



SACTM

SMART ASIA CHEMICAL BHD

ANNUAL REPORT

2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

- | | | |
|---|---|--|
| <p>1. Yau Yin Wee
<i>Independent</i>
<i>Non-Executive Chairman</i>
<i>(Board Chairman)</i></p> | <p>3. Kee Hui Lang
<i>Non-Independent</i>
<i>Executive Director</i></p> | <p>5. Tan Suat Hoon
<i>Independent</i>
<i>Non-Executive Director</i></p> |
| <p>2. Goh Chye Hin
<i>Managing Director</i></p> | <p>4. Lim Kok Beng
<i>Non-Independent</i>
<i>Executive Director /</i>
<i>Chief Operating Officer</i></p> | <p>6. Ang Hock Seng
<i>Independent</i>
<i>Non-Executive Director</i></p> |
| | | <p>7. Yap Yung Chien
<i>Independent</i>
<i>Non-Executive Director</i></p> |



AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Suat Hoon - *Chairman*
Ang Hock Seng - *Member*
Yap Yung Chien - *Member*

REMUNERATION COMMITTEE

Ang Hock Seng - *Chairman*
Tan Suat Hoon - *Member*
Yap Yung Chien - *Member*

NOMINATION COMMITTEE

Yap Yung Chien - *Chairman*
Tan Suat Hoon - *Member*
Ang Hock Seng - *Member*

COMPANY SECRETARIES

Lim Li Heong
(MAICSA 7054716)
(SSM Practising Certificate No.: 202008001981)

Wong Mee Kiat
(MAICSA 7058813)
(SSM Practising Certificate No.: 202008001958)

REGISTERED OFFICE

Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2280 6388
Fax: (603) 2280 6399
Email: listcomalaysia@acclime.com

CORPORATE OFFICE

No. 11, Jalan Indah Gemilang 5
Taman Perindustrian Gemilang
81800 Ulu Tiram, Johor
Tel: (607) 863 9855
Web: www.smartasiachemical.com
Email: info@smartasiachemical.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Registration No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: (603) 2783 9299

EXTERNAL AUDITORS

Baker Tilly Monteiro Heng PLT
(201906000600 (LLP0019411-LCA) & AF 0117)
Chartered Accountants
Baker Tilly Tower, Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2297 1000

PRINCIPAL BANKERS

CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

The ACE Market of Bursa Malaysia Securities Berhad
Stock Name : SMART
Stock Code : 0306

PRINCIPAL ADVISER AND SPONSOR

Mercury Securities Sdn Bhd
Registration No.: 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris
Solaris Mont Kiara
50480 Kuala Lumpur
Tel. No. : (603) 6203 7227

CORPORATE STRUCTURE



KEY EVENTS AND MILESTONES

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

2012

Ztree (M) Sdn Bhd was founded by our founder and Managing Director, Goh Chye Hin, along with our Non-Independent Executive Director, Kee Hui Lang, to venture into the trading of third party branded decorative paints, protective coatings as well as painting tools and accessories.

2013

- We ventured into the decorative paints and protective coatings manufacturing business upon the incorporation of Bond Paints (M) Sdn Bhd, which later underwent a name change to Smart Paint Manufacturing Sdn Bhd in 2015. We manufactured and sold decorative paints and protective coatings under our first house brand 'Smart Paints'.
- We rented and operated from a factory in Taman Perindustrian Gemilang, Ulu Tiram, Johor.
- We recorded our first export sales when we exported our products to a customer in Brunei. In the same year, we also recorded our first export sales to Singapore.
- We launched our second house brand 'Toplus' to carry our decorative paints and protective coatings.
- We first acquired several Smart Colour POS Tinting Machines and set up the machines at our dealers' stores. Smart Colour POS Tinting Machines are machines that allow on-the-spot mixing to obtain a wide range of paint colours whereby colourants (i.e. concentrated pigment solution) are mixed with a paint base in accordance to the colour codes selected by retail end-users.

2014

We recorded our first export sales to Indonesia.

2015

- As our business grew, we acquired an adjacent factory to store finished goods as well as to house our product development facility until to-date.
- We expanded our product offerings when we began to manufacture and sell binding and coating chemicals under our third house brand 'King-Bond'.

2016

- We launched our first Zero VOC paint series, namely Eco-Wash.
- We recorded our first export sales to Cambodia.
- We launched our fourth house brand 'Hunter' to carry our decorative paints and protective coatings.
- We achieved a new milestone with approximately 140 retail hardware stores/retail paint shops carrying our Smart Colour POS Tinting Machines across Malaysia by the end of 2016.

2017

We expanded our product offerings to include aerosol spray paints which is launched under our fifth house brand 'Bond7'.

2018

- We acquired the rented factory at Taman Perindustrian Gemilang, Ulu Tiram, Johor, which remains as our headquarters and manufacturing facility until to-date.
- We started manufacturing POS universal colourants in this factory at Taman Perindustrian Gemilang, POS universal colourants are in-house developed colourants that are specifically catered for use in our Smart Colour POS Tinting Machines.
- We recorded approximately 200 retail hardware stores/retail paint shops carrying our Smart Colour POS Tinting Machines across Malaysia by the end of 2018. We also recorded our first sales of Smart Colour POS Tinting Machines to Indonesia.
- In anticipation of our future expansion, we acquired 3 pieces of land located in Estate Perindustrian Bemban, Batu Gajah, Perak from Perbadanan Kemajuan Negeri Perak.

2019

We launched our sixth house brand 'Aquatint' to carry our POS universal colourants as well as in-plant colourants.

2020

- We launched our anti-viral and anti-bacterial paint series, Eco-Medi SafeGuard+.
- We launched our seventh house brand 'Durra Paints' to carry our decorative paints and protective coatings.
- We launched our eighth and ninth house brand, 'Unitint' and 'Flexitint' to carry our in-plant colourants.
- We recorded our first export sales to Vietnam and China.

2021

- We achieved a new milestone when the distribution of our Smart Colour POS Tinting Machines reached approximately 320 retail hardware stores/retail paint shops across Malaysia by the end of 2021.
- By the end of 2021, we also achieved a cumulative sale of 53 units of Smart Colour POS Tinting Machines across Indonesia, Singapore, Brunei and Cambodia.

2022

- We acquired the trademark of 'Goldliner' from UT Holdings and with that, 'Goldliner' became our tenth house brand.
- We acquired another adjacent factory to store raw materials until to-date.
- We commenced construction of our Perak Plant located in Estate Perindustrian Bemban, Batu Gajah, Perak that we acquired in 2018.

2023

- We received The BrandLaureate SMEs BestBrands Award 2023 from The World Brands Foundation, an award that recognises a company's effort in branding.
- The construction of our Perak Plant was completed.

2024

- We rebranded all our products under 'Unitint' to 'Flexitint'.
- We were listed on the ACE Market of Bursa Malaysia Securities Berhad.

BOARD OF DIRECTORS' PROFILE

Yau Yin Wee

*Independent
Non-Executive Chairman*



Age
68



Nationality
Malaysian



Gender
Male

Yau Yin Wee, a Malaysian, age 68, is our Independent Non-Executive Chairman. He was appointed to our Board on 17 April 2023.

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

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

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

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

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

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

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

BOARD OF DIRECTORS' PROFILE (cont'd)

Goh Chye Hin

Managing Director



Age
65



Nationality
Malaysian



Gender
Male

Goh Chye Hin, a Malaysian, age 65, is our substantial shareholder and Managing Director. He was appointed to our Board on 13 May 2019. He is responsible for spearheading and overseeing our Group's overall operations as well as formulating and implementing new business strategies.

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

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

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

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

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

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

BOARD OF DIRECTORS' PROFILE (cont'd)

Kee Hui Lang*Non-Independent
Executive Director***Age**
63**Nationality**
Malaysian**Gender**
Female

Kee Hui Lang, a Malaysian, age 63, is our substantial shareholder and Non-Independent Executive Director. She was appointed to our Board on 13 May 2019. She is mainly responsible for the management of the supply chain, warehouse and customer service.

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

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

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

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

BOARD OF DIRECTORS' PROFILE (cont'd)

Lim Kok Beng

*Non-Independent
Executive Director /
Chief Operating Officer*



Age
65



Nationality
Malaysian



Gender
Male

Lim Kok Beng, a Malaysian, age 65, is our Non-Independent Executive Director and Chief Operating Officer. He was appointed to our Board on 23 February 2023. He is responsible for managing and enhancing the operational efficiencies of our Group.

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

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

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

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

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

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

BOARD OF DIRECTORS' PROFILE (cont'd)

Ang Hock Seng*Independent
Non-Executive Director***Age**
63**Nationality**
Malaysian**Gender**
Male

Ang Hock Seng, a Malaysian, age 63, was appointed as our Independent Non-Executive Director on 8 June 2023. He is also the Chairman of our Remuneration Committee and a member of our Nomination Committee and Audit and Risk Management Committee.

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

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

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

BOARD OF DIRECTORS' PROFILE (cont'd)

Tan Suat Hoon*Independent
Non-Executive Director***Age**
56**Nationality**
Malaysian**Gender**
Female

Tan Suat Hoon, a Malaysian, age 56, is our Independent Non-Executive Director. She was appointed to our Board on 17 April 2023. She is also the Chairman of our Audit and Risk Management Committee and a member of our Nomination Committee and Remuneration Committee.

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

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

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

Subsequently, she joined Texchem Corporation Sdn Bhd, a subsidiary of Texchem Resources Bhd ("**TRB**"), in June 2021 as Group Chief Financial Officer and was responsible for finance and treasury matters for TRB's group of companies. In 2022, she was transferred to TRB as the Special Officer-Regulatory, Presidential Office and subsequently left in the same year. She was responsible for ensuring compliance of TRB with the relevant regulatory requirements and to manage ad-hoc projects assigned by the Presidential Office.

She joined Northeast Precision Sdn Bhd, a subsidiary of Northeast Group Berhad as the Chief Financial Officer in 2022 responsible for the accounting, financial and corporate matters of the Northeast Group Berhad's group of companies and left in 2024. Presently, she is the Head of Finance for a private company.

Currently, she is also the Independent Non-Executive Director of Elridge Energy Holdings Berhad and CBH Engineering Holding Berhad.

BOARD OF DIRECTORS' PROFILE (cont'd)

Yap Yung Chien
Independent
Non-Executive Director

AGE
35

Nationality
Malaysian

Gender
Female

Yap Yung Chien, a Malaysian, age 35, was appointed as our Independent Non-Executive Director on 8 June 2023. She is also the Chairman of our Nomination Committee and a member of our Remuneration Committee and Audit and Risk Management Committee.

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

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

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

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

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

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

BOARD OF DIRECTORS' PROFILE (cont'd)

Notes:-

- 1. Family Relationship with Director and/or Major Shareholder**
Save for Mr. Goh Chye Hin and his spouse, Ms Kee Hui Lang, none of the Directors have any family relationship with any Director and/or Major Shareholder of the Group.
- 2. Conflict of Interest**
Save for Mr. Goh Chye Hin and Ms. Kee Hui Lang where the details are disclosed in the Notes to the Financial Statements of this Annual Report and the recurrent related party transactions disclosed in the circular to shareholders dated 30 April 2025, none of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.
- 3. Conviction of Offences**
None of the Directors have any conviction of offences within past 5 years other than traffic offences (if any) or public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- 4. Attendance at Board Meetings**
The attendance of the Directors at Board Meetings held during the financial year is disclosed in the Corporate Governance Overview Statement of this Annual Report.
- 5. Directors' Shareholdings**
The details of the Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.
- 6. Directorships in Public Companies and Listed Issuers**
Save for Mr. Yau Yin Wee, Ms. Tan Suat Hoon and Ms. Yap Yung Chien, none of the Directors hold any other directorship of public companies and listed issuers.

KEY SENIOR MANAGEMENT'S PROFILE



Jiu Chieh Yin
Chief Financial Officer



Gender
Female

Jiu Chieh Yin, a Malaysian, age 38, is our Chief Financial Officer. She joined our Group in February 2022 and she is responsible for managing and overseeing our Group's accounting and finance function including financial, audit and tax.

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

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

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

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



Goh Sim Yee
Operations Director



Gender
Female

Goh Sim Yee, a Malaysian, aged 34, is our Operations Director. She is responsible for managing and overseeing our Group's purchasing and supply chain operations.

She completed her secondary education at Sekolah Menengah Kebangsaan Taman Molek in 2008. Following that, she worked in the consumer products sector, where she developed strong leadership and customer service skills, before pursuing courses in her areas of interest.

In 2013, she joined Smart Paint Manufacturing Sdn Bhd as an Assistant Production Planner, where she was responsible for planning and coordinating production schedules to ensure smooth operational workflow. In 2017, she was promoted to Senior Purchasing Executive, where she managed purchasing operations and vendor relationships. In 2022, she was appointed as Procurement and Materials Manager, overseeing procurement strategies, material sourcing, and supply chain optimisation.

In August 2024, she was promoted to her current position as Operations Director, where she plays a key role in streamlining procurement processes and aligning operations with the Group's overall objectives.

She is the daughter of Goh Chye Hin and Kee Hui Lang, who are the substantial shareholders and Executive Directors of the Group.

KEY SENIOR MANAGEMENT'S PROFILE (cont'd)



Goh Ji Syuan
Executive Manager



Goh Ji Syuan, a Malaysian, aged 30, is our Executive Manager. He is responsible for overseeing the management direction, monitoring our Group's business strategy, and developing the overall sales and marketing strategy to drive the growth and market expansion of our Group.

He graduated with a Bachelor of Business Administration and completed a Marketing Planning Course from National Pingtung University of Science and Technology, Taiwan in 2017.

After graduating, he joined Smart Paints (M) Sdn Bhd as a Marketing Executive. In 2019, he was promoted to the position of Management Assistant and was later appointed to his current position as the Executive Manager in July 2024. He plays a key role in overseeing the implementation of marketing and sales strategies, ensuring that our Group's objectives are aligned with customer needs and market demands. He works closely with our Managing Director, monitoring the management direction and ensuring that our Group's strategic initiatives are executed effectively across various functions.

He is the son of Goh Chye Hin and Kee Hui Lang, who are the substantial shareholders and Executive Directors of the Group.



Lim Tau Yee
Business Director



Lim Tau Yee, a Malaysian, aged 51, is our Business Director. He is responsible for driving our Group's operational efficiency and strategic growth, and overseeing the production, engineering, and business operations.

He graduated with a Diploma in Mechanical Engineering from Singapore Polytechnic in 1995. To further enhance his career, he pursued a Master of Business Administration from INTI International University, which he completed in 2023. He also holds a Lean Six Sigma Black Belt certification and an Accreditation of Prior Experiential Learning (APEL) A T7 certification.

He began his career in 1995 as an Operations Manager at Wellbase Equipment (M) Sdn Bhd, where he was responsible for operational analysis, fleet management, and inventory control. In 2004, he was promoted to the position of General Manager at Wellbase Sdn Bhd, overseeing operational and production management, as well as optimising supply chain and procurement processes before leaving in 2012.

In the same year, he joined Batch Technologies Sdn Bhd as an Executive Director, where he led the company's strategic business expansion and optimised operational efficiency before leaving in 2018. He joined Mischmeister (M) Sdn Bhd in 2018 as the Executive Director, where he defined and implemented the company's long-term strategic vision and drove innovation, securing its position as an industry leader. He also played a significant role in forging partnerships and presenting new products to government bodies.

He left Mischmeister (M) Sdn Bhd in 2024 and joined our Group as a Corporate Engineering Director, overseeing production and engineering operations. In March 2025, he was promoted to his current position as Business Director, where he is responsible for overseeing our Group's operational strategy, enhancing productivity, and ensuring the effective integration of engineering and business functions.

Notes:-

1. Family Relationship with Director and/or Major Shareholder
Save for Goh Sim Yee and Goh Ji Syuan, none of the Key Senior Management has any family relationship with any Director and/or major shareholder of the Group.
2. Conflict of Interest
None of Key Senior Management has any conflict of interest with the Group.
3. Conviction of Offences
None of the Key Senior Management has any conviction of offences within past 5 years other than traffic offences (if any) or public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGING DIRECTOR'S STATEMENT



Dear Valued Shareholders

It is with great pride and a sense of accomplishment that I present this statement for the financial year ended 2024. This year has been a significant chapter in the history of Smart Asia Chemical Bhd, marking our successful transition to a public listed company on the ACE Market of Bursa Malaysia. As we reflect on the year's performance, we remain steadfast in our commitment to driving long-term value for our stakeholders and positioning ourselves as a leader in the paints and coatings industry, both locally and across Southeast Asia.

Company Overview and Strategic Direction

As a newly listed company, Smart Asia Chemical Bhd has firmly established its foundation for future growth. With our new manufacturing facility in Ipoh now in operation, we have strengthened our manufacturing capabilities, which will serve as a cornerstone for both local and regional expansion. Our operations are not confined to Malaysia alone; we are focused on positioning the Company for international collaborations, leveraging strategic partnerships to accelerate our entry into new markets and enhance our product offerings.

The Malaysian Government's international trade policies present a conducive environment for businesses, and we are poised to capitalise on the potential for economic growth over the next 3 to 5 years. With its mature market, advanced infrastructure, and optimistic economic outlook, Malaysia offers a compelling foundation for sustained expansion and growth. These attributes position the country as a strategic base to support our regional ambitions.

MANAGING DIRECTOR'S STATEMENT (cont'd)

Financial Performance

In 2024, our revenue grew by 2.61% compared to the previous year, demonstrating a consistent upward trajectory despite increased spending, particularly related to our corporate listing exercise, a comprehensive advertising campaign and operational expansion activities, which are pivotal to our future success. While the investment in these strategic initiatives had a temporary impact on short-term profitability, they are fundamental to strengthening our brand and positioning us for sustainable, long-term growth.

We also expanded our Ipoh operations and increased our workforce to support the growing scale of our business, including the establishment of specialised departments to manage this expansion. Although these investments in infrastructure and human resources have resulted in higher expenditure, they are crucial to achieving our long-term objectives. We anticipate that these initiatives will position us for stronger profitability in the coming years.

Our approach to spending remains cautious, ensuring that every expenditure is strategically aligned with our vision for sustainable growth. While profitability in the short term has been impacted, we are confident that these investments will yield significant returns in the future.

Market Trends and Industry Insights

As industries worldwide embrace innovation to stay competitive, the paint and construction chemicals sector is no exception. The industry is undergoing a significant transformation, shaped by a mix of challenges and emerging opportunities. In response to the evolving demands of the market, we are taking decisive steps toward fully automating our operations. This strategic move will boost production efficiency, lower costs, and ensure consistent product quality. Moreover, our shift toward automation reflects our broader commitment to environmental sustainability, as we continue to meet and exceed all relevant environmental regulations throughout our manufacturing processes.

Corporate Governance and Leadership

At Smart Asia Chemical Bhd, we understand that effective corporate governance and strong leadership are essential for the long-term success of the organisation. We continue to evolve our governance structures to ensure that we are aligned with contemporary best practices, fostering transparency, accountability, and ethical conduct at all levels of the organisation.

Our leadership team is dedicated to driving the company's vision forward with a focus on operational efficiency, innovation, and sustainable growth. We remain committed to enhancing our leadership capabilities through continuous development programs, ensuring that our leaders are well-equipped to navigate the complexities of the industry and execute the company's strategic objectives.

Future Outlook

Looking ahead, our vision for Smart Asia Chemical Bhd is to be recognised as a well-positioned brand, with a clear focus on expanding our market share both locally and regionally. In pursuit of this goal, we will continue to invest in expanding our operations, enhancing our product offerings, and exploring strategic partnerships with industry leaders across the globe.

We are also committed to building a relatable vision for the Company – one that resonates not only with our customers but with all of our stakeholders. Our focus on sustainability, innovation, and product quality will remain at the forefront of our strategy, ensuring that we continue to deliver value and maintain our position as a trusted partner in the industry.

Acknowledgments

In conclusion, I would like to express my sincere gratitude to our shareholders, employees, customers, and business partners for their continued support. The achievements of 2024 would not have been possible without your trust and dedication. As we look ahead, we remain focused on creating long-term value and strengthening our position in the market.

We are excited about the opportunities that lie ahead and are confident that our continued commitment to innovation, operational excellence, and sustainable growth will enable us to achieve our goals and deliver lasting value for all stakeholders.

Thank you for your continued confidence and support.

