of our total revenue while the remaining 4.93% are contributed by export sales. Our Group's principal markets for the FYE 2008 are as follows:

State / Country		FYE 2008 Percentage of sales (%)
<b>Malaysia</b>	<b>States</b>	
North	Perlis, Penang, Perak and Kedah	10.54
South	Malacca and Johor	17.00
Central	Selangor, Kuala Lumpur and Negeri Sembilan	66.85
East Malaysia	Sabah and Sarawak	0.68
	<b>Subtotal for domestic market</b>	<b>95.07</b>
<b>Overseas</b>	<b>Country</b>	
	Vietnam	2.35
	Hong Kong (Special Administrative Region)	1.13
	Others *	1.45
	<b>Subtotal for overseas markets</b>	<b>4.93</b>
	<b>Total sales</b>	<b>100.0</b>

Note:

\* Including Australia, Bangladesh, India, Indonesia, PRC, Republic of Panama, Saudi Arabia, Singapore, Sri Lanka, Thailand and the region of Europe.

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

##### 4.5.7 Business location

Our Group and associated companies presently operate from the following premises:

Company	Address	Land Area and Built-up Area (sq. ft.)	Type of Activities	Freehold/ Leasehold (date of expiry of leasehold property)/ Rented
<b>Subsidiaries</b>				
SCSB, SC Industries, TN Industries, SCsphere, and SC Logistics	Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32, 40460 Shah Alam, Selangor	Land area: 103,431 Built-up area: ▪ Office: 32,598 ▪ Warehouse: 45,872	Administration, operations and marketing activities.  Storage facility for materials and products.	Freehold
TN Chemie	PTD 152691 Mukim Pulai, Kawasan Perindustrian SiLC, Bandar Nusajaya 79200 Johor	Land area: 200,472  Built-up area: ▪ Office: 8,474 ▪ Warehouse: 20,000 ▪ Production facility: 9,684	Administration, operations and marketing activities.  Production and storage facility for materials and products.	Freehold
	No. 15, Jalan S/S2, Taman Industri Sri Sulong, 83020 Batu Pahat, Johor	Land area: 14,780  Built-up area: ▪ Office: 1,200 ▪ Warehouse: 6,000	Storage facility for materials and products.	Freehold
Ewony Chemicals	No. 17, Persiaran Rishah 14, Kawasan Perindustrian Silibin, 30100 Ipoh, Perak	Land area: 27,384 Built-up area: ▪ Office: 2,000 ▪ Warehouse: 17,875	Administration, operations and marketing of products and services.  Storage facility for materials and products.	Leaschold (22 Mar 2045)
	28, Jalan Perusahaan Ringan Juru 1, Taman Perusahaan Ringan Juru, 14100 Seberang Perai Tengah, Penang	Built-up area: ▪ Office: 495	Sales and marketing of products.	Rented
<b>Associated Companies</b>				
YTSSB (via Shanghai Sino-Malaysian International Trading Co., Ltd.)	Room 2012, Huaneng Union Tower, No.958, LuJia Zui Ring Road, Pudong, Shanghai, PRC	Built-up area: ▪ Office: 1,399	Administration, operations and marketing of products and services.	Rented
PTMS	Jalan Industri Selatan IV Blok EE 2H Jababeka II ~ Cikarang Selatan, Bekasi, Jawa Barat 17550 Indonesia	Land area: 33,627 Built-up area: ▪ Office: 1,378 ▪ Factory: 8,945	Administration, operations and marketing of products and services.  Production activities.	Rented

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

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**4.5.8 Quality control**

One of the key success factors in the distribution of industrial chemicals is the ability to deliver the chemicals within the specifications stated by the chemical manufacturers or suppliers. Products could be delivered in liquid bulk form which requires professional inspection and checking to conform to the specification. Therefore, professional third party quality surveyors are engaged to test the products from time to time or on an ad-hoc basis to check the quantity and quality of chemicals received, before the chemicals are transferred to storage tanks located at the terminals. The quality control procedures for discharging bulk cargo are as follows:

**Inspection at installation – Surveyor’s responsibility and tasks****Prior to Reception**

- (a) Immediately liaise closely with installation (terminal) and inspect the shore tank interior for cleanliness and dryness for reception/storage of cargo.
- (b) Check and ensure tank capacity is sufficient to receive the cargo.
- (c) Inspect shore pump(s) and line(s) at accessible points for cleanliness/dryness.
- (d) On completion of pre-discharge inspection, seal all relevant shore tank’s valves.

**During Reception**

- (a) Before proceeding to discharge, samples at the ship are required to be checked for appearance. If a line sample is found to be not in order, the surveyor can suspend discharge and to conduct investigation to establish the cause.
- (b) A surveyor will be in attendance during the discharge operation. Any irregularity such as leakage / spillage or stoppage will be reported.

**After Reception**

- (a) Ensure that pigging is carried out to clear shore line content.
- (b) Inspect seals on all relevant valves are intact.
- (c) Gauge shore tank together with installation personnel and customs officer and compute total quantity in shore tank so that quantity received is ascertained.
- (d) Draw samples in accordance with ASTM (American Society for Testing Materials) Standards and store in clear bottles. Then the bottles will be labelled, sealed and distributed as follows:-
  - (i) One (1) set for retention for 90 days;
  - (ii) One (1) set for receiver’s retention; and
  - (iii) One (1) set for analysis at 3rd party laboratory.
- (e) Drawn samples will be sent to laboratory for testing in order to ensure product parameters are within the manufacturers’ technical specifications.
- (f) After confirmation, a COA will be issued by the laboratory.

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

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**4.5.9 Sales and marketing**

Presently, we have four (4) offices and thirty-one (31) dedicated sales and marketing staff in Selangor, Johor, Perak and Penang to cater to our customers' needs. Our head office in Selangor oversees the market in the central and eastern regions (namely Selangor, Negeri Sembilan, Pahang, Terengganu and Kelantan) as well as the East Malaysian market. Our office in Johor covers the southern region (namely Malacca and Johor), whilst our office in Perak as well as our two (2) sales and marketing employees based in Penang cover the northern region market (namely Perak, Penang, Kedah and Perlis).

Our Group's marketing strategies incorporate active networking and referrals. In order to ensure repeat business, our Group fosters good working relationships with our existing customers by working closely with them to resolve product issues, as well as offering value-added services and advice on matters such as product improvements, product development and product enhancements.

**(i) New product introductions and product awareness meetings**

Our sales team maintains close relationship with our existing customers through regular product introduction and awareness meetings. We keep our customers updated with the latest product offerings which suit their respective application markets. We also conduct cross-selling of multiple products to our customers as this is an important sales and marketing tool for our Group to expand our market reach.

**(ii) Conducting calls and market research**

Our sales and marketing team would conduct cold calls or personally approach potential customers to find out the latest types of chemicals used, as well as promote our products to these potential customers. We constantly conduct research to improve our market database through the use of import statistics, publications, Internet as well as business directories.

**(iii) Attending industry-related events**

Our sales and marketing staff attend various industry-related events such as exhibitions, laboratory visits, trade shows, forums and conferences that are organised overseas and locally to increase our exposure on latest trends in foreign markets, latest technologies, new product knowledge as well as to enhance technical expertise.

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

The list of exhibitions, laboratory visits and conferences attended by the representatives of our Group to date are as follows:

<b>Date</b>	<b>Event</b>	<b>Venue</b>
March 2006	UTECH Europe 2006 (a major PU world event)	MECC Exhibition Centre, Maastricht, The Netherlands
April 2006	Nichigo Mowinyl Technical Lab Training	Ogaki Technology Centre, Japan
May 2006	Shell Scraya Research Laboratory	Singapore
June 2006	Asia Pacific Coatings Show 2006	Kuala Lumpur Convention Centre, Malaysia
July 2006	Architex 06-Architectural & Building Exhibition	Kuala Lumpur Convention Centre, Malaysia
September 2006	PU China 2006 (largest international PU exhibition in PRC)	Shanghai Mart Exhibition Centre, Shanghai, PRC
September 2006	Malbex 2006- Malaysian International Building Exposition	Kuala Lumpur Convention Centre, Malaysia
November 2006	Asian Seed Congress 2006	Hilton Kuala Lumpur, Malaysia
November 2006	South East Asia Drymix Mortar Association (SEADMA) Technical Conference	HDB Hub, Singapore
June 2007	Asia Pacific Coatings Show 2007	Queen Sirikit National Convention Centre, Bangkok, Thailand
July 2007	Architex 07 - Architectural & Building Exhibition	Kuala Lumpur Convention Centre, Malaysia
September 2007	Malbex 2007- Malaysian International Building Exposition	Kuala Lumpur Convention Centre, Malaysia
September 2007	Asia Sales Congress 2007	Putra World Trade Centre, Kuala Lumpur, Malaysia
October 2007	South East Asia Drymix Mortar Association (SEADMA) Technical Conference 2007	Swissotel Le Concorde Bangkok, Thailand
January 2008	Low Odour Coating Exhibition	Mid Valley, Kuala Lumpur, Malaysia
April 2008	Home Decoration Exhibition	Kuala Lumpur Convention Centre, Malaysia
May 2008	5 <sup>th</sup> M <sup>5</sup> ia International Halal Showcase-Mihas 2008	MATRADE building, Kuala Lumpur, Malaysia
September 2008	Utech Asia 2008 (Incorporating PU China 2008)	Shanghai New International Expo Centre, Pudong, Shanghai, PRC
November 2008	China Coating Show 2008	Guangzhou, PRC

**4.5.10 Licences, patents, brand names, technical assistance agreements, franchises, and other intellectual property rights**




Save as disclosed in Section 4.5.11 of this Prospectus, as at LPD, we do not have any patents, brand names, technical agreements, franchises and other intellectual property rights.

Further details of our Group's licences and certifications are as set out in Section 9.1 of this Prospectus.

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

##### 4.5.11 Trademarks

We have taken steps to protect our trademarks in Malaysia. We have submitted the respective applications to register our trademarks with the Intellectual Property Corporation of Malaysia (Perbadanan Harta Intelek Malaysia), which is administered by the Minister of Trade and Consumer Affairs. The trademarks which have been registered and/or pending registration are as follows:

Logo	Company	Class	Trademark No.
	SCSB	1 2 35	05020998 05020997 05021094
	TN Chemie	1	Pending registration
	TN Industries	35	05021095

##### 4.5.12 Types, sources and availability of raw materials/input

The major product types purchased by our Group for our marketing and blending operations are as follows:

- (i) PU chemicals;
- (ii) Intermediate chemicals; and
- (iii) Specialty chemicals.

For the FYE 2008, approximately 44.54% of the chemical products purchased by our Group were sourced from chemical manufacturers overseas. The majority of these products were sourced from chemical manufacturers in Singapore, South Korea, USA and Europe. The remaining chemical products purchased by our Group amounting to approximately 55.46% for the FYE 2008 were sourced from local chemical manufacturers. The breakdown of product types purchased by our Group from local and overseas manufactures for the FYE 2008 are as follows:

Product type	Local (% of purchases)	Overseas (% of purchases)
PU	8.01	18.03
Intermediate	40.02	19.50
Specialty	6.91	7.01
Blended	0.52	-
<b>Total</b>	<b>55.46</b>	<b>44.54</b>

We do not usually face any supply problems due to the various distributorship agreements held with large MNCs. Furthermore, in the event of a shortage, our suppliers can always source the products from another plant within that particular MNC.

Further information on the fluctuation in raw material prices is set out in Section 3.1(v) of this Prospectus.



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

##### 4.5.13 Major Suppliers and Purchase Arrangements

Presently, our Group purchases its supplies on both cash and credit basis. Our Group's ability to purchase in bulk translates into significant savings as a whole. The following table shows our major suppliers, namely those that individually contribute ten percent (10%) or more of our Group's total purchases for the past three (3) FYE 2008.

Name of Supplier	Country	Purchases		Length of relationship	Products purchased
		RM'000	%		
<b>FYE 2006</b>					
Shell EP	Singapore	72,517	27.53	>8 years	PU Chemicals
ExxonMobil	Malaysia	60,183	22.85	>7 years	Intermediate and Specialty Chemicals
OPTIMAL Chemicals	Malaysia	28,030	10.64	>4years	Intermediate and Specialty Chemicals
<b>FYE 2007</b>					
ExxonMobil	Malaysia	89,873	30.06	>8 years	Intermediate and Specialty Chemicals
Shell EP	Singapore	64,239	21.49	>9 years	PU Chemicals
BASF PETRONAS	Malaysia	43,530	14.56	>6 years	Intermediate and Specialty Chemicals
<b>FYE 2008</b>					
ExxonMobil	Malaysia	88,580	29.45	>9 years	Intermediate and Specialty Chemicals
Shell EP	Singapore	49,027	16.30	>10 years	PU and Intermediate Chemicals

Our top four (4) suppliers make up more than 50% of our Group's total purchases over the past three (3) financial years. Our suppliers are leading MNCs that manufacture a comprehensive range of industrial chemical products which cater to a multitude of end user applications. In addition, our customers usually demand for products from specific MNCs due to various reasons such as strong brand loyalty, proven track record of these MNCs, product quality and customer service.

We currently have formal distributorship rights for over 200 products and our management does not foresee any termination in these formal distributorship rights that we have secured from our major suppliers. We are also confident that we will successfully secure more distributorship rights on new and enhanced industrial chemical products and/or able to source from various other chemical manufacturers. We do not consider ourselves to be reliant on any single supplier or group of chemical suppliers.

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

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Details of some of our major suppliers are as follows:

(i) **ExxonMobil**

ExxonMobil is a subsidiary of Exxon Mobil Corporation (USA), the world's largest publicly traded international oil and gas companies and a market leader in the manufacturing of petrochemicals since 1920. It is a market leader for hydrocarbon and oxygenated fluids in Malaysia for a wide variety of applications, including coatings, inks, adhesives, process fluids, rubber, plastic and agricultural chemicals.

*(Source: www.exxonmobilchemicals.com and Management of Samchem)*

(ii) **Shell EP**

Shell EP is part of Shell Group which is a global oil, gas and petrochemical company. To date, our Group has been working closely with Shell EP for 12 years, as the distributor for its range of polyols products in Malaysia as well as Medan, Indonesia. Shell EP has invested in an integrated chemical complex of styrene monomer/propylene oxide, polyols and MPG on Pulau Seraya, Singapore which was officially opened in 1997. This facility has a total annual production capacity of polyols of about 220,000 MT. In addition, Shell EP also invested into Shell Seraya Research Laboratory to meet the technical service requirements of the PU flexible foam customers in Asia Pacific.

*(Source: www.shellchemicals.com and Management of Samchem)*

(iii) **BASF PETRONAS**

BASF PETRONAS is a joint venture between one of the world's leading chemical companies, BASF Aktiengesellschaft (Germany), and PETRONAS. BASF PETRONAS owns an integrated chemical site in Gebeng, Pahang. It has an annual production output of approximately 1 million MT, making its manufacturing facilities one of the largest integrated chemical sites in the Asia-Pacific region. Among its key products are plasticisers (dioctyl phthalate), isobutanol and acrylic monomers, which are widely used in the manufacturing of PVC, coatings, inks, adhesives and cosmetic products.

