



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

ANNUAL REPORT 2025



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CORPORATE INFORMATION

BOARD OF DIRECTORS

YAU YIN WEE

Independent
Non-Executive Chairman
(Board Chairman)

GOH CHYE HIN

Managing Director

KEE HUI LANG

Non-Independent
Executive Director

LIM KOK BENG

Non-Independent
Executive Director /
Chief Operating Officer

TAN SUAT HOON

Independent
Non-Executive Director

ANG HOCK SENG

Independent
Non-Executive Director

YAP YUNG CHIEN

Independent
Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Suat Hoon - Chairperson
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 - Chairperson
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 7, Mercu 3, No. 3,
Jalan Bangsar
KL Eco 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

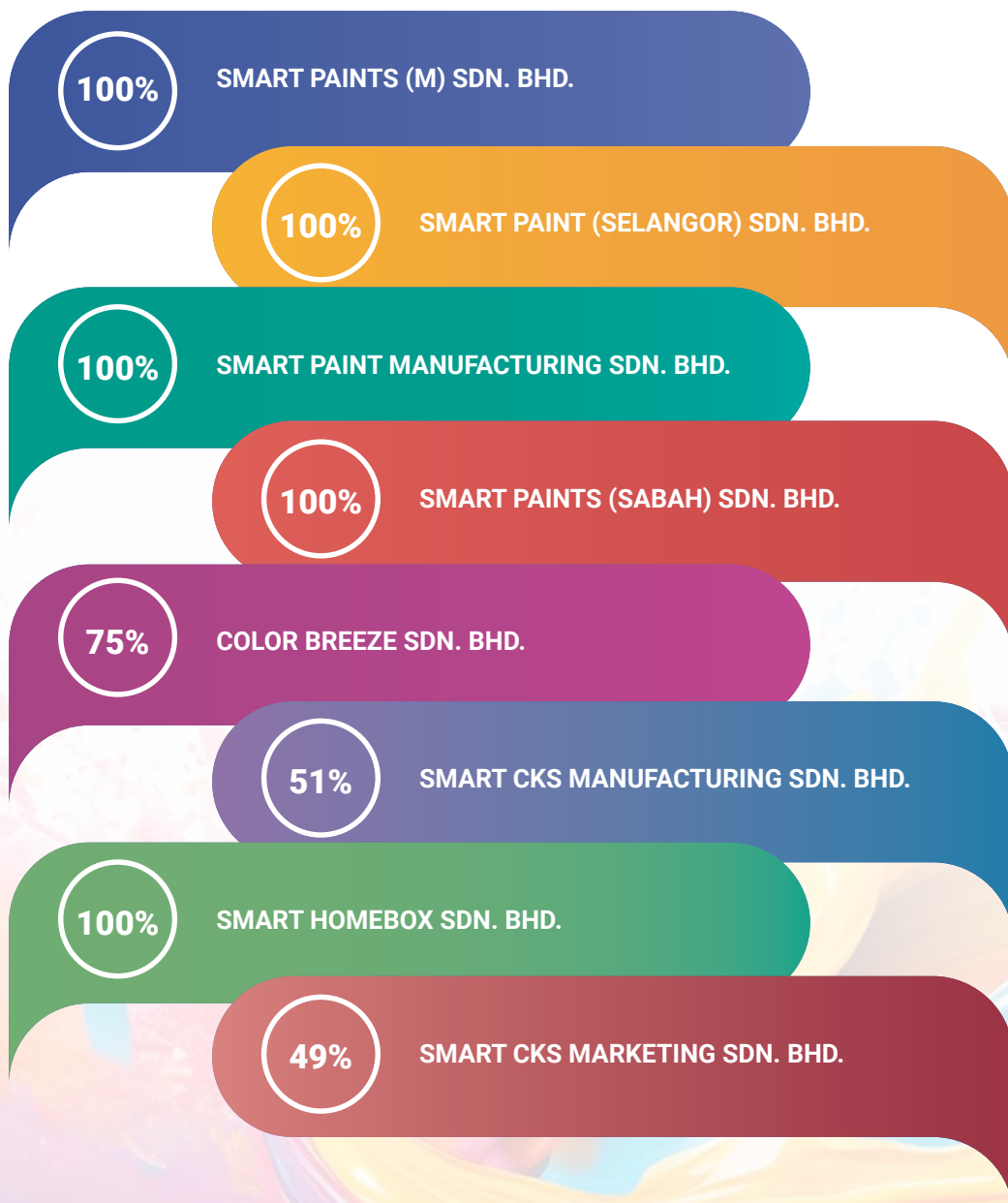
**The ACE Market of Bursa Malaysia
Securities Berhad**
Stock Name : SMART
Stock Code : 0306