Yours sincerely,

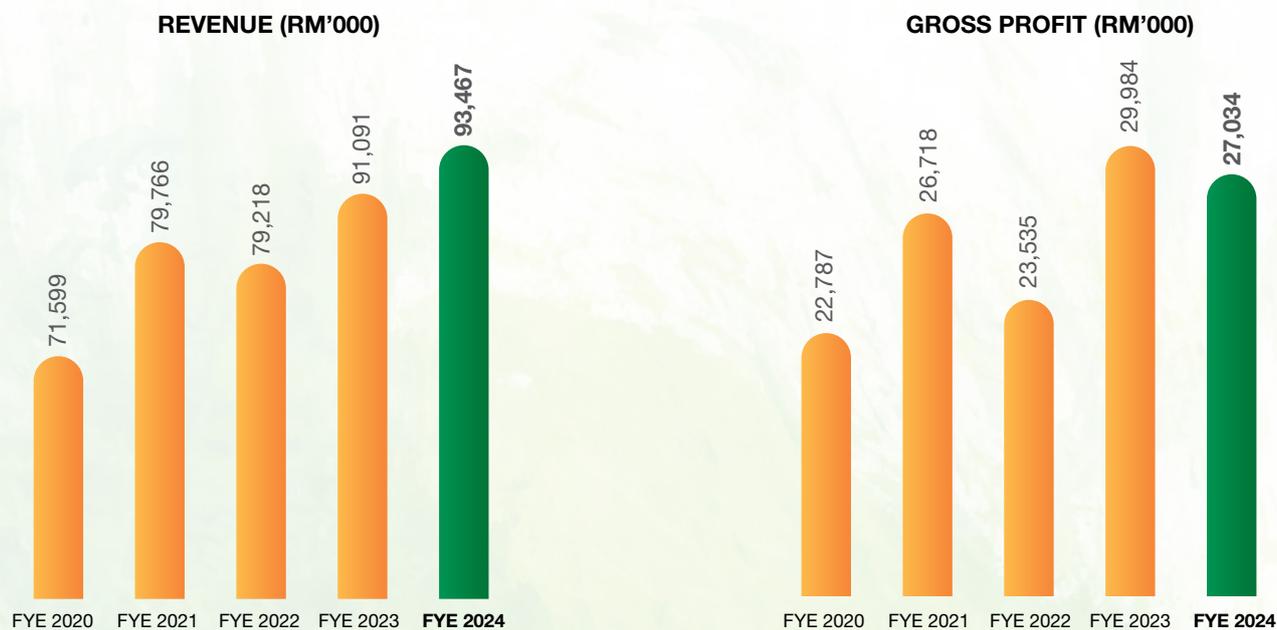
Goh Chye Hin
Managing Director

FINANCIAL HIGHLIGHTS

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Revenue	71,599	79,766	79,218	91,091	93,467
Gross Profit	22,787	26,718	23,535	29,984	27,034
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	12,141	16,952	14,216	15,849	7,859
Profit Before Tax	9,401	13,931	11,204	12,316	3,264
Profit After Tax	7,442	10,690	8,614	8,805	6,582
Gross Profit Margin (%)	31.83	33.50	29.71	32.92	28.92
Profit Before Tax Margin (%)	13.13	17.46	14.14	13.52	3.49
Profit After Tax Margin (%)	10.39	13.40	10.87	9.67	7.04
No. of Share After the initial public offering	369,850,420	369,850,420	369,850,420	369,850,420	369,850,420
Basic Earnings Per Share (sen) ⁽²⁾	2.02	2.89	2.34	2.40	1.80

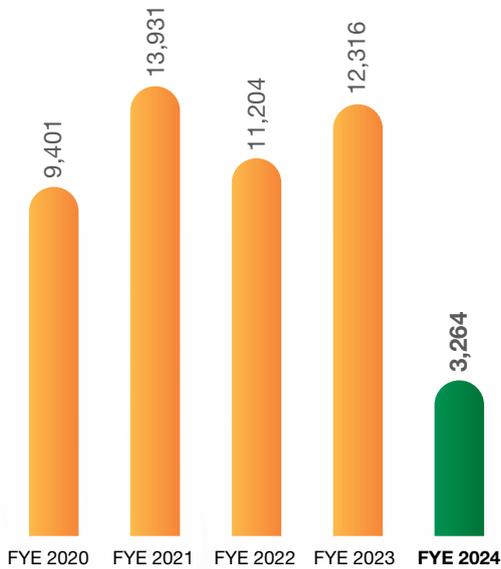
Notes:

- (1) Based on the Accountant's Report set out in Section 13 of the Prospectus of the Company dated 2 May 2024.
- (2) To facilitate a 5 years snapshot for comparison purpose only, basic earnings per share is calculated by dividing the profit after taxation attributable to owners of the Company by number of ordinary shares after the initial public offering.

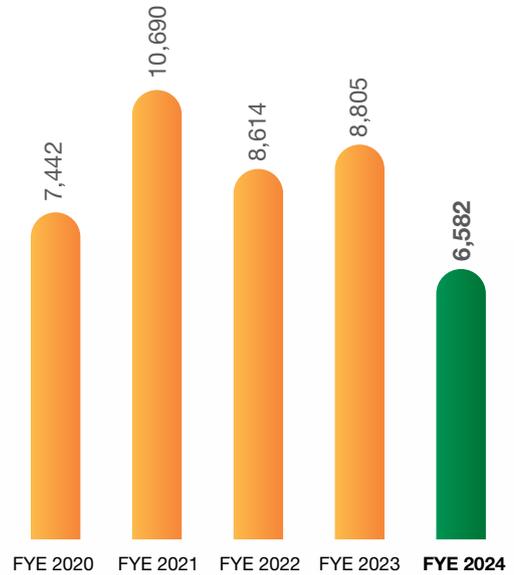


FINANCIAL HIGHLIGHTS (cont'd)

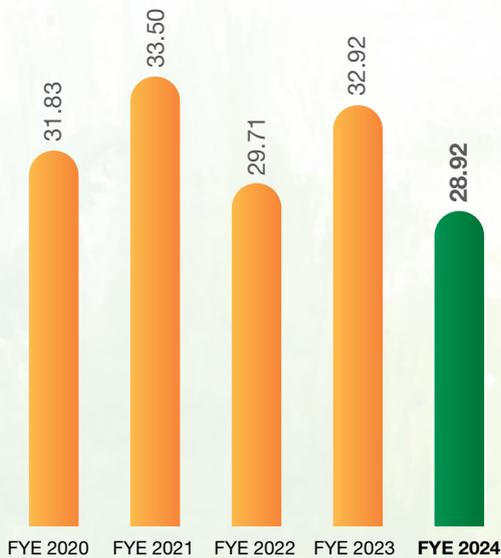
PROFIT BEFORE TAX (RM'000)



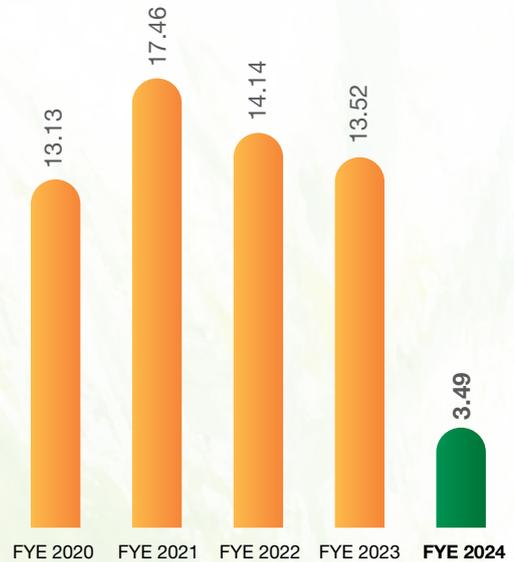
PROFIT AFTER TAX (RM'000)



GROSS PROFIT MARGIN (%)



PROFIT BEFORE TAX MARGIN (%)



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the Board of Directors, I sincerely appreciate your unwavering support of Smart Asia Chemical Bhd (“Smart Asia” or “Company”). This section offers an overview of the business operations of the Company and its subsidiaries (“Group”), a financial review for the financial year ended 31 December (“FYE”) 2024, and the Group’s future developments and prospects.

OUR BUSINESS

At Smart Asia, we specialise in the development, manufacturing, distribution, and sale of decorative paints and protective coatings for both household and industrial applications. Our core business revolves around delivering high-quality coatings solutions through a well-established network of wholesalers, dealers, and authorised distributors. We also cater directly to business end-users, including factories, construction companies, and renovation firms, both in Malaysia and overseas.

We manufacture and distribute our decorative paints and protective coatings under our house brands, Smart Paints, Durra Paints, Toplus, and Hunter. Each brand is designed to serve different market segments, with Smart Paints positioned as a premium offering, while Durra Paints, Toplus, and Hunter provide more cost-effective options. Our in-house product development team works closely with market trends and consumer preferences to continuously develop new and innovative coatings solutions. Our dedicated laboratory in our Johor facility is equipped to support research and development, ensuring we stay ahead in industry. Production takes place at our Johor facility and our Ipoh facility, where our team maintains strict quality control and efficiency in manufacturing.

Beyond paints and coatings, we also develop and manufacture colourants, binding and coating chemicals, which are essential components in our coatings business. Our Aquatint and Flexitint colourants are formulated for both in-plant manufacturing and Smart Colour POS Tinting Machines, ensuring accurate and high-quality colour solutions for our customers. In addition, we produce binding and coating chemicals under the King-Bond brand, including cementitious waterproofing bonding agents and water repellent solutions that enhance durability and performance in construction and industrial applications.

To provide a complete painting solution, we also trade and sell painting tools, accessories, and aerosol spray paints. Our Goldliner brand offers a variety of rollers, brushes, and extension poles, while our Bond7 aerosol spray paints are available in multiple colours, manufactured through OEM partnerships in China, Hong Kong and Vietnam. Additionally, we distribute third-party painting tools and spray paints, including brands like Anchor and Golben, expanding our product portfolio to meet different customer needs. These products complement our paints and coatings, allowing us to serve as a one-stop solution for painting professionals and retail customers.

We also provide Original Design Manufacturer (“ODM”) services for third-party brand owners who wish to sell paints, coatings, and related chemicals under their own labels. With our extensive manufacturing capabilities, we formulate and produce products tailored to our ODM customers’ specifications. Our ODM customers, including authorised distributors and dealers, rely on our expertise to handle product development and production while they focus on branding, marketing, and distribution. This service allows them to reduce operational costs and streamline their supply chain, strengthening their market presence.

Our competitive advantage lies in our commitment to innovation, quality, and efficiency. With a strong in-house Research & Development team, we continue to develop cutting-edge coatings and chemical solutions. Our modern manufacturing facilities ensure consistency and reliability in production, while our well-established distribution network allows us to reach both local and international markets. By offering a diverse product range and flexible ODM services, we remain a trusted partner in the decorative paints and protective coatings industry, dedicated to delivering high-performance solutions to businesses and consumers alike.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

A REVIEW OF OPERATIONS

FYE 2024 marked a significant year for Smart Asia, characterised by key achievements and strategic expansion. Our commitment to innovation and operational excellence has strengthened our market presence and positioned us for continued growth. Key highlights include:

- **Successful Listing on Bursa Malaysia:** On 28 May 2024, Smart Asia was officially listed on the ACE Market of Bursa Malaysia (“Listing”), raising RM37.40 million in Initial Public Offering (“IPO”) proceeds.
- **Expansion of Manufacturing Capacity:** The Perak Plant, equipped with an advanced automated paint production system, began commercial operations in May 2024. This facility has eased capacity constraints at our Johor factories, which had reached full capacity, and has significantly boosted overall manufacturing capabilities. Through automation, we have streamlined production processes, reduced lead times, and enhanced our ability to meet growing customer demand.
- **Strengthening Market Presence and Dealer Network Growth:** In 2024, Smart Asia successfully installed Smart Colour POS Tinting Machines in 56 retail hardware stores and paint shops, further expanding our network and increasing sales. Our “Negara Ku Jenama Ku” campaign continues to promote locally produced paint brands, reinforcing Smart Paints as a leading local brand and strengthening consumer loyalty.

UTILISATION OF PROCEEDS

The Group raised RM37.40 million through its initial public offering, allocated as follows:

Details of use of proceeds	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Balance Unutilised as at 31 March 2025 (RM'000)	Estimated timeframe for use from the date of Listing
(a) Establishment of Perak Plant:				
(i) Construction of Perak Plant	16,000	16,000	-	Within 12 months
(ii) Purchase and commissioning of automated paint production system	11,000	10,038	962	Within 12 months
(b) Purchase of 250 sets of Smart Colour POS Tinting Machine	5,000	639	4,361	Within 36 months
(c) Working capital	1,300	1,300	-	Within 12 months
(d) Listing expenses	4,100	4,100	-	Within 1 month
Total	37,400	32,077	5,323	

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

A REVIEW OF FINANCIAL PERFORMANCE

A summary of the Group's financial performance and financial position indicators for FYE 2024 and FYE 2023 are as follows:

Financial Performance

	FYE 2024	FYE 2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	93,467	91,091	2,376	2.61
Gross profit	27,034	29,984	(2,950)	(9.84)
Profit Before Tax ("PBT")	3,264	12,316	(9,052)	(73.50)
Profit After Tax ("PAT")	6,582	8,805	(2,223)	(25.25)
Gross profit margin (%)	28.92	32.92	N/A	N/A

Revenue Breakdown by Business Segment

Business Segment	FYE 2024	FYE 2023	Variance	
	RM'000	RM'000	RM'000	%
Manufacturing Segment	85,902	81,375	4,527	5.56
Sale and Trading Segment	4,215	6,703	(2,488)	(37.12)
Others ⁽¹⁾	3,350	3,013	337	11.18
Total Revenue	93,467	91,091	2,376	2.61

Note:

(1) Revenue generated from other business activities, products and services which comprise of disinfecting products, sales of Smart Colour POS Tinting Machines, maintenance services for Smart Colour POS Tinting Machines, and painting services.

Revenue Analysis

Our Group's revenue increased by RM2.38 million or 2.61% to RM93.47 million in FYE 2024 from RM91.09 million in FYE 2023.

In FYE 2024, the revenue generated from our manufacturing segment was the primary contributor to our Group's total revenue, representing 91.91% of the total revenue in FYE 2024 (FYE 2023: 89.33%). The revenue from our manufacturing segment reported an increase of RM4.53 million or 5.56%, primarily attributable to a stronger market demand for paint products from our dealers.

Profit Analysis

Our Group's gross profit decreased by RM2.95 million, or 9.84%, to RM27.03 million for FYE 2024 (FYE 2023: RM29.98 million) which is mainly due to the increase in operational costs following the commencement of operations at the Perak Plant.

Our PBT stood at RM3.27 million in FYE 2024 (FYE 2023: RM12.32 million), a decrease of RM9.05 million or 73.50%, mainly due to the increased costs related to the commencement of operations at the Perak Plant, additional marketing efforts, and listing expenses and professional fees post-listing.

Our PAT decreased by RM2.22 million, or 25.25% to RM6.58 million in FYE 2024 (FYE 2023: RM8.80 million) which is in line with the decrease in PBT as mentioned above. The decrease was partially offset with the tax credit of RM3.32 million mainly due to the recognition of deferred tax assets relating to the reinvestment allowance following the commencement of operations of our Perak Plant.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Financial Position

	FYE 2024	FYE 2023	Variance	
	RM'000	RM'000	RM'000	%
Total assets	158,124	136,288	21,836	16.02
Total liabilities	46,715	67,517	(20,802)	(30.81)
Total equity	111,409	68,771	42,638	62.00

Our Group's total assets stood at RM158.12 million in FYE 2024, reflecting an increase of 16.02% from RM136.29 million in FYE 2023, mainly attributable to the increase in plant and machinery relating to the Perak Plant as well as increase in cash and short-term deposits.

Our Group's total liabilities stood at RM46.72 million in FYE 2024 (FYE 2023: RM67.52 million), translating into net assets per share of 30.12 sen. Cash and cash equivalents stood at RM13.78 million in FYE 2024 (FYE 2023: RM5.78 million), showing an increase of RM8.00 million mainly due to the net proceeds received from the IPO in FYE 2024.

ANTICIPATED OR KNOWN RISKS

As Smart Asia maps a path forward to expand the market and increase sales in a recovering Malaysian economy in FYE 2024, several risks have been identified and potential plans for overcoming them.

Dependence on distribution network

Our business relies heavily on wholesalers, dealers, and authorised distributors to sell our products to retail end-users, they play a crucial role in representing our brand and providing customer support.

However, we have limited control over their service quality, which may impact brand perception and product demand. Additionally, there is no guarantee that they will continue purchasing our products or maintaining current order levels. Losing key distributors without timely replacements could negatively affect our financial performance.

As our direct interaction with retail end-users is minimal, we depend on our distribution network for market insights and customer feedback. Smart Asia will address this by diversifying our distribution channels and strengthening partnerships with key distributors to reduce dependency and enhance market responsiveness.

Dependent on experienced management team

The long-term success of our Group heavily relies on the ability to retain our Managing Director, Executive Directors, and management team. The loss of their expertise and experience without prompt replacements could negatively impact our operations and competitiveness. Our growth and expansion are driven by the specialised skills and knowledge of our experienced management team. Since its inception, Smart Asia's success has been built on the experience, industry knowledge and network, and skills of its Managing Director, Executive Directors, and management. To mitigate this risk, our Group implements competitive, performance-driven compensation and promotes a strong culture of proactive succession planning.

Supply chain disruptions

In international trade, supply chain disruptions are always a looming risk because issues like shipping delays and customs issues may crop up from time to time. Smart Asia will address this by diversifying our suppliers, expanding our list of logistics providers, and developing backup plans.

Market volatility

Market volatility is a perpetual risk factor as Smart Asia exports its products and imports its raw materials to and from international markets. International markets may be subject to economic, political, and regulatory fluctuations that could impact the demand for Smart Asia's products.

Smart Asia tempers this risk by diversifying our suppliers and customer bases, closely monitoring global economic and regulatory trends, and implementing flexible supply chain and pricing strategies.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Political and economic risks

The economic landscape is also influenced by political instability, economic slumps, and policy shifts. Smart Asia mitigates this risk through market research, product schemes that are adaptable to the needs of targeted markets, and unique insights gained through our collaboration with local partners. Additionally, Smart Asia consistently keeps abreast of political and economic developments and have contingency plans in place to address the risks related to unpredictable market conditions.

By streamlining these risk mitigation measures into the strategic plan and operations, and continuously reevaluating the risks to take proactive action in addressing them, Smart Asia is confident that we can pave the way for expansion and increased profitability, despite the hailstorm of challenges that will inevitably come our way.

OUR STRATEGIES AND PRIORITIES

Smart Asia is committed to driving long-term growth through strategic expansion, operational excellence, and continuous innovation. To strengthen our market position and enhance value for stakeholders, we have identified key focus areas that will shape our growth trajectory:

- **Enhancing Manufacturing Efficiency and Capacity**
We will continue investing in automation and process optimisation to improve manufacturing efficiency at our Johor and Ipoh facilities. By leveraging advanced production technologies, we aim to increase capacity, reduce operational costs, and enhance product consistency to meet rising market demand.
- **Expanding Market Reach and Dealer Network**
A core priority is expanding our dealer network, with a target of 800 new dealers by 2026. This expansion will strengthen our distribution channels and improve accessibility to our products across Malaysia. The continued deployment of Smart Colour POS Tinting Machines will further enhance product customisation and customer experience, reinforcing our position as a leading paint and coatings provider.
- **Strengthening Brand Presence and Consumer Engagement**
We will intensify brand-building initiatives through marketing campaigns such as “Negara Ku Jenama Ku”, which promotes locally produced paint brands. By increasing consumer awareness and engagement, we aim to further establish Smart Paints and our other house brands as trusted and preferred choices in the industry.
- **Driving Innovation and Product Development**
Our in-house research and development team will continue to develop high-performance coatings and chemical solutions tailored to market needs. By focusing on innovation, we will introduce eco-friendly formulations and advanced coatings technology that align with industry trends and regulatory standards, ensuring we stay ahead of evolving consumer preferences.
- **Expanding ODM and International Market Presence**
We plan to grow our ODM services by partnering with third-party brand owners seeking high-quality, customised coatings solutions. This will open opportunities for international expansion, allowing us to establish a stronger presence in overseas markets while leveraging our manufacturing expertise.
- **Strengthening Infrastructure and Operational Capabilities**
To support our expansion, we are in the process of acquiring an industrial property in Selangor, expected to be completed in 2025. This facility will enhance our sales, administration, and training capabilities, provide additional storage, and contribute to improved operational efficiency.

By executing these strategies, Smart Asia aims to strengthen its competitive advantage, drive sustainable growth, and create long-term value for customers, partners, and stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OUR PROSPECTS

We remain optimistic about the industry's growth potential, driven by increasing demand for high-quality decorative paints and protective coatings. The rising focus on home improvement, construction, and industrial development presents significant opportunities for expansion. Additionally, growing awareness of eco-friendly and high-performance coatings is expected to drive market demand, positioning Smart Asia for sustained growth.

To stay ahead, we will continue investing in automation, research, and product innovation to enhance efficiency and develop advanced coatings solutions. Strengthening our dealer network and expanding our ODM services will further boost our market reach, while ongoing brand-building initiatives will solidify our position as a trusted industry leader. With a clear strategy in place, Smart Asia is well-positioned to capitalise on market opportunities, drive long-term value, and remain competitive in an evolving industry landscape.

The Board of Directors expresses its sincere appreciation to our shareholders, employees, business partners, and stakeholders for their continued trust and support. The success of Smart Asia is a reflection of the dedication and hard work of our team, and we remain committed to fostering sustainable growth, driving innovation, and creating long-term value for all our stakeholders.

Sincerely,

Goh Chye Hin

Managing Director

Smart Asia Chemical Bhd

SUSTAINABILITY STATEMENT

INTRODUCTION

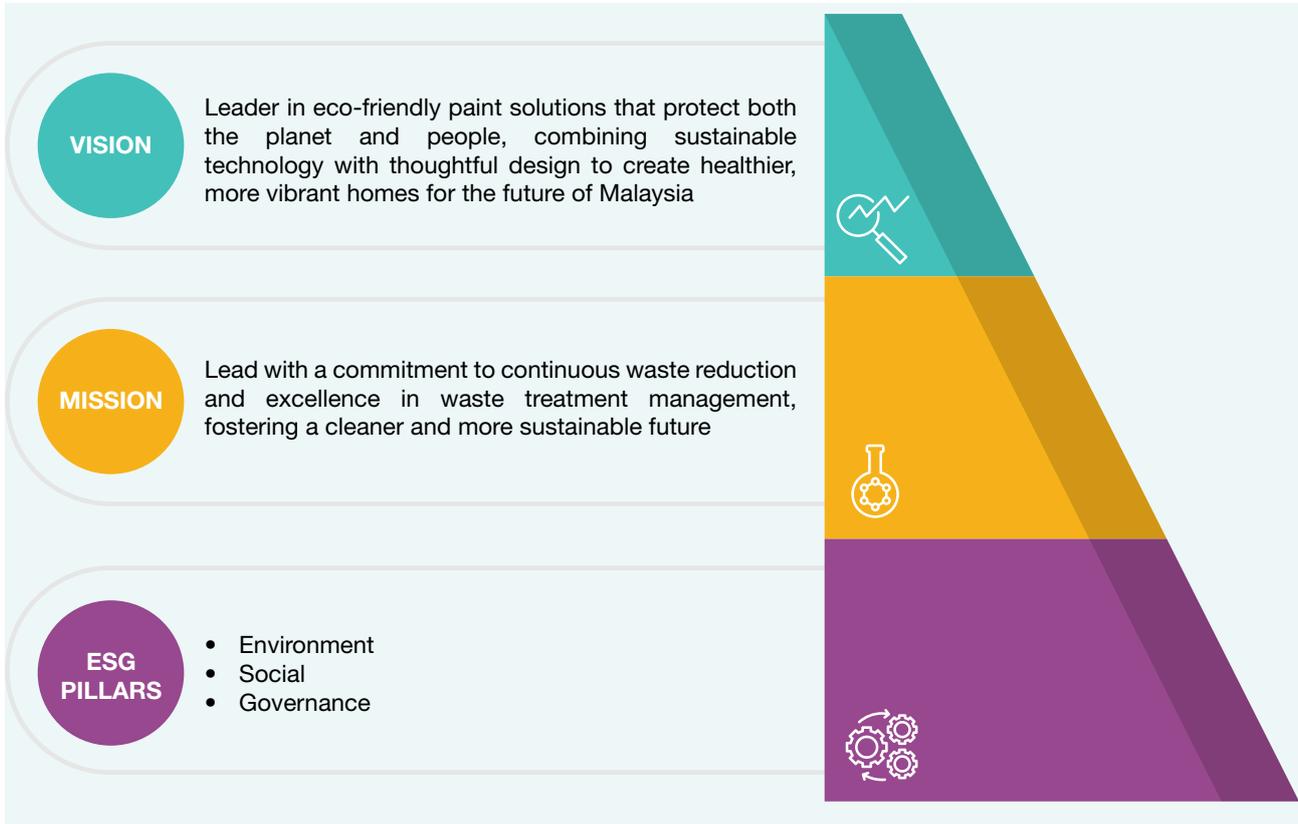
Smart Asia Chemical Bhd (“**Smart Asia**”) and its subsidiaries (collectively known as “the **Group**”) are committed to sustainability in our paint and coating manufacturing. We focus on using eco-friendly materials, reducing waste, and improving energy efficiency. We are the first in Malaysia to introduce zero and low VOC (“**Volatile Organic Compounds**”) healthy paint series that intend to preserve the environment and prioritize the health of our consumers. By ensuring responsible sourcing and developing products that minimise environmental impact during usage and disposal, we aim to contribute to a more sustainable future.