*(Source: www.basf-petronas.com.my and Management of Samchem)*

(iv) **OPTIMAL Chemicals**

OPTIMAL Chemicals is a joint venture between PETRONAS (50%) and Union Carbide Corporation (50%). OPTIMAL Chemicals is a producer and supplier of various solvents, intermediates, monomers and performance products.

*(Source: www.optimal.com.my and Management of Samchem)*

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

##### 4.5.14 Major Customers

We have a diversified customer base and therefore we do not have any customers that individually contribute ten percent (10%) or more to our Group's total revenue for the past three (3) FYE 2008. The table below illustrates our top five (5) customers for each chemical product group for the past three (3) FYE 2008.

##### PU Chemicals

Name of Customer	Country	Sales Contribution		Length of Relationship
		RM'000	% of total sales	
<b>FYE 2006</b>				
Wansern Foam Industry Sdn Bhd	Malaysia	17,980	6.1	>11 years
Recos Industries Sdn Bhd	Malaysia	16,044	5.4	>11 years
Pexafoam Sdn Bhd	Malaysia	7,319	2.5	>11 years
Camel Foam Industries Sdn Bhd	Malaysia	6,922	2.3	>11 years
CHL Foam Industries Sdn Bhd	Malaysia	5,397	1.8	>3 years
<b>FYE 2007</b>				
Recos Industries Sdn Bhd	Malaysia	15,165	4.5	>12 years
Wansern Foam Industry Sdn Bhd	Malaysia	14,465	4.3	>12 years
CHL Foam Industries Sdn Bhd	Malaysia	7,816	2.3	>4 years
Pexafoam Sdn Bhd	Malaysia	6,434	1.9	>12 years
Camel Foam Industries Sdn Bhd	Malaysia	5,712	1.7	>12 years
<b>FYE 2008</b>				
Recos Industries Sdn Bhd	Malaysia	16,357	4.6	>13 years
CHL Foam Industries Sdn Bhd	Malaysia	8,662	2.4	>5 years
Wansern Foam Industry Sdn Bhd	Malaysia	8,418	2.4	>13 years
Pexafoam Sdn Bhd	Malaysia	7,497	2.1	>13 years
Pertama Technology (Polyurethane) Sdn Bhd	Malaysia	5,179	1.5	>3 years

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

**Intermediate Chemicals**

Name of Customer	Country	Sales Contribution		Length of Relationship
		RM'000	% of total sales	
<b>FYE 2006</b>				
Multi Square Sdn Bhd	Malaysia	5,847	2.0	>7 years
Nalco Industrial Services Malaysia Sdn Bhd	Malaysia	4,731	1.6	>3 years
The Valspar (M) Corporation Sdn Bhd	Malaysia	4,498	1.5	>6 years
Deh Fu Coating (M) Sdn Bhd	Malaysia	3,271	1.1	>7 years
Cray Valley Resins (M) Sdn Bhd	Malaysia	3,163	1.1	>3 years
<b>FYE 2007</b>				
Nalco Industrial Services Malaysia Sdn Bhd	Malaysia	5,841	1.7	>4 years
The Valspar (M) Corporation Sdn Bhd	Malaysia	4,643	1.4	>7 years
Multi Square Sdn Bhd	Malaysia	4,146	1.2	>8 years
Deh Fu Coating (M) Sdn Bhd	Malaysia	3,890	1.2	>8 years
DPI Chemicals Sdn Bhd	Malaysia	3,298	1.1	>3 years
<b>FYE 2008</b>				
PPG Coating (M) Sdn Bhd	Malaysia	4,827	1.4	>6 years
Multi Square Sdn Bhd	Malaysia	4,601	1.3	>9 years
DPI Chemicals Sdn Bhd	Malaysia	3,066	0.9	>4 years
The Valspar (M) Corporation Sdn Bhd	Malaysia	3,030	0.9	>8 years
Crystal Coatings Sdn Bhd	Malaysia	3,007	0.9	>8 years

**Specialty Chemicals**

Name of Customer	Country	Sales Contribution		Length of Relationship
		RM'000	% of total sales	
<b>FYE 2006</b>				
Associated Pan Malaysia Cement Sdn Bhd	Malaysia	1,340	0.5	>2 years
Manewtech-Belle Sdn Bhd	Malaysia	1,041	0.4	>2 years
Jotun (M) Sdn Bhd	Malaysia	1,032	0.4	>2 years
DS Chemport (Malaysia) Sdn Bhd	Malaysia	883	0.3	>5 years
Boustead Sissons Paints Sdn Bhd	Malaysia	720	0.2	>2 years

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

Name of Customer	Country	Sales Contribution		Length of Relationship
		RM'000	% of total sales	
<b>FYE 2007</b>				
Delichem Sdn Bhd	Malaysia	3,255	0.9	< 1 year
Jotun (M) Sdn Bhd	Malaysia	1,590	0.5	>3 years
Associated Pan Malaysia Cement Sdn Bhd	Malaysia	1,302	0.4	>3 years
Sumber Petroleum Cemerlang Sdn Bhd	Malaysia	876	0.3	>4 years
Manewtech-Belle Sdn Bhd	Malaysia	828	0.3	>3 years
<b>FYE 2008</b>				
Delichem Sdn Bhd	Malaysia	3,194	0.9	>1 years
Associated Pan Malaysia Cement Sdn Bhd	Malaysia	1,764	0.5	>4 years
Jotun (M) Sdn Bhd	Malaysia	1,309	0.4	>4 years
Sumber Petroleum Cemerlang Sdn Bhd	Malaysia	1,243	0.4	>5 years
Manewtech-Belle Sdn Bhd	Malaysia	1,111	0.3	>4 years

We service a diverse range of end-user industries comprising polyurethane foam, paints & coatings, agriculture, plastic, printing ink, homecare, printing & packaging, rubber, polymer and roofing tiles, construction, personal care, detergent, water treatment and lubricant. For the FYE 2008, we have 2,663 local and foreign customers. We do not consider ourselves as dependent on any major customers.

**4.5.15 Dependency on contract or arrangement**

As at LPD, save as disclosed in Section 9.1 of this Prospectus, our Group is currently not highly dependent on any other contracts or arrangements including patents, licences, industrial, commercial or financial contracts or new manufacturing processes, which are material to our Group's business or profitability.

**4.5.16 Interruptions in business**

Our Group has not experienced any material disruption in our operations that had a significant effect on our operations/revenue for the past 12 months prior to the date of this Prospectus.

**4.5.17 Technology**

Our Group is in the business of industrial chemical distribution and our business processes do not involve the usage of any specialised technology.

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

##### 4.5.18 Strategies and future plans of our Group

Our key business development and expansion strategies revolve around four (4) core objectives, namely:

- to ensure revenue sustainability;
- to improve revenue growth;
- to improve profit margin; and
- to achieve better cost efficiency.

Our plans to achieve the above objectives are set out as follows:-

##### Expansion Plans

##### (i) **Geographical Market Expansion Plans**

##### Local Market Expansion

Our Group believes that there are opportunities to improve on our local market penetration further. The increasing number of MNC opting to outsource their distribution arm to achieve cost-savings and time-to-market product delivery have led to a rising significance in the role of industrial chemicals distributors. With this in mind, our Group plans to enhance the support to our MNC suppliers via provision of value added services such as conducting market research and logistics planning in supply chain management.

Our Group's forward integration into managing the critical supply chain namely the ability to provide blending services of customised solvents to meet specific client demands is expected to play a major role in expanding our markets. Our blending service would support the Group in the distribution of a comprehensive range of industrial chemical products to a wider customer base within Malaysia.

Some of the major benefits of forward integration to our Group's customers are summarised below:

- The cost of sourcing and transportation of the industrial chemicals is lower when the entire supply chain activities are consolidated into one (1) facility;
- Turnaround time is inherently reduced when processes are integrated;
- Substantial logistic efficiencies could be achieved through forward integration, including shipping coordination and packaging for customers; and
- Value-added services are provided beyond transport and storage to both suppliers and end users, such as single sourcing for customers, customised and exclusive mixing and blending, inventory management, sales and marketing, extended technical support, as well as after-sales services such as drum return handling.

##### Overseas Market Expansion

We plan to become a regional chemical distribution player, by expanding our market base in Vietnam, PRC and Indonesia. Our Group's overseas market expansion strategy is two (2)-pronged:

- to improve penetration into existing overseas markets; and
- to develop new markets.

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

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Our Group's management believes that there is a vast opportunity to enhance our market share in the Asia-Pacific region, particularly where large foreign-based MNCs are generally located. Our Group's expansion plans in the overseas market are as follows:

(a) PRC

Our Group began exporting to PRC in 2005. Our exports to the PRC market totalled RM310,000 for the FYE 2008, representing approximately 0.02% of our Group's total sales. We plan to expand our market presence in the Chinese market by offering a more comprehensive range of products to cater to various types of industries. Through leveraging on our existing vast network of supply sources in Malaysia, we are well-positioned to offer customers a total chemical solution and serve them in an effective and efficient manner.

Our presence in PRC have allowed us to make inroads into the eastern region of PRC, whilst we are continuously exploring opportunities in Southern PRC where important manufacturing hubs for PRC are located. While we strive to secure more distributorship agreements with MNC chemical manufacturers to cater for the increasing demand from PRC, it is also our ongoing exercise to secure distributorship agreements with other major chemicals suppliers located in PRC. Our Group's management foresees PRC could be our major source of supply of industrial chemicals, apart from being a major customer itself.

(b) Indonesia

Our Group began exporting to Indonesia in 2005. Our exports to the Indonesian market totalled RM3.97 million for the FYE 2008, representing approximately 1.12% of our Group's total sales. Currently, our Group has made in-roads into the Indonesian market through the incorporation of PTMS in May 2005, which is a joint venture established primarily to manufacture paint, varnish and lacquer.

We shall use our experience, insights and knowledge of the Indonesian market from our existing operations under PTMS such as customs, industry practices, legislations and government bureaucracy to further penetrate into the Indonesian industrial chemicals market.

(c) Vietnam

Our Group began exporting to Vietnam via SCsphere in February 2007. Our exports to the Vietnam market totalled RM8.36 million for FYE 2008, representing approximately 2.35% of our Group's total sales respectively. The end users of our products are mainly MNCs with manufacturing plants in Vietnam. In August 2007, SCsphere secured formal distributorship rights from MITCO, a wholly-owned subsidiary of PETRONAS, to market its range of products in the Vietnamese market.

Over the next three (3) years, we will concentrate on expanding our market in Vietnam. Besides MITCO, we also plan to market products from other MNCs. With our vast network of supply sources, we have the capability to introduce more products into Vietnam.

As the Vietnamese government seeks to diversify its economic activities from agriculture to manufacturing, industries such as food processing, textiles, shoes, machine-building, steel, cement, fertilisers, glass, tyre and paper have been established. These industries require large amounts of chemicals in their operations. We believe the chemical industry in Vietnam is a sunrise industry and our Group shall stand to benefit from promising growth opportunities in the country.

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

In order to better service our customers in Vietnam, we will be setting up marketing offices in Ho Chi Minh City and Hanoi and deploy selected senior sales and marketing personnel from our headquarters in Malaysia to be based in our offices in Vietnam. They will in turn train and set up a team of local sales and marketing personnel to service customers in Vietnam from these two cities.

##### (ii) Expansion of Our Customised Solvent Blending Business

As part of our Group's development plans to provide more value-added services to our customers, we plan to have a new blending plant by 2010 to expand our existing customised solvent blending operations and increase our production capacity. One blending plant at Nusajaya, Johor has recently been completed whilst the other, at Telok Gong, Selangor has not commenced construction. Details of the proposed blending plant is set out below:

Subsidiary	Address	Land Area (in acres)	Activities	Freehold/Leaschold (date of expiry of leaschold property) / Rented	Status of plant
SCSB	H.S.(M) 1501, P.T. No.14856, Telok Gong, Mukim & Daerah Klang, Selangor	2.6	Proposed blending and drumming facilities  Proposed capacity – 12,000 MT per annum	Leaschold (20 January 2068)	Have not commenced construction.

The proposed blending plant is located at Telok Gong, Klang, Selangor, which will be managed by SCSB. This plant will house our new drumming station facility which carries out packaging activities. We plan to invest up to RM7.0 million of which RM5.0 million of the total construction costs will be financed through bank borrowings, RM1.0 million will be funded from the proceeds of the IPO while the remaining balance will be funded from internally generated funds for the construction of this plant and the purchase of required equipment.

This blending plant combined with our existing plant will have an enlarged capacity of 24,000 MT per annum.

##### (iii) Expansion of Delivery Truck Fleet for Improved Logistic Capability

Our subsidiary, SC Logistics, is in the business of logistic services. Presently, we manage a fleet of twenty-eight (28) trucks, of which fifteen (15) are owned by our Group and the remaining trucks are either hired on contract or on ad-hoc basis. We are proposing to expand our existing fleet so that we are able to reduce our dependency on external transporters, to ensure efficient logistics services to our customers.

In future, we plan to extend our logistics services to third parties. We intend to utilise RM500,000 through hire purchase facilities and RM500,000 from the IPO proceeds for this expansion exercise.



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

##### (iv) Product Expansion through Wider Range of Product Offerings and Securing More Distributorship Agreements

As our businesses expand regionally, we continuously seek to expand our product range by obtaining more distributorship rights with our existing suppliers, as well as new suppliers. Attaining new distributorship rights either on an exclusive or non-exclusive basis would also be in line with our aspirations of diversifying into other areas of the industrial chemicals market.

A wide range of chemical products offering would enhance our position to be a one stop supply centre for our existing and potential customers.

##### Future Development Plans

##### (i) Recycling And Production Of Reconditioned Drums

We also plan to recycle and produce our own reconditioned 200-litre drums by the first quarter of 2010. These value-added services support the increasing importance for sustainable development in ensuring that industrialisation activities are carried out in ways that do not exhaust our natural resources.

Apart from meeting internal usage requirements, any excess reconditioned drums may be sold externally. Details of the proposed recycling plant are set out below:

Subsidiary	Address	Land Area (in acres)	Activities	Freehold/Leasehold (date of expiry of leasehold property)/ Rented
SC Enviro	H.S.(M) 1132, P.T. No.14852, Telok Gong, Mukim & Daerah Klang, Selangor	2.6	Proposed collection, recycling and supplying of reconditioned drums	Leasehold (13 August 2067)

We have on 20 February 2009 obtained the approval from the Department of Environment for the construction of a used drum and spent solvent recovery facility. The construction of the recycling plant will commence in the 4<sup>th</sup> quarter of 2009. Once commissioned, our recycling plant will supply reconditioned drums mainly for internal use.

Our recycling operations will be undertaken by SC Enviro. This reduces our need to source for reconditioned drums from external suppliers, thereby reducing our costs and increasing our efficiency. Used drums for recycling will be sourced from customers that are purchasing chemical from us.