SPONSOR

TA Securities Holdings Berhad
Registration No.: 197301001467
(14948-M)
32nd Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel: (603) 2072 1277



SMART ASIA CHEMICAL BHD
201901016953 (1326281-T)





KEY EVENTS AND MILESTONES

The history of Smart Asia Chemical Bhd and its subsidiaries date 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.

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'.

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 with the colour codes selected by retail end-users.

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'.

2014

We recorded our first export sales to Indonesia.

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.

KEY EVENTS AND MILESTONES
(CONT'D)

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 Brand Laureate SMEs Best Brands 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. Mercury Securities Sdn Bhd was the sponsor responsible for our admission to the ACE Market of Bursa Securities.

2025

- We have entered a collaboration with an industry partner to explore opportunities in enhancing our capabilities in advanced construction chemical systems.
- We further expanded our distribution network with the placement of an additional 38 Smart Colour POS Tinting Machines to wholesalers and dealers, reinforcing its retail growth strategies.



BOARD OF DIRECTORS' PROFILE

YAU YIN WEE

Independent Non-Executive Chairman

Nationality



Gender



Age

69

Yau Yin Wee, a Malaysian, age 69, is our Independent Non-Executive Chairman. He was appointed to our Board on 17 April 2023.

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

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

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

He left to join AmBank Group in 2005 as their Senior Manager and was subsequently redesignated to Associate Director of the Corporate and Institutional

Banking in 2010 where he was involved in marketing and development for corporate advisory and business loans. During his tenure there, he also assisted various clients with their initial public offering processes on both Malaysia's and Singapore's stock exchanges before leaving in 2014.

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

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

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

BOARD OF DIRECTORS' PROFILE (CONT'D)

GOH CHYE HIN

Managing Director

Nationality



Gender



Age

66

Goh Chye Hin, a Malaysian, age 66, is our Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 13 May 2019. He is responsible for spearheading and overseeing our Group's overall operations as well as formulating and implementing new business strategies.

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

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

He left Seamaster Paint (Malaysia) Sdn. Bhd. in 1990 to embark on his entrepreneurial journey by co-founding United Trading, a business that is involved in the trading of paints and tools, in the same year. He later co-founded UT Holdings 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

Nationality  Gender  Age 

Kee Hui Lang, a Malaysian, age 64, 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

Nationality



Gender



Age

66

Lim Kok Beng, a Malaysian, age 66, 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

Nationality



Gender



Age

64

Ang Hock Seng, a Malaysian, age 64, 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 who 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

Nationality



Gender



Age

57

Tan Suat Hoon, a Malaysian, age 57, is our Independent Non-Executive Director. She was appointed to our Board on 17 April 2023. She is also the Chairperson 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

Nationality  Gender  Age **36**

Yap Yung Chien, a Malaysian, age 36, was appointed as our Independent Non-Executive Director on 8 June 2023. She is also the Chairperson 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:-

- **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 has any family relationship with any Director and/or major shareholder of the Group.
- **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 2026, 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.
- **Conviction of Offences**
None of the Directors has any conviction for 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.
- **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 on page 51 to 60 of this Annual Report.
- **Directors' Shareholdings**
The details of the Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings on page 167 of this Annual Report.
- **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

Nationality



Gender



Age

39

Jiu Chieh Yin, a Malaysian, age 39, is our Chief Financial Officer. She joined our Group in February 2022 and she is responsible for managing and overseeing our Group's accounting and finance function including financial, audit and tax.