Through transparent sustainability reporting, we communicate our progress and strengthen our commitment to a healthier planet for future generations.



SUSTAINABILITY STATEMENT (cont'd)

SUSTAINABILITY FRAMEWORK



SCOPE AND BOUNDARY

This statement encompasses the Group’s material matters, encompassing both financial and non-financial aspects, for the fiscal year ending 31 December 2024 (“FY2024”). It outlines the efforts and initiatives undertaken to manage these matters, including comparative historical data where available.

This report primarily focuses on group-level disclosures, unless otherwise specified. Our company structure remained largely unchanged during the reporting year. We are continuously refining our reporting standards to ensure disclosures are meaningful and measurable for all stakeholders.

GUIDELINES AND STANDARDS

Our Sustainability Statement was prepared with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

REPORT QUALITY AND ASSURANCE

This Sustainability Statement has not been subject to an internal review by an internal auditor, nor has it undergone independent assurance in accordance with recognised assurance standards. The Group shall continue to strengthen its data collection and analysis procedures to enhance the quality and accuracy of its data.

SUSTAINABILITY STATEMENT (cont'd)

SUSTAINABILITY GOVERNANCE

Our sustainability governance framework is built upon a strong foundation of shared responsibility. The Board of Directors provides overall oversight of our sustainability strategy, ensuring its alignment with our business objectives and values. Audit and Risk Management Committee plays a critical role in reviewing and evaluating the Group’s ESG (Environmental, Social and Governance) related risks and controls. Management is accountable for the day-to-day implementation of sustainability initiatives, setting targets, and reporting progress to the Board and other relevant stakeholders.

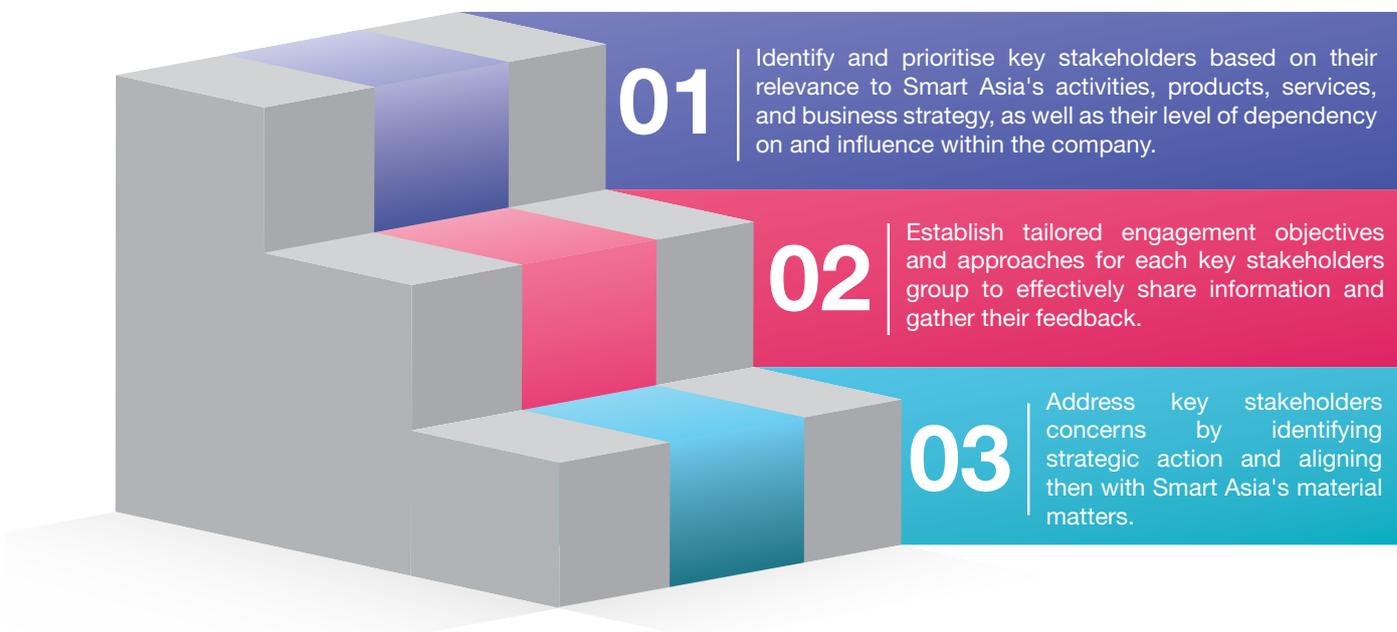
SUSTAINABILITY GOVERNANCE STRUCTURE



STAKEHOLDERS ENGAGEMENT PROCESS

Engaging with stakeholders enables the Group to develop a deeper understanding of the economic, environmental, and social impacts of its activities. This engagement empowers the Group to proactively address sustainability challenges and capitalise on emerging opportunities. We engage stakeholders through a three-step process:

Stakeholder’s Engagement Process



SUSTAINABILITY STATEMENT (cont'd)

STAKEHOLDERS ENGAGEMENT

We recognise the importance of our stakeholders – individuals, communities, and entities impacted by our operations. We actively seek to understand their views and concerns through various communication channels while also communicating our business activities and sustainability performance.

We engaged with stakeholders through a variety of channels, including conventional and electronic documents, web-based media platforms, and face-to-face communications, as detailed below:

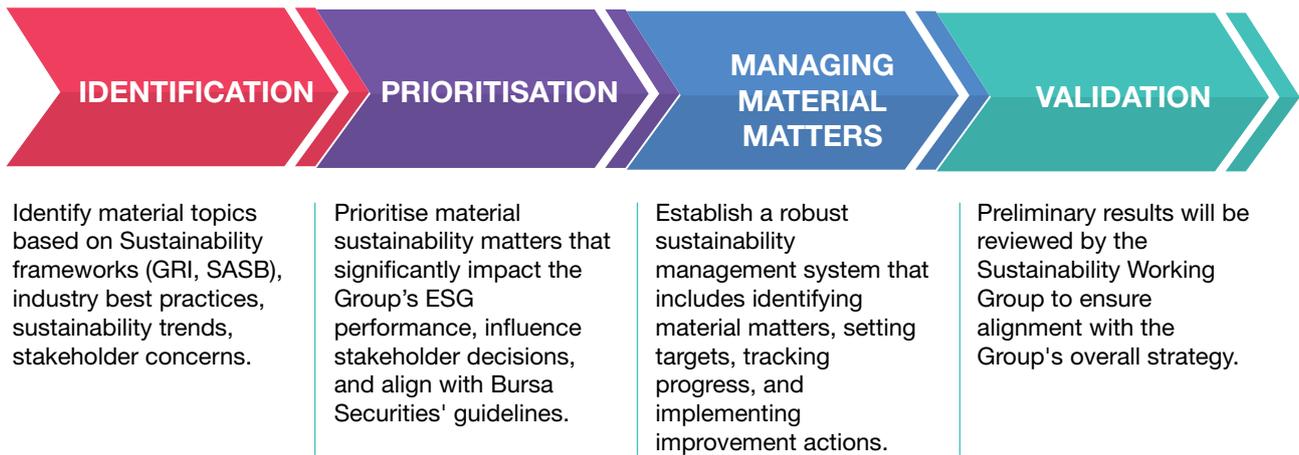
KEY STAKEHOLDERS	COMMUNICATION CHANNELS	FREQUENCY
CUSTOMERS Understand our customers' concerns to cultivate positive long-term relationships and improve our services and quality.	<ul style="list-style-type: none"> Product updates and presentation Customer visitation 	<ul style="list-style-type: none"> As needed
EMPLOYEES Provide a conducive working environment where employees can perform their tasks and develop a fulfilling career ensuring loyalty and continuity.	<ul style="list-style-type: none"> Performance review Department meeting Grievances mechanisms for employees 	<ul style="list-style-type: none"> Annually Monthly As needed
SUPPLIERS AND BUSINESS PARTNERS Our Suppliers and Business Partners enable us to continue delivering quality goods and services.	<ul style="list-style-type: none"> Supplier evaluation Product updates and meetings Supplier visitation 	<ul style="list-style-type: none"> Annually As needed
GOVERNMENT AND REGULATORS Relationship with the Government and Regulators to keep abreast of relevant changes to regulations, ensuring continued compliance with local laws and requirements and obtaining necessary approval.	<ul style="list-style-type: none"> Production plant visit Compliance and regulatory requirements reporting ("SHO") 	<ul style="list-style-type: none"> Annually
SHAREHOLDERS OR INVESTORS Integrity in corporate reporting and meaningful relationships with stakeholders.	<ul style="list-style-type: none"> Announcements and Circulars Annual Report and Annual General Meetings Corporate Website Extraordinary General Meetings 	<ul style="list-style-type: none"> Quarterly Annually As needed
LENDERS AND FINANCIERS Support us through the provision of short and long-term capitals enabling us to manage our operation and achieve our business objectives.	<ul style="list-style-type: none"> Corporate website Corporate and media announcement 	<ul style="list-style-type: none"> As needed
COMMUNITY Continuous support and fund Corporate Social Responsibility ("CSR") activities.	<ul style="list-style-type: none"> Donation Participation in CSR activities 	<ul style="list-style-type: none"> As needed

SUSTAINABILITY STATEMENT (cont'd)

IDENTIFYING OUR MATERIAL MATTERS

Through materiality assessment, we aim to pinpoint the critical sustainability challenges that require our immediate attention and action.

Our materiality assessment process follows the four (4) steps framework outlined in the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), ensuring a comprehensive evaluation of sustainability issues.



MANAGING MATERIAL SUSTAINABILITY MATTERS

We identified material sustainability topics through a comprehensive assessment that considered the Group's economic, environmental, and social impacts, as well as their significance to both the business and stakeholders. This assessment included thorough stakeholder engagement activities. For the FY2024, the Group has identified nine (9) sustainability material topics:



SUSTAINABILITY STATEMENT (cont'd)

MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)



ECONOMIC

PRODUCT QUALITY AND INNOVATION

The Group ensures the highest quality standards through rigorous quality checks at every stage of production.

We prioritise product quality and sustainability by offering innovative solutions like zero and low VOC, and anti-bacterial paints such as Eco-Medi SafeGuard+ Series, Eco-Mediglo Series, Smartex Eco-Wall Series, and Durra AntiViral Safe+ Series.

We are committed to minimise environmental impact by utilising eco-friendly, biodegradable containers. Our dedication to quality and environmental standards is further demonstrated by certifications such as ISO 9001:2015, SIRIM ECO 019:2012, myHIJAU green label certification (ISO:14024), and SIRIM QAS MS, ensuring our products meet the highest standards for performance and sustainability.

Our commitment to product quality is reflected in our stringent quality and ethical standards for suppliers, whom we select diligently. Our pre-qualification process ensures that only those who meet our high standards is included in our supply chain.

SUSTAINABILITY STATEMENT (cont'd)

ETHICAL BUSINESS CONDUCT

Percentage of employees undertaken training on anti-bribery and corruption	100%
Number of confirmed cases on corruption incidents	Zero
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero

To foster a culture of ethical conduct, the Group has implemented a comprehensive framework. This includes the development of an Anti-Bribery and Anti-Corruption ("**ABAC**") Policy, aligned with the guidelines issued by the Prime Minister's Department. In addition, a Whistleblowing Policy is in place, providing clear procedures for disclosure and investigation while ensuring the protection of whistleblowers. Furthermore, a Code of Conduct has been established to outline the Group's core values, expectations, and standards of business conduct and ethics for all employees.

To ensure compliance and a shared understanding of our operational framework, all new employees are required to complete a structured induction program. This program is designed to familiarise new employee with key documents, including the Group's employee handbook, the ABAC Policy, and other relevant policies and procedures that are essential for navigating their roles and responsibilities within the organisation.

The Group maintains a strong commitment to safeguarding the privacy and security of customer data against unauthorised disclosure and cyber threats, in accordance with relevant data privacy regulations. In FY2024, no complaints were received concerning breaches of customer privacy or loss of customer data.



All our policies are made available on the Group's official website at https://investor.smartasiachemical.com/corporate_governance.html



SUSTAINABILITY STATEMENT (cont'd)

ENVIRONMENT

The Group is dedicated to minimise the environmental impact through sustainable product development, resource efficiency, and responsible waste management. Our initiatives include:

- **Eco-friendly Paints** – Development of zero and low-VOC paint to reduce air pollution and promote healthier indoor environments.
- **Sustainable Packaging** – Incorporation of recycled materials in packaging to minimise waste.
- **Energy Efficiency** – Implementation of energy-efficient manufacturing processes to reduce resource consumption.

ESG DESIGN FEATURE FOR OUR PERAK PLANT

In line with our expansion plans, we have completed the construction of our Perak Plant in 2023. The plant incorporates the following ESG features:



White Wall and Light Colour Finishes	Natural daylight	Natural Cross Ventilation	Rainwater harvest system
<i>Enhances energy efficiency by reducing heat gain, lowering cooling demand, and improving occupant comfort</i>	<i>Translucent window panels diffuse natural daylight, reducing reliance on artificial lighting</i>	<i>Enhances indoor comfort by reducing reliance on mechanical cooling, improving energy efficiency and occupant well-being</i>	<i>Conserves water, reduces costs, and promotes resource efficiency</i>

SUSTAINABILITY STATEMENT (cont'd)

WASTE AND EFFLUENT MANAGEMENT

Waste diverted from disposal	91 ton
Waste directed to disposal	78 ton
Total	169 ton

The Group proactively manages chemical waste and effluent to minimise our environmental impact. We have robust systems for the proper handling and disposal of paint residues, packaging, and other manufacturing waste. Our effluent undergoes treatment to remove pollutants before safe discharge, ensuring compliance with environmental regulations. Additionally, we also utilise recycled wastewater for cleaning of mixing tanks, further reducing water consumption.



We adhere strictly to the Environmental Quality Act 1974 with scheduled waste management entrusted to licensed contractors for safe disposal. Waste segregation, labelling and documentation procedures are meticulously implemented, and CePSWaM (“**Certified Environment Professional in Scheduled Waste Management**”) certified personnel oversee all waste management activities to ensure regulatory compliance.

ENERGY AND WATER MANAGEMENT

Total Electricity Consumption	1,129 Megawatt (“ MW ”)
Total Water Consumption	8.657 Megalitre (“ ML ”)

Energy and water are essential for our production processes, including raw material processing, mixing, colour matching, dispersion, and drying.

We conserve energy by turning off appliances when not in use and installing energy-efficient lighting (e.g. LED – Light Emitting Diode) throughout our facilities. We also utilise solar-powered lighting in our car park. During FY2024, the Group utilised 1,129 MW of electricity and 8.66 ML of water in production. The Group remains committed to explore and implement innovative methods to reduce electricity and water usage, while enhancing production efficiency and minimise our environmental footprint.



ENVIRONMENTAL IMPACT ON PAINT AND COATING MANUFACTURING

Paint and coating manufacturing has inherent environmental risks, particularly in air and water pollution. To mitigate this, we focus on developing zero and low VOC products to reduce harmful emissions. Additionally, we have installed ventilation systems in our manufacturing facilities to minimise the accumulation of airborne pollutants. Furthermore, we educate our production staff on best practices for safe and responsible paint handling to ensure compliance with environmental and safety standard.

During FY2024, the Group maintained a strong record of environmental compliance. There were no instances of environmental law violations that resulted in legal offenses. This positive outcome reflects the Group's commitment to responsible environmental practices and its proactive approach to environmental risk management.

CARBON EMISSION MANAGEMENT

Scope 2 Carbon Emission generated	437 tons/kgCO ₂ e
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Based on EPA, eGRID 2025 (771.5 lb CO₂/ MWh)

The Group recognises its responsibility to minimise the carbon footprint and contribute to long-term environmental sustainability. Various ESG initiatives have been introduced to address this concern, including the optimisation of production processes to reduce energy consumption and waste generation, investment in energy-efficient equipment, and exploration of renewable energy sources.

As part of the ongoing commitment to carbon management, The Group has commenced the calculation on the Scope 2 carbon emission for FY2024. During the year, 437 tons of CO₂e was generated in the operation.

SUSTAINABILITY STATEMENT (cont'd)

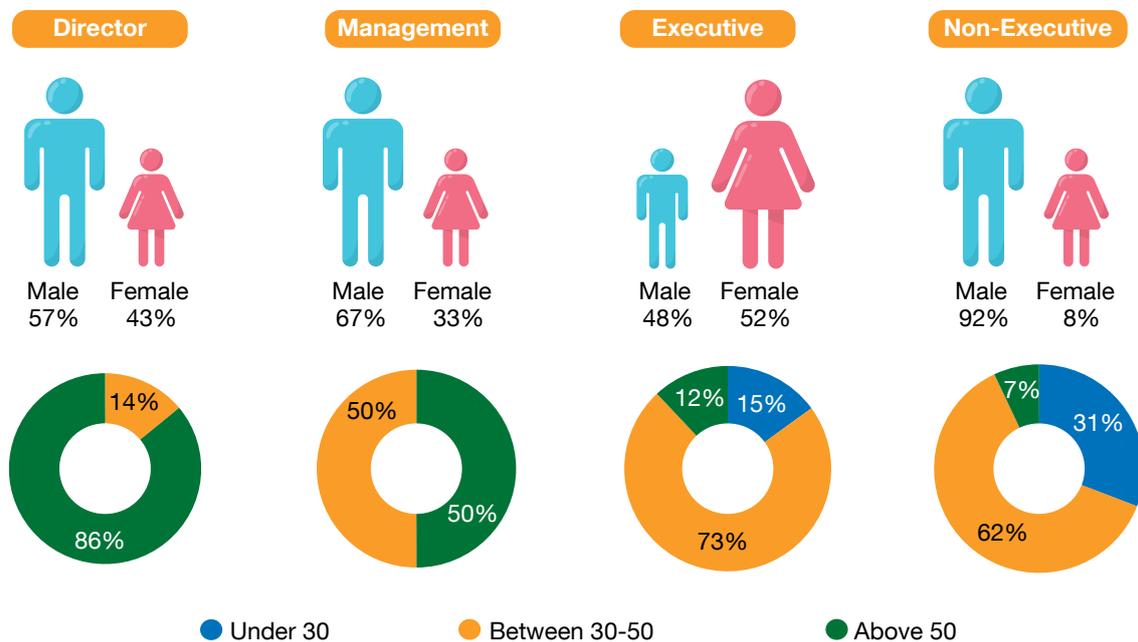
SOCIAL

Guided by our commitment to ESG principles, we prioritise ethical and sustainable operations. by ensuring the safety and well-being of our employees and fostering a diverse and inclusive work environment.

EMPLOYMENT DIVERSITY AND EQUAL OPPORTUNITY

The Group is committed to cultivate a diverse and inclusive workplace. We recognised the value of unique perspectives and experiences of all employees, regardless of their background. Together, we strive to create an equitable environment where everyone has equal opportunities for career growth and advancement based on merit.

PERCENTAGE (%) OF EMPLOYEES BY GENDER BASED ON EMPLOYEE CATEGORY



To support employees in their professional development, the Group's makes significant investment in training programs aimed at enhancing skills, improving work efficiency, and advancing career progression. During FY2024, a total of 1,841 training hours were provided, averaging 9 hours per employee, reflecting our commitment to continuous learning and capability building.

Total hours of trainings by employee category	1841
Management	14
Executive	994
Non-Executive	833

SUSTAINABILITY STATEMENT (cont'd)

OCCUPATIONAL SAFETY & HEALTH

Number of employees trained on health and safety	108
Number of work-related fatalities	Zero
Lost time incident rate	Zero

Ensuring a safe working environment is a key priority, particularly at our production plant, where occupational health and safety risks must be carefully managed. A robust safety management system has been implemented, which includes regular safety inspections, employee training programs on safety protocols, and the provision of essential personal protective equipment such as protective gloves, safety glasses, and respirator mask. During FY2024, the Group invested 138 training hours in health and safety training, benefiting 108 employees exposed to potential workplace hazards.

The Group upholds a zero-tolerance policy towards workplace accidents and strives to create a safe and healthy working environment for all employees. In FY2024, no fatal accidents occurred in the production process that resulted in permanent disability. To further strengthen our safety culture, the appointed Safety & Health Officer has conducted comprehensive monthly safety briefings, ensuring that employees remain well-informed and vigilant in adhering to safety best practices.