The estimated total construction cost of the recycling facility is approximately RM8.0 million comprising approximately RM5.0 million for building construction and RM3.0 million for construction of the recycling plant and equipment. The total costs will be financed via the bank borrowings of approximately RM5.0 million, RM2.0 million from the IPO proceeds and remaining balance will be funded from internally generated funds.

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

There is an increase in emphasis for companies to act responsibly with regards to the environment and to make efforts to minimise the environmental impacts of their business activities. Companies which fail to comply with the new international trends on environmental protection and management in the manufacturing process may risk losing their customers, particularly from the developed countries. For example, there are companies in Europe and the USA that will only accept goods and services from manufacturers and service providers that have ISO 14000 certification for environment quality. Therefore, with the provision of drum recycling services and the use of reconditioned drums in our distribution activities (as well as the ISO 14001 certification which was obtained in February 2008), our Group stands to benefit from the recognition it could gain from leading MNC suppliers as well as customers.

##### (ii) Larger Volume Purchases And Bulk Shipments

As we expand into PRC, Indonesia and Vietnam, we would expect to increase the purchase of chemicals. With larger volumes, we would be able to capitalise on the benefits of economies of scale achieved in operations and improve our bargaining power to negotiate for better terms and prices from our suppliers.

Therefore, once we embark on such large-scale purchasing we would need to improve our warehouse and inventory management system in order to cater for the increase in stock levels. In addition, the inventory management system will assist in ensuring the holding cost associated with a larger stock does not increase unnecessarily.

##### 4.5.19 Future prospects of our Group

Despite the current economic challenges, we are confident that demand and prices of our products will increase in the medium to long term. Our Group plans to concentrate on expanding our market in Vietnam, where the potential economic outlook in the long term is expected to be favourable as the country enters into a new phase of development, characterised by globalisation and the opening up of its economy to foreign trade and investment. Vietnam is rapidly undergoing an industrialisation process which is expected to generate additional demand for industrial chemicals. In this context, our Group aims to replicate its success in Malaysia in the Vietnamese market.

The favourable long term potential of the industrial chemicals market and signs of confidence in Malaysia among foreign investors is evident from the merger and acquisition transactions in the industry involving MNC chemical distributors which have acquired selected Malaysian chemical distributors. Amongst these most notably are EAC Industrial Ingredients (part of East Asiatic Company in Denmark), Brenntag Group, Warwick International (part of Sequa Corporation in the USA) and Connell Bros Company Limited (part of the Wilbur-Ellis group of companies in the USA) acquiring Akashi Sdn Bhd (2007), Rhodia's distribution business in Malaysia and South East Asia in 2008, GME Chemicals (M) Sdn Bhd (2007) and Gulf Chemicals Sdn Bhd (2006), respectively.

The entry of MNC chemical distributors into the Malaysian market augurs well for the industrial chemicals distribution industry as it will lead to more stringent HSE compliance, enhanced corporate governance and improved credit control among the various industry players. Notwithstanding the potential threat of competition from the larger players, the distributors stand to gain from the new paradigm in the market. Samchem, with its offices located in strategic locations around the country and the provision of value-added services such as blending and drum recycling activities, is well positioned to capture a larger market share in distribution of chemicals.

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

##### 4.6 Subsidiary and associated companies

The details of our subsidiary and associated companies as at the date of this Prospectus are as follows:

Name	Date and country of incorporation	Issued and paid-up share capital	Effective interest (%)	Principal activities
<b>Subsidiary companies</b>				
SCSB	13 January 1989, Malaysia	RM12,065,760	100%	Distribution of PU chemicals, intermediate chemicals and specialty chemicals and investment holding
Eweny Chemicals	3 January 1990, Malaysia	RM500,000	100%	Distribution of intermediate and specialty chemicals
TN Chemie	19 March 2001, Malaysia	RM1,000,000	100%	Distribution of intermediate and specialty chemicals and blending of customised solvents
TN Industries	20 May 2002, Malaysia	RM500,000	70%	Distribution of intermediate and specialty chemicals and blending of customised solvents
SC Logistics	27 October 2000, Malaysia	RM250,000	70%	Provision of logistics services
SCsphere	10 November 2006, Malaysia	RM100,000	70%	Export of intermediate and specialty chemicals
SC Enviro	27 April 2007, Malaysia	RM500,000	76%	Dormant <sup>(1)</sup>
SC Industries	27 October 2000, Malaysia	RM1,000,000	100%	Distribution of specialty chemicals
<b>Subsidiary of SCsphere</b>				
SCsphere Indochina	13 May 2008, Vietnam	USD300,000	70%	Dormant <sup>(2)</sup>
<b>Associated companies</b>				
PTMS	11 May 2005, Indonesia	Rp3,792,000,000	30%	Manufacturing of paint, varnish and lacquer
YTSSB	31 March 2004, Malaysia	RM2,000,000	40%	Investment holding
<b>Subsidiary of YTSSB</b>				
YTSHK	28 June 2004, Hong Kong	HK\$1,555,000	26%	Investment holding
<b>Subsidiary of YTSHK</b>				
SMITC	9 August 2004, PRC	RMB1,655,360	26%	Distribution of chemical products

Notes:

(1) To undertake the collection, recycling and supplying of reconditioned drums once commenced operations in the first quarter of 2010

(2) To undertake the manufacturing of petrochemical solvents once commenced operations in the second quarter of 2010

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

##### 4.6.1 SCSB

###### (i) History and business

SCSB was incorporated as a private limited company in Malaysia on 13 January 1989 under the Act and commenced operations in 1989. SCSB is principally involved in the distribution of PU chemicals, intermediate chemicals and specialty chemicals and investment holding.

###### (ii) Share capital

The present authorised share capital of SCSB is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each, of which RM12,065,760 comprising 12,065,760 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of SCSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
13.01.1989	2	1.00	Cash	2
27.10.1989	199,998	1.00	Cash	200,000
1.06.1995	300,000	1.00	Cash	500,000
1.08.1996	500,000	1.00	Cash	1,000,000
23.03.1998	100,000	1.00	Cash	1,100,000
18.10.1999	412,500	1.00	Bonus Issue	1,512,500
18.10.1999	87,500	1.00	Cash	1,600,000
25.09.2001	1,024,000	1.00	Bonus Issue	2,624,000
12.12.2001	1,376,000	1.00	Cash	4,000,000
20.11.2003	200,000	1.00	Cash	4,200,000
14.12.2004	2,520,000	1.00	Bonus Issue	6,720,000
14.07.2005	3,360,000	1.00	Bonus Issue	10,080,000
15.07.2005	504,000	1.00	Payment for acquisition of shares in Eweny Chemicals	10,584,000
21.08.2006	1,481,760	1.00	Bonus Issue	12,065,760

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

###### (iii) Substantial shareholders

SCSB is our wholly-owned subsidiary company.

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

##### (iv) Subsidiary and associated companies

SCSB does not have any subsidiary company.

Details of SCSB's associated companies as at LPD are set out below:

Name	Date/Place of incorporation	Issued and paid-up capital	Direct interest	Principal activities
YTSSB	31 March 2004, Malaysia	RM2,000,000	40%	Investment holding
<i>Subsidiary held through YTSSB</i>				
YTSHK	28 June 2004, Hong Kong	HK\$1,555,000	65%	Investment holding
<i>Subsidiary held through YTSHK</i>				
SMITC	9 August 2004, PRC	RMB1,655,360	100%	Distribution of chemical products

#### 4.6.2 Eweny Chemicals

##### (i) History and business

Eweny Chemicals was incorporated as a private limited company in Malaysia on 3 January 1990 under the Act and commenced operations in January 1990. Eweny Chemicals is principally involved in the distribution of intermediate and specialty chemicals.

##### (ii) Share capital

The present authorised share capital of Eweny Chemicals is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM500,000 comprising 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Eweny Chemicals since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
3.01.1990	2	1.00	Cash	2
20.10.1990	39,998	1.00	Capitalisation of Uni-Chem Enterprise*	40,000
28.03.1992	60,000	1.00	Cash	100,000
28.10.2005	200,000	1.00	Bonus Issue	300,000
18.07.2007	200,000	1.00	Bonus Issue	500,000

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

*Note:*

\* *Settlement of an amount due to Uni Chem Enterprise an entity owned by our Director, Chooi Chok Khooi*

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

**(iii) Substantial shareholders**

Eweny Chemicals is our wholly-owned subsidiary.

**(iv) Subsidiary and associated companies**

Eweny Chemicals does not have any subsidiary or associated companies as at LPD.

**4.6.3 TN Chemie****(i) History and business**

TN Chemie was incorporated as a private limited company in Malaysia on 19 March 2001 under the Act and commenced operations in March 2001. TN Chemie is principally involved in the distribution of intermediate and specialty chemicals, and blending of customised solvents.

**(ii) Share capital**

The present authorised share capital of TN Chemie is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of TN Chemie since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Par value (RM)</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital (RM)</b>
19.03.2001	2	1.00	Cash	2
08.08.2001	299,998	1.00	Capitalisation of payable account*	300,000
21.02.2002	100,000	1.00	Capitalisation of payable account*	400,000
20.01.2004	200,000	1.00	Capitalisation of payable account*	600,000
28.06.2007	400,000	1.00	Bonus Issue	1,000,000

*Note:*

\* *Settlement of an amount due to TN Chemie, a sole proprietorship owned by our Director, Ng Soh Kian*

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

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

##### (iii) Substantial shareholders

TN Chemie is our wholly-owned subsidiary.

##### (iv) Subsidiary and associated companies

TN Chemie does not have any subsidiary company as at LPD. Details of TN Chemie's associated company as at LPD are set out below:

Name	Date/Place of incorporation	Issued and paid-up capital	Direct interest	Principal activities
PTMS	11 May 2005 Indonesia	Rp3,792,000,000	30%	Manufacturing of paint, varnish and lacquer

#### 4.6.4 TN Industries

##### (i) History and business

TN Industries was incorporated as a private limited company in Malaysia on 20 May 2002 under the Act and commenced operations in August 2005. TN Industries is principally involved in the distribution of intermediate and specialty chemicals and blending of customised solvents.

##### (ii) Share capital

The present authorised share capital of TN Industries is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM500,000 comprising 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of TN Industries since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
20.05.2002	2	1.00	Cash	2
30.06.2005	8	1.00	Cash	10
15.10.2005	499,990	1.00	Cash	500,000

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

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

##### (iii) Substantial shareholders

The substantial shareholders of TN Industries and their respective shareholdings as at LPD are as follows:

Shareholder	----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Samchem	350,000	70.00	-	-
STB	150,000	30.00	-	-
Ng Thin Poh	-	-	350,000*	70.00

Note:

\* Deemed interested via his shareholdings in Samchem

##### (iv) Subsidiary and associated companies

TN Industries does not have any subsidiary or associated company as at LPD.

#### 4.6.5 SC Logistics

##### (i) History and business

SC Logistics was incorporated as a private limited company in Malaysia on 27 October 2000 under the Act and commenced operations in April 2007. SC Logistics is principally involved in the provision of logistics services.

##### (ii) Share capital

The present authorised share capital of SC Logistics is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM250,000 comprising 250,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of SC Logistics since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
27.10.2000	2	1.00	Cash	2
19.02.2001	8	1.00	Cash	10
18.04.2007	99,990	1.00	Cash	100,000
01.06.2007	150,000	1.00	Cash	250,000

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



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

##### (iii) Substantial shareholders

The substantial shareholders of SC Logistics and their respective shareholdings as at LPD are as follows:

Shareholder	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Samchem	175,000	70.00	-	-
Heng Kok Hui	75,000	30.00	-	-
Ng Thin Poh	-	-	175,000*	70.00

Note:

\* Deemed interested via his shareholdings in Samchem

##### (iv) Subsidiary and associated companies

SC Logistics does not have any subsidiary or associated company as at LPD.

#### 4.6.6 SCsphere

##### (i) History and business

SCsphere was incorporated as a private limited company in Malaysia on 10 November 2006 under the Act and commenced operations in February 2007. SCsphere is principally involved in the export of intermediate and specialty chemicals.

##### (ii) Share capital

The present authorised share capital of SCsphere is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM100,000 comprising 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

There have been no changes in the issued and paid-up share capital of SCsphere since its incorporation.

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

##### (iii) Substantial shareholders

The substantial shareholders of SCsphere and their respective shareholdings as at LPD are as follows:

Shareholder	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Samchem	70,000	70.00	-	-
Dennis Ho Chin Chye	30,000	30.00	-	-
Ng Thin Poh	-	-	70,000*	70.00

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

Note:

\* Deemed interested via his shareholdings in Samchem

##### (iv) Subsidiary and associated companies

Details of SCsphere's subsidiary company as at LPD are set out below:

Name	Date/Place of incorporation	Issued and paid-up capital	Direct interest	Principal activities
SCsphere Indochina	13 May 2008 Vietnam	USD300,000	100%	Dormant*

Note:

\* To undertake the manufacturing of petrochemical solvents once commenced operations in the second quarter of 2010.

SCsphere does not have any associated company as at LPD.

#### 4.6.7 SC Enviro

##### (i) History and business

SC Enviro was incorporated as a private limited company in Malaysia on 27 April 2007 under the Act and is expected to commence operations in the first quarter of 2010. SC Enviro is presently dormant, however, the principal activities of the company upon commencing operations shall be principally to undertake collection, recycling and supplying of reconditioned drums.

##### (ii) Share capital

The present authorised share capital of SC Enviro is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM500,000 comprising 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of SC Enviro since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
27.04.2007	100	1.00	Cash	100
09.07.2007	99,900	1.00	Cash	100,000
10.09.2007	400,000	1.00	Cash	500,000

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

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

##### (iii) Substantial shareholders

The substantial shareholders of SC Enviro and their respective shareholdings as at LPD are as follows:

Director	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Samchem	380,000	76.00	-	-
Wee Chai Peng	60,000	12.00	-	-
Amirudin Bin Kasim	60,000	12.00	-	-
Ng Thin Poh	-	-	380,000*	76.00

Note:

\* Deemed interested via his shareholdings in Samchem

##### (iv) Subsidiary and associated companies

SC Enviro does not have any subsidiary or associated company as at LPD.

#### 4.6.8 SC Industries

##### (i) History and business

SC Industries was incorporated as a private limited company in Malaysia on 27 October 2000 under the Act and commenced operations in July 2004. SC Industries is principally involved in the distribution of specialty chemicals.

##### (ii) Share capital

The present authorised share capital of SC Industries is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of SC Industries since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
27.10.2000	2	1.00	Cash	2
06.04.2004	8	1.00	Cash	10
18.05.2005	300,000	1.00	Cash	300,010
11.04.2006	699,990	1.00	Bonus Issue	1,000,000

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

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

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(iii) **Substantial shareholders**

SC Industries is our wholly-owned subsidiary.

(iv) **Subsidiary and associated companies**

SC Industries does not have any subsidiary or associated company as at LPD.