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

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

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

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

GOH SIM YEE

Operations Director

Nationality



Gender



Age

35

Goh Sim Yee, a Malaysian, aged 35, 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

Nationality  Gender  Age **31**

Goh Ji Syuan, a Malaysian, aged 31, 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

Nationality  Gender  Age **52**

Lim Tau Yee, a Malaysian, aged 52, 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:-

- 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.
- Conflict of Interest
None of Key Senior Management has any conflict of interest with the Group.
- Conviction of Offences
None of the Key Senior Management has any conviction for 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.
- Directorships in Public Companies and Listed Issuers
None of the Key Senior Management hold any other directorship of public companies and listed issuers.

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MANAGING DIRECTOR'S STATEMENT

Dear Valued Shareholders

The financial year ended 31 December 2025 marked an important phase in the development of Smart Asia Chemical Bhd following our listing in year 2024. The year was characterised by a rapidly evolving industry landscape, intensified competition and significant structural changes within the coatings and construction chemicals sector.

Against this backdrop, the financial year 2025 was a transitional year for Smart Asia Chemical Bhd. While profitability was impacted by strategic investments and operational adjustments, these initiatives were undertaken with the clear objective of strengthening our long-term capabilities and positioning the Company for sustainable growth.

The Board is confident that the foundations laid during the year will support Smart Asia Chemical Bhd's next phase of development.

On this note, I am pleased to present our Annual Report for financial year 2025.

Industry and Economic Landscape

The operating environment has become increasingly competitive and dynamic. Evolving consumer spending behaviour, technological advancements and shifts in global supply chains have reshaped the coatings and construction chemicals industry.

One of the most visible developments in recent years has been the growing presence of international players within the regional market. Companies operating at larger production scale and utilising different technical specifications are often able to deliver products and services at significantly lower cost structures. This has intensified price competition across the industry and placed pressure on margins in several product categories.

At the same time, global macroeconomic developments continue to influence business conditions. Rising energy prices, particularly increases in oil prices arising from geopolitical developments, have contributed to higher raw material costs for petrochemical-based products widely used in coatings and chemical manufacturing. Together with broader inflationary pressures across supply chains, these factors remain key considerations for industry participants.



MANAGING DIRECTOR'S STATEMENT (CONT'D)

While Malaysia continues to undertake major infrastructure and development initiatives, increasing competition from international players means that participation in such projects has become more competitive across the country.

Despite these challenges, Malaysia continues to demonstrate resilience as an investment destination. The country benefits from a relatively stable political environment, well-developed infrastructure and its strategic role within regional supply chains. Continued industrial development and sustained foreign direct investment are supporting employment creation and broader economic growth.

Looking ahead, while global uncertainties remain, the Board believes that Malaysia's economic outlook over the medium term remains positive.

Navigating Structural Changes in the Industry

Alongside these macroeconomic developments, the coatings and construction chemicals industry is also undergoing significant structural transformation. Market competition has intensified as alternative suppliers and products offerings become more widely accessible. At the same time, customer expectations have evolved, with greater emphasis placed on value, reliability and service quality.

Traditional product-centric business models are gradually shifting towards more integrated, solution-based approaches, with customers increasingly seeking comprehensive offerings that combine products with services and support.

Recognising these evolving industry dynamics, Smart Asia Chemical Bhd has adopted a pragmatic and adaptive strategy. Rather than competing primarily on price, we continue to strengthen our capabilities through targeted product development and selected strategic collaborations. In line with this approach, we have entered into a collaboration with an industry partner to explore opportunities in enhancing our capabilities in advanced construction chemical systems. This collaboration enables us to access complementary technical expertise and broaden our product portfolio while continuing to build our own in-house capabilities.