PERFORMANCE DATA TABLE

Common Indicator		Measurement Unit	FY2024
C1	Anti-Corruption		
	Percentage of employees who have received training on anti-corruption by employee category		
	Management	Percentage	100%
	Executive	Percentage	100%
	Non-executive/ Technical Staff	Percentage	100%
	General Workers	Percentage	0%
(b)	Percentage of operations assessed for corruption-related risks	Percentage	0%
(c)	Confirmed incidents of corruption and action taken	Number	0
C2	Community/ Society		
(a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	Unit of currency	0
(b)	Total number of beneficiaries of the investment in communities	Number	0
C3	Diversity		
(a)	Percentage of employees by gender and age group, for each employee category		
	Gender Group by Employee Category		
	Management Male	Percentage	67%
	Management Female	Percentage	33%
	Executive Male	Percentage	48%
	Executive Female	Percentage	52%
	Non-executive/ Technical Staff Male	Percentage	92%
	Non-executive/ Technical Staff Female	Percentage	8%
	General Workers Male	Percentage	0%
	General Workers Female	Percentage	0%

SUSTAINABILITY STATEMENT (cont'd)

PERFORMANCE DATA TABLE (CONT'D)

Common Indicator		Measurement Unit	FY2024
C3	Diversity (Cont'd)		
(a)	Percentage of employees by gender and age group, for each employee category (cont'd)		
	Age Group by Employee Category		
	Management Under 30	Percentage	0%
	Management Between 30-50	Percentage	50%
	Management Above 50	Percentage	50%
	Executive Under 30	Percentage	15%
	Executive Between 30-50	Percentage	73%
	Executive Above 50	Percentage	12%
	Non-executive/ Technical Staff Under 30	Percentage	31%
	Non-executive/ Technical Staff Between 30-50	Percentage	62%
	Non-executive/ Technical Staff Above 50	Percentage	7%
	General Workers Under 30	Percentage	0%
	General Workers Between 30-50	Percentage	0%
	General Workers Above 50	Percentage	0%
(b)	Percentage of directors by gender and age group		
	Male	Percentage	57%
	Female	Percentage	43%
	Under 30	Percentage	0%
	Between 30-50	Percentage	14%
	Above 50	Percentage	86%
C4	Energy Management		
(a)	Total energy consumption	Megawatt	1,129
C5	Health and Safety		
(a)	Number of work-related fatalities	Number	0
(b)	Lost time incident rate ("LTIR")	Rate	0
(c)	Number of employees trained on health and safety standards	Number	108
C6	Labour practices and standards		
(a)	Total hours of training by employee category		
	Management	Hours	14
	Executive	Hours	994
	Non-Executive/ Technical Staff	Hours	833
	General Workers	Hours	0
(b)	Percentage of employees that are contractors or temporary staff	Percentage	0%
(c)	Total number of employee turnover by employee category		
	Management	Number	2
	Executive	Number	31
	Non-Executive/ Technical Staff	Number	30
	General Workers	Number	0
(d)	Number of substantiated complaints concerning human rights violations	Number	0

SUSTAINABILITY STATEMENT (cont'd)

PERFORMANCE DATA TABLE (CONT'D)

Common Indicator		Measurement Unit	FY2024
C7	Supply chain management		
(a)	Proportion of spending on local suppliers	Percentage	73%
C8	Data privacy and security		
(a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
C9	Water		
(a)	Total volume of water used	Megalitres	8.657
C10	Waste Management		
(a)	Total waste generated	Metric tonnes	169
(i)	Total waste diverted from disposal	Metric tonnes	91
(ii)	Total waste directed to disposal	Metric tonnes	78
C11	Emission Management		
(a)	Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	0
(b)	Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	437
(c)	Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	0

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of Smart Asia Chemical Bhd (“**Smart Asia**” or “**Company**”) is pleased to present the Corporate Governance (“**CG**”) Overview Statement for the financial year ended 31 December 2024 (“**FYE 2024**”), which has been prepared in compliance with Rule 15.25 of the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and has set out an overview on the application of the Principles of good corporate governance as promulgated by the Malaysian Code on Corporate Governance issued in April 2021 (“**MCCG**”). This CG Overview Statement should be read in conjunction with the Company’s CG Report, which has set out details on how the Company has applied the Practices as set out in MCCG.

The Company and its subsidiaries (“**Group**”) firmly believes that good corporate governance is key towards the enhancement of shareholders value, the promotion of the Group’s long-term value as well as the building of a sustainable business. To this end, the Board is steadfast towards maintaining high standards of corporate governance within the Group and to uphold the Principles of the MCCG towards achieving the Intended Outcome as set out in MCCG.

This CG Overview Statement provides a summary of the corporate governance practices implemented by the Group during the FYE 2024 with reference to the three Principles of MCCG whilst explanations on how the Company has applied the Practices promoted by MCCG are disclosed in the CG Report. Where there is a departure from a Practice, explanations for the departure are provided in the CG Report with disclosure on the applicable alternative practice which the Group has adopted.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Group acknowledges the vital role played by the Board in the stewardship of the direction and business operations of the Group. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals, consideration of significant financial matters, review of the financial and operating performance of the Group and undertaking of major investments and capital expenditures.

I. BOARD RESPONSIBILITIES

The Company has an experienced Board that is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The Board also ensures the implementation of appropriate risk management and internal control systems, including financial, operational and compliance to safeguard the shareholders’ interest and the Group’s assets. The Board has adopted certain responsibilities for effective discharge of its functions through formalising its Board Charter (available at the Company’s website: <https://sac.listedcompany.com>) which, inter alia, sets a list of specific functions that are reserved for the Board and Chairman; and the authorisation limit which defines relevant matters and applicable limits reserved for Chairman and Executive Directors that are further cascaded to senior management team within the Company.

The Board has established Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, which are entrusted with specific oversight responsibilities for the Group’s affairs. The Board Committees are granted the authorities to act on each Board’s behalf in accordance with their respective Terms of Reference (“**TOR**”) and to report to the Board with the necessary recommendation. The TOR of the Board Committees are available at the Company’s website: <https://sac.listedcompany.com>. Further, the Boards’ is also responsible in ensuring compliance by the Company and the Group with the AMLR, the Companies Act 2016 and rules of other relevant authorities.

The Group aims to ensure a balance of power and authority between the Chairman and Executive Directors with a clear division of responsibility between the running of the Board and the Company’s business respectively. The Group also emphasises and practices a division of responsibility between the Executive and Non-Executive Directors. The distinct and separate roles of the Chairman and Executive Directors, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings is in compliance with good conduct and best practices. The Executive Directors are responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies. Whilst, the Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

All Directors have unrestricted access to all information pertaining to the Group's business and affairs and has full access to management, Company Secretary and External Auditors for information needed to carry out their duties and responsibilities. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the Company's expenses.

The Board has adopted the Investor Relations Policy, Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Directors' Fit and Proper Policy which are available on the Company's website.

II. BOARD COMPOSITION

As at the date of this Annual Report, the Board consists of seven (7) Directors i.e. four (4) Independent Non-Executive Directors and three (3) Executive Directors. The Independent Non-Executive Directors fulfilled the criteria of "Independence" as prescribed under the AMLR. This complies with the AMLR which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgment.

Smart Asia has three (3) female Directors, providing a representation rate of 42.86% which complies with the AMLR of Bursa Securities to have at least one (1) woman Director on the Board.

The Board meets on a quarterly basis with additional meetings being convened when necessary to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the AMLR. The Board met on three (3) occasions during the FYE 2024 and the details of attendance at Board Meetings are set out below:-

Name of Directors	Attendance	Percentage of attendance (%)
Yau Yin Wee	3/3	100%
Goh Chye Hin	2/3	67%
Kee Hui Lang	2/3	67%
Lim Kok Beng	3/3	100%
Tan Suat Hoon	3/3	100%
Yap Yung Chien	3/3	100%
Ang Hock Seng	3/3	100%

Prior to each meeting, notice of meetings and agenda were circulated to all Directors together with the draft minutes of the previous meeting, respective reports/papers and other board meeting reference materials such as management reports and financial reports to be discussed were furnished to the Directors at least seven (7) days prior to the Board meeting via e-mail so that each Director had ample time to review the papers to enable informed decision making. The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes.

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they should receive appropriate trainings which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Training programmes and seminars attended by the Directors of the Company during the FYE 2024 are as follows:-

Name of Directors	Date	Training Programmes/Seminars/Workshops/ Conferences Attended
Yau Yin Wee	20 November 2024	Unlocking Opportunities in Malaysia Budget 2025: Tax measures, Incentives and E-invoicing solutions
Goh Chye Hin	13 – 14 March 2024	Mandatory Accreditation Programme
Kee Hui Lang	13 – 14 March 2024	Mandatory Accreditation Programme
	13 December 2024	Malaysia E-Invoicing: Training on E-Invoicing Implementation
Lim Kok Beng	29 – 30 April 2024	Mandatory Accreditation Programme
	9 – 10 October 2024	Mandatory Accreditation Programme Part II: Leading for Impact
Tan Suat Hoon	12 January 2024	Post 2024 National Budget Discussion Forum
	19 March 2024	BDO Talk: Simplifying e-Invoicing
	27 March 2024	Unclaimed Money Act 1965 and Sustainable Finance Leadership
	10 – 11 June 2024	Mandatory Accreditation Programme Part II: Leading for Impact
	19 June 2024	Digital Mindset Pack - Strategic Importance of Digital Transformation and Underpinning
Ang Hock Seng	29 – 30 April 2024	Mandatory Accreditation Programme
	21 – 22 October 2024	Mandatory Accreditation Programme Part II: Leading for Impact
Yap Yung Chien	18 – 19 September 2024	Mandatory Accreditation Programme Part II: Leading for Impact

During the FYE 2024, the External Auditors briefed the Board members on the changes to the Malaysian Financial Reporting Standards and their impact on the Group's and the Company's financial statements for the financial year. The Board was also briefed on the amendments to the AMLR.

Company Secretaries

The Board is supported by two (2) external qualified and competent Company Secretaries who are the Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (“**MAICSA**”) and are qualified to act as Company Secretaries under Section 235 of the Companies Act 2016. As the practicing Company Secretaries, they have also attended continuous professional development programmes as required by MAICSA and Companies Commission of Malaysia.

They are also responsible for ensuring that the Company's Constitution, procedures, policies and regulations are complied with, as well as ensuring that, all obligations required by the regulatory and under the AMLR are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretaries.

The Company Secretaries ensure that the deliberations at meetings of the Board and Board Committees are properly captured and minuted. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties as required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharging their functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Nomination Committee

The Board has established Nomination Committee (“**NC**”) to assist the Board in their responsibilities in nomination new nominees to the Board and to assess the performance of the Board, the Board Committees and the Directors of the Company on an on-going basis. Full details of the NC’s duties and responsibilities are stated in its TOR which is available on the Company’s website: <https://sac.listedcompany.com>.

The NC comprises exclusively Independent Non-Executive Directors as follows:-

1. Yap Yung Chien (Chairman)
2. Tan Suat Hoon
3. Ang Hock Seng

The NC is responsible for the Board evaluation process covering the Board, the Board Committees and individual Director, on an annual basis.

The Company’s Constitution provides that one third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

In considering whether to recommend a Director who is eligible to stand for re-election, the NC would consider a variety of factors, including:

- the Director’s contributions to the Board and ability to continue to contribute productively;
- the Director’s attendance at Board and committee meetings;
- the Director’s compliance with the MCCG;
- the Director’s skills, knowledge, experience and expertise, professionalism and competencies;
- whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service; and
- the independence of the Director.

There was no committee meeting held during FYE 2024 as the Company was only listed on the ACE Market of Bursa Securities on 28 May 2024 (“**Listing**”). However, the NC had on 27 February 2025 conducted the annual assessment on the effectiveness of the Board, the Board Committees and all individual Directors, based on their performance for FYE 2024.

Based on the assessment, the NC concluded that the current structure, size and composition of the Board, which comprises Directors who possess a wide range of expertise, experience and skill in various fields enable them to discharge their duties and responsibilities effectively.

III. DIRECTORS’ REMUNERATION

The Remuneration Committee (“**RC**”) comprises exclusively Independent Non-Executive Directors as follows:-

1. Ang Hock Seng (Chairman)
2. Tan Suat Hoon
3. Yap Yung Chien

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the Company is in. The RC is also responsible for evaluating the Executive Directors’ remuneration which is linked to the performance of the Executive Director and performance of the Group. Individual Director does not participate in the discussion and decision making of their own remuneration to avoid conflict of interest.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. DIRECTORS' REMUNERATION (CONT'D)

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and senior management needed to run the Company successfully, taking into consideration all relevant factors including the skill function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

Pursuant to Section 230(1) of the Companies Act 2016, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The annual review during the FYE 2024 was conducted on 29 April 2025.

The remuneration of the individual Directors and Chief Financial Officer of the Company, including the remuneration for services rendered to the Group and the Company for the FYE 2024 are as follows:-

Category	Salaries RM	Fees RM	Meeting Allowances RM	Bonuses RM	Other emoluments RM	Total RM
Executive Directors						
Goh Chye Hin	114,300	48,000	3,000	15,000	16,296	196,596
Kee Hui Lang	69,300	48,000	3,000	9,000	10,177	139,477
Lim Kok Beng	158,850	48,000	4,000	22,500	22,567	255,917
Non-Executive Directors						
Yau Yin Wee	-	60,000	4,000	-	-	64,000
Tan Suat Hoon	-	48,000	4,000	-	-	52,000
Ang Hock Seng	-	48,000	4,000	-	-	52,000
Yap Yung Chien	-	48,000	4,000	-	-	52,000
Chief Financial Officer						
Jiu Chieh Yin	187,193	-	-	23,250	26,832	237,275

The details of the remuneration of the senior management (including salary, bonus, benefit in kind and other emoluments) in each successive bands of RM50,000.00 during the FYE 2024 are as follows:-

Range of Remuneration (RM)	Designation of Senior Management
RM100,000 to RM150,000	Business Director and Executive Manager
RM150,000 to RM200,000	Operations Director

There was no RC meeting held during FYE 2024 as the Company was only listed on the ACE Market of Bursa Securities on 28 May 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Board is assisted by the Audit and Risk Management Committee (“**ARMC**”) which comprises exclusively of three (3) Independent Non-Executive Directors, to oversee the integrity of the financial statements, compliance with relevant accounting standards and the Group’s risk management and internal controls.

The members of ARMC are as follows:

1. Tan Suat Hoon (Chairperson)
2. Ang Hock Seng
3. Yap Yung Chien

The Chairperson of the ARMC is not the Chairman of the Board. The ARMC Chairman has full and unrestricted access to the Executive Directors, Senior Management, External Auditors and Internal Auditors on all information necessary to enable them to discharge her duty. None of the members of the ARMC is a former partner of its external audit firm.

The composition of the ARMC is reviewed annually with the view to maintain an independent and effective ARMC, and in line with the Principles of the MCCG. The ARMC members are expected to continuously update their knowledge and enhance their skills. Based on the performance evaluation of the ARMC for the FYE 2024, the Board is pleased to confirm that the Chairperson and the members of ARMC have fulfilled their responsibilities.

The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the ARMC annually.

II. Risk Management and Internal Control Framework

The Board affirms its responsibilities over the Group’s system of risk management and internal control and acknowledges that such system is an integral part of effective management practice. To this end, the Board confirms that the Group has implemented an ongoing process of identifying, evaluating, monitoring and managing the significant risks faced by the Company and the Group under its risk management and internal control framework. Details of the Group’s risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report.

The Board has delegated the review on the adequacy and effectiveness of the Group’s risk management and internal control framework to the ARMC.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Engagement with Stakeholders

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance, Annual General Meeting (“**AGM**”) and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities and the Company’s website at <https://sac.listedcompany.com>.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders’ value and recognises the importance of timely dissemination of information to shareholders or stakeholders. The Board is accountable to shareholders as well as other stakeholders of the Company for the performances and operations of the Group. As such, the Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. The Chairman together with other Directors and External Auditors will be present at the forthcoming AGM to answer any enquires from the shareholders. Shareholders who are unable to attend the AGM are allowed to appoint proxies to attend and vote on their behalf.

As recommended by the MCCG, the notice of AGM will be sent to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper.

The Board will ensure that each item of special business included in the notices of the AGM or Extraordinary General Meeting is accompanied by a full explanation of the effects of any proposed resolution. In line with Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in the notice of general meeting will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meeting. The outcome of the general meeting will then be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be uploaded on the Company's website within thirty (30) business days from the date of the general meeting.

As the Company was only listed on the ACE Market of Bursa Securities on 28 May 2024, the upcoming AGM will be the Company's first AGM as a public listed company. Barring unforeseen circumstances, all Directors will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of financial year, and of the results and cash flows of the Company and the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Company and the Group for the FYE 2024. The Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

COMPLIANCE STATEMENT

The Board is satisfied that the Company, though listed on the ACE Market of Bursa Securities on 28 May 2024, the Group has complied with the Principles of the Corporate Governance as contained in the MCCG save for the exception that disclosed in the CG Report as departures in the opinion of the Directors, adequately suit the circumstances.

The Board will strike to ensure that the Group complies with the principles and practices of the MCCG. The Board will continuously improve procedures to ensure compliance.

This CG Overview Statement was approved by the Board on 29 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Securities:-

1.0 Material Contracts Involving Directors and/or Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest either still subsisting at the end of the FYE 2024 or entered into since the end of the previous financial year.

2.0 Utilisation of Proceeds Raised from Corporate Proposals

During the financial year, the gross proceeds of RM37.40 million from the initial public offering is intended to be utilised in the following manner:-

Details of use of proceeds	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Balance Unutilised as at 31 March 2025 (RM'000)	Estimated timeframe for use from the date of Listing
(a) Establishment of Perak Plant:				
(i) Construction of Perak Plant	16,000	16,000	-	Within 12 months
(ii) Purchase and commissioning of automated paint production system	11,000	10,038	962	Within 12 months
(b) Purchase of 250 sets of Smart Colour POS Tinting Machine	5,000	639	4,361	Within 36 months
(c) Working capital	1,300	1,300	-	Within 12 months
(d) Listing expenses	4,100	4,100	-	Within 1 month
Total	37,400	32,077	5,323	

3.0 Contracts Relate to a Loan

There were no contracts which relate to a loan entered into by the Company and its subsidiaries during the FYE 2024.

4.0 Recurrent Related Party Transactions of Revenue or Trading Nature

Save as disclosed in Note 28 of the audited financial statements and the recurrent related party transactions disclosed in the circular to shareholders dated 30 April 2025, there were no recurrent related party transactions entered by the Company and its subsidiaries during the FYE 2024.

5.0 Non-Audit Fees

The auditors' remuneration including non-audit fees for the Company and the Group for the FYE 2024 is as follows:-

Details of Audit Fees	Group (RM)	Company (RM)
Statutory Audit Fees	168,000	50,000
Non-Audit Fees(i)	191,900	104,000

Note:

- (i) The non-audit fees of the Group and the Company were primarily incurred for tax services, as well as reporting accountant and tax due diligence services related to the Listing.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Director (“**Board**”) of Smart Asia Chemical Bhd (“**Smart Asia**” or “**Company**”) is pleased to present the Report of the Audit and Risk Management Committee (“**ARMC Report**”) for the financial year ended 31 December 2024 (“**FYE 2024**”). The ARMC Report provides insights into the manner the ARMC has discharged its duties and responsibilities in accordance with its Terms of Reference (“**TOR**”) for FYE 2024.

The ARMC was established to assist the Board in fulfilling its oversight responsibilities, specifically in the areas of financial reporting, corporate governance, risk management, internal control and financial reporting of Smart Asia and its subsidiary companies (“**Group**”), as well as other areas of responsibilities that may be promulgated by the ACE Market Listing Requirements (“**AMLR**”) and the Malaysian Code on Corporate Governance 2021 from time to time. The duties, responsibilities and authority of the ARMC are set out in its TOR which have been approved by the Board.

COMPOSITION & MEETING

The ARMC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the ARMC complies with Rule 15.09 (1) of AMLR. The composition and the details of each ARMC members’ attendance for FYE 2024 are set out below:

Name	Designation	Meeting Attendance
Ms. Tan Suat Hoon	Chairman	3/3
Mr. Ang Hock Seng	Member	3/3
Ms. Yap Yung Chien	Member	3/3

The ARMC Chairman, Tan Suat Hoon, is a member of the Malaysian Institute of Accountants (MIA) and Chartered Institute of Management Accountants (CIMA).

Profiles of the ARMC members are set out in Directors’ Profile Section of this Annual Report.

The notice of ARMC meeting and relevant meeting papers are distributed in advance, normally seven (7) days prior to the meetings to enable the ARMC to have sufficient time to review the materials and allow for better preparation and understanding of the issues to be discussed. The quorum for a meeting shall be two (2) members and the majority members present at the meeting must be independent.

The Company Secretary shall be the Secretary of the ARMC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting. The Company Secretary shall be responsible for recording the minutes of the ARMC meetings. Minutes of meetings will be circulated to all members of ARMC and tabled for confirmation at the next meeting.

The ARMC may call for a meeting as and when required, with reasonable notice as deemed fit by the ARMC members. ARMC members may participate in a meeting through tele-conference, telephone call or any other similar communications method that allows all participants to hear each other. Such participation in a meeting shall constitute presence in person at such meeting and shall satisfy the quorum requirement.

The Executive Directors and Chief Financial Officer are invited to ARMC meetings to facilitate direct reporting by Executive Directors and senior management and to enable the provision of updates on the Group’s operations, activities and financial performances. Representatives from the Internal Auditors, External Auditors and other representatives of the Group are also invited to attend the ARMC meetings to discuss specific matters which require their input and advice.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

The ARMC reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities. The summary of the work and key matters considered by the ARMC during FYE 2024 are as follows:

1. Financial Reporting

- Reviewed and discussed the unaudited quarterly financial results of the Group with the Management, and recommended them for the Board's consideration and approval before releasing to Bursa Malaysia Securities Berhad;
- Reviewed and discussed the audited financial statements together with the Directors' and auditor's statements with the External Auditors and Management and recommended them for the Board's consideration and approvals; and
- Discussed the key audit matters with External Auditors and the management.

2. Internal Audit

- Reviewed and approved the Annual Audit Plan for year 2024 to ensure adequate and comprehensive coverage of the activities of the Group; and
- Discussed and approved the internal audit reports which highlighted the findings and management's responses.

3. External Audit

- Reviewed the External Auditors' terms of engagement, audit plan, scope of work, audit fees and non-audit fees for the year under review;
- Reviewed the independence, performance and effectiveness of External Auditors and made recommendations to the Board on their re-appointment and remuneration; and
- Reviewed and discussed the significant issues arising from the financial audit.

4. Risk Management

- Reviewed, evaluated and made recommendations to the Board on the following matters:-
 - Adequacy and effectiveness of Smart Asia's Risk Management Framework to ensure appropriate systems and processes are in place; and
 - Smart Asia's Enterprise Risk Management and Risk Profile to monitor and manage identified risks effectively.

5. Related Party Transactions

- Reviewed related party transactions and recurrent related party transactions entered by the Group on a quarterly basis and assessed whether such transactions are carried out on arm's length basis and not detrimental to the Company's minority shareholders.

6. Conflict of Interest

- Reviewed potential conflict of interest situations that may arise and measures to mitigate the conflict of interest.

7. Other Activities

- Reviewed the Statement on Risk Management and Internal Control and recommended it for the Board's approval.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

Internal Audit Function

The Company has outsourced the internal audit function of the Group to an independent consulting firm, Resolve IR Sdn Bhd to assist the ARMC in the discharge of its duties and responsibilities.