##### 4.6.9 SCsphere Indochina

(i) **History and business**

SCsphere Indochina was established in Binh Duong, Vietnam as a limited liability company under Investment Certificate No. 462045000451, issued on 13 May 2008 by the Binh Duong Industrial Zones Authority and has not yet commenced operations. The intended principal activity of SCsphere Indochina will be the manufacturing of petrochemical solvents.

(ii) **Share capital**

The present authorised charter capital of SCsphere Indochina is USD300,000 comprising 300,000 ordinary shares of USD1.00 each, of which USD300,000 comprising 300,000 ordinary shares of USD1.00 each have been issued and fully paid-up.

There have been no changes in the issued and paid-up share capital of SCsphere Indochina since its incorporation.

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

(iii) **Substantial shareholders**

SCsphere Indochina is a wholly-owned subsidiary of SCsphere.

(iv) **Subsidiary and associated companies**

SCsphere Indochina does not have any subsidiary or associated company as at LPD.

##### 4.6.10 PTMS

(i) **History and business**

PTMS was incorporated as a private limited company in Indonesia on 11 May 2005 pursuant to an agreement entered into between STB with SCSB to form a joint venture company and commenced operations on January 2006. PTMS is principally involved in the manufacturing of paint, varnish and lacquer in Indonesia.

(ii) **Share capital**

The present authorised share capital of PTMS is Rp3,792,000,000 (approximately USD 400,000) comprising 400,000 ordinary shares of Rp9,480 (approximately USD1.00) each, of which Rp3,792,000,000 (approximately USD400,000) comprising 400,000 ordinary shares of Rp9,480 (approximately USD1.00) each have been issued and fully paid-up.

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

The changes in the issued and paid-up share capital of PTMS since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (Rp)	Consideration	Cumulative issued and paid-up share capital (Rp)
28.07.2005	53,000	9,480	Cash	502,440,000
18.08.2005	17,664	9,480	Cash	669,894,720
05.09.2005	17,664	9,480	Cash	837,349,440
15.09.2005	187,000	9,480	Cash	2,610,109,440
16.09.2005	62,336	9,480	Cash	3,201,054,720
20.09.2005	62,336	9,480	Cash	3,792,000,000

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

#### (iii) Substantial shareholders

The substantial shareholders of PTMS and their shareholdings as at LPD are as follows:

Shareholder	←----- Direct ----->		←----- Indirect ----->	
	No. of shares	%	No. of shares	%
Sersol Technologies Berhad	240,000	60.00	-	-
TN Chemie	120,000	30.00	-	-
Chief Success Sdn Bhd	40,000	10.00	-	-
Sersol Holdings Sdn Bhd	-	-	240,000 <sup>1</sup>	60.00
Tan Fie Ping	-	-	240,000 <sup>2</sup>	60.00
Tan Fie Jen	-	-	240,000 <sup>2</sup>	60.00
Samchem	-	-	120,000 <sup>3</sup>	30.00
Ng Soh Kian	-	-	120,000 <sup>4</sup>	30.00
Ng Thin Poh	-	-	120,000 <sup>5</sup>	30.00

Notes:

- 1 Deemed interested via its shareholding in Sersol Technologies Berhad
- 2 Deemed interested by their shareholding in Sersol Holdings Sdn Bhd which in turn is deemed interested by its shareholdings in Sersol Technologies Berhad
- 3 Deemed interested by its shareholding in TN Chemie
- 4 Deemed interested by his shareholding in TN Chemie
- 5 Deemed interested by his shareholding in Samchem, which is the holding company of TN Chemie

#### (iv) Subsidiary and associated companies

PTMS does not have any subsidiary and associated companies as at LPD.

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

##### 4.6.11 YTSSB

###### (i) History and business

YTSSB was incorporated as a private limited company in Malaysia on 31 March 2004 under the Act and commenced operations in April 2004. YTSSB is an investment holding company. YTSSB is a 40% associate company of SCSB.

###### (ii) Share capital

The present authorised share capital of YTSSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of YTSSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
31.03.2004	10	1.00	Cash	10
29.11.2004	499,990	1.00	Cash	500,000
05.07.2006	1,500,000	1.00	Cash	2,000,000

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

###### (iii) Substantial shareholders

The substantial shareholders of YTSSB and their respective shareholdings as at LPD are as follows:

Shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
Yong Tai Berhad	1,200,000	60.00	-	-
SCSB	800,000	40.00	-	-
Liew Fat Lin Holding Sdn Bhd	-	-	1,200,000 <sup>1</sup>	60.00
Wong Liew Lin @ Liew Fat Lin	-	-	1,200,000 <sup>2</sup>	60.00
Wong Mee Yow Cheen	-	-	1,200,000 <sup>2</sup>	60.00
Samchem	-	-	800,000 <sup>3</sup>	40.00
Ng Thin Poh	-	-	800,000 <sup>4</sup>	40.00

Notes:

- 1 Deemed interested by its shareholding in Yong Tai Berhad
- 2 Deemed interested by his shareholding in Liew Fat Lin Holding Sdn Bhd which in turn is deemed interested by its shareholding in Yong Tai Berhad
- 3 Deemed interested by its shareholding in SCSB
- 4 Deemed interested by his shareholding in Samchem

**4. INFORMATION ON OUR GROUP (Cont'd)****(iv) Subsidiary and associated companies**

Details of YTSSB's subsidiary companies as at LPD are set out below:

Name	Date/Place of incorporation	Issued and paid-up capital	Direct interest	Principal activities
YTSHK	28 June 2004, Hong Kong	HK\$1,555,000	65%	Investment holding
<b>Subsidiary of YTSHK</b>				
SMITC	9 August 2004, PRC	RMB1,655,360	65%	Distribution of chemical products

YTSSB does not have any associated company as at LPD.

**4.6.12 YTSHK****(i) History and business**

YTSHK was established in Hong Kong, as a limited liability company, issued on 28 June 2004 under the Companies Ordinance pursuant to a joint venture agreement entered into between YTSSB and Shenda Link Development Limited and commenced operations in June 2004. YTSHK and its subsidiary is principally involved in investment holding and the trading of chemical products respectively. YTSHK is a 65% owned subsidiary of YTSSB.

**(ii) Share capital**

The present authorised charter capital of YTSHK is HK\$2,000,000 comprising 2,000,000 ordinary shares of HK\$1 each, of which HK\$1,555,000 comprising 1,555,000 ordinary shares of HK\$1 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of YTSHK since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (HK\$)	Consideration	Cumulative issued and paid-up share capital (HK\$)
17.06.2004	100	1.00	Cash	100
29.05.2007	1,554,900	1.00	Cash	1,555,000

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

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

##### (iii) Substantial shareholders

The substantial shareholders of YTSHK and their respective shareholdings as at LPD are as follows:

Shareholder	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
YTSSB	1,010,750	65.00	-	-
Shenda Link Development Limited	544,250	35.00	-	-
Chen Jianwen	-	-	544,250 <sup>1</sup>	35.00
Yong Tai Berhad	-	-	1,010,750 <sup>2</sup>	65.00
SCSB	-	-	1,01,0750 <sup>2</sup>	65.00
Liew Fat Lin Holding Sdn Bhd	-	-	1,01,0750 <sup>3</sup>	65.00
Wong Liew Lin @ Liew Fat Lin	-	-	1,01,0750 <sup>3</sup>	65.00
Wong Mee Yow Cheen	-	-	1,01,0750 <sup>3</sup>	65.00
Samchem	-	-	1,01,0750 <sup>4</sup>	65.00
Ng Thin Poh	-	-	1,01,0750 <sup>5</sup>	65.00

Notes:

- 1 Deemed interested via his shareholding in Shenda Link Development Limited
- 2 Deemed interested by its shareholding in YTSSB
- 3 Deemed interested by their shareholdings in Yong Tai Berhad
- 4 Deemed interested by its shareholding in SCSB
- 5 Deemed interested by his shareholding in Samchem, which is deemed interested via its substantial shareholding in YTSSB

##### (iv) Subsidiary and associated companies

Details of YTSHK's subsidiary company as at LPD are set out below:

Name	Date/Place of incorporation	Issued and paid-up capital	Direct interest	Principal activities
SMITC	9 August 2004, PRC	RMB1,655,360	100%	Distribution of chemical products

YTSHK does not have any associated company as at LPD.

#### 4.6.13 SMITC

##### (i) History and business

SMITC was established in Shanghai, PRC as a limited liability company, issued on 9 August 2004 by the Shanghai Industrial and Commercial Bureau, Pudong New Area branch and commenced operations in 9 August 2004. SMITC is principally involved in the distribution of chemical products. SMITC is a 100% owned subsidiary of YTSHK.



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

##### (ii) Share capital

The present authorised charter capital of SMITC is RMB1,655,360 comprising 1,655,360 ordinary shares of RMB1.00 each, of which RMB1,655,360 comprising 1,655,360 ordinary shares of RMB1.00 each have been issued and fully paid-up.

There have been no changes in the issued and paid-up share capital of SMITC since its incorporation.

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

##### (iii) Substantial shareholders

The substantial shareholders of SMITC and their respective shareholdings as at LPD are as follows:

Shareholder	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
YTSHK	1,655,360	100.00	-	-
Samchem	-	-	1,655,360 <sup>^</sup>	100.00
Ng Thin Poh*	-	-	1,655,360*	100.00

Notes:

<sup>^</sup> Deemed interested via its shareholdings in YTSSB

\* Deemed interested via his shareholdings in Samchem

##### (iv) Subsidiary and associated companies

SMITC does not have any subsidiary or associated company as at LPD.

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**5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT**

*(Prepared for inclusion in this Prospectus)*

29 April 2009

Board of Directors  
Samchem Holdings Berhad  
55B, Jalan PJS 1/48  
Petaling Utama, Batu 7  
Jalan Kelang Lama  
46000 Petaling Jaya  
Selangor Darul Ehsan



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Dear Sirs

**EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (“EXECUTIVE SUMMARY”) FOR SAMCHEM HOLDINGS BERHAD (“SAMCHEM” OR THE “COMPANY”)**

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 22 May 2009 pursuant to the listing of Samchem on the Main Board of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of the industrial chemicals distribution industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, Government literatures, in-house databases, Internet research and online databases.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd (“D&B Malaysia”) has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of securities, then D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

Yours faithfully,

for and on behalf of

**DUN & BRADSTREET (D&B) MALAYSIA SDN BHD**

**TAN SZE CHONG**

Managing Director

**Dun & Bradstreet (D&B) Malaysia Sdn Bhd**

Level 9-3A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia

T 603.2080.6000 F 603.2080.6001 www.dnb.com.my

Company Registration No.527570-M

A Member of Infocredit Group



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## EXECUTIVE SUMMARY

### 1.1 THE GLOBAL ECONOMY

The global economy was characterised by two (2) distinct periods in 2008. In the first half year, economies across the world were facing intense inflationary pressures amidst sharp increases in prices of oil, food and other commodities. This, however, gave way to concerns over the intensification and spread of turmoil in the international financial markets and their contractionary impact on economic growth. The global economy sustained its growth in the first half of 2008, largely due to the strong performance of the emerging economies, while the advanced economies, particularly the United States (US), experienced a moderation in growth. The deterioration of the financial problems in the advanced economies initially caused investment funds to shift out of mortgage securities and equities to commodities, contributing to record high prices of crude oil and other commodities by the middle of the year. This subsequently resulted in increased cost-push inflationary pressures globally.

Global economic conditions, however, experienced a major reversal in the second half of 2008, as the financial crisis developed into a systemic failure of the financial system. Concerns over inflationary pressures that prevailed in the first half shifted rapidly towards the threat of economic contraction as the intensification of the global financial turmoil and the ensuing credit crunch led the advanced economies into a synchronised recession. The spillover effects on the emerging economies were evident towards the end of the year. The more open economies in Asia experienced export-led recessions, while growth in the other economies moderated sharply. The sharp deterioration in global financial and economic conditions precipitated a rapid correction in commodity prices, and together with rapidly contracting demand conditions, resulted in large reduction in inflationary pressures sweeping across the global economy.

## 5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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Global financial markets will remain under stress in 2009 in spite of the extensive measures that have been unveiled, reflecting the ongoing need to repair and restructure the severely damaged balance sheets of a large number of systemically important financial institutions in several advanced economies. Alongside the continued impact of the credit crunch on domestic demand, private consumption will also face pressures from job losses and declining asset prices, while private investment will be constrained by the significantly weaker demand and higher unutilised capacity. These developments in the advanced economies will adversely affect the growth of the Asian regional economies, given the contraction in trade and investment flows.

**Table 1.1: Global Real Gross Domestic Product (“GDP”) Growth, 2001-2009<sup>f</sup>**

Country (%)	2001	2002	2003	2004	2005	2006	2007	2008 <sup>e</sup>	2009 <sup>f</sup>
World GDP	2.5	3.1	4.0	5.3	4.8	4.9	5.2	3.4	0
US	0.8	1.6	2.5	3.9	3.1	2.9	2.0	2.1	-2.0
Japan	0.2	0.3	1.4	2.7	1.9	2.2	2.4	-0.6	-2.6
Euro area *	1.9	0.9	0.8	2.0	1.5	2.8	2.4	0.8	-2.7

Notes:

\* = Indicates member countries of the Euro area (Austria, Belgium, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, Netherlands, Portugal, Spain)

e = estimate

f = forecast

Source: Bank Negara Malaysia



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## 1.2 THE MALAYSIAN ECONOMY

The Malaysian economy registered a growth of 4.6% in 2008, amidst the international financial turmoil and sharp deterioration in global economic environment. Robust domestic demand, in particular sustained private consumption and strong public spending, supported growth during the year. While external demand was strong in the first half of 2008, the sharp and rapid deterioration in the global economic conditions as well as major correction in commodity prices in the second half led to a contraction in Malaysia's export performance in the latter part of the second half year. Given the high degree of openness of the Malaysian economy, the contraction in exports adversely affected income and domestic demand. Private investment activities and private consumption moderated significantly in the fourth quarter of 2008.

Being a highly open economy, Malaysia has already been impacted by the adverse global environment with exports and industrial production declining, in particular, steeply since December 2008. The rapid deterioration in external demand also dampened private investment and consumption and has led to weaker labour market conditions, which contributed to the significant moderation in domestic demand in the fourth quarter of 2008. The Malaysian economy is expected to experience the full impact of the global downturn in 2009, and to grow at between -1.0% and 1.0% in the year.

In response, several policy measures have been put in place with a primary focus on supporting domestic demand, as well as mitigating the impact of the global slowdown on the affected sectors of the economy. On 4 November 2008, the Government announced the first economic stimulus package amounting to RM7 billion. The funds would be allocated to projects which have a high and immediate multiplier impact on the economy. As the global economic conditions deteriorated further in the fourth quarter of 2008 and in the early part of 2009, a second economic stimulus package of RM60 billion or almost 9% of GDP was announced on 10 March 2009. The package will be implemented over 2009 and 2010, and will involve spending on training, job creation, improving public infrastructure, school facilities and basic amenities, as well as establishing guarantee facilities.