Financial Performance and Strategic Investments

Financial year 2025 was a year of significant investment and operational strengthening. While Smart Asia Chemical Bhd recorded lower profitability compared to previous periods, this primarily reflects the result of strategic initiatives undertaken to support long-term growth.

Following our listing in 2024, we continued to incur additional operational and corporate costs in support of our expansion, regulatory compliance and organisational development. During the year, the Company also recognised certain financial and operational adjustments, including the write-off of legacy inventory, alongside increased investments in human capital, marketing and promotional activities. In parallel, the Management undertook prudent measures to streamline the balance sheet and enhance operational efficiency. Consequently, financial year 2025 was a transitional and challenging year for Smart Asia Chemical Bhd.

Despite these headwinds, the Company remained financially resilient and well-positioned to manage these costs, supported by disciplined cash flow management and effective supply chain planning to ensure operational continuity. We continue to work closely with key partners to optimise procurement processes and drive sustainable long-term efficiencies.

MANAGING DIRECTOR'S STATEMENT (CONT'D)

During the year, the Group progressed several strategic initiatives to support growth and strengthen its operational capabilities:

- Continued development, operational strengthening and expansion of our Ipoh manufacturing facility, including increased production capacity to support a broader range of products;
- Acquisition of a new property in Shah Alam to support office operations, storage and training facilities;
- Upgrading of the Group's information technology infrastructure, including enhanced accounting systems, cloud-based solutions, and expanded data storage capacity;
- Strengthening of supply chain management through diversified sourcing strategies.

Although these investments impacted short-term margins, they represent important steps towards strengthening operational resilience, enhancing efficiency and supporting future scalability. Smart Asia Chemical Bhd remains financially sound and well-positioned to pursue its long-term growth objectives.

Driving Business Model Innovation

As industry dynamics continue to evolve, Smart Asia Chemical Bhd recognises the need to adapt beyond traditional business models.

In financial year 2025, production growth was moderated, with activity easing between June and September and the Ipoh manufacturing facility operating below full capacity. While distribution recorded some improvement, overall growth remained measured. The Malaysian market continues to be competitive in certain regions, with some segments nearing saturation; however, these conditions also present opportunities for product innovation and enhanced service offerings.

In response to evolving market dynamics, the Company launched an integrated service concept, "Smart HomeBox", designed to complement its product offerings with professional painting services, standardised procedures, warranty coverage, and potential flexible payment options. This initiative aims to provide customers with a more comprehensive solution, enhancing convenience and reliability, while reflecting the Company's strategic approach to strengthening customer engagement and supporting sustainable long-term growth.

In addition, Smart Asia Chemical Bhd is exploring further enhancements to its business model in response to evolving market dynamics, including targeted promotional campaigns and the expansion of direct-to-consumer (B2C) retail stores. These initiatives aim to align the Company's approach with emerging market needs while strengthening customer engagement and confidence.

Product innovation remains a key priority. The Company continues to develop longer-lasting coatings, ensure competitive pricing to popularise new products, and diversify into user-friendly DIY solutions designed for broad consumer adoption. By combining innovative products with flexible service offerings, Smart Asia Chemical Bhd seeks to strengthen its market position, improve customer experience, and drive sustainable growth.

Sustainability and Product Development

Sustainability remains an integral component of Smart Asia Chemical Bhd's long-term strategy.

During the year, Smart Asia Chemical Bhd introduced environmentally responsible products such as Smart Fresh Air A+, designed to support healthier indoor environments. We have also developed coatings that meet solar reflective standards, contributing to improved building energy efficiency and supporting environmentally sustainable construction practices.



MANAGING DIRECTOR'S STATEMENT (CONT'D)

Across our operations, sustainability practices continue to be strengthened through structured environmental management and operational improvements. At our Johor facility, the implementation of ISO 14001:2015 forms the operational backbone of our environmental management framework, ensuring that environmental initiatives are systematically monitored, measurable and aligned with responsible resource management and regulatory compliance.