The profile of Resolve IR Sdn Bhd is set out as follows:

Principal Engagement Lead :	Choo Seng Choon
Qualifications :	<ul style="list-style-type: none"> - Certified Internal Auditor and Chartered Member of the Institute of Internal Auditors - Fellow Member of Association of Chartered Certified Accountants (UK) - Chartered Accountant and a member of Malaysian Institute of Accountants - Certified Public Accountant of Malaysian Institute of Certified Public Accountant
Experiences :	More than twenty (25) years of experience in risk management, internal audit, corporate governance, performance and business management, IPOs, taxation, corporate finance and due diligence
Number of resources :	Each internal audit review ranges from three (3) to four (4) staff per visit

Resolve IR Sdn Bhd is a member of the Institute of Internal Auditors Malaysia ("IIAM") (Membership Number: C0477) and its personnel are individual members of IIAM or Malaysian Institute of Accountant or both.

The primary responsibility of this internal audit function is to assist the Board and the ARMC in reviewing and assessing whether the management systems of internal control procedures are adequate and effective as well as provide recommendations to strengthen these internal control procedures to foster a strong control environment.

Before the commencement of the internal audit reviews, an internal audit plan over a 3 years cycle is presented to the ARMC for their deliberation and approval. Upon approval by the ARMC, internal audit reviews would be carried out in accordance with the approved internal audit plan. Thereafter during the quarterly meetings following the presentation of the Internal Audit Report, the ARMC also reviews with the Internal Auditors, the progress and coverage of the Internal Audit Plan to ensure that the audit direction remains relevant and is in line with the ARMC's expectations. The internal audits were conducted using a risk-based approach and was guided by the International Professional Practice Framework issued by the Institute of Internal Auditors.

Prior to the presentation of reports and findings to the ARMC, comments from the management were obtained and incorporated into the internal audit findings and reports.

The Internal Auditors had attended two (2) ARMC meetings during the financial year. The functional areas and operating processes reviewed by the Internal Auditors were as follows:

Audit activities	Auditable entities
Sales to Receivables	Smart Paints (M) Sdn Bhd (Johor)
Inventory Management	Smart Paint Manufacturing Sdn Bhd (Johor)

The total cost incurred during the current financial year for the internal audit function of the Group was RM23,239.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“**Board**”) of Smart Asia Chemical Bhd (“**Company**”) and its subsidiaries (“**Group**”) is pleased to present its Statement on Risk Management and Internal Control (“**Statement**”) for the financial year ended 31 December 2024 (“**FYE 2024**”). This Statement has been compiled in compliance with Rule 15.26(b) of the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), incorporating the principles and recommendations of the Malaysian Code on Corporate Governance 2021 (“**MCCG**”) with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Responsibility and Accountability

The Board acknowledges its responsibility to observe the MCCG in maintaining a sound system of risk management and internal control throughout the operations of the Group to safeguard shareholders’ investments, stakeholders’ interest and the assets of the Group.

Committed to foster an effective control environment, the Board continuously reviews the integrity and soundness of the risk management and internal control mechanisms. To streamline the process, the Board has delegated the task of reviewing the adequacy of the Group’s risk management and internal control to the Audit and Risk Management Committee (“**ARMC**”) in accordance with the terms of reference.

However, given the limitations inherent in any systems of internal controls and risk management, such systems are designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group. Hence, the Group’s system of internal controls can only provide reasonable assurance but not absolute assurance against material misstatement or loss to the Group.

Risk Management and Internal Control System

In undertaking the functions of the Board regarding risk management and internal controls of the Group, the Board is supported by several established Board committees, namely the ARMC, the Nomination Committee, and the Remuneration Committee, each of which has clearly defined terms of reference.

The ARMC has been tasked by the Board with, amongst others, the duty of reviewing and monitoring the adequacy and effectiveness of the Group’s risk management and internal controls. The day-to-day implementation of risk awareness and management as well as compliance under the Group’s internal control processes and procedures are part of the responsibilities of the management team of the Group. The Group has an organisational structure with clearly defined lines of accountability and responsibility as well as delegation of authority and reporting.

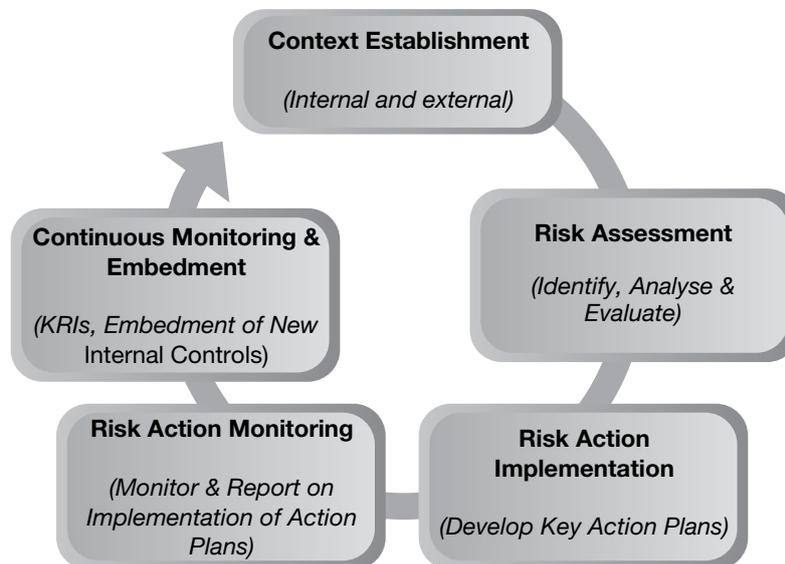
The Group’s systems of internal controls and risk management primarily cover areas of operational efficiency, effectiveness and controls, financial controls and reporting, compliance monitoring, corporate governance, and process improvements. There are sets of policies, procedures, and manuals setting out amongst others the approved standard operating procedures for key operational areas and activities including those for the Group’s head office (“**Head Office**”) and operation units (“**Business Units**”).

In addition, the Board’s approved financial limits and approving authorities were also put in place for key financial matters to ensure proper functioning and accountability at respective Business Units and Head Office levels.

The Group is committed to embed strong risk management practices across all business operations, enabling informed decision-making and accountable management actions. The Group has adopted an Enterprise Risk Management (“**ERM**”) framework, which views risk as any event that could potentially hinder the realisation of objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The risk management process undertaken for the financial year under review is summarised below:



Risk identification, evaluation and management are undertaken by the management team from time to time and subsequently reported to the ARMC periodically. The ongoing risk management process implemented within the Group defines, highlights, reports and manages the key risks within the Group.

The Group's ERM, including the risk management system as well as its processes, shall be reviewed periodically to ensure the framework continues to be effective, relevant and adequate in light of the Group's business environment.

During the financial year, an annual update of the risk profiles was undertaken. Risk assessments were conducted with related risk owners to update the Group's risk profiles. All risks identified were individually assessed and ranked, having regard to the impact of the identified risk, likelihood or frequency of risk occurring, and effectiveness of the internal control systems currently in place to manage these key risks. Risk management activities are reported to the ARMC to keep the ARMC informed and advised of key risks and risk trends.

The policies of the Board for ERM are:

- To integrate risk management into the culture, business activities and decision-making processes. Risk management concept, thinking and initiatives must be embedded in the day-to-day business operations and decision-making process. Risks that can be managed through embedded, routine systems and processes should be so managed and monitored. Where risks cannot be so managed, they must be subject to individualised risk management techniques appropriate to a particular risk;
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively. As far as reasonably possible, risks must be identified, analysed and dealt with by Management proactively based on their experience, industry knowledge and information available from the marketplace. The Group must not experience any crystallisation of major risk unexpected by the Board. However, this does not mean risk will not transpire, but there are comprehensive plans put in place to respond timely and mitigate the impact of risk;
- To require that all papers submitted to the Board by the management relating to strategy, key project approval; significant action or investment must include a detailed risk assessment report; and
- To manage risks pragmatically, to an acceptable level given the circumstances of each situation. In dealing with risks, the Board understand that it is not always possible, cost effective or desirable to manage or eliminate risk all together. A cost-benefit approach is needed where the returns must be commensurate with the risks taken and reduce cost of risk controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Internal Audit Function

The Group outsourced its internal audit functions to Resolve IR Sdn Bhd to act as the Internal Auditors and to assist the ARMC in undertaking independent reviews on the effectiveness and adequacy of the internal controls system and to address the weaknesses identified, if any. The outsourced internal audit team independently reviews the procedures and control processes implemented by the management within the key business segments of the Group. Any key areas of concern identified during the reviews together with the management responses and recommendations for improvements to strengthen the internal controls are directly reported to the ARMC. The Management is required to implement the rectification action plans with due follow-up actions undertaken to ensure that any internal control deficiencies or weaknesses highlighted have been addressed on a timely basis. Follow-up reviews were conducted by the outsourced internal audit team to assess the implementation of action plans provided by the management and findings from follow-up reviews, if any, are reported to the ARMC.

Review Of Statement by External Auditors

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the external auditors conducted a limited assurance engagement on the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the FYE 2024. Their review adhered to the guidelines outlined in the Audit and Assurance Practice Guide 3 (“AAPG 3”) issued by the Malaysian Institute of Accountants. It’s important to note that under AAPG 3, auditors are not required to provide an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system.

Based on their prescribed procedures, the External Auditors have communicated to the Board of Directors that they have not identified any issues that would lead them to believe that the Statement on Risk Management and Internal Control deviates, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

Conclusion

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system of the Group currently being put in place is adequate and effective to safeguard the Group’s interests and assets.

The Board has also received assurance from the Managing Director and the Chief Financial Officer that the Group’s risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management and internal control system of the Group.

The Board commits to ongoing assessment and monitoring of the adequacy and effectiveness of the Group’s risk management and internal control system. Furthermore, the Board pledges to enhance and fortify the system as needed, ensuring its continual alignment with the evolving needs and circumstances of the Group.

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include manufacturing of paints, varnishes and similar coatings ink and mastics, and manufacturing and trading of painting tools and accessories, trading and distribution of paints, hardware and painting accessories, coatings and varnishing materials and trading of chemical colorants and pigments.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) for the financial year, net of tax	6,581,838	(2,446,992)
Attributable to:		
Owners of the Company	6,661,547	(2,446,992)
Non-controlling interest	(79,709)	-
	<u>6,581,838</u>	<u>(2,446,992)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2024.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts has been written off and that adequate allowance had been made for doubtful debts.

DIRECTORS' REPORT (Cont'd)

BAD AND DOUBTFUL DEBTS (CONTINUED)

At the date of this report, the directors are not aware of any circumstances which would render the amount of the written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (Cont'd)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and of the Company during the financial year were RM168,000 and RM50,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (i) issued 18,858,225 new ordinary shares at an issue price of RM0.20 per ordinary share for a total purchase consideration of RM3,771,645 for the acquisition of the entire equity interest in Smart Paint (Selangor) Sdn. Bhd.;
- (ii) issued 2,992,185 new ordinary shares at an issue price of RM0.20 per ordinary share for a total purchase consideration of RM598,437 for the acquisition of the entire equity interest in Smart Paint (Sabah) Sdn. Bhd.; and
- (iii) issued 93,500,000 new ordinary shares at the initial public offering price of RM0.40 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, no new issue of debentures was made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS' REPORT (Cont'd)

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Goh Chye Hin*
Kee Hui Lang*
Lim Kok Beng
Yau Yin Wee
Tan Suat Hoon
Yap Yung Chien
Ang Hock Seng

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chu Teck
Wong Kui Ming
Goh Bee Sim
Teh Siew Chong (Resigned on 1 June 2024)
Goh Ji Syuan (Appointed on 12 June 2024)
Goh Sim Yee (Appointed on 12 June 2024)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			At 31 December 2024
	At 1 January 2024	Bought	Sold	
Direct interests:				
Goh Chye Hin	151,499,435	14,570,354	-	166,069,789
Kee Hui Lang	25,000,225	3,710,686	-	28,710,911
Lim Kok Beng	8,750,110	909,949	-	9,660,059
Tan Suat Hoon	-	50,000	-	50,000
Yau Yin Wee	-	200,000	-	200,000
Yap Yung Chien	-	200,000	-	200,000
Ang Hock Seng	-	200,000	(100,000)	100,000

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (CONTINUED)

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows: (continued)

Interests in the Company (continued)

	Number of ordinary shares			At 31 December 2024
	At 1 January 2024	Bought	Sold	
Indirect interests:				
Goh Chye Hin ⁽¹⁾	-	10,000,000	-	10,000,000
Kee Hui Lang ⁽¹⁾	-	10,000,000	-	10,000,000

(1) Shares held through children.

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Goh Chye Hin is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Group and the Company were as follows:

	Group RM	Company RM
Directors of the Company		
- Fee	348,000	348,000
- Remuneration and allowances	414,950	26,000
- Defined contribution plans	46,700	-
- Other staff related benefits	2,340	-
	<u>811,990</u>	<u>374,000</u>

DIRECTORS' REPORT (Cont'd)

DIRECTORS' BENEFITS (CONTINUED)

Neither during, nor at the end of the financial year, was the Company a party to any arrangement where the object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for, any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2024 %	Principal activities
Smart Paint Manufacturing Sdn. Bhd. ("Smart Paint Manufacturing")	Malaysia	100	Manufacturing of paints, varnishes and similar coatings ink and mastics, and manufacturing and trading of painting tools and accessories
Smart Paints (M) Sdn. Bhd.	Malaysia	100	Trading of paints, coatings and varnishing materials
Color Breeze Sdn. Bhd.	Malaysia	75	Trading of chemical colorants and pigments
Smart Paint (Selangor) Sdn. Bhd.	Malaysia	100	Trading and distribution of paints, hardwares and paint accessories
Smart Paints (Sabah) Sdn. Bhd.	Malaysia	100	Trading of paints, coatings and varnishing materials

The auditors' report on the accounts of the subsidiaries did not contain any qualification.

DIRECTORS' REPORT (Cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Listing on ACE Market of Bursa Malaysia Securities Berhad

On 2 May 2024, the Company issued its Prospectus and undertook an initial public offering comprising public issue of 93,500,000 new ordinary shares at the initial public offering of RM0.40 per ordinary share allocated in the following manner:

- (i) 18,492,600 new shares available for application by the Malaysian Public;
- (ii) 12,100,000 new shares available for application by eligible directors and employees as well as persons who have contributed to the success of the Company and its subsidiaries;
- (iii) 46,231,400 new shares by way of private placement to selected Bumiputera Investors approved by the Ministry of Investment, Trade and Industry of Malaysia; and
- (iv) 16,676,000 new shares by way of private placement to selected investors.

On 28 May 2024, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad comprising public issue of 93,500,000 new ordinary shares.

(b) Acquisition of property

On 7 October 2024, a wholly owned subsidiary, Smart Paint Manufacturing had entered into a sale and purchase agreement with a third party for the acquisition of an industrial land together with a unit of three storey semi-detached factory for a total purchase consideration of RM8,500,000.



DIRECTORS' REPORT (Cont'd)

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

.....
GOH CHYE HIN
Director

.....
KEE HUI LANG
Director

Date: 29 April 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	78,669,679	73,027,236	11,781	-
Intangible asset	6	150,000	170,000	-	-
Investment in subsidiaries	7	-	-	51,152,595	47,532,513
Deferred tax assets	8	7,444,947	139,957	-	-
Total non-current assets		86,264,626	73,337,193	51,164,376	47,532,513
Current assets					
Inventories	9	24,108,425	25,248,550	-	-
Current tax assets		1,393,746	365,453	-	-
Trade and other receivables	10	31,074,168	30,205,936	34,608,006	1,136,173
Contract assets	11	1,353,782	1,208,948	-	-
Cash and short-term deposits	12	13,929,212	5,922,447	1,006,253	4,902
Total current assets		71,859,333	62,951,334	35,614,259	1,141,075
TOTAL ASSETS		158,123,959	136,288,527	86,778,635	48,673,588
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital/					
Invested equity	13	91,326,454	51,800,002	91,326,454	50,900,002
Reorganisation reserve	14	(29,252,595)	(25,782,513)	-	-
Retained earnings/ (Accumulated losses)		49,365,490	42,703,943	(4,717,406)	(2,270,414)
		111,439,349	68,721,432	86,609,048	48,629,588
Non-controlling interest		(30,483)	49,226	-	-
TOTAL EQUITY		111,408,866	68,770,658	86,609,048	48,629,588

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024 (Cont'd)

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Non-current liabilities					
Loans and borrowings	15	15,149,315	37,176,723	-	-
Deferred income	16	443,317	142,700	-	-
Deferred tax liabilities	8	2,732,253	458,106	-	-
Total non-current liabilities		18,324,885	37,777,529	-	-
Current liabilities					
Loans and borrowings	15	3,907,904	4,314,912	-	-
Current tax liabilities		109,486	402,372	-	-
Trade and other payables	17	21,948,257	23,055,694	169,587	44,000
Contract liabilities	11	2,424,561	1,967,362	-	-
Total current liabilities		28,390,208	29,740,340	169,587	44,000
TOTAL LIABILITIES		46,715,093	67,517,869	169,587	44,000
TOTAL EQUITY AND LIABILITIES		158,123,959	136,288,527	86,778,635	48,673,588

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	18	93,466,720	91,091,216	-	-
Cost of sales		(66,432,434)	(61,107,380)	-	-
Gross profit		27,034,286	29,983,836	-	-
Other income	19	186,149	171,163	-	-
Selling and distribution expenses		(14,898,834)	(10,013,133)	-	-
Administrative expenses		(7,159,284)	(6,371,441)	(1,725,415)	(1,854,789)
Other operating expenses		(543,036)	(107,771)	(750,000)	-
Operating profit/(loss)		4,619,281	13,662,654	(2,475,415)	(1,854,789)
Finance income	20	54,102	19	28,423	-
Finance costs	21	(1,409,167)	(1,346,859)	-	-
Profit/(loss) before tax	22	3,264,216	12,315,814	(2,446,992)	(1,854,789)
Income tax benefit/(expense)	24	3,317,622	(3,511,153)	-	-
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year		6,581,838	8,804,661	(2,446,992)	(1,854,789)
Profit/(loss) attributable to:					
Owners of the Company		6,661,547	8,876,106	(2,446,992)	(1,854,789)
Non-controlling interest		(79,709)	(71,445)	-	-
		6,581,838	8,804,661	(2,446,992)	(1,854,789)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		6,661,547	8,876,106	(2,446,992)	(1,854,789)
Non-controlling interest		(79,709)	(71,445)	-	-
		6,581,838	8,804,661	(2,446,992)	(1,854,789)
Earnings per share (sen)					
- Basic and diluted	25	2.02	3.48		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (Cont'd)

	Attributable to owners of the Company				Total equity RM
	Invested equity RM	Reorganisation reserve RM	Retained earnings RM	Sub-total RM	
Group					
At 1 January 2023	51,800,002	(25,782,513)	33,827,837	59,845,326	120,671
Total comprehensive income for the financial year	-	-	8,876,106	8,876,106	(71,445)
Profit for the financial year, representing total comprehensive income for the financial year					
At 31 December 2023	51,800,002	(25,782,513)	42,703,943	68,721,432	49,226
					59,965,997

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (Cont'd)

	Note	Attributable to owners of		
		Share capital RM	Accumulated losses RM	Total equity RM
Company				
At 1 January 2023		50,900,002	(415,625)	50,484,377
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss for the financial year		-	(1,854,789)	(1,854,789)
At 31 December 2023		50,900,002	(2,270,414)	48,629,588
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss for the financial year		-	(2,446,992)	(2,446,992)
Transactions with owners				
Issuance of shares	13	37,400,000	-	37,400,000
Share issued for acquisition of subsidiaries	13	4,370,082	-	4,370,082
Shares issuance expenses	13	(1,343,630)	-	(1,343,630)
Total transactions with owners		40,426,452	-	40,426,452
At 31 December 2024		91,326,454	(4,717,406)	86,609,048

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024	2023	2024	2023
Note	RM	RM	RM	RM
Cash flows from operating activities				
Profit/(loss) before tax	3,264,216	12,315,814	(2,446,992)	(1,854,789)
Adjustments for:				
Depreciation of property, plant and equipment	3,165,711	2,167,073	2,079	-
Gain on disposal of property, plant and equipment	(30,000)	(112,161)	-	-
Gain on lease modification	-	(9,058)	-	-
Amortisation of intangible asset	20,000	20,000	-	-
Bad debts recovery	(3,000)	(4,676)	-	-
Inventories written down	85,290	-	-	-
Reversal of inventories written down	-	(137,264)	-	-
Inventories written off	441,736	-	-	-
Reversal of impairment loss on trade receivables	(115,919)	(3,500)	-	-
Impairment loss on trade receivables	529,588	105,503	-	-
Impairment loss on investment in subsidiary	-	-	750,000	-
Amortisation of deferred income	(2,477)	-	-	-
Finance costs	1,409,167	1,346,859	-	-
Finance income	(54,102)	(19)	(28,423)	-
Net unrealised foreign exchange loss/(gain)	52,171	(22,881)	-	-
Operating profit/(loss) before changes in working capital	8,762,381	15,665,690	(1,723,336)	(1,854,789)
Changes in working capital:				
Inventories	613,099	(1,366,724)	-	-
Trade and other receivables	(2,710,992)	(5,370,353)	(916,126)	228,473
Contract assets	(144,834)	(1,182,286)	-	-
Trade and other payables	(4,968,505)	(905,417)	125,587	21,523
Contract liabilities	457,199	252,624	-	-
Net cash generated from/(used in) operations	2,008,348	7,093,534	(2,513,875)	(1,604,793)
Income tax paid	(3,163,010)	(3,049,426)	-	-
Income tax refund	128,610	-	-	-
Interest received	-	19	-	-
Interest paid	(28,780)	(209,655)	-	-
Net cash (used in)/from operating activities	(1,054,832)	3,834,472	(2,513,875)	(1,604,793)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (Cont'd)