## 5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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Taking into account the expectation of a deepening global downturn as well as the support provided by the policy measures, real GDP performance in 2009 is projected to be between -1% to 1%. Domestic demand is expected to provide the main support to the economy and is projected to record a positive growth, with public sector expenditure and private consumption as the main anchors. Public sector expenditure is projected to increase substantially following the implementation of the government's stimulus measures, thus providing major support to the overall economic growth in 2009.

**Table 1.2: Annual Change in Real GDP by Sector, 2001-2009<sup>f</sup> (2000 prices)**

Growth (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009 <sup>p</sup>
GDP	0.5	5.4	5.8	6.8	5.0	5.8	6.3	4.6	-1.0 ~ 1.0
Agriculture	-0.2	2.9	6.0	4.7	2.6	5.4	2.2	3.8	-2.0
Manufacturing	-4.3	4.1	9.2	9.6	5.3	7.1	3.1	1.3	-8.0
Mining and quarrying	-1.7	4.4	6.1	4.1	-1.3	-2.7	3.3	-0.8	-0.4
Construction	3.3	2.3	1.8	-0.9	-1.8	-0.5	4.6	2.1	3.0
Services	4.1	5.8	4.2	6.4	6.7	7.3	9.7	7.3	4.5

Notes:

*p* = preliminary

*f* = forecast

Source: Bank Negara Malaysia

### 1.3 THE MANUFACTURING SECTOR IN MALAYSIA

The manufacturing sector is projected to decline sharply by -8% in 2009, to be led by steep contractions in export-oriented industries and weaker support from domestic-oriented industries. In particular, the electrical and electronics ("E&E") industry is expected to be the worst affected by the sharp deterioration in global conditions affecting the final demand for all E&E products. Similarly, weak external demand and declining commodity prices will affect the performance of the primary commodities-related industries. Nonetheless, demand for hygiene and medical rubber gloves will continue to provide support to the rubber industry.



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The consumer-related industry is expected to grow at a slower pace due to the expected decline in demand for motor vehicles which will affect the manufacturing of transport equipment. However, performance in this industry will be supported by sustained growth in the food and beverages industry given moderate but continued growth in domestic demand. Construction-related industries are expected to move in tandem with the broad construction sector and resume a more favourable growth path in the second half of the year as the economic stimulus measures take effect.

#### **1.4 THE SERVICES SECTOR IN MALAYSIA**

Amidst slower overall economic activity, growth in the services sector is expected to moderate to 4.5% in 2009. However, as the sector is more domestically driven, the slower but continued growth in domestic demand, together with supportive fiscal and monetary policies, will provide some support against the weaker performance of trade and tourism-related activities that are expected to prevail in 2009. As a whole, the services sector will remain the key growth sector of the economy in 2009.

In line with slower private sector activity, both lending activity and the insurance business in the finance and insurance sub-sector are expected to moderate. Meanwhile, growth in the sub-sectors that are largely dependent on domestic consumption, such as wholesale and retail trade, and communications sub-sectors, will be sustained at a more moderate pace. Growth in both the wholesale and retail trade, and accommodation and restaurant sub-sectors will continue to be supported by domestic demand, amidst easing inflationary pressures. The communications sub-sector is expected to continue to register favourable growth in 2009, supported by sustained demand for mobile communication and broadband services. In particular, expansion of broadband coverage following further investment in the high speed broadband project and WiMax services will provide impetus for growth in the sub-sector.

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**5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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Moderation in growth is expected to be more pronounced in trade and business-related services due to the weakening external demand. Growth in the transport and storage sub-sector is expected to slow, as the anticipated lower trade and manufacturing activities will adversely affect demand for shipping and other cargo-related transportation services. Similarly, the passenger segment is expected to be affected by lower global demand for air travel. Meanwhile, growth in the utilities sub-sector will be affected by the moderation in demand for electricity, particularly from the industrial sector.

### **1.5 OVERVIEW AND STRUCTURE OF THE CHEMICALS INDUSTRY**

The chemical industry is one of the fundamental manufacturing businesses globally. With more than 85,000 chemicals in 7,000 product lines in the international stream of commerce, global revenue was estimated at around US\$2 trillion in 2007. Adding to the sheer scale of the industry is the degree to which its activities permeate a large number of other industries, to which it provides both products and services. The chemical products are typically used in other downstream activities, as they are mainly intermediate materials.

There is much inter-trading of the wide range of chemicals used for the dozens of reactions that may be needed to make the final product. This means that several large and important product divisions of the chemical industry exist essentially as service manufacturing operations for the other parts of the value chain in the industry. Hence, for many chemical manufacturers, other chemical companies are their frequent end users. This inter-dependence with so many other industrial branches of the chemical industry makes the structure inherently complex and underlines its general importance to the overall economic development.



## 5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

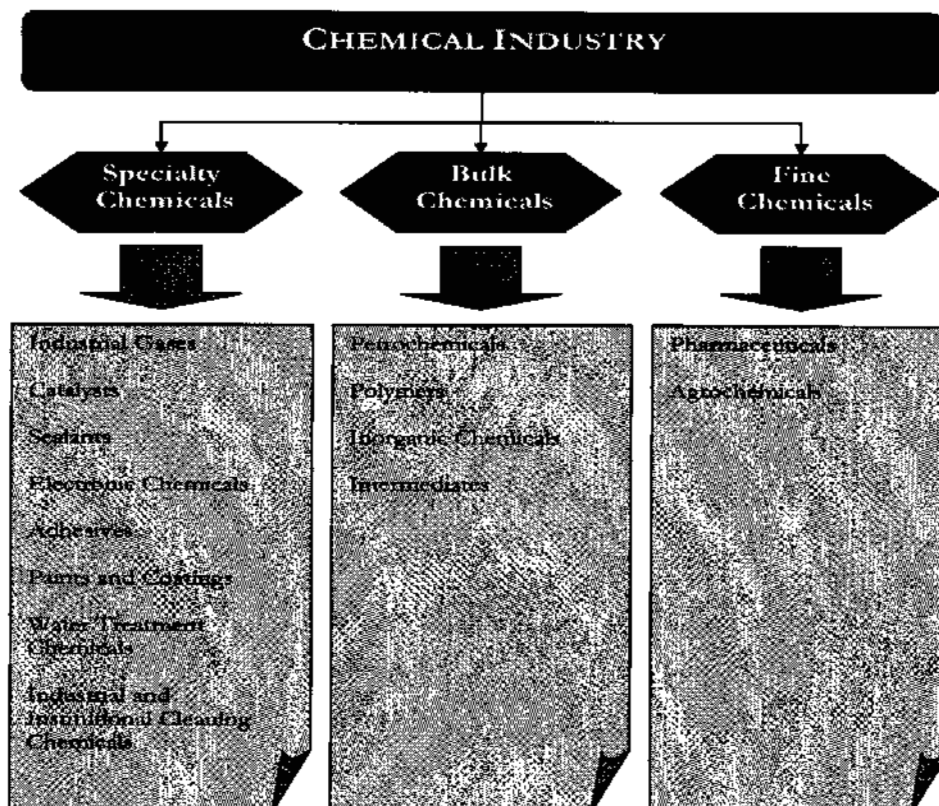


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The chemical industry is one of the most complex industries, with hundreds of different product divisions and a similar number of major end users. Categorising the industry from the production side is difficult because it encompasses so many different product categories. At the primary level, there are a number of product areas involving processes akin to minerals extraction. At the other extreme is the production of ultra-sophisticated chemicals, generally used as the main ingredients in either pharmaceuticals or agrochemicals, which require as many as 30 manufacturing steps.

Complex and heterogeneous in character, chemicals manufactured globally can be categorised into three (3) major product families as shown in the diagram below. Thereafter, each product family can be further subdivided into a few product classes.

**Figure 1.1: Classification of Chemical Products**



Source: D&B Malaysia

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**5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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The Samchem Group is involved in the distribution of all the three (3) major product families, namely, specialty chemicals, polyurethane (“PU”) chemicals (which fall under polymers) and intermediate chemicals, as well as agrochemicals (which are categorised as fine chemicals).

The supply chain of the chemical industry involves chemical manufacturers, distributors and traders that manufacture, market and sell their products to end users, ranging from a wide spectrum of manufacturing industries. Chemical manufacturers typically work with marketing intermediaries, more commonly referred to as chemical distributors and traders, to bring their products to market. Sometimes, manufacturers lack the resources to carry out direct marketing and hence, they appoint marketing intermediaries in each country that they market. More importantly, manufacturers prefer to concentrate on their core competencies of product research and development (“R&D”) and manufacturing, and seek to outsource most of their marketing functions to marketing intermediaries.

Some chemical manufacturers, however, also market and sell their products direct to end users, through their sales offices. In particular, established multinational companies (“MNCs”) involved in chemical manufacturing have in-house sales and marketing divisions which could span globally with the setting up of sales and marketing offices worldwide.

Chemical distributors have distributorship agreements with chemical manufacturers or suppliers. Chemical distributors, through their contacts, experience, specialisation and scale of operation, offer chemical manufacturers more than it can usually achieve on its own. Besides marketing and selling chemicals to end users, chemical distributors also deal with chemical traders who, in turn, sell the chemicals to the end users.

Chemical traders form the other group of marketing intermediaries. Unlike chemical distributors, chemical traders do not enter into distributorship agreements with chemical manufacturers. In addition, as opposed to chemical traders, chemical distributors have a strict code of corporate governance and compliance with health, safety and environment (“HSE”) standards as required by chemical manufacturers.

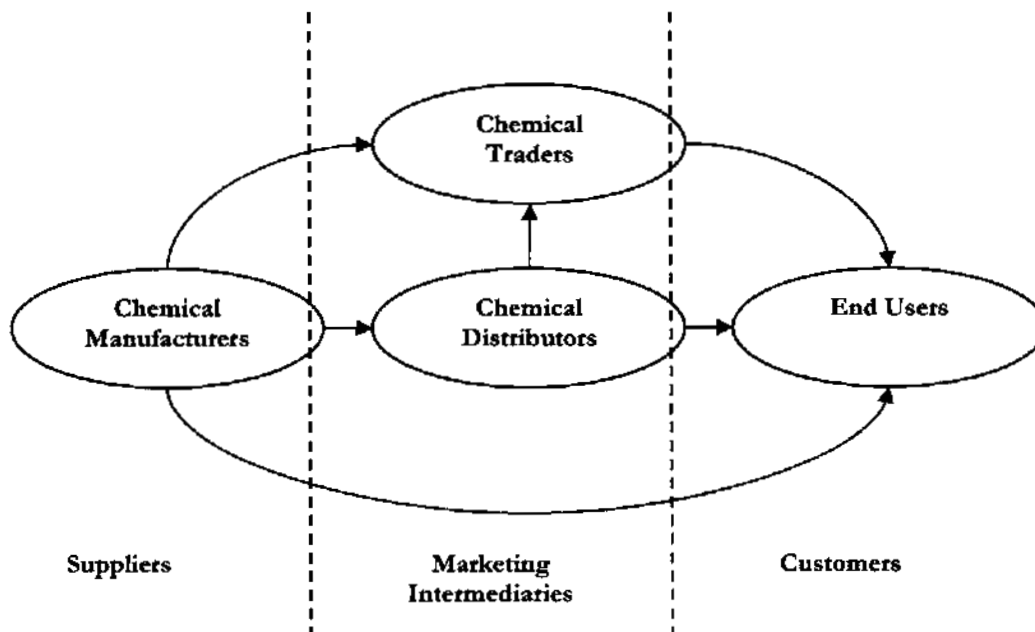
## 5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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The use of marketing intermediaries largely boils down to their superior efficiency in making goods widely available and accessible to target markets. Marketing intermediaries are able to assist chemical manufacturers in their annual marketing plans, based on the feedback from the end users in the market. In summary, marketing intermediaries smooth the flow of goods and services, so as to bridge the discrepancy between the assortment of goods and services generated by the manufacturer and the assortment demanded by the end user. The discrepancy results from the fact that chemical manufacturers typically produce a large quantity of a limited variety of goods, whereas end users usually require only a limited quantity of a wide variety of goods.

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**Figure 1.2: Supply Chain of the Chemical Industry**


*Note: Chemical distributors and chemical traders act as marketing intermediaries to chemical manufacturers to bring the manufacturers' products to market.*

*Source: D&B Malaysia*

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## 1.6 DEFINITION

A specialty chemical is a chemical produced for a specialised use. They are produced in lower volume than bulk chemicals, of which petrochemicals, made from hydrocarbon feedstock are the most common. However, both specialty chemicals and bulk chemicals are produced in a chemical plant. Some examples of specialty chemicals include adhesives, additives, antioxidants, corrosion inhibitors, cutting fluids, dyes, lubricants as well as pigments.

PU is any polymer consisting of a chain of organic units joined by urethane links. PU formulations consist of a wide range of stiffness, hardness and densities. These materials include low density flexible foam which are used in upholstery and bedding, low density rigid foam used for thermal insulation, soft solid elastomers used for gel pads and print rollers, and hard solid plastics used as electronic instrument bezels and structural parts.

A chemical intermediate is a cyclic or acyclic organic compound which is formed in a stage between the parent substance and the final product. Chemical intermediates are important in the production of dyes, pharmaceuticals and other synthetic organic compounds.

A solvent is a liquid that dissolves a solid, liquid, or gaseous solute, resulting in a solution. The most common solvent in everyday life is water. Most other commonly used solvents are organic (carbon-containing) chemicals. These are called organic solvents. Solvents should not react chemically with the dissolved compounds as they must be inert. By convention, solvent is the component present in the greatest proportion in a homogeneous mixture of pure substances. The components of mixtures present in minor proportions are called solutes. This terminology is applied mostly to liquid mixtures for which the solvent is a liquid and the solute can be a liquid, solid or gas.



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## 1.7 OVERVIEW OF THE INDUSTRIAL CHEMICALS DISTRIBUTION INDUSTRY

The main difference between a chemical trader and a chemical distributor is that the latter has distributorship or agency agreements with selected chemical manufacturers, both on an exclusive and non-exclusive basis. A chemical distributor is viewed as an extended marketing and distribution arm of chemical manufacturers, which are often large MNCs. It is a very difficult and tedious process for a marketing intermediary to obtain distributorship agreements from large chemical manufacturers as distributors are required to go through a stringent selection process in which they are assessed based on various criteria.

Historically, the main task of the chemical distributor was wholesaling and the buying and selling of chemicals that require quick responses to delivery requests and smaller volumes, where it was uneconomical for the manufacturers to handle the business. Along with this, came the requirements for transportation, storage, and the preparation of chemicals for further distribution by filling and packaging. Today, chemical distributors play a number of essential roles in the value chain between chemical manufacturers and end users.

For the purpose of this study, chemical distributors refer to the marketing intermediaries that have distributorship agreements with chemical manufacturers or suppliers in the areas of PU chemicals, intermediate chemicals and specialty chemicals. In other words, chemical manufacturers that possess their own sales offices are excluded. Similarly, chemical traders, which do not have distribution agreements with the chemical manufacturers in the first place, are also excluded.

Set out below are the key differences between a chemical distributor and a chemical trader.