At the Perak facility, a closed-loop wash water system has been implemented to enable water used in tank cleaning processes to be filtered and recycled into subsequent compatible production batches of compatible paint, improving water utilisation and reducing wastewater discharge. In addition, the facility achieved an 85% First-Time-Pass ("FTP") rate for its core General Emulsion product line under its Continuous Improvement Programme, reflecting improved manufacturing efficiency and reduced material and energy wastage.

These initiatives reflect our ongoing commitment to developing products that support environmental sustainability while meeting the market's growing demand for healthier and more energy-efficient building solutions.

Looking ahead, the Company is evaluating opportunities to integrate renewable energy solutions into its operations, including the potential installation of solar photovoltaic panels in support of the National Energy Transition Roadmap. By reducing reliance on fossil fuels, the Company aims to lower carbon emissions and minimise its overall environmental impact.

People and Organisational Strength

Our people remain central to the Company's long-term success. During financial year 2025, we strengthened our workforce by recruiting experienced talents across several operational and technical functions.

The Company is also proposing the implementation of a performance-based Employee Share Issuance Scheme aimed at aligning employee interests with the Company's long-term growth objectives while supporting talent attraction and retention. The details of the proposed Share Issuance Scheme is disclosed in the Circular to Shareholders dated 13 April 2026.

At the same time, we continue to foster a performance-driven culture supported by clear Key Performance Indicators, accountability and strong ethical standards.

Governance and Risk Management

The Board remains firmly committed to maintaining high standards of corporate governance and effective risk management.

In an increasingly complex business environment, strong governance frameworks and internal controls are essential to ensuring long-term sustainability. During the year, Smart Asia Chemical Bhd continued strengthening its internal compliance systems and risk management practices, including preparations for new regulatory developments such as e-invoicing implementation.

The Board maintains active oversight of the Company's risk management framework to ensure transparency, accountability and responsible corporate conduct.

MANAGING DIRECTOR'S STATEMENT (CONT'D)

Outlook

Looking ahead, the Board believes that the Company is entering a transitional phase as Smart Asia Chemical Bhd completes several strategic investments and organisational enhancements aimed at preparing the Company to navigate future industry changes.

Many of the initiatives undertaken during the year involve investments in new technology, operational capabilities and business model transformation. While these investments have resulted in higher short-term expenditures, they are intended to strengthen the Company's long-term competitiveness and operational resilience.

With these initiatives progressively taking shape, the Board expects financial year 2026 to mark the early fruition of the Company's strategic investments. In particular, we anticipate improved revenue contribution from integrated solution offerings, including our total-solution and warranty-based service platforms.

Moving forward, Smart Asia Chemical Bhd will continue to focus on several strategic priorities:

- Strengthening operational efficiency and production capabilities;
- Expanding technical collaboration and strategic partnerships;
- Advancing product innovation and competitive market offerings;
- Transforming our business model toward integrated customer solutions.

While industry competition remains intense and market conditions continue to evolve, the Board remains confident in the Company's long-term prospects. We believe the strategic steps taken during the year will enable Smart Asia Chemical Bhd to adapt effectively to the changing industry landscape while capturing new growth opportunities.

Appreciation

On behalf of the Board of Directors, I would like to express our sincere appreciation to our management team and employees for their dedication, resilience and commitment throughout the year. We also extend our heartfelt gratitude to our customers, business partners and shareholders for their continued trust and support.

Together, we will continue to navigate the evolving industry landscape while building a stronger, more resilient and forward-looking Smart Asia Chemical Bhd.

Thank you for your continued confidence and support.