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(4,420,469)	(1,432,778)	(13,860)	-
Proceeds from disposal of property, plant and equipment		30,000	142,500	-	-
Proceeds from government grants related to assets		303,094	-	-	-
Change in pledged deposits		(4,586)	(144,000)	-	-
Interest received		54,102	-	28,423	-
Net cash (used in)/from investing activities		(4,037,859)	(1,434,278)	14,563	-
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	(b)	37,400,000	-	37,400,000	-
Drawdown of term loans		16,313,773	-	-	-
Repayment of term loans		(38,543,548)	(801,573)	-	-
Payment of lease liabilities		(88,635)	(93,797)	-	-
Repayment of hire purchase		(215,333)	(123,441)	-	-
Proceeds from bankers' acceptance		6,956,000	8,290,000	-	-
Repayment of bankers' acceptance		(7,347,000)	(7,812,000)	-	-
Net changes in amount owing by subsidiaries		-	-	(33,899,337)	1,585,354
Interest paid		(1,380,387)	(1,137,204)	-	-
Net cash from/(used in) financing activities		13,094,870	(1,678,015)	3,500,663	1,585,354
Net increase/(decrease) in cash and cash equivalents		8,002,179	722,179	1,001,351	(19,439)
Cash and cash equivalents at the beginning of the financial year		5,778,447	5,056,268	4,902	24,341
Cash and cash equivalents at the end of the financial year	12	13,780,626	5,778,447	1,006,253	4,902

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (Cont'd)

- (a) During the financial year, the Group and the Company made the following cash payments to purchase of property, plant and equipment:

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Purchase of property, plant and equipment	5	8,808,154	31,713,390	13,860	-
Financed by term loan arrangements		(30,722)	(26,009,618)	-	-
Financed by way of lease arrangements		(459,605)	(320,434)	-	-
Contra with receivables		(43,299)	(1,363,510)	-	-
Financed by way of other payable		(3,854,059)	(2,587,050)	-	-
Cash payments on purchase of property, plant and equipment		4,420,469	1,432,778	13,860	-

- (b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.1.2024 RM	Cash flows RM	Non-cash RM	31.12.2024 RM
Group				
Term loans	37,927,784	(22,229,775)	30,722	15,728,731
Lease liabilities	93,349	(88,635)	89,705	94,419
Hire purchase payables	290,502	(215,333)	369,900	445,069
Bankers' acceptance	3,180,000	(391,000)	-	2,789,000
	41,491,635	(22,924,743)	490,327	19,057,219
Group				
Term loans	12,719,739	(801,573)	26,009,618	37,927,784
Lease liabilities	213,492	(93,797)	(26,346)	93,349
Hire purchase payables	113,943	(123,441)	300,000	290,502
Bankers' acceptance	2,702,000	478,000	-	3,180,000
	15,749,174	(540,811)	26,283,272	41,491,635

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (Cont'd)

- (b) Reconciliation of changes in liabilities arising from financing activities are as follows:
(continued)

	1.1.2024	Cash flows	Non-cash	31.12.2024
	RM	RM	RM	RM
Company				
Amount owing by subsidiary	(707,669)	(33,899,337)	-	(34,607,006)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1.1.2023	Cash flows	Non-cash	31.12.2023
	RM	RM	RM	RM
Company				
Amount owing by subsidiary	(2,293,023)	1,585,354	-	(707,669)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

- (c) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflow for leases of RM170,063 (2023: RM103,394) and RM11,000 (2023: RM Nil), respectively.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Smart Asia Chemical Bhd (the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia. The principal place of business of the Company is located at No. 11, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor, Malaysia.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2025.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments to MFRSs

The Group and the Company have adopted the following applicable amendments to MFRSs for the current financial year:

Amendment to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statements of Cash Flows

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

	Effective for financial periods beginning on or after
<u>New MFRS</u>	
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>	
MFRS 1 First-time Adoption of MFRSs	1 January 2026
MFRS 7 Financial Instruments: Disclosures	1 January 2026
MFRS 9 Financial Instruments	1 January 2026
MFRS 10 Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107 Statement of Cash Flows	1 January 2026
MFRS 121 The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128 Investments in Associates and Joint Ventures	Deferred

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 *Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

MFRS 18 Presentation and Disclosure in Financial Statements (continued)

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the classification and measurement requirements, including:

- clarify how the contractual cash flows on financial assets with environmental, social and corporate governance and similar features should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

- (c) The initial application of the above new MFRS and amendments to MFRSs are not expected to have any material impact on the prior and current years of financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and the Company.

3.1 Basis of consolidation

Subsidiaries and business combination

The Group applies the acquisition method of accounting except for those business combinations which were accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve or merger deficit.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses.

3.3 Financial instruments

Financial assets - subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group and the Company classify the financial liabilities at amortised cost. The Group and the Company subsequently measures the financial liabilities at amortised cost under the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Property, plant and equipment

Property, plant and equipment other than right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment (other than the right-of-use assets as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	50
Computers and software	2.5 - 15
Furniture and fittings	5
Office equipment	5
Plant and machinery	5 - 20
Motor vehicles	5
Renovation	5

3.5 Leases

(a) Lessee accounting

The Group presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 15.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Leases (continued)

(a) Lessee accounting (continued)

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Lessor accounting

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term.

3.6 Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives (years)
Patent	Straight-line	10

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: standard costing which includes costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Revenue

Financing components

The Group has applied the practical expedient to not to adjust the promised amount of consideration for the effects of a significant financing components as the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of goods

The Group is involved in manufacturing and trading paints, coatings, varnishing materials and hardware and painting accessories. Revenue from the sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Revenue is recognised based on the price specified in the contract.

(b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously.

The Group recognises a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables when an invoice is issued or when billing is due based on the passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances received from customers, then the Group recognised a contract liability for the difference.

3.9 Government grants

Government grants relating to the purchase of assets are included in non-current liabilities in the statements of financial position as deferred income and are credited to the statements of comprehensive income as income on a straight-line basis over the expected useful lives of the corresponding assets.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profits of the subsidiaries.

The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 8.

(b) Write-down of obsolete or slow moving inventories

The Group writes down its obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(c) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history and existing market conditions at the end of each reporting period.

The assessment of the correlation between historical observed default rates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets and contract assets. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 26(b)(i).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold lands	Buildings	Computer and software	Furniture and fittings	Office equipment	Plant and machinery	Motor vehicles	Renovation	Capital work-in-progress	Right-of-use assets	Total
Cost		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2024		11,826,977	9,587,551	645,067	986,629	294,305	15,273,318	2,470,663	1,344,594	43,907,668	5,018,072	91,354,834
Additions		-	79,361	1,129,509	10,384	105,662	1,048,649	868,632	-	5,476,252	89,705	8,808,154
Reclassification		-	33,175,086	-	200,000	-	16,008,834	-	-	(49,383,920)	-	-
Disposals		-	-	-	-	-	-	(226,698)	-	-	-	(226,698)
Written off		-	-	-	-	-	(13,900)	-	-	-	-	(13,900)
Derecognition due to end of lease term		-	-	-	-	-	-	-	-	-	(176,834)	(176,834)
At 31 December 2024		11,826,977	42,841,998	1,774,576	1,197,013	399,967	32,316,901	3,112,587	1,344,594	-	4,930,943	99,745,556
Accumulated depreciation												
At 1 January 2024		-	1,030,525	551,447	812,591	238,506	12,768,486	1,864,207	922,722	-	139,114	18,327,598
Depreciation charge for the financial year	22	-	636,822	101,166	87,303	36,163	1,728,976	317,878	150,883	-	106,520	3,165,711
Disposals		-	-	-	-	-	-	(226,698)	-	-	-	(226,698)
Written off		-	-	-	-	-	(13,900)	-	-	-	-	(13,900)
Derecognition due to end of lease term		-	-	-	-	-	-	-	-	-	(176,834)	(176,834)
At 31 December 2024		-	1,667,347	652,613	899,894	274,669	14,483,562	1,955,387	1,073,605	-	68,800	21,075,877
Carrying amount												
At 1 January 2024		11,826,977	8,557,026	93,620	174,038	55,799	2,504,832	606,446	421,872	43,907,668	4,878,958	73,027,236
At 31 December 2024		11,826,977	41,174,651	1,121,963	297,119	125,298	17,833,339	1,157,200	270,989	-	4,862,143	78,669,679

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Freehold lands	Buildings	Computer and software	Furniture and fittings	Office equipment	Plant and machinery	Motor vehicles	Renovation	Capital work-in-progress	Right-of-use assets	Total
Cost		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2023		11,826,977	9,587,551	576,146	911,794	267,490	14,984,581	2,692,138	1,257,238	13,185,951	5,057,421	60,347,287
Additions		-	-	68,921	74,835	26,815	324,465	370,965	87,356	30,721,717	38,316	31,713,390
Disposals		-	-	-	-	-	(35,728)	(592,450)	-	-	-	(628,178)
Derecognition		-	-	-	-	-	-	-	-	-	(77,665)	(77,665)
At 31 December 2023		11,826,977	9,587,551	645,067	986,629	294,305	15,273,318	2,470,653	1,344,594	43,907,668	5,018,072	91,354,834
Accumulated depreciation												
At 1 January 2023		-	838,774	446,145	724,039	208,048	11,576,381	2,157,124	773,452	-	74,344	16,798,307
Depreciation charge for the financial year	22	-	191,751	105,302	88,552	30,458	1,197,494	299,533	149,270	-	104,713	2,167,073
Disposals		-	-	-	-	-	(5,389)	(592,450)	-	-	-	(597,839)
Derecognition		-	-	-	-	-	-	-	-	-	(39,943)	(39,943)
At 31 December 2023		-	1,030,525	551,447	812,591	238,506	12,768,486	1,864,207	922,722	-	139,114	18,327,598
Carrying amount												
At 1 January 2023		11,826,977	8,748,777	130,001	187,755	59,442	3,408,200	535,014	483,786	13,185,951	4,983,077	43,548,980
At 31 December 2023		11,826,977	8,557,026	93,620	174,038	55,799	2,504,832	606,446	421,872	43,907,668	4,878,958	73,027,236

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Office equipment RM
Company		
Cost		
At 1 January 2024		-
Additions		13,860
At 31 December 2024		13,860
Accumulated depreciation		
At 1 January 2024		-
Depreciation charge for the financial year	22	2,079
At 31 December 2024		2,079
Carrying amount		
At 1 January 2024		-
At 31 December 2024		11,781

(a) Assets pledged as security

Freehold lands and buildings with a carrying amount of RM53,001,628 (2023: RM20,384,003) have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 15(a).

Motor vehicles with carrying amount of RM711,169 (2023: RM428,278) have been pledged as security for hire purchase arrangement as disclosed in Note 15(c).

Capital work-in-progress with carrying amount of RMNil (2023: RM7,171,642) have been pledged as security secure loans and borrowings of the Group as disclosed in Note 15(a).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets

The Group leases several assets including leasehold land, buildings and plant and machinery.

Information about leases for which the Group is lessee is presented below:

	Leasehold land RM	Buildings RM	Plant and machinery RM	Total RM
Group				
Carrying amount				
At 1 January 2023	4,773,027	205,422	4,628	4,983,077
Additions	17,882	-	20,434	38,316
Depreciation charge for the financial year	-	(98,382)	(6,331)	(104,713)
Derecognition*	-	(37,722)	-	(37,722)
	<u>4,790,909</u>	<u>69,318</u>	<u>18,731</u>	<u>4,878,958</u>
At 31 December 2023				
Additions	-	89,705	-	89,705
Depreciation charge for the financial year	(20,152)	(82,282)	(4,086)	(106,520)
	<u>4,770,757</u>	<u>76,741</u>	<u>14,645</u>	<u>4,862,143</u>
At 31 December 2024				

* Derecognition of the right-of-use assets during the financial year was a result of termination of certain leases.

The Group leases land and buildings for their office space, operation site and staff accommodation. The leases for the leasehold land and buildings generally have lease term of 2 to 99 years.

Leasehold land has been pledged as security to secure loans and borrowings of the Group as disclosed in Note 15(a).

The Group also leases plant and machinery for its operation. The leases for plant and machinery generally have lease term of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

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6. INTANGIBLE ASSET

	Note	Patent RM
Group		
Cost		
At 1 January 2023/31 December 2023/ 31 December 2024		200,000
Accumulated amortisation		
At 1 January 2023		10,000
Amortisation charge for the financial year	22	20,000
At 31 December 2023		30,000
Amortisation charge for the financial year	22	20,000
At 31 December 2024		50,000
Carrying amount		
At 31 December 2023		170,000
At 31 December 2024		150,000

Amortisation

The amortisation of patent of the Group amounting to RM20,000 (2023: RM20,000) is included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
At costs		
Unquoted shares	51,902,595	47,532,513
Less: Impairment loss	(750,000)	-
	<u>51,152,595</u>	<u>47,532,513</u>

The details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
Smart Paint Manufacturing Sdn. Bhd. ("Smart Paint Manufacturing")	Malaysia	100	100	Manufacturing of paints, varnishes and similar coatings ink and mastics, and manufacturing and trading of painting tools and accessories
Smart Paints (M) Sdn. Bhd. ("Smart Paints (M)")	Malaysia	100	100	Trading of paints, coatings and varnishing materials
Color Breeze Sdn. Bhd. ("Color Breeze")	Malaysia	75	75	Trading of chemical colorants and pigments
Smart Paint (Selangor) Sdn. Bhd. [^] ("Smart Paint (Selangor)")	Malaysia	100	-	Trading and distribution of paints, hardwares and paint accessories
Smart Paints (Sabah) Sdn. Bhd. ^{^*} ("Smart Paints (Sabah)")	Malaysia	100	-	Trading of paints, coatings and varnishing materials

[^] *The combined financial statements of the Company for the financial year ended 31 December 2023 comprise the financial statements of the Company, the subsidiaries, Smart Paint Manufacturing, Smart Paints (M) and Color Breeze and the combining entities, Smart Paints (Sabah) and Smart Paint (Selangor) which are the entities under common control of the Company.*

^{*} *The acquisition of the issued share capital of Smart Paint (Selangor) and Smart Paints (Sabah) by the Company is a reorganisation and does not results in any change in economic substance. Accordingly, the combined financial statements of the Company are a continuation of Smart Paint (Selangor) and Smart Paints (Sabah).*

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Smart Paint (Selangor) Acquisition

On 19 June 2023, the Company entered into a conditional share sale agreement to acquire the entire equity interest in Smart Paint (Selangor) comprising 650,000 ordinary shares from Goh Chye Hin, Chu Teck, Kee Hui Lang, Goh Chye Leng and Lim Kok Beng for a total purchase consideration of RM3,771,645, to be fully satisfied by the issuance of 18,858,225 new ordinary shares at an issue price of RM0.20 per share. The acquisition of Smart Paint (Selangor) was completed on 1 February 2024.

(b) Smart Paints (Sabah) Acquisition

On 19 June 2023, the Company entered into a conditional share sale agreement to acquire the entire equity interest in Smart Paints (Sabah) comprising 250,000 ordinary shares from Goh Chye Hin, Kee Hui Lang, and Wong Kui Ming for a total purchase consideration of RM598,437, to be fully satisfied by the issuance of 2,992,185 new ordinary shares at an issue price of RM0.20 per share. The acquisition of Smart Paints (Sabah) was completed on 1 February 2024.

(c) Non-controlling interest in subsidiary

The financial information of the Company's subsidiary that have material non-controlling interest are as follows:

Equity interest held by non-controlling interest:

Name of company	Ownership interest	
	2024 (%)	2023 (%)
Color Breeze	25	25

Carrying amount of material non-controlling interest:

Name of company	2024	2023
	RM	RM
Color Breeze	(30,483)	49,226

Profit or loss allocated to material non-controlling interest:

Name of company	2024	2023
	RM	RM
Color Breeze	(79,709)	(71,445)

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information of material non-controlling interest

The non-controlling interest of the Company's subsidiary are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group. Therefore, the summarised financial information of the Company's subsidiary that have non-controlling interest is not presented.

8. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

	At 1 January 2023 RM	Recognised in profit or loss (Note 24) RM	At 31 December 2023 RM	Recognised in profit or loss (Note 24) RM	At 31 December 2024 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	(410,326)	(42,288)	(452,614)	(2,279,639)	(2,732,253)
Unrealised foreign exchange gain	-	(5,492)	(5,492)	5,492	-
	(410,326)	(47,780)	(458,106)	(2,274,147)	(2,732,253)
Deferred tax assets:					
Property, plant and equipment	2,782	17,141	19,923	(4,242)	15,681
Unrealised foreign exchange loss	-	-	-	12,521	12,521
Impairment loss on trade receivables	73,172	19,779	92,951	(83,077)	9,874
Impairment loss on inventories	58,754	(32,943)	25,811	20,470	46,281
Lease liabilities	826	446	1,272	(545)	727
Unabsorbed capital allowances	-	-	-	2,703,095	2,703,095
Unabsorbed reinvestment allowances	-	-	-	4,426,046	4,426,046
Others taxable differences	-	-	-	230,722	230,722
	135,534	4,423	139,957	7,304,990	7,444,947
	(274,792)	(43,357)	(318,149)	5,030,843	4,712,694

NOTES TO THE FINANCIAL STATEMENTS

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8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2024 RM	2023 RM
Property, plant and equipment	16,606	-
Unused tax losses	1,023,424	610,443
Unabsorbed capital allowances	9,224	1,753
Others deductible temporary differences	627,442	-
	1,676,696	612,196
Potential deferred tax benefit at 24%	402,407	146,927

The availability of unused tax losses for offsetting against future taxable profits in Malaysia are subject to requirements under the Income Tax, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2024 RM	2023 RM
2030	150,070	150,070
2032	202,381	202,381
2033	257,992	257,992
2034	412,981	-
	1,023,424	610,443

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

9. INVENTORIES

	Group	
	2024 RM	2023 RM
At lower of cost and net realisable value:		
Raw materials	8,986,631	9,180,199
Work-in-progress	616,226	780,527
Finished goods	14,505,568	15,287,824
	24,108,425	25,248,550

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM52,797,935 (2023: RM50,166,899).
- (b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value was RM85,290 (2023: RM Nil).
- (c) During the financial year, the Group reversed the previous inventories written down value of RM Nil (2023: RM137,264). The amount of reversal was included in cost of sales.

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Trade					
Trade receivables	(a)				
- Third parties		28,504,131	28,293,480	-	-
- Related parties		785,048	950,665	-	-
Retention sums		151,951	109,107	-	-
		29,441,130	29,353,252	-	-
Less: Impairment losses for trade receivables		(820,555)	(406,886)	-	-
		28,620,575	28,946,366	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Non-trade					
Other receivables		-	82,335	-	-
Deposits		267,579	626,108	1,000	-
Prepayments		2,186,014	551,127	-	428,504
Amount owing by subsidiary	(b)	-	-	34,607,006	707,669
		2,453,593	1,259,570	34,608,006	1,136,173
Total trade and other receivables		31,074,168	30,205,936	34,608,006	1,136,173

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit term offered by the Group ranges from 30 to 150 days (2023: 30 to 150 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of the movement in the impairment of trade receivables are as follow:

	Note	Group	
		2024 RM	2023 RM
At 1 January		406,886	304,883
Charge for the financial year			
- Individual assessed	22	515,113	-
- Collectively assessed	22	14,475	105,503
Reversal of impairment losses	19	(115,919)	(3,500)
At 31 December		820,555	406,886

The information about the credit risk exposure are disclosed in Note 26(b)(i).

(b) Amount owing by subsidiary

Amount owing by subsidiary is unsecured, non-trade in nature, non-interest bearing, repayable on demand and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

11. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2024 RM	2023 RM
Contract assets relating to service contracts	1,353,782	1,208,948
Contract liabilities relating to sales of goods	(2,424,561)	(1,967,362)

(a) Contract assets

The contract assets primarily relate to the Group's right to consideration for the services transferred for which receipt of its consideration is conditional on the completion and acceptance by the customers. Contract assets are transferred to receivables when the right becomes unconditional.

(b) Contract liabilities

The contract liabilities represent invoice billed for the sale of goods for which performance obligations have not been satisfied. The contract liabilities will only be recognised as revenue when the cash balances are used for purchases or when redemption occurs or upon expiry of the redemption period, and hence the Group applies the practical expedient not to disclose the information pertaining to the timing of revenue recognition from the remaining performance obligations.

(c) Significant changes in contract balances

	Group			
	2024		2023	
	Contract assets Increase/ (decrease) RM	Contract liabilities Decrease/ (increase) RM	Contract assets Increase/ (decrease) RM	Contract liabilities Decrease/ (increase) RM
Revenue recognised that was included in contract liability at the beginning of the financial year	-	1,598,843	-	1,465,050
Increase due to invoice billed in advance to customer, but revenue not recognised	-	(2,056,042)	-	(1,717,674)
Increase as a result of change in the measure of progress	1,353,782	-	1,208,948	-
Transfers from contract assets recognised at the beginning of the financial year to receivables	(1,208,948)	-	(26,662)	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

11. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(d) Revenue recognised in relation to contract balances

	Group	
	2024 RM	2023 RM
Revenue recognised that was included in contract liability at the beginning of the financial year	1,654,114	1,465,050

Revenue recognised that was included in the contract liability balance at the beginning of the financial year represented primarily revenue from the sales of goods.

12. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	7,499,764	5,778,447	5,391	4,902
Short-term deposits	6,429,448	144,000	1,000,862	-
	13,929,212	5,922,447	1,006,253	4,902

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Short-term deposits	6,429,448	144,000	1,000,862	-
Less: Pledged deposits	(148,586)	(144,000)	-	-
	6,280,862	-	1,000,862	-
Cash and bank balances	7,499,764	5,778,447	5,391	4,902
	13,780,626	5,778,447	1,006,253	4,902

Short-term deposits placed with licensed banks of the Group have been pledged to the licensed banks to secure credit facilities granted to the Group as disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

13. SHARE CAPITAL/INVESTED EQUITY

	← Group →			
	Number of ordinary shares		← Amounts →	
	2024 Unit	2023 Unit	2024 RM	2023 RM
Issued and fully paid-up (no par value):				
At 1 January	255,400,010	51,800,002	51,800,002	51,800,002
Issuance of shares pursuant to				
- share split	-	203,600,008	-	-
- acquisition of subsidiaries	21,850,410	-	4,370,082	-
Issuance of shares	93,500,000	-	37,400,000	-
Adjustment pursuant to merger accounting	(900,000)	-	(900,000)	-
Shares issuance expenses	-	-	(1,343,630)	-
At 31 December	<u>369,850,420</u>	<u>255,400,010</u>	<u>91,326,454</u>	<u>51,800,002</u>
	← Company →			
	Number of ordinary shares		← Amounts →	
	2024 Unit	2023 Unit	2024 RM	2023 RM
Issued and fully paid-up (no par value):				
At 1 January	254,500,010	50,900,002	50,900,002	50,900,002
Issuance of shares pursuant to				
- share split	-	203,600,008	-	-
- acquisition of subsidiaries	21,850,410	-	4,370,082	-
Issuance of shares	93,500,000	-	37,400,000	-
Shares issuance expenses	-	-	(1,343,630)	-
At 31 December	<u>369,850,420</u>	<u>254,500,010</u>	<u>91,326,454</u>	<u>50,900,002</u>

For the purpose of this report, the invested equity as at 31 December 2023 represents the aggregate number of issued shares of all combining entities within the Group eliminated against the investment in subsidiaries, the share capital of Smart Paint Manufacturing, Smart Paints (M) and Color Breeze had been eliminated against the investment in subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

13. SHARE CAPITAL/INVESTED EQUITY (CONTINUED)

On 12 May 2023, the issued and paid-up share capital of the Company was increased from 51,800,002 ordinary shares to 255,400,010 ordinary shares by way of increase of 203,600,008 new ordinary share pursuant to the share split involving the subdivision of every one (1) existing ordinary share in the Company held into five (5) ordinary share.