## 5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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Table 1.3: Key Differences between a Chemical Distributor and a Chemical Trader

Attributes	Chemical Distributor	Chemical Trader
Distributorship agreement with chemical manufacturers	Yes	No
Extended marketing and distribution arm of the chemical manufacturers	Yes	No
Strategic partners of chemical manufacturers	Yes	No
Participation in new product development by manufacturers	Yes	No
Technical support from chemical manufacturers	Yes	No
Solutions provider to end users	Yes	No
Long-term commitment to end users	Yes	No
Commitment of consistent supplies of chemicals by manufacturers	Yes	No
Product sourcing	Specific; product-driven	Random; price-driven
Product pricing	Non-speculative	Speculative
Sharing of marketing information between manufacturer and distributor	Yes	Minimum
Value-added services	Yes	Rarely
Marketing strategy	Product quality & pricing; based on study of market needs	Product pricing
Stringent HSF compliance	Yes	Some
Marketing and selling of new chemical products	Premium price	No
Access to new chemical products and new applications	Yes	Rarely

Source: D&amp;B Malaysia

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**5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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Chemical distributors are a vital segment of the chemical industry and an essential component of the supply chain running from chemical manufacturers to end users. Virtually every manufacturing industry relies on marketing intermediaries such as distributors for the availability of chemicals of a variety of grades and quantities to manufacture their products. Distributors have many HSE responsibilities as well as compliance requirements. They are required to provide guidance and information to customers, warehouses, terminals and carriers on the safe handling and storage of hazardous materials.

As chemical manufacturers are increasingly outsourcing their functions, including marketing and distribution, they are turning towards the appointment of chemical distributors in this aspect. It is also uneconomical for chemical manufacturers to meet the relatively small volume of chemicals as demanded by most end users in the market. The large chemical manufacturers are often MNCs, which place a heavy premium on the importance of compliance with HSE standards, as well as stringent codes of conduct and corporate governance. Hence, they prefer to appoint chemical distributors that comply with these stringent requirements. Similarly, end users prefer to deal with chemical distributors rather than chemical traders as the former are more reliable in their supplies. In addition, chemical distributors are able to provide technical assistance, if required, and in conjunction with the chemical manufacturers, if needed.

Chemical distributors have to strive for excellence by providing a balanced full-line product and service portfolio with adequate cost structures and an efficient logistics system. As a result, they have to be involved in repackaging activities, as well as warehouse and inventory management. They must have good skills in leveraging transportation and warehouse assets and optimising route density. As chemical distributors are viewed as strategic partners in their businesses by both the chemical manufacturers and end users, there is also a trend towards the utilisation of distributors, rather than traders, in the market.

## 5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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### 1.8 INDUSTRY PLAYERS, MARKET POSITION AND SHARE

For the purpose of this study, selected key industrial chemicals distributors are distributors which have distributorship agreements with the various MNC chemical manufacturers and do not own any chemical manufacturing facilities. Chemical traders are excluded as they do not possess distributorship agreements with the MNC chemical manufacturers.

There are a total of eight (8) selected key industrial chemicals distributors in Malaysia that are involved in the distribution of PU chemicals, specialty chemicals and intermediate chemicals. Although the individual product portfolio of these companies might not exactly match those of the Samchem Group, they can be viewed as close competitors in the industrial chemicals distribution market for PU chemicals, specialty chemicals and intermediate chemicals in Malaysia. Out of the list, more than half of the players are involved in all the three (3) product categories.

**Table 1.4: Activities of Selected Key Players (Industrial Chemicals Distributors) in Malaysia**

Company	PU Chemicals	Specialty Chemicals	Intermediate Chemicals
Samchem Group	√	√	√
FAC Industrial Ingredients Sdn Bhd	√	√	
JJ-Degussa Chemicals (M) Sdn Bhd	√	√	
Finn Chemicals Sdn Bhd	√	√	√
Luxchem Trading	√	√	√
GME Chemicals (M) Sdn Bhd		√	√
Suka Chemicals (M) Sdn Bhd	√	√	√
Connell Bros. Company (Malaysia) Sdn Bhd	√	√	√

*Note: Although Luxchem Trading is part of Luxchem Corporation Bhd, which includes a manufacturing arm, Luxchem Trading is also a distributor for several other chemical manufacturers around the world.*

*Source: Companies' websites; D&B Malaysia*



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**5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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The market size of the domestic industrial chemicals distribution industry in Malaysia is computed based on the collective sales generated by selected key industrial chemicals distributors involved in the PU chemicals, specialty chemicals and intermediate chemicals market. In 2007, the industrial chemicals distribution market size in Malaysia, specifically for PU chemicals, specialty chemicals and intermediate chemicals, is estimated at approximately RM1.0 billion. The Samchem Group held a market share of 33.4% in the same year. However, the industrial chemicals market in Malaysia is very large, estimated at approximately RM33.3 billion in 2007. This indicates the huge potential for the Samchem Group to venture into the distribution of other industrial chemicals, besides the traditional PU chemicals, specialty chemicals and intermediate chemicals.

In terms of proforma revenues, the Samchem Group ranked first for the financial year ended ("FYE") 31 December 2007, recording audited revenue of RM336.6 million. The Samchem Group is a leading local player in the chemical distribution industry for PU chemicals, specialty chemicals and intermediate chemicals.

## 5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

**Table 1.5: Market Share of Selected Key Distributors in PU Chemicals, Specialty and Intermediate Chemicals, 2007\***

No.	Company	FYE	Revenues (RM '000)	Market Share (%)
1	Samchem Group**	31/12/07	336,553	33.4
2	Luxchem Trading	31/12/07	299,432	29.7
3	GME Chemicals (M) Sdn Bhd	31/07/07	106,964	10.6
4	Suka Chemicals (M) Sdn Bhd	31/12/06	79,713	7.9
5	JJ-Degussa Chemicals (M) Sdn Bhd	31/12/07	74,762	7.4
6	Finn Chemicals Sdn Bhd	31/12/07	54,517	5.4
7	Connell Bros. Company (Malaysia) Sdn Bhd	31/12/07	43,760	4.3
8	EAC Industrial Ingredients Sdn Bhd	31/12/07	13,223	1.3
	<b>TOTAL MARKET SIZE***</b>		<b>1,008,929</b>	<b>100.0</b>

Notes:

\* - Based on the latest publicly available audited financial results, obtained from the Companies Commission of Malaysia ("CCM"), as at 10 March 2009

\*\* - Revenues for Samchem Group are derived from both the domestic and overseas markets.

\*\*\* - The total market size computed is based on the summation of revenues generated by selected key industrial chemicals distributors that are involved in PU chemicals, specialty chemicals and intermediate chemicals.

Source: CCM; Management of Samchem Holdings Bhd

## 1.9 COMPETITION

Conventionally, a chemical distributor competes with other chemical distributors in the market, besides the sales offices of chemical manufacturers and chemical traders. However, due to the inherent competitive advantages of a chemical distributor, the trend points towards the appointment of chemical distributors by the chemical manufacturers and the selection of chemical distributors by the end users, over the chemical traders. In addition, chemical distributors are strongly supported by chemical manufacturers which have distributorship agreements with the former. In this case, they are viewed as extended marketing and distribution arms and strategic partners of the chemical manufacturers.



**Decide with Confidence**

As most chemicals are commoditised in the market, marketing chemicals to end users is essentially a volume game. Other things being equal, both price and delivery time play important roles in the purchasing decision of the end user, when it decides to purchase the chemicals from a distributor. It is considered a normal industry practice for chemical distributors to generally be able to pass on any price increases to most of their customers, in the event of large increases in costs, which cannot be absorbed internally on the part of the chemical manufacturers.

### **1.10 BARRIERS TO ENTRY**

The barriers to entry pertaining to the industrial chemicals distribution industry in Malaysia include the following:

- Ability to obtain distributorship agreements from the MNCs;
- Proven track record;
- Sufficient working capital requirements; and
- Ability to achieve economies of scale.

### **1.11 RELEVANT LEGISLATIONS AND POLICIES**

The Department of Environment (“DOE”) in Malaysia has adopted a strategy based on pollution control and prevention. The pollution control and strategy is implemented through the enforcement of Environmental Quality Act, 1974. The main objective of this Act is to prevent, abate and control pollution, further enhancing the quality of environment in Malaysia. The DOE has been entrusted to administer this legislation to ensure that Malaysia will continue to enjoy both industrial growth and a healthy living environment. In addition, chemical distributors are required to comply with the Poisons Ordinance, 1952 in the areas of import licensing, storage and selling.

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**5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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Decide with Confidence

Unlike that of a chemical manufacturer which needs to ensure the proper treatment, storage and disposal of toxic or hazardous discharge from their chemical plants, chemical distributors would emphasise on the safe handling, storage and transportation of chemicals to and from their premises. Chemical storage containers and drums that remain after re-packing of bulk chemicals can be recycled in-house or by a licensed contractor for re-use. Containers or drums that are damaged are directly disposed off by Kualiti Alam Sdn Bhd.

Plant operators are also subjected to the Occupational Safety and Health Act, 1994. This Act is enforced by the Ministry of Human Resources under the Department of Occupational Safety and Health. Under this Act, the employer has a duty to protect the safety, health and welfare of all his employees. The employer shall also ensure that no worker shall be employed at any machine or in any process, being a machine or any process liable to cause bodily injury, unless he has been fully instructed as to the dangers likely to arise in connection therewith and the precautions to be observed. The worker must received sufficient instruction in work at the machine or process; or is under adequate supervision by a person who has knowledge and experience of the machine or process.

In the promotion of environmentally sound and sustainable economic development, the government of Malaysia has established the necessary legal and institutional arrangements for environmental protection. The national environmental policy in Malaysia places great emphasis on the need to maintain a clean and healthy environment as well as a quality environment relative to the needs of a growing population. To this end, the government has been encouraging the establishment of environmental protection measures by strongly promoting the recycling of drums used by the chemical industry.

### **1.12 DEMAND AND SUPPLY CONDITIONS**

Demand for chemical products stems primarily from the domestic manufacturing sector. The chemical industry forms an important component in the supply chains of many application markets. In fact, most industries use chemicals as their key raw materials. It encompasses economic activities such as agriculture, oil and gas, construction, rubber products, lubricants, paints and coatings, printing inks, adhesives, plastics and flexible PU foam.



Decide with Confidence

Chemical markets around the world are now sufficiently integrated that world supply and demand relationships determine global prices for many basic products. Moreover, in a global market the supply and demand imbalances in certain chemicals need only be relatively small to have significant effects on global prices and hence, on profits. Thus, a relatively modest global supply shortfall can produce sharp price and profit increases. On the other hand, a similarly modest oversupply can significantly depress prices and profits in a global marketplace.

The role that chemicals play in enabling other manufacturing activities makes the development of an indigenous chemical industry a vital step in the industrialisation process of a country. These countries desire their own chemical production capabilities to support their other manufacturing industries, to build their own technology bases and to obtain the value added by the production process. Due to the wide variety of chemicals in the industry, no single company or country in the world is able to produce the entire spectrum of chemicals. Hence, chemicals are widely traded in the international system, including Malaysia. Many types of chemicals are imported into Malaysia to meet the demands of the different application markets. Most chemicals are produced in countries in North America, Europe and the Far East.

### 1.13 SUBSTITUTE PRODUCTS AND SERVICES

Currently there are no substitutes available for chemical products. Sudden innovations are difficult for these chemicals since they have to fit with the existing infrastructure of both industry and society. The changes resulting from continued expansion of science-based knowledge about chemicals will be more of an evolutionary development driven by increasing industrialisation needs to meet global competitive pressures, and are not likely to displace modern chemical production. Established MNC chemical suppliers conduct rigorous R&D activities in their laboratories, to produce either more efficient chemicals or environmentally friendly chemicals as substitutes for existing chemicals available in the market. This is to conform to new initiatives called for by international organisations such as the United Nations Framework Convention on Climate Change. The framework set by this Convention on Climate Change aims to address the challenges posed by climate change through intergovernmental efforts. These include observations on the release of carbon dioxide, methane and other greenhouse gases into the atmosphere.



Decide with Confidence

While specialty chemicals are likely to be significantly influenced by both nanoscience and biotechnology over the medium term, the changes in manufacturing processes for both bulk chemicals and specialty chemicals are thought to be more of an evolutionary development. Continuous R&D activities are carried out by chemical manufacturers to meet the high output efficiencies as well as the complexities of varied product offerings that are brought about by rapid technological advancements in modern day manufacturing.

End users that comprise primarily manufacturing companies may opt to purchase directly from chemical manufacturers but it is unlikely to be economical and efficient. Having an in-house chemical division in a manufacturing company would entail engaging the services of professionals such as chemists and purchasing managers. End users also may not enjoy the same level of economies of scale that large chemical distributors enjoy and hence, it may not be efficient for end users to buy directly from the chemical manufacturing companies. Also, the latter might not conduct commercial transactions in relatively small quantities suited to the production run of each end user.

#### **1.14 RELIANCE ON IMPORTS AND VULNERABILITY TO RAW MATERIALS SHORTAGE**

The industrial chemicals distribution industry in Malaysia is inherently dependent on imports of many chemicals from overseas. This is principally due to the wide variety of industrial chemicals in the market which has to be sourced from many suppliers throughout various regions of the world. The manufacturing of certain industrial chemicals in Malaysia does take place, albeit it is virtually impossible for all industrial chemicals to be produced in a single country due to factors such as market conditions, economies of scale, technology and proximity to raw materials.

Industrial chemicals distributors are assured of a constant supply of chemicals through the signing of distributorship agreements with MNC chemical manufacturers, which usually specify the supply quantum that is jointly agreed upon during the drawing up of their annual marketing plans. In addition, in the event of *force de majeure* that causes a sudden shortage of supplies, industrial chemicals distributors are generally allowed to source from other manufacturing locations of the same supplier in the global market.



Decide with Confidence

### 1.15 INDUSTRY OUTLOOK

The chemical industry is one of the basic and important businesses globally. It plays an important role and is essential to the operation of a modern, industrialised society. Chemicals have become an integral part of modern life. The chemical industry provides a steady stream of new products and innovative technologies, enhancing the quality of life and helping to sustain scarce resources. Adding to the sheer scale of the industry is the degree to which its activities permeate a large number of other industries, to which it provides both products and services. As an enabling industry, chemicals serve as the intermediate raw materials in the value chain of many manufactured products such as consumer products, engineering, defence, automobiles, packaging and construction. Industrial developments in the emerging markets in Asia, Central Europe and Latin America will have a big influence on the chemical industry in the future.

As many modern products depend on chemicals, the international competitiveness of other industries requires a globally competitive chemical industry that can supply new products at prices that give these manufacturers a competitive edge. Hence, the chemical industry is a “keystone” industry, particularly for the manufacturing sector. This bodes well for the industrial chemicals distribution market, which shows sustainable long-term growth opportunities for well-positioned market leaders which can proactively capitalise on the business prospects in the market. Furthermore, the market is diversified in terms of products and end user industries, hence limiting any downside risks and renders the industrial chemicals distribution industry an attractive long-term investment. Distributors which have sufficient resources and skill requirements and to create win-win relationships with both chemical manufacturers and end users are most likely to benefit from the new paradigm in the market.