On 1 February 2024, the Company issued 21,850,410 new ordinary shares at an issue price of RM0.20 per ordinary share for the acquisition of entire issued share capital of Smart Paint (Selangor) and Smart Paints (Sabah) pursuant to the conditional share sale agreement dated 19 June 2023.

On 24 May 2024, the Company issued 93,500,000 new ordinary shares via public issue at the initial public offering price of RM0.40 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. REORGANISATION RESERVE

The reorganisation reserve arose from the differences between the carrying amount of the investment and the nominal value of the share of the subsidiaries upon consolidation using the merger accounting principles.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

15. LOANS AND BORROWINGS

	Note	Group	
		2024 RM	2023 RM
Non-current:			
Term loans	(a)	14,825,934	37,062,282
Lease liabilities	(b)	34,879	26,134
Hire purchase payables	(c)	288,502	88,307
		<u>15,149,315</u>	<u>37,176,723</u>
Current:			
Term loans	(a)	902,797	865,502
Lease liabilities	(b)	59,540	67,215
Hire purchase payables	(c)	156,567	202,195
Bankers' acceptance	(d)	2,789,000	3,180,000
		<u>3,907,904</u>	<u>4,314,912</u>
Total loans and borrowings:			
Term loans	(a)	15,728,731	37,927,784
Lease liabilities	(b)	94,419	93,349
Hire purchase payables	(c)	445,069	290,502
Bankers' acceptance	(d)	2,789,000	3,180,000
		<u>19,057,219</u>	<u>41,491,635</u>

(a) Term loans

Term loan 1 of the Group of RM2,365,587 (2023: RM2,679,094) bears interest at Base Lending Rate ("BLR") minus 2.10% per annum and is repayable by monthly instalments of RM36,169 over 180 months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over freehold land and building of the Group as disclosed in Note 5; and
- (ii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

15. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (continued)

Term loan 2 of the Group of RM2,346,411 (2023: RM2,470,768) bears interest at Base Financing Rate ("BFR") minus 2.40% per annum and is repayable by monthly instalments of RM19,159 over 240 months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over freehold lands and buildings of the Group as disclosed in Note 5; and
- (ii) Corporate guarantee by the Company.

Term loan 3 of the Group of RM288,258 (2023: RM492,573) bears interest at Base Negara Malaysia Funding Rate under special relief facility of 3.50% per annum and is repayable by monthly instalments of RM18,192 over 60 months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Corporate guarantee by the Company; and
- (ii) Corporate guarantee by a third party under the special relief facility scheme for 80% of the principal and interest outstanding.

Term loan 4 of the Group of RM6,047,236 (2023: RM6,254,815) bears interest at BLR minus 2.40% per annum and is repayable by monthly instalments of RM40,936 over 240 months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over freehold lands and buildings of the Group as disclosed in Note 5; and
- (ii) Corporate guarantee by the Company.

Term loan 5 of the Group of RM Nil (2023: RM7,171,642) bears interest at BLR minus 0.60% per annum and is repayable by monthly instalments of RM165,212 over 84 months commencing upon full drawdown or 36 months from the letter offer date whichever is earlier and is secured and supported as follows:

- (i) Specific charge over the production line and machine which capitalised in the capital work-in-progress of the Group as disclosed in Note 5;
- (ii) Corporate guarantee by the Company; and
- (iii) Joint and several guarantee by certain directors of the Group.

Term loan 6 of the Group of RM4,681,239 (2023: RM18,858,892) bears interest at BLR minus 2.30% per annum and is repayable by monthly instalments of RM137,305 over 240 months commencing upon full drawdown or the fourth day of the 37 months from the letter offer date whichever is earlier and is secured and supported as follows:

- (i) Legal charge over short-term deposits as disclosed in Note 12;
- (ii) Legal charge over leasehold land, freehold lands and buildings of the Group as disclosed in Note 5; and
- (iii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

15. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2024 RM	2023 RM
Minimum lease payments:		
- Not later than one year	62,600	69,896
- Later than one year and not later than five years	36,100	28,200
	98,700	98,096
Less: Future finance charges	(4,281)	(4,747)
Present value of minimum lease payments	94,419	93,349
Present value of minimum lease payments:		
- Not later than one year	59,540	67,215
- Later than one year and not later than five years	34,879	26,134
	94,419	93,349
Less: Amount due within twelve months	(59,540)	(67,215)
Amount due after twelve months	34,879	26,134

(c) Hire purchase payables

Hire purchase payables of the Group of RM445,069 (2023: RM290,502) bear interest ranging from 1.30% to 4.29% (2023: 1.30% to 4.10%) per annum and are secured by the Group motor vehicles under hire purchase arrangements as disclosed in Note 5(a).

(d) Bankers' acceptance

Bankers' acceptance bear effective interests at 5.33% (2023: 5.31% to 5.40%) per annum and are secured and supported as follows:

- (i) Legal charge over freehold lands and buildings of the Group as disclosed in Note 5;
- (ii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

16. DEFERRED INCOME

		Group	
	Note	2024 RM	2023 RM
Non-current			
Government grants			
At 1 January		142,700	142,700
Received during the financial year		303,094	-
Amortisation	19	(2,477)	-
At 31 December		443,317	142,700

Deferred income of the Group relates to the government grants for the purchase of assets.

17. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Trade					
Trade payables	(a)				
- Third parties		10,696,106	12,242,772	-	-
- A related party		45	-	-	-
Accruals		561,674	1,032,036	-	-
Retention sums		143,778	53,368	-	-
		11,401,603	13,328,176	-	-
Non-trade					
Other payables		3,288,208	6,180,981	-	-
Accruals		7,130,446	3,420,537	169,587	44,000
Deposits		128,000	126,000	-	-
		10,546,654	9,727,518	169,587	44,000
Total trade and other payables		21,948,257	23,055,694	169,587	44,000

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group and the Company ranges from 30 to 90 days (2023: 30 to 90 days).

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 26(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

18. REVENUE

	Group	
	2024 RM	2023 RM
Revenue from contract customers:		
Sale of goods	90,230,180	88,422,345
Service contracts	3,236,540	2,668,871
	93,466,720	91,091,216
Timing of revenue recognition:		
At a point in time	90,884,026	89,369,510
Over time	2,582,694	1,721,706
	93,466,720	91,091,216

19. OTHER INCOME

	Group	
	2024 RM	2023 RM
Gain on disposal of property, plant and equipment	30,000	112,161
Net unrealised foreign exchange gain	-	22,881
Bad debts recovery	3,000	4,676
Reversal of impairment loss on trade receivables	115,919	3,500
Gain on lease modification	-	9,058
Rental income	-	1,894
Amortisation of deferred income	2,477	-
Miscellaneous	34,753	16,993
	186,149	171,163

20. FINANCE INCOME

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest income	54,102	19	28,423	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

21. FINANCE COSTS

	Group	
	2024 RM	2023 RM
Interest expense on:		
- Term loans	1,237,897	959,093
- Lease liabilities	4,360	7,072
- Hire purchase	4,854	6,671
- Bankers' acceptance	133,276	156,934
- Bank overdrafts	28,780	209,655
- Bank guarantee	-	7,434
	1,409,167	1,346,859

22. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been (credited)/charged in arriving at profit/(loss) before tax:

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Auditors' remuneration - statutory audit:					
- Baker Tilly Monteiro Heng PLT		168,000	130,000	50,000	30,000
Other services:					
- Baker Tilly Monteiro Heng PLT		98,000	-	98,000	-
- Member firms of Baker Tilly International		93,900	-	6,000	-
Depreciation of property, plant and equipment	5	3,165,711	2,167,073	2,079	-
Amortisation of intangible asset	6	20,000	20,000	-	-
Inventories written down		85,290	-	-	-
Reversal of inventories written down		-	(137,264)	-	-
Inventories written off		441,736	-	-	-
Impairment loss on trade receivables	10	529,588	105,503	-	-
Impairment loss on investment in subsidiary		-	-	750,000	-
Rental expense on:					
- premises		50,700	-	-	-
- office		17,988	2,525	11,000	-
- warehouse		8,380	-	-	-
Net realised foreign exchange loss		70,389	53,616	-	17,313
Net unrealised foreign exchange loss		52,171	-	-	-
Employee benefits expense	23	12,898,981	10,422,014	374,000	131,000
		12,898,981	10,422,014	374,000	131,000

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries, wages, allowances and bonuses	10,719,215	8,697,819	374,000	131,000
Defined contribution plans	1,145,750	903,936	-	-
Other staff related benefits	1,034,016	820,259	-	-
	<u>12,898,981</u>	<u>10,422,014</u>	<u>374,000</u>	<u>131,000</u>
Included in employee benefits expense are:				
- Directors' fee	348,000	104,000	348,000	104,000
- Directors' remuneration and allowances	414,950	685,700	26,000	27,000
- Directors' defined contribution plans	46,700	77,796	-	-
- Directors' other related benefits	2,340	12,449	-	-
	<u>811,990</u>	<u>879,945</u>	<u>374,000</u>	<u>131,000</u>

24. INCOME TAX (BENEFIT)/EXPENSE

The major components of income tax (benefit)/expense for the financial years ended 31 December 2024 and 31 December 2023 are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	1,484,022	3,553,712	-	-
- Adjustment in respect of prior years	229,199	(85,916)	-	-
	<u>1,713,221</u>	<u>3,467,796</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 8):				
- (Reversal)/Origination of temporary differences	(4,915,499)	7,268	-	-
- Adjustment in respect of prior year	(115,344)	36,089	-	-
	<u>(5,030,843)</u>	<u>43,357</u>	<u>-</u>	<u>-</u>
Income tax (benefit)/expense recognise in profit or loss	<u>(3,317,622)</u>	<u>3,511,153</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

24. INCOME TAX (BENEFIT)/EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year.

The income tax rate applicable to small and medium scale enterprise (“SME”) incorporated in Malaysia with paid-up capital of RM2,500,000 (2023: RM2,500,000) and below and annual sales less than RM50,000,000 (2023: RM50,000,000) is subject to the statutory income tax rate of 15% (2023: 15%) on the first chargeable income of RM150,000 and 17% (2023: 17%) on the next RM450,000. For chargeable income in excess of RM600,000 (2023: RM600,000), statutory income tax rate of 24% (2023: 24%) is still applicable.

The reconciliations from the tax amount at the statutory income tax rate to the Group’s and the Company’s tax (benefit)/expense is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(loss) before tax	3,264,216	12,315,814	(2,446,992)	(1,854,789)
Tax at Malaysian statutory income tax rate of 24%	783,412	2,955,796	(587,278)	(445,149)
SME tax savings	-	(67,513)	-	-
Adjustments:				
- Income not subject to tax	(849,826)	(16,276)	-	-
- Reinvestment allowance	(4,426,046)	-	-	-
- Non-deductible expenses	805,503	620,386	587,278	445,149
- Deferred tax not recognised on tax losses and temporary differences	255,480	68,587	-	-
- Adjustment in respect of current income tax of prior years	229,199	(85,916)	-	-
- Adjustment in respect of deferred tax of prior year	(115,344)	36,089	-	-
Income tax (benefit)/expense	(3,317,622)	3,511,153	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. EARNINGS PER SHARE

Basic earnings per ordinary share and diluted earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the financial years attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial years.

Diluted earnings per ordinary share are based on the profit for the financial years attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial years plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per ordinary share are computed as follow:

	2024	2023
Profit attributable to owners of the Company (RM)	6,661,547	8,876,106
Weighted average number of ordinary shares for basic and diluted earnings per share (in unit)	330,190,959	255,400,010
Basic and diluted earnings per share (sen)	2.02	3.48

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
Group		
At 31 December 2024		
Financial assets		
Trade and other receivables, less prepayments	28,888,154	28,888,154
Cash and short-term deposits	13,929,212	13,929,212
	<u>42,817,366</u>	<u>42,817,366</u>
Financial liabilities		
Loans and borrowings, less lease liabilities	(18,962,800)	(18,962,800)
Trade and other payables	(21,948,257)	(21,948,257)
	<u>(40,911,057)</u>	<u>(40,911,057)</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM	Amortised cost RM
Company		
At 31 December 2024		
Financial assets		
Other receivables	34,608,006	34,608,006
Cash and short-term deposits	1,006,253	1,006,253
	<u>35,614,259</u>	<u>35,614,259</u>
Financial liability		
Other payables	(169,587)	(169,587)
	<u>(169,587)</u>	<u>(169,587)</u>
Group		
At 31 December 2023		
Financial assets		
Trade and other receivables, less prepayments	29,654,809	29,654,809
Cash and short-term deposits	5,922,447	5,922,447
	<u>35,577,256</u>	<u>35,577,256</u>
Financial liabilities		
Loans and borrowings, less lease liabilities	(41,398,286)	(41,398,286)
Trade and other payables	(23,055,694)	(23,055,694)
	<u>(64,453,980)</u>	<u>(64,453,980)</u>
Company		
At 31 December 2023		
Financial assets		
Other receivables, less prepayments	707,669	707,669
Bank balances	4,902	4,902
	<u>712,571</u>	<u>712,571</u>
Financial liability		
Other payables	(44,000)	(44,000)
	<u>(44,000)</u>	<u>(44,000)</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's and the Company's senior management.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with banks and financial institution, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than credit term unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company use ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group and the Company also take appropriate actions (including but not limited to legal actions) to recover long past due balances.

Credit risk concentration profile

At the end of the reporting periods, the Group does not have any significant exposure to its individual customers.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:
(continued)

Group	Contract assets	Retention sums	Trade receivables										Total					
			Current	1 to 30		31 to 60		61 to 90		91 to 120		121 to 150		151 to 180		>180		
				days past due		days past due	days past due	days past due	days past due									
31 December 2023	0.0%	0.0%	0.1%	0.1%	0.4%	0.8%	0.7%	13.4%	0.5%	24.0%	1.4%							
Expected credit loss rate																		
Gross carrying amount at default (RM)	1,208,948	109,107	22,660,310	3,074,235	1,069,622	391,654	265,837	16,034	251,198	1,515,255	29,244,145							
Impairment losses (RM)	-	-	28,312	2,390	4,498	3,188	1,743	2,151	1,331	363,273	406,886							

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated, where applicable:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increases in credit risk on other financial instruments of the same counterparty;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparties in the group and changes in the operating results of the counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than credit terms in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

Some intercompany balances between entities within the Group comprise advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

At the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantee contracts

The company is exposed to credit risk in relation to financial guarantees given to banks in respect of credit facilities granted to subsidiary. The Company monitors the results of the subsidiary and its repayment on an on-going basis. The maximum exposure to credit risks amounts to RM16,152,143 (2023: RMNil) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 26(b)(ii). As at the reporting date, there were no loss allowance for impairment as determined by the Company for the financial guarantee.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables, loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
Group					
31 December 2024					
Trade and other payables	21,948,257	21,948,257	-	-	21,948,257
Term loans	15,728,731	1,373,472	8,967,245	8,747,877	19,088,594
Lease liabilities	94,419	62,600	36,100	-	98,700
Hire purchase payables	445,069	170,998	313,545	-	484,543
Bankers' acceptance	2,789,000	2,789,000	-	-	2,789,000
	<u>41,005,476</u>	<u>26,344,327</u>	<u>9,316,890</u>	<u>8,747,877</u>	<u>44,409,094</u>
31 December 2023					
Trade and other payables	23,055,694	23,055,694	-	-	23,055,694
Term loans	37,927,784	1,364,304	17,168,888	35,165,736	53,698,928
Lease liabilities	93,349	69,896	28,200	-	98,096
Hire purchase payables	290,502	204,220	90,895	-	295,115
Bankers' acceptance	3,180,000	3,180,000	-	-	3,180,000
	<u>64,547,329</u>	<u>27,874,114</u>	<u>17,287,983</u>	<u>35,165,736</u>	<u>80,327,833</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (continued)

	Carrying amount RM	← Contractual cash flows →			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
Company					
31 December 2024					
Trade and other payables	169,587	169,587	-	-	169,587
Financial guarantee contracts	-	16,152,143	-	-	16,152,143
	169,587	16,321,730	-	-	16,321,730
31 December 2023					
Trade and other payables	44,000	44,000	-	-	44,000

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency).

The foreign currencies in which these transactions are denominated are United States Dollar ("USD"), and Singapore Dollar ("SGD").

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group	
	2024	2023
	RM	RM
Financial assets and liabilities not held in functional currencies:		
<u>Trade receivables</u>		
USD	2,468,851	803,983
SGD	998,908	854,226
	<u>3,467,759</u>	<u>1,658,209</u>
 <u>Bank balances</u>		
USD	768,391	10,575
	<u>768,391</u>	<u>10,575</u>
 <u>Trade payables</u>		
USD	1,794,272	2,630,284
SGD	-	122,346
	<u>1,794,272</u>	<u>2,752,630</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure mainly relates to USD, and SGD.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, and SGD, with all other variables held constant on the Group's total equity and profit for the financial years:

	Change in rate %	Effect on profit and equity for the financial year RM
Group		
At 31 December 2024		
USD	+15	164,499
	-15	(164,499)
SGD	+15	113,286
	-15	<u>(113,286)</u>
At 31 December 2023		
USD	+15	(206,993)
	-15	206,993
SGD	+15	83,434
	-15	<u>(83,434)</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its long-term loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial years:

	Carrying amount RM	Change in basis points	Effect on profit and equity for the financial year RM
Group			
At 31 December 2024			
Term loans	15,728,731	+50	(59,769)
		-50	59,769
Bankers' acceptance	2,789,000	+50	(10,598)
		-50	10,598
At 31 December 2023			
Term loans	37,927,784	+50	(144,126)
		-50	144,126
Bankers' acceptance	3,180,000	+50	(12,084)
		-50	12,084

(c) Fair value measurement

The carrying amount of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no material transfers between Level 1 and Level 2 during the financial years (2023: no transfer in either direction).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Carrying amount RM	Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
Group					
At 31 December 2024					
Financial liability					
Non-current					
Term loans	14,825,934	-	-	11,730,551	11,730,551
At 31 December 2023					
Financial liability					
Non-current					
Term loans	37,062,282	-	-	30,493,964	30,493,964

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of liability component of term loans are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities.

27. COMMITMENTS

The Group has made commitments for the following's capital expenditures:

	Group	
	2024 RM	2023 RM
Approved and contracted for:		
- Construction of factory building	-	1,279,420
- Supply and installation of plant and machinery in new factory	-	3,486,692
- Implementation of software	-	76,300
- Purchase of property*	8,500,000	-
- Plant and machinery	481,399	-
- Renovation of building	105,000	-
	9,086,399	4,842,412

* As at 31 December 2024, the deposit paid for the purchase of property is RM850,000.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

28. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and of the Company include:

- (i) Subsidiaries;
- (ii) Entity in which person connected to a director has interests;
- (iii) Shareholder of subsidiary; and
- (iv) Key management personnel of the Group and of the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2024	2023
	RM	RM
Sale of goods		
- Entity in which person connected to a director has interest	5,909,382	5,658,868
Purchase of goods		
- Entity in which person connected to a director has interest	139,358	378,993
Transportation costs charged by		
- Entity in which person connected to a director has interest	-	2,048
Rental charged to		
- Entity in which person connected to a director has interest	-	1,894
Consultancy services charged by		
- Shareholder of subsidiary	300,000	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

28. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (continued)

	Company	
	2024 RM	2023 RM
Rental charged by		
- Subsidiary	11,000	-

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and the Company.

There is no compensation of key management personnel other than as disclosed in Note 23.

Significant outstanding balances with related parties at the end of the reporting periods are disclosed in Notes 10 and 17.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiary as disclosed in Note 26(b)(i).

29. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2024 and 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

29. CAPITAL MANAGEMENT (CONTINUED)

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio as at 31 December 2024 and 31 December 2023 are as follows:

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Loans and borrowings/total debts	15	19,057,219	41,491,635	-	-
Total equity		111,408,866	68,770,658	86,609,048	48,629,588
Gearing ratio (times)		0.17	0.60	N/A	N/A

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group is required to maintain a gearing ratio of 2.0 times to comply with a bank covenant. The Group has not breached the covenant.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Listing on ACE Market of Bursa Malaysia Securities Berhad

On 2 May 2024, the Company issued its Prospectus and undertook an initial public offering comprising public issue of 93,500,000 new ordinary shares at the initial public offering of RM0.40 per ordinary share allocated in the following manner:

- (i) 18,492,600 new shares available for application by the Malaysian Public;
- (ii) 12,100,000 new shares available for application by eligible directors and employees as well as persons who have contributed to the success of the Company and its subsidiaries;
- (iii) 46,231,400 new shares by way of private placement to selected Bumiputera Investors approved by the Ministry of Investment, Trade and Industry of Malaysia; and
- (iv) 16,676,000 new shares by way of private placement to selected investors.

On 28 May 2024, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad comprising public issue of 93,500,000 new ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(b) Acquisition of property

On 7 October 2024, a wholly owned subsidiary, Smart Paint Manufacturing had entered into a sale and purchase agreement with a third party for the acquisition of an industrial land together with a unit of three storey semi-detached factory for a total purchase consideration of RM8,500,000.

31. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business about units which are regularly reviewed by the Directors for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

Segments	Product and services
Manufacturing	Development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications and related products which includes colourant and binding and coating chemicals and provision of original design manufacturers ("ODM") services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners.
Sale and Trading	Sale and trading of painting tools and accessories, aerosol spray paints and other related products which mainly include raw materials such as binder, pigments and additives.
Others	Provision of painting services and selling of disinfectant products and sales and maintenance services of Smart Colout POS Tinting Machine.

Inter-segment pricing is determined on negotiated basis.