### 1.16 CONCLUSION

The chemical industry is a unique one, in the sense that it is an unusually heterogeneous industry. The industry’s many product segments are maturing at different rates and some segments are actually continuing to expand rapidly. Chemicals serve as the intermediate raw materials in the value chain of many manufactured products. While the chemical industry is highly fragmented in view of the tens of thousands of products available in the market, at the same time, it is more vibrant in view of the many end user industries it serves.

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**5. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**Decide with Confidence**

The Samchem Group is involved in an industry that supplies essential intermediate inputs to various application markets. Some of these industrial chemicals are mission-critical raw materials utilised by end users in their manufacturing processes. The nature of the industrial chemicals distribution industry is such that any downturn in a particular application market is generally offset by other application markets that are growing and expanding. The Samchem Group is more vertically integrated and, when compared to other players, the Group has the ability to further expand its existing market as well as penetrate new markets in the future, as it is able to respond to end users' requests more rapidly. With the provision of blending facilities, it is able to provide more value added services to customers. The venture into the market in Vietnam also assists in market diversification for the Samchem Group, as it is an emerging country. In addition, the current trend in the appointment of industrial chemicals distributors as marketing intermediaries in the supply chain, by both the suppliers and end users, bodes well for the continuous growth of established industry players such as the Samchem Group.



## 6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 6.1 Promoters and substantial shareholders

#### 6.1.1 Promoters

Our Promoters and their respective shareholdings in our Company before and after the IPO are as follows:

Name	Designation	Nationality	Before the IPO						After the IPO					
			Direct		Indirect		Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ng Thim Poh	Managing Director	Malaysian	63,259,802	55.18	-	-	55,259,802	42.45	-	-	55,259,802	40.63	-	-
Dato' Ng Lian Poh	Executive Director	Malaysian	9,087,663	7.93	-	-	6,437,663	4.94	-	-	6,437,663	4.73	-	-
Tan Teck Beng	Executive Director	Malaysian	9,087,661	7.93	-	-	6,437,661	4.94	-	-	6,437,661	4.73	-	-
Ng Soh Kian	Executive Director	Malaysian	10,052,079	8.77	-	-	7,122,079	5.47	-	-	7,122,079	5.24	-	-
Chooi Chok Khooi	Executive Director	Malaysian	6,161,046	5.37	-	-	4,361,046	3.35	-	-	4,361,046	3.21	-	-

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

### 6.1.2 Substantial shareholders

Our substantial shareholders and their respective shareholdings in our Company before and after the IPO are as follows:

Name	Nationality	Before the IPO				After the IPO					
		Direct		Indirect		Minimum Scenario*		Maximum Scenario <sup>^</sup>			
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Ng Thin Poh	Malaysian	63,259,802	55.18	-	-	55,259,802	42.45	55,259,802	40.63	-	-
Dato' Ng Lian Poh	Malaysian	9,087,663	7.93	-	-	6,437,663	4.94	6,437,663	4.73	-	-
Tan Teck Beng	Malaysian	9,087,661	7.93	-	-	6,437,661	4.94	6,437,661	4.73	-	-
Ng Soh Kian	Malaysian	10,052,079	8.77	-	-	7,122,079	5.47	7,122,079	5.24	-	-
Chooi Chok Khooi	Malaysian	6,161,046	5.37	-	-	4,361,046	3.35	4,361,046	3.21	-	-
Syed Zafilen bin Syed Alwee	Malaysian	6,992,660	6.10	-	-	6,692,660	5.14	6,692,660	4.92	-	-
Imran bin Ismail	Malaysian	6,992,660	6.10	-	-	6,692,660	5.14	6,692,660	4.92	30,000 <sup>@</sup>	0.02

Notes:

\* Assuming none of the eligible employees of our Group subscribe for their respective entitlements under the Pink Form Allocation

<sup>^</sup> Includes the Pink Form Allocation and on the assumption that all the respective parties will subscribe for their entire entitlements of the Pink Form Allocation

<sup>@</sup> Deemed interested via the shareholdings of his spouse, Maisarah Tang Abdullah

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

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**6.1.3 Background information on our Promoters**

A brief background on our Promoters is set out below:

**(i) Ng Thin Poh**

Ng Thin Poh, a Malaysian aged 51, was appointed as our Managing Director on 27 February 2009. He graduated with a Bachelor of Science (Honours) degree, majoring in chemistry, from University of Malaya in 1981. Upon graduation, he started his career in chemical distribution as a Sales Executive in Texchem Malaysia Sdn Bhd. In 1982 and 1983, he was a Sales Executive in Jebsen & Jessen (M) Sdn Bhd and Rhone-Poulenc Sdn Bhd respectively, of which both companies are distributors of chemicals. In 1989, he left Rhone-Poulenc (M) Sdn Bhd and founded SCSB. He has been the Managing Director of SCSB group since its inception. He is responsible for the day-to-day management of our Group's operations and is involved in expanding our Group's distributorship rights and product offerings.

**(ii) Dato' Ng Lian Poh**

Dato' Ng Lian Poh, a Malaysian aged 42, was appointed as our Executive Director on 29 November 2007. He obtained a Sijil Tinggi Persekolahan Malaysia from Sekolah Menengah Tunku Mohd, Kuala Pilah in 1988. In 1990, he started his career as a sales representative in API Sdn Bhd, a construction material trading company and rose through the ranks to become a Sales Executive before leaving in 1993. In 1994, he began his career in chemical distribution when he joined Thiam Joo (M) Sdn Bhd, a company trading in solvent chemicals, as a Sales Executive. In 1996, he joined SCSB and was appointed as the Executive Director of SCSB group. Dato' Ng Lian Poh is responsible for executing our Group's strategy and plays a pivotal role in developing our Group's business. He was instrumental in setting up and expanding our chemical distribution business in Vietnam.

**(iii) Tan Teck Beng**

Tan Teck Beng, a Malaysian aged 44, was appointed as our Executive Director on 27 February 2009. He graduated with a Bachelor of Science (Chemistry) Honours degree from University of Malaya in 1991. After graduating, he joined Rhone-Poulenc (M) Sdn Bhd, an MNC, as a Sales Executive specialised in PU chemicals. In 1996, he left Rhone-Poulenc (M) Sdn Bhd and joined SCSB as the Executive Director. He is responsible for the marketing and management activities of our Group. He is presently also a Director of YTSHK and spearheaded the establishment of SMITC in 2004, both of which are subsidiaries of YTSSB, which in turn is an associated company of SCSB. YTSHK and its subsidiary SMITC are involved in the distribution of chemicals in PRC.

**(iv) Ng Soh Kian**

Ng Soh Kian, a Malaysian aged 41, was appointed as our Executive Director on 27 February 2009. He graduated with a Diploma in Business Studies from Southern College, Johor in 1989. In 1990, he was employed as an Assistant Production Controller in United Plastics Sdn Bhd, a company involved in plastic injection. From 1991 to 1993, he was attached to Thiam Joo (M) Sdn Bhd, as a Sales Executive. In 1993, he started his own sole proprietorship, namely TN Chemie, which was involved in the trading of solvent and chemicals. In 2001, he incorporated TN Chemie and has been the Managing Director of the company since its inception. He is presently responsible for the general management of TN Chemie. Over the years, he has successfully established a sales and distribution network, driven product innovation and maintained quality control as well as continuously driven the growth of the business and improved efficiency in the company, thus leading to the creation of a strong and reliable chemical company with a competitive edge.

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

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**(v) Chooi Chok Khooi**

Chooi Chok Khooi, a Malaysian aged 52, was appointed as our Executive Director on 27 February 2009. He obtained a Malaysia Certificate Education from Sam Tet Secondary School, Ipoh in 1975. In 1976, he started his career at Eastern Hotel, Ipoh, Perak. Between 1978 and 1982, he was employed as an Assistant Manager in Chemikas Sdn Bhd, where he was responsible for handling the company's administrative, purchase, sales and collection activities. In 1982, he started his own sole proprietorship, namely Unichem Enterprise, which is involved in the dealings of chemicals. In 1990, Mr. Chooi founded Eweny Chemicals and has been the Managing Director of the company since inception. He is presently responsible for handling Eweny Chemicals' administrative and sales activities.

**6.1.4 Background information on our Substantial Shareholders**

A brief background on our Company's substantial shareholders is set out below:

**(i) Ng Thin Poh**

As set out in Section 6.1.3(i) above.

**(ii) Dato' Ng Lian Poh**

As set out in Section 6.1.3(ii) above.

**(iii) Tan Teck Beng**

As set out in Section 6.1.3(iii) above.

**(iv) Ng Soh Kian**

As set out in Section 6.1.3(iv) above.

**(v) Chooi Chok Khooi**

As set out in Section 6.1.3(v) above.

**(vi) Syed Zafilen Bin Syed Alwee**

Syed Zafilen Bin Syed Alwee, a Malaysian aged 43, is currently the Group Chief Executive Officer of CMS I Systems Bhd (a subsidiary of Cahya Mata Sarawak Berhad). He is also a director of CMS Trust Berhad, director and shareholder of EST Telecommunications Sdn Bhd and Cbertec Systems Sdn Bhd. He graduated from Universiti Teknologi Malaysia with a Diploma in Electrical Engineering in 1988, and he is currently pursuing his MBA in Finance from Manchester Business School. He started his career in Mobil Oil (M) Sdn Bhd in 1988 as a sales executive and since then has served in several multinational companies (Motorola Malaysia Sdn Bhd in 1990, Lucent Technologies (M) Sdn Bhd in 1988 and Commverge Solutions (Brunel) Bhd in 2000) and other listed Malaysian companies (apart from Cahya Mata Sarawak Berhad, namely Lityan Holdings Berhad in 1994, Patimas Computers Berhad in 1992) in various capacities.

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

### (vii) Imran Bin Ismail

Imran Bin Ismail, a Malaysian aged 40, is currently the Managing Director of Cbertec Systems Sdn Bhd, which is involved in the supply of equipment and engineering services to corporate and private networks. He graduated from the University of Portsmouth, England in Electrical and Electronic Telecommunications in early 1994. He began his career in several Malaysian companies namely, Time Telekom Berhad in 1994 as a Sales & Marketing Executive, Lityan Holdings Berhad from 1995 to 1998 and Nafas Niaga Sdn Bhd from 1999 to 2006, prior to the formation of Cbertec Systems Sdn Bhd in 2007. He has served on the board of directors for Nafas Niaga Sdn Bhd and also in the current company. His past experiences have led him to focus on strategic business development that mainly covers business areas in the telecommunications and information technology sectors.

### 6.1.5 Promoters' directorships and substantial shareholdings in all other public corporations for the past 2 years

None of our Promoters have any directorships and/or substantial shareholdings in other public corporations for the past 2 years preceding LPD.

### 6.1.6 Substantial shareholders' directorships and substantial shareholdings in all other public corporations for the past 2 years

Save as disclosed below, none of our substantial shareholders has any directorships and/or substantial shareholdings in other public corporations for the past 2 years preceding LPD.

Substantial shareholder	Company	Principal activities	% equity interest held		Position
			Direct	Indirect	
Syed Zafilen Bin Syed Alwee	CMS Trust Berhad	Management of unit trust funds	-	-	Director

### 6.1.7 Changes in promoters' and substantial shareholders' shareholdings in our Company since incorporation

Saved as disclosed below, there has been no change in Promoters' and substantial shareholders' shareholdings in our Company since the date of incorporation:

Promoters/ Substantial shareholders	Date	Par value (RM)	No. of Shares held before acquisition / (disposal)		No. of Shares acquired/ allotted/ (disposed)	Direct shareholding in our Company after changes	
				%			%
Ng Thin Poh	29.11.2007	1.00	-	-	1 <sup>(1)</sup>	1	50.00
	12.05.2008	0.50	1	50.00	2 <sup>(2)</sup>	2	50.00
	19.02.2009	0.50	2	50.00	63,259,800 <sup>(3)</sup>	63,259,802	55.18 <sup>(4)</sup>
Dato' Ng Lian Poh	29.11.2007	1.00	-	-	1 <sup>(1)</sup>	1	50.00
	12.05.2008	0.50	1	50.00	2 <sup>(2)</sup>	2	50.00
	19.02.2009	0.50	2	50.00	9,087,661 <sup>(3)</sup>	9,087,663	7.93 <sup>(4)</sup>

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

Promoters/ Substantial shareholders	Date	Par value (RM)	No. of Shares held before acquisition / (disposal)	%	No. of Shares acquired/ allotted/ (disposed)	Direct shareholding in our Company after changes	%
Tan Teck Beng	19.02.2009	0.50	-	-	9,087,661 <sup>(3)</sup>	9,087,661	7.93 <sup>(4)</sup>
Ng Soh Kian	19.02.2009 20.02.2009	0.50	-	-	10,052,079 <sup>(4)</sup>	10,052,079	8.77
Chooi Chok Khooi	19.02.2009 20.02.2009	0.50	-	-	6,161,046 <sup>(4)</sup>	6,161,046	5.37
Syed Zafilen Bin Syed Alwee	19.02.2009	0.50	-	-	6,992,660 <sup>(3)</sup>	6,992,660	6.10
Imran Bin Ismail	19.02.2009	0.50	-	-	6,992,660 <sup>(3)</sup>	6,992,660	6.10

Notes:

<sup>1</sup> Subscribers share

<sup>2</sup> Subscribers shares pursuant to share split

<sup>3</sup> Shares issued pursuant to Acquisitions

<sup>4</sup> Shares issued pursuant to Acquisitions were allotted on 19 February 2009 and 20 February 2009

### 6.2 Board of Directors

#### 6.2.1 Profiles

The profiles of our Board of Directors are as follows:

**(i) Ng Thin Poh**

As set out in Section 6.1.3(i) above.

**(ii) Dato' Ng Lian Poh**

As set out in Section 6.1.3(ii) above.

**(iii) Tan Teck Beng**

As set out in Section 6.1.3(iii) above.

**(iv) Ng Soh Kian**

As set out in Section 6.1.3(iv) above.

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

**(v) Chooi Chok Khooi**

As set out in Section 6.1.3(v) above.

**(vi) Dato' Theng Book**

Dato' Theng Book, a Malaysian aged 49, was appointed to the Board as our Independent Non-Executive Director on 27 February 2009. He graduated with a Bachelor of Law from the University of London, United Kingdom in 1991, and holds a Certificate of Legal Practice. He also holds a Bachelor of Science from Campbell University, USA awarded in 1984, Diploma in Science from Tunku Abdul Rahman College awarded in 1984 and a Diploma of Business Studies from Institute of Commercial Management, United Kingdom awarded in 1986. He began his career in the chemical business as a sales executive to the Chief Executive Officer of a foreign company involved in chemical manufacturing/trading, from 1984 to 1994. Since 1995, he has been practicing as an advocate and solicitor under the partnership known as Messrs Ling & Theng Book, Advocates & Solicitors. He is presently also an independent non-executive Director of Ajiya Berhad.

**(vii) Lee Kong Hoi**

Lee Kong Hoi, a Malaysian aged 45, was appointed to the Board as our Independent Non-Executive Director on 27 February 2009. He graduated from Tafe College Randwick, New South Wales, Australia in 1990 with a Diploma in Travel Tourism. After graduation, Mr. Lee commenced his career as Post-Sale Supervisor with Sanyo Australia Pty Ltd. for big retail giants such as Grace Brothers, David Jones, Harvey Norman and Dick Smith Electronics in Australia. His responsibilities included conducting training for pre-sales, managing inventories of spare parts, attending to product complaints, planning after-sales repairs and managing a team of eight (8) merchandisers.

Between 1994 and 1998, he joined Reapfield Property Sdn Bhd, where he served as Project Sales Manager. Within this duration, he was in-charge of sales launches of several high-end properties such as Phileo Damansara and Phileo Avenue.

In 1999, he joined Dancom TT&L Telecommunication Sdn Bhd ("Dancom") as Corporate Sales Manager. Dancom is a dealer for office automation and IT products. His responsibilities include conducting market studies as well as developing new and existing brands represented by Dancom's 12 branches and 300 dealers nationwide.

In 2006 he moved on to join MCM Technology Berhad (a company listed on the MESDAQ Board of Bursa Securities) as General Manager. He has since held this position and is currently involved in formulating business strategies and is responsible for growing the existing business through either acquisitions or organic growth.

In 2009, Mr Lee started his own multimedia & web interoperability services company providing consultancy, project management, software customization, system integration and open source development.

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

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**(viii) Wong Tak Keong**

Wong Tak Keong, a Malaysian aged 39, was appointed to the Board as our Independent Non-Executive Director on 27 February 2009. He graduated from the University of Western Australia in 1991 with a Bachelor Degree in Accounting and Finance.

In 1991, Mr. Wong started his career as an audit assistant in a local accounting firm and continued his career with KPMG in 1992 and subsequently with Pricewaterhouse Coopers in 1993. In 1995, Mr. Wong joined Horwath Malaysia, a member of Horwath International, an international accounting firm as a Manager where he was then successfully admitted as a partner in 1999. Prior to this, Mr. Wong is a Chartered Accountant and member of both the Malaysian Institute of Accountants and the Certified Practising Accountant (CPA) Australia. Mr. Wong resigned as partner from Horwath in December 2006 and started his own consultancy business in 2007. Currently, Mr. Wong is the Head of International Business in Power Root (M) Sdn. Bhd. and involved in development of the company's export markets.

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

### 6.2.2 Directors' shareholdings in our Company

Our Board and their respective shareholdings in our Company before and after the IPO are as follows:

Name	Designation	Nationality	Before the IPO				After the IPO						
			Direct		Indirect		Minimum Scenario*		Maximum Scenario <sup>^</sup>				
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			
Ng Thiu Poh	Managing Director	Malaysian	63,259,802	55.18	-	-	55,259,802	42.45	-	-	55,259,802	40.63	-
Dato' Ng Lian Poh	Executive Director	Malaysian	9,087,663	7.93	-	-	6,437,663	4.94	-	-	6,437,663	4.73	-
Tan Teck Beng	Executive Director	Malaysian	9,087,661	7.93	-	-	6,437,661	4.94	-	-	6,437,661	4.73	-
Ng Soh Kian	Executive Director	Malaysian	10,052,079	8.77	-	-	7,122,079	5.47	-	-	7,122,079	5.24	-
Chooi Chok Khooi	Executive Director	Malaysian	6,161,046	5.37	-	-	4,361,046	3.35	-	-	4,361,046	3.21	-
Dato' Theng Book	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-	300,000	0.22	-
Lee Kong Hoi	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-	400,000	0.29	-
Wong Tak Keung	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-	300,000	0.22	-

Notes:

\* Assuming none of the eligible directors of our Group subscribe for their respective entitlements under the Pink Form Allocation

<sup>^</sup> Includes the Pink Form Allocation and on the assumption that all the respective parties will subscribe for their entire entitlements of the Pink Form Allocation

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

### 6.2.3 Directors' directorship and/or substantial shareholdings in other public companies for the past 2 years

Saved as disclosed below, none of our Directors have any directorships and/or substantial shareholdings in other public corporations for the past 2 years preceding the LPD.

Director	Company	Principal activities	% equity interest held		Position
			Direct	Indirect	
Dato' Theng Book	Ajiya Berhad	Investment holding. The principal activities of its subsidiaries include manufacturing and marketing of high quality glass products and other building materials.	-	-	Independent director

### 6.2.4 Directors' remuneration and material benefits-in-kind

The remuneration, fees and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid to our Directors on an individual basis for their services to our Group was approximately RM1.512 million for the FYE 2008 and proposed for the current FYE 2009 is estimated to be approximately RM1.65 million. Details of the remuneration and fees for each of our Director are as follows:

Directors	Remuneration band (RM'000)	
	FYE 2008 (Actual)	FYE 2009 (Proposed)
Ng Thin Poh	350 – 400	350 – 400
Dato' Ng Lian Poh	350 – 400	350 – 400
Tan Teck Beng	200 – 250	200 – 250
Ng Soh Kian	350 – 400	350 – 400
Chooi Chok Khooi	200 – 250	200 – 250
Dato' Theng Book	-	0 – 50
Lee Kong Hoi	-	0 – 50
Wong Tak Keong	-	0 – 50

### 6.2.5 Involvement of Executive Directors in other business and corporations

Save as disclosed below, as at the LPD, none of our Executive Directors are involved in the operations of other businesses/corporations:

Ng Thin Poh is a major shareholder of Samlube Sdn Bhd and Samlube Manufacturing Sdn Bhd which are principally involved in repacking and trading in car care and maintenance products, and manufacturing of lubricants respectively. However, he utilises majority of his time with the Samchem Group and is not involved full time nor does he hold any directorships in his private businesses. As such, his involvement in such other businesses and corporations neither affect his contribution to our Group nor negatively impacts his ability to act as our Managing Director.

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

### 6.2.6 Representative of corporate shareholders

None of our Directors represent any corporate shareholders.

### 6.2.7 Board's practices

#### (i) Directors' term in office

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

Director	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office
Ng Thin Poh	Managing Director	27 February 2009	1 <sup>st</sup> Annual General Meeting ("AGM")	< 1
Dato' Ng Lian Poh	Executive Director	29 November 2007	1 <sup>st</sup> AGM	> 1
Tan Teck Beng	Executive Director	27 February 2009	1 <sup>st</sup> AGM	< 1
Ng Soh Kian	Executive Director	27 February 2009	1 <sup>st</sup> AGM	< 1
Chooi Chok Khooi	Executive Director	27 February 2009	1 <sup>st</sup> AGM	< 1
Dato' Theng Book	Independent Non-Executive Director	27 February 2009	1 <sup>st</sup> AGM	< 1
Lee Kong Hoi	Independent Non-Executive Director	27 February 2009	1 <sup>st</sup> AGM	< 1
Wong Tak Keong	Independent Non-Executive Director	27 February 2009	1 <sup>st</sup> AGM	< 1

#### (ii) Audit Committee

For FYE 2009, our Audit Committee was established on 27 February 2009 and the members of the Audit Committee consist of the following members:

Name	Designation	Directorship
Wong Tak Keong	Chairman	Independent Non-Executive
Dato' Theng Book	Member	Independent Non-Executive
Lee Kong Hoi	Member	Independent Non-Executive

The Audit Committee is responsible for the recommendations to our Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by our Group's external auditors and reviews and evaluates our Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

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

### (iii) Remuneration Committee

For FYE 2009, our Remuneration Committee which was established on 27 February 2009, comprises 3 members, a majority of whom are Independent Non-Executive Directors. The Chairman of the Remuneration Committee is an Independent Non-Executive Director. The Remuneration Committee is primarily responsible for, amongst others, recommending to our Board the policy and framework for our Directors' remuneration including remuneration and terms of service of our Executive Directors in all its forms, drawing from external advice, if necessary.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by our Board as a whole after taking into consideration the Remuneration Committee's recommendations. The current members of our Remuneration Committee are set forth below.

Name	Designation	Directorship
Dato' Theng Book	Chairman	Independent Non-Executive
Ng Thin Poh	Member	Managing Director
Lee Kong Hoi	Member	Independent Non-Executive

### (iv) Nomination Committee

For FYE 2009, our Nomination Committee which was established on 27 February 2009, was appointed by our Board and comprises 3 members, a majority of whom are Independent Non-Executive Directors. Our Nomination Committee is primarily responsible for, amongst others, proposing new nominees for our Board as well as our Directors to fill the seats on board committees, and assessing our Directors on an ongoing basis.

In particular, our Board through the Nomination Committee would review on an annual basis the required mix of skills and experience and other core qualities, including core competencies, which our Non-Executive Directors should bring to our Board. The current members of our Nomination Committee are set forth below.

Name	Designation	Directorship
Lee Kong Hoi	Chairman	Independent Non-Executive
Ng Thin Poh	Member	Managing Director
Dato' Theng Book	Member	Independent Non-Executive

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

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**6.3 Key management**

Our Group does not have a chief executive officer and any key technical personnel. The key management of our Group as at the LPD are as follows:

**6.3.1 Profiles**

**(i) Maisarah Tang Abdullah**

Maisarah Tang Abdullah, a Malaysian, aged 39, is the Head of Human Resource and Administration of SCSB. She graduated with an Institute of Chartered Secretaries and Administrators certification from Systematic College in 2000. She became an Associate Member of ICSA in 2001. She started her career with SCSB as a Sales Coordinator in 1993 and was responsible for coordinating sales and operational matters. In 1997, she worked as an Assistant Company Secretary in Lityan Holdings Bhd, an information technology solutions provider.

She re-joined SCSB in 2003, as the Company Secretary and was redesignated as Head of Human Resource and Administration of our Group since January 2008. She is presently responsible for all corporate matters in our Group.

**(ii) Ng Liew Chin**

Ng Liew Chin, a Malaysian, aged 41, is the Head of the Finance and Accounts Department of SCSB. She graduated with an ACCA and a Diploma in Commerce from Tunku Abdul Rahman College in 1991. Upon graduation, she worked for a public accounting firm until 1995. She obtained her membership with the Malaysian Institute of Accountants in 1995. Throughout the years between 1996 and 2007, she worked as an accountant with several medium and large sized companies involved in trading, manufacturing and construction. This includes SKB Shutters Manufacturing Sdn Bhd, which she joined in 1996 and Sumitomo Electric Wintec (M) Sdn Bhd in 2004. In 2008, she joined SCSB as a Financial Controller and is responsible for overseeing the financial and management matters of the Group.

**(iii) Eugene Chong Wee Yip**

Eugene Chong Wee Yip, a Malaysian, aged 30, is the Sales Manager of SCSB. He graduated with a Bachelor in Business (Majoring in Finance and Management) from La Trobe University, Australia in 2001. After graduation, he joined SCSB as a Sales Executive. He was subsequently promoted to the position of Product Development Manager and Sales Manager in 2005 and 2006, respectively. He is presently responsible for the overall sales and marketing activities for Specialty and Solvent Division.

**(iv) Maryann Ng Su Ling**

Maryann Ng Su Ling, a Malaysian, aged 36, is the Sales Manager of SCSB. She started her career with Allson Klana Resort, Seremban in 1992. Between 1993 and 1997, she attended Universiti Kebangsaan Malaysia and graduated with a Bachelor of Arts with honours (Psychology) in 1997. After graduation, she worked in Gasi Travel Centre Sdn Bhd as a Manager (Inbound and Domestic Department). In 1998, she worked as an Assistant Manager in Profound Million Travel & Tours Sdn Bhd. She joined SCSB as a Sales Executive in 2000. She was promoted to the position of Product Development Manager and Sales Manager in 2005 and 2006 respectively. She is responsible for overseeing the PU Department's sales and marketing activities.

**6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)****(v) Lim Yoke Yin**

Lim Yoke Yin, a Malaysian, aged 34, is the General Manager of SCsphere. She obtained her Diploma in Marketing from Chartered Institute of Marketing in 1998. She started her career with SCSB as a Sales Executive in 1997. She was promoted to the position of Product Manager and Sales Manager (East Malaysia) in 2001 and 2003, respectively. Sanchem appointed Ms. Lim as General Manager of SCsphere in 2008 to penetrate and develop the business of SCsphere. She is presently responsible for conducting sales and marketing activities in Vietnam.

**(vi) Wee Chai Peng**

Wee Chai Peng, a Malaysian, aged 39, is the General Manager of TN Industries. She graduated with a Bachelor of Science (Honours) degree, majoring in chemistry, from University Malaya in 1994. Upon graduation, she started her career as a Sales Executive in the Chemical Division of Nagase (M) Sdn Bhd, a Japanese-owned technology-oriented marketing company dealing with chemicals, plastics and electronics products. She was promoted to the position of Senior Sales Executive and Assistant Sales Manager in 1997 and 2000, respectively. She was subsequently promoted to the position of Sales Manager in 2002, responsible for the overall sales and marketing activities, as well as business development for the Chemical Division.

She left Nagase (M) Sdn Bhd in 2005 and joined TN Industries and has since held this current position. She is presently responsible for overseeing the business strategies, marketing plans, financial management and administration of TN Industries.

**(vii) Chu Team Sooi**

Chu Team Sooi, a Malaysian, aged 43, is the General Manager of SC Industries. He obtained a Sijil Tinggi Persekolahan Malaysia (Malaysian Higher School Certificate) (Science Stream) in 1985. In 1986, he began his career as a Lab Technician in Toyo Ink Sdn Bhd. In 1989, he was employed as a Technical Executive in Allied Inkote Sdn Bhd. He branched into chemical sales in 1990, and worked as Product Manager for a local chemical trading company until 1995, when he joined Sandoz (M) Sdn Bhd as a Sales Manager. He then became the Division Manager of Clariant (M) Sdn Bhd in 1997 for seven (7) years. In 2004, he was assigned to Sinar Berlian Sdn Bhd (subsidiary of Mitsubishi Corp) as Sales Manager for SE Tylose business in Malaysia. Mr. Chu was appointed General Manager in SC Industries in 2005 and has since held this position. He is responsible for overseeing the business strategies, marketing plans, financial management and daily operation of SC Industries.

**(viii) Heng Kok Hui**

Heng Kok Hui, a Malaysian, aged 29, is the General Manager of SC Logistics. He started his career as a Despatch Clerk with Ancom-Chemquest Terminal Sdn Bhd in 1999 and was promoted to the position of Operation Assistant in 2000. He had also taken up a part time course in Accounting and graduated with an advance Diploma in Accounting in year 2004. He was subsequently promoted to the position of Despatch Executive in 2005, and was responsible for the overall operations of Ancom-Chemquest Terminal Sdn Bhd. He left Ancom-Chemquest Terminal Sdn Bhd in 2006 to oversee the marketing activities and future growth of Across Horizon Enterprise, a business started by him. He joined SC Logistics in 2007 and has since held his current position since then. He is presently overseeing the operations of SC Logistics.