Segment profit

Segment performance is used to measure performance as Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segment relative to other entities that operate within these industries.

Segment assets and liabilities

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the Managing Director. Hence, no disclosure is made on segments assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

31. SEGMENT INFORMATION (CONTINUED)

	Manufacturing RM	Sale and Trading RM	Others RM	Total RM
31 December 2024				
Revenue:				
Revenue from external customers	85,901,744	4,214,916	3,350,060	93,466,720
Results:				
<i>Included in the measure of segment profit/(loss) are:</i>				
Finance income	54,102	-	-	54,102
Amortisation of deferred income	2,477	-	-	2,477
Finance costs	(1,391,320)	(17,847)	-	(1,409,167)
Depreciation of property, plant and equipment	(3,085,513)	(80,198)	-	(3,165,711)
Amortisation of intangible asset	-	(20,000)	-	(20,000)
Employee benefits expense	(12,054,428)	(188,257)	(656,296)	(12,898,981)
Impairment losses on trade receivables	(529,588)	-	-	(529,588)
Inventories written down	(85,290)	-	-	(85,290)
Inventories written off	-	-	(441,736)	(441,736)
Segment profit/(loss)	3,370,496	829,968	(936,248)	3,264,216
Income tax benefits/(expenses)	3,281,533	(281,831)	317,920	3,317,622
Profit/(loss) for the financial year	6,652,029	548,137	(618,328)	6,581,838

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

31. SEGMENT INFORMATION (CONTINUED)

	Manufacturing RM	Sale and Trading RM	Others RM	Total RM
31 December 2023				
Revenue:				
Revenue from external customers	81,375,082	6,703,089	3,013,045	91,091,216
Results:				
<i>Included in the measure of segment profit/(loss) are:</i>				
Finance income	19	-	-	19
Finance costs	(1,316,179)	(30,680)	-	(1,346,859)
Depreciation of property, plant and equipment	(2,065,539)	(101,534)	-	(2,167,073)
Amortisation of intangible asset	-	(20,000)	-	(20,000)
Employee benefits expense	(9,603,652)	(170,456)	(647,906)	(10,422,014)
Impairment losses on trade receivables	(105,503)	-	-	(105,503)
Reversal of inventories written down	137,264	-	-	137,264
Segment profit/(loss)	11,370,843	1,227,461	(282,490)	12,315,814
Income tax (expenses)/benefits	(3,241,748)	(349,941)	80,536	(3,511,153)
Profit/(loss) for the financial year	8,129,095	877,520	(201,954)	8,804,661

Geographical information

Revenue information based on the geographical location of customers are as follows:

	Revenue RM
31 December 2024	
Local	80,069,452
Overseas	13,397,268
	93,466,720
31 December 2023	
Local	77,914,216
Overseas	13,177,000
	91,091,216

STATEMENT BY DIRECTORS

(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, **GOH CHYE HIN** and **KEE HUI LANG**, being two of the directors of SMART ASIA CHEMICAL BHD, do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....

GOH CHYE HIN
Director

.....

KEE HUI LANG
Director

Kuala Lumpur

Date: 29 April 2025

STATUTORY DECLARATION

(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **JIU CHIEH YIN**, being the officer primarily responsible for the financial management of SMART ASIA CHEMICAL BHD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
JIU CHIEH YIN
(MIA Membership No: 39380)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 April 2025.

Before me,

.....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMART ASIA CHEMICAL BHD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Smart Asia Chemical Bhd, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 61 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMART ASIA CHEMICAL BHD (Incorporated in Malaysia) (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters.

Group

Deferred tax assets (Note 8 to the financial statements)

As at 31 December 2024, the Group has recognised deferred tax assets for unabsorbed reinvestment allowances, unabsorbed capital allowances and deductible temporary differences that it believes are recoverable. The recoverability of recognised deferred tax assets is dependent on the directors' assessment on the Group's ability to generate future taxable profits sufficient to be utilised against the unabsorbed reinvestment allowances, unabsorbed capital allowances and the deductible temporary differences.

We focused on this area because significant management judgement is required to determine the future taxable profits. The realisation of these deferred tax assets is often dependent on future taxable profits and there are inherent uncertainties involved in projecting the amount.

Our response:

Our audit procedures included, among others:

- obtaining and understanding the key assumptions used in profit projections for the recoverability assessment of deferred tax assets;
- discussing the directors' key assumptions in profit projections, in particular, the revenue growth and gross profit margin by comparing them to historical data, as well as current economic conditions; and
- testing the mathematical computation of the profit projections calculation.

Inventories (Note 9 to the financial statements)

The Group has significant inventories as at 31 December 2024 which include certain amounts of finished goods that have been held in inventory for an extended period. The directors are required to perform an assessment to determine whether these inventories are stated at the lower of cost and net realisable value.

We focused on this this area because the review of saleability and value of these inventories at lower of cost and net realisable value by the directors are major source of estimation uncertainty.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMART ASIA CHEMICAL BHD (Incorporated in Malaysia) (cont'd)

Key Audit Matters (continued)

Group (continued)

Inventories (Note 9 to the financial statements) (continued)

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and detection and write down/off of slow-moving inventories as at 31 December 2024;
- observing year end physical inventory count to observe physical existence and condition of the finished goods and understanding the design and implementation of controls during the count;
- checking subsequent sales and discussing with the directors on their' assessment on estimated net realisable value on selected inventory items; and
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

Trade Receivables (Note 10 to the financial statements)

The Group has significant trade receivables as at 31 December 2024 which include certain amounts which are long outstanding.

We focused on this area because the Group's expected credit losses assessment requires the exercise of significant judgement to be made by the directors, especially in determining the risk of default and expected credit loss rate, which are based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and expected credit losses calculation;
- understanding the significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by the Group;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activities with the customers and the directors' explanation on recoverability with significantly past due balances; and
- testing the mathematical computation of expected credit losses as at the end of the reporting period.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMART ASIA CHEMICAL BHD (Incorporated in Malaysia) (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMART ASIA CHEMICAL BHD (Incorporated in Malaysia) (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SMART ASIA CHEMICAL BHD
(Incorporated in Malaysia) (cont'd)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2025 J
Chartered Accountant

Kuala Lumpur

Date: 29 April 2025

LIST OF PROPERTIES

No.	Name of Registered Owner	Title details / Postal address	Description of property/ Existing use	Tenure	Total built-up area / Land area based on title (sq ft)	Date of acquisition	Approximate Age of Building	Audited Net Book Value as at the 31 December 2024 (RM'000)
1.	Smart Paint Manufacturing Sdn Bhd	<p>Title Details HSD 247906, PT 44859, Mukim Sungai Terap, Daerah Kinta, Negeri Perak</p> <p>Postal Address N/A</p>	<p>Description and Existing Use An industrial land with a plant being constructed on the land with a total built-up area of approximately 95,170 sq ft which consist of the following:</p> <p>(i) a double-storey factory with a built-up area of approximately 40,486 sq ft;</p> <p>(ii) a single storey warehouse with a built-up area of approximately 21,122 sq ft;</p> <p>(iii) a double-storey office building with a built-up area of approximately 24,062 sq ft which includes, amongst others, office, a laboratory and a showroom; and</p> <p>(iv) other utility facilities with a built-up area of approximately 9,500 sq ft which includes, amongst others, treatment plant, compressor room, switch gear and transformer room</p>	Leasehold of 99 years expiring on 10 December 2119	95,170 / 20 6,505.62	13 August 2018	1 year ⁽¹⁾	35,692
2.	Smart Paint Manufacturing Sdn Bhd	<p>Title Details PN 1068819, Lot 374007, Mukim Sungai Terap, Daerah Kinta, Negeri Perak</p> <p>Postal Address N/A</p>	<p>Description and Existing Use Vacant industrial land</p>	Leasehold of 99 years expiring on 16 May 2115	N/A / 55,089.69	9 July 2020 / N/A	N/A	516
3.	Smart Paint Manufacturing Sdn Bhd	<p>Title Details PN 1068820, Lot 374008, Mukim Sungai Terap, Daerah Kinta, Negeri Perak</p> <p>Postal Address N/A</p>	<p>Description and Existing Use Vacant industrial land</p>	Leasehold of 99 years expiring on 16 May 2115	N/A / 63,054.99	9 July 2020 / N/A	N/A	590

LIST OF PROPERTIES (cont'd)

No.	Name of Registered Owner	Title details / Postal address	Description of property/ Existing use	Tenure	Total built-up area / Land area based on title (sq ft)	Date of acquisition	Approximate Age of Building	Audited Net Book Value as at the 31 December 2024 (RM'000)
4.	Smart Paint Manufacturing Sdn Bhd	Title Details PN 1068821, Lot 374009, Mukim Sungai Terap, Daerah Kinta, Negeri Perak Postal Address N/A	Description and Existing Use Vacant industrial land	Leasehold of 99 years expiring on 16 May 2115	N/A / 83,614.06	9 July 2020 / N/A	N/A	783
5.	Smart Paint Manufacturing Sdn Bhd	Title Details HSD 506797, PTD 212908, Mukim Plentong, Daerah Johor Bahru, Negeri Johor Postal Address No. 11, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor	Description Single storey detached factory with three storey office building Existing Use Head office, manufacturing facility and quality control facility	Freehold	34,198.62 / 43,475.43	10 August 2018	12 years ⁽²⁾	6,718
6.	Smart Paint Manufacturing Sdn Bhd	Title Details HSD 506798, PTD 212909, Mukim Plentong, Daerah Johor Bahru, Negeri Johor Postal Address No. 9, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor	Description Single storey detached factory with three storey office building Existing Use Storage of finished goods and product development facility	Freehold	31,658.00 / 43,475.43	23 April 2015	12 years ⁽²⁾	6,066

LIST OF PROPERTIES (cont'd)

No.	Name of Registered Owner	Title details / Postal address	Description of property/ Existing use	Tenure	Total built-up area / Land area based on title (sq ft)	Date of acquisition	Approximate Age of Building	Audited Net Book Value as at the 31 December 2024 (RM'000)
7.	Smart Paint Manufacturing Sdn Bhd	<p>Title Details HSD 506796, PTD 212907, Mukim of Plentong, Daerah Johor Bahru, Negeri Johor</p> <p>Postal Address No. 15, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor</p>	<p>Description Single storey detached factory with three storey office building</p> <p>Existing Use Storage of raw materials</p>	Freehold	28,532.00 / 43,475.43	10 March 2022	12 years ⁽²⁾	7,408

The following note:

N/A Not applicable

⁽¹⁾ The approximate age of building is computed based on the date of Certificate of Completion and Compliance ("CCC") which is on 29 April 2024.

⁽²⁾ The approximate age of building is computed based on the date of CCC which is on 5 October 2012.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

Issued and Paid-Up Share Capital	:	RM92,670,084.00
Number of Issued Shares	:	369,850,420 ordinary shares
Class of Shares	:	Ordinary shares
Number of Shareholders	:	2,549
Voting Rights	:	One (1) vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 28 MARCH 2025

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	1	0.04	10	0.00
100 – 1,000	245	9.61	120,200	0.03
1,001 – 10,000	1,117	43.82	6,627,400	1.79
10,001 – 100,000	963	37.78	35,728,700	9.66
100,001 – 18,492,520*	220	8.63	128,648,310	34.78
18,492,521 and above**	3	0.12	198,725,800	53.73
TOTAL	2,549	100.00	369,850,420	100.00

Notes:-

* Less than 5% of the issued and paid-up share capital.

** 5% and above of the issued and paid-up share capital.

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 28 MARCH 2025

Name of Directors	(Direct)		(Indirect)	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Yau Yin Wee	200,000	0.05	-	-
Goh Chye Hin	166,069,789	44.90	10,000,000*	2.70
Kee Hui Lang	32,656,011	8.83	10,000,000*	2.70
Lim Kok Beng	9,660,059	2.61	-	-
Tan Suat Hoon	50,000	0.01	-	-
Ang Hock Seng	100,000	0.03	-	-
Yap Yung Chien	200,000	0.05	-	-

Notes:-

* Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee and Goh Ji Syuan pursuant to Section 59(1)(c) of the Act.

SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2025

Name of Substantial Shareholders	(Direct)		(Indirect)	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Goh Chye Hin	166,069,789	44.90	10,000,000*	2.70
Kee Hui Lang	32,656,011	8.83	10,000,000*	2.70

Notes:-

* Deemed interested by virtue of the direct shareholding of their children, Goh Sim Yee and Goh Ji Syuan pursuant to Section 59(1)(c) of the Act.

ANALYSIS OF SHAREHOLDINGS AS AT 28 MARCH 2025 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 28 MARCH 2025

Name of Shareholders	No. of Shares	Percentage (%)
1. GOH CHYE HIN	86,069,789	23.27
2. GOH CHYE HIN	80,000,000	21.63
3. KEE HUI LANG	32,656,011	8.83
4. MAYBANK NOMINEES (TEMPATAN) SDN BHD LIM KOK BENG	9,660,059	2.61
5. WON SEOW HOOI	6,996,000	1.89
6. GOH BEE SIM	6,487,930	1.75
7. CHAI JEE CHOON	5,370,400	1.45
8. ZHANG, YINCHAO	5,030,000	1.36
9. CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAY HOCK SOON (MY1055)	3,809,300	1.03
10. CHU TECK	3,113,923	0.84
11. GOH JI SYUAN	2,500,000	0.68
12. GOH JI SYUAN	2,500,000	0.68
13. GOH SIM YEE	2,500,000	0.68
14. GOH SIM YEE	2,500,000	0.68
15. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIN HOCK CHUAN (E-KLG)	2,500,000	0.68
16. YEOH KEAN BENG	2,105,200	0.57
17. HONG KIAN MENG	2,100,000	0.57
18. GOH CHYE LENG	1,733,361	0.47
19. TAN SAY HOW	1,633,000	0.44
20. TEH BEE GAIK	1,591,300	0.43
21. CHEN KA MOI	1,500,000	0.41
22. KOH BENG SAN	1,500,000	0.41
23. CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PMB INVESTMENT BERHAD FOR MAJLIS AMANAH RAKYAT	1,335,000	0.36
24. NG TECK YONG	1,286,400	0.35
25. KEE HUI CHENG	1,250,000	0.34
26. KOH KOOI SOON	1,250,000	0.34
27. AMANAHRAYA TRUSTEES BERHAD PMB DANA BESTARI	1,150,000	0.31
28. TAN KWANG BOCK	1,125,000	0.30
29. TAN KIM PENG	1,102,400	0.30
30. GOH BEE GUAT	1,000,000	0.27
TOTAL	273,355,073	73.93

NOTICE OF THE THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of Smart Asia Chemical Bhd (“Company”) will be held at No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100, Johor Bahru, Johor on Thursday, 26 June 2025 at 10.30 a.m. to transact the following business:

AGENDA

As Ordinary Business

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. 2. To approve the payment of Directors’ fees and benefits of up to RM500,000.00 for the period from 27 June 2025 until the date of the next Annual General Meeting of the Company to be held in 2026. 3. To re-elect the following Directors who retire in accordance with Clause 95 (i) of the Company’s Constitution and being eligible, offer themselves for re-election:- <ol style="list-style-type: none"> (a) Mr. Lim Kok Beng (b) Mr. Yau Yin Wee 4. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <p>Please refer to
Note B</p> <p>Ordinary
Resolution 1</p> <p>Ordinary
Resolution 2
Ordinary
Resolution 3
Ordinary
Resolution 4</p> |
|--|--|

As Special Business

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:

ORDINARY RESOLUTIONS

- | | |
|---|---|
| <ol style="list-style-type: none"> 6. Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act, 2016 (“the Act”) (“Proposed General Mandate”) | <p>Ordinary
Resolution 5</p> |
|---|---|

“THAT pursuant to Sections 75 and 76 of the Act and the approvals of the relevant government and/or regulatory authorities, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.

THAT pursuant to Section 85 of the Act to be read together with Clause 52 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offer new shares in the Company ranking equally to the existing issued shares of the Company arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Act **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

NOTICE OF THE THIRD ANNUAL GENERAL MEETING (cont'd)

7. Proposed New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary
Resolution 6

"**THAT** subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), approval be and is hereby given to the Company and/ or its subsidiaries ("**Smart Asia Group**") to enter into and give effect to the recurrent related party transactions of a revenue and/ or trading nature with the related parties as set out in the Circular to Shareholders of the Company dated 30 April 2025 ("**Circular**"), which are necessary for the day-to-day operations of Smart Asia Group within the ordinary course of business, at arm's length basis, and on normal commercial terms, which are not more favourable to the related parties than those generally available to the public and are not detrimental of the minority shareholders of the Company.

THAT the authority for the Proposed Shareholders' Mandate shall continue to be in full force until:-

- (i) the conclusion of the next Annual General Meeting of the Company ("**AGM**"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Board of Directors be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Shareholders' Mandate with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities."

8. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Act.

By Order of the Board

Lim Li Heong (MAICSA 7054716) (SSM Practising Certificate No.: 202008001981)
Wong Mee Kiat (MAICSA 7058813) (SSM Practising Certificate No.: 202008001958)
Company Secretaries

Kuala Lumpur
30 April 2025

Notes:-

A. Proxy

1. A proxy may but need not be a member of the Company.
2. To be valid, this form, duly completed must be deposited at the Registered Office of the Company, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy/proxies have been duly completed by the member(s).
3. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

NOTICE OF THE THIRD ANNUAL GENERAL MEETING (cont'd)

4. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorised.
7. Only depositors whose names appear in the Record of Depositors as at 19 June 2025 shall be entitled to attend the Third AGM.

B. Audited Financial Statements

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

C. Resolution 1 – Payment of Directors’ Fees and Benefits Payable

Shareholders’ approval is sought at this AGM for the payment of Directors’ Fees and Benefits Payable to the Directors of the Company of up to an amount of RM500,000.00 for the period from 27 June 2025 until the next AGM of the Company to be held in 2026. The Directors’ Fees and Benefits Payable consist of Directors’ Fee paid monthly for duties performed as Directors and attendance allowance for Board, Board Committee and general meetings attended.

The total amount of RM500,000.00 is estimated based on the current Board size and the estimated number of scheduled and additional unscheduled Board, Board Committees and general meetings to be held.

D. Resolution 2 & 3 – Re-election of Directors

Mr. Lim Kok Beng and Mr. Yau Yin Wee are retiring by rotation pursuant to Clause 95 (j) of the Constitution of the Company and are standing for re-election at this AGM. Their profiles are provided in the Directors’ Profile of this Annual Report 2024.

In recommending their re-election, the Nomination Committee (“NC”) of the Company had assessed the contribution and the fit and proper criteria of the respective Directors. The Board had endorsed the NC’s recommendation that Mr. Lim Kok Beng and Mr. Yau Yin Wee be re-elected as Directors of the Company.

Explanatory Notes on Special Business

E. Resolution 5 – Proposed General Mandate

The Ordinary Resolution 5 proposed under Item 6 above, if passed, will give the Directors of the Company flexibility to allot and issue new shares up to an amount not exceeding ten per centum (10%) of the Company’s total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

The Board is of the opinion that the issue and allot shares up to an amount not exceeding ten per centum (10%) is in the best interest of the Company.

The general mandate sought for issue of shares is a new mandate. This authority will expire at the conclusion of the next AGM of the Company or at the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

NOTICE OF THE THIRD ANNUAL GENERAL MEETING (cont'd)

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Act shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 52 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 52 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Act, which will result in a dilution to their shareholding percentage in the Company.

F. Resolution 6 – Proposed Shareholders' Mandate

The proposed Ordinary Resolution 6, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For more information, please refer to the Circular to Shareholders dated 30 April 2025.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Third Annual General Meeting of the Company will be held at No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100, Johor Bahru, Johor on Thursday, 26 June 2025 at 10:30 a.m.
2. The Directors who are standing for re-election at the Third Annual General Meeting of the Company pursuant to Clause 95 (i) of the Company's Constitution are:

- (i) Mr. Lim Kok Beng
- (ii) Mr. Yau Yin Wee

Mr. Lim Kok Beng and Mr. Yau Yin Wee have no conflict of interest or potential conflict of interest including any interest in any competitor business with the Company or its subsidiaries.

The details of the above Directors seeking re-election are set out in the Board of Directors' Profile of this Annual Report.

3. The details of the above Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.
4. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2024 are disclosed in the Statement on Corporate Governance of this Annual Report.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:-

- (i) *consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");*
- (ii) *warrants that where the member disclose the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained prior consent of such proxy(ies) and/or representative(s) for the Purposes; and*
- (iii) *agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



SMART ASIA CHEMICAL BHD
Registration No. 201901016953 (1326281-T)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of Shares Held	

*I/We _____ *NRIC No./Co. No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Telephone No. _____ Email Address: _____

being a *member / members of Smart Asia Chemical Bhd (Registration No. 201901016953 (1326281-T)) ("the Company"), hereby appoint the following person(s):

Name of Proxy	NRIC No	Address	No. of Shares to be represented
1.			
2.			

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Third Annual General Meeting of the Company to be held at No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100, Johor Bahru, Johor on Thursday, 26 June 2025 at 10.30 a.m. or at any adjournment thereof and to vote as indicated below:

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution 1	To approve the payment of Directors' fees and benefits of up to RM500,000.00 for the period from 27 June 2025 until the date of the next Annual General Meeting of the Company to be held in 2026.				
Resolution 2	Re-election of Mr. Lim Kok Beng				
Resolution 3	Re-election of Mr. Yau Yin Wee				
Resolution 4	Re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration				
Resolution 5	Proposed General Mandate				
Resolution 6	Proposed Shareholders' Mandate				

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

*Strike out whichever is not desired.

Dated this _____ day of _____ 2025

Signature of Shareholder(s) / Common Seal

Notes

- A proxy may but need not be a member of the Company.
- To be valid, this form, duly completed must be deposited at the Registered Office of the Company, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy/proxies have been duly completed by the member(s).
- A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorised.
- Only depositors whose names appear in the Record of Depositors as at 19 June 2025 shall be entitled to attend the Third Annual General Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 April 2025.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

SMART ASIA CHEMICAL BHD
[Registration No. 201901016953 (1326281-T)]
Registered Office
Acclime Corporate Services Sdn Bhd
Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City,
59200 Kuala Lumpur

1st fold here



SMART ASIA CHEMICAL BHD

Smart Asia Chemical Bhd

Reg. No. 201901016953 (1326281-T)

No. 11, Jalan Indah Gemilang 5,
Taman Perindustrian Gemilang,
81800 Ulu Tiram, Johor, Malaysia.

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