Yours sincerely,

Goh Chye Hin
Managing Director
Smart Asia Chemical Bhd

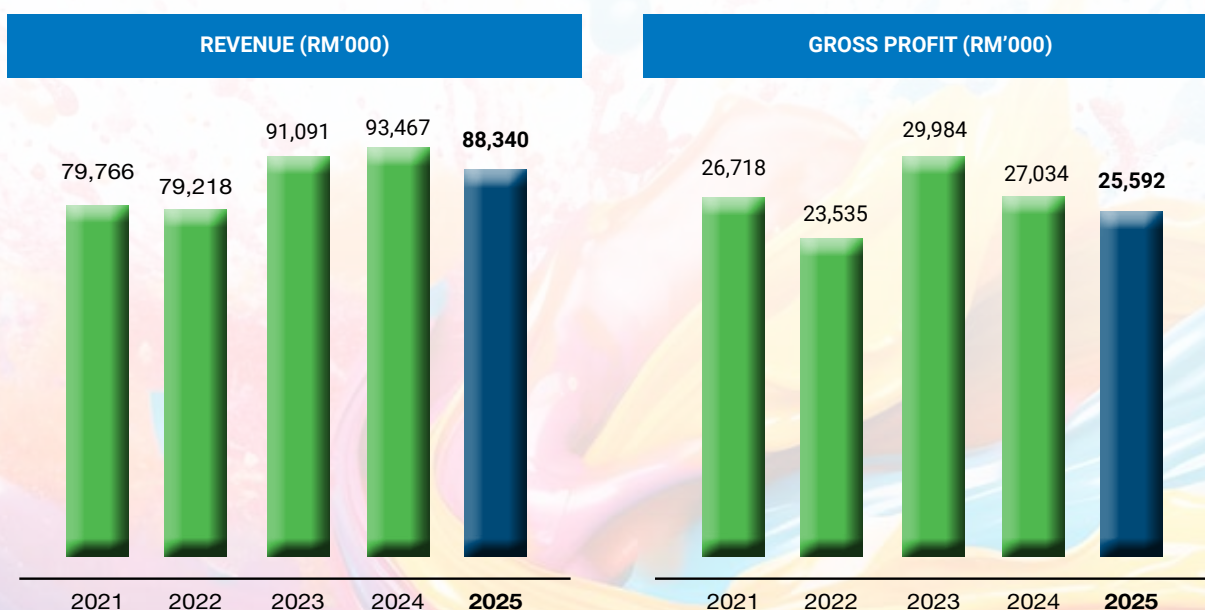


 FINANCIAL
HIGHLIGHTS

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	79,766 ⁽¹⁾	79,218 ⁽¹⁾	91,091 ⁽¹⁾	93,467	88,340
Gross Profit	26,718	23,535	29,984	27,034	25,592
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	16,952	14,216	15,849	7,859	6,759
Profit Before Tax	13,931	11,204	12,316	3,264	2,003
Profit After Tax	10,690	8,614	8,805	6,582	932
Gross Profit Margin (%)	33.50	29.71	32.92	28.92	28.97
Profit Before Tax Margin (%)	17.46	14.14	13.52	3.49	2.27
Profit After Tax Margin (%)	13.40	10.87	9.67	7.04	1.06
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	2.89 ⁽²⁾	2.34 ⁽²⁾	2.40 ⁽²⁾	1.80 ⁽²⁾	0.28

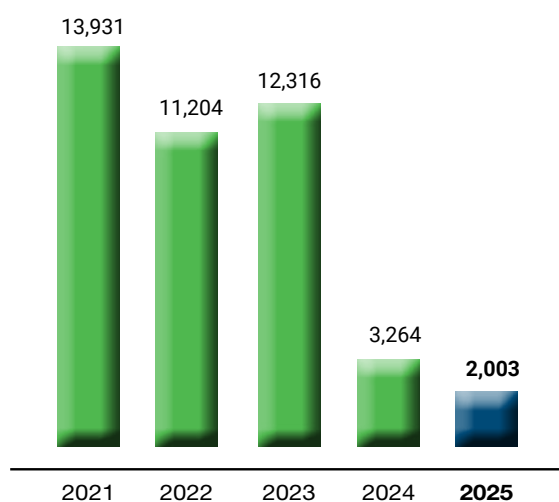
Notes:

- ⁽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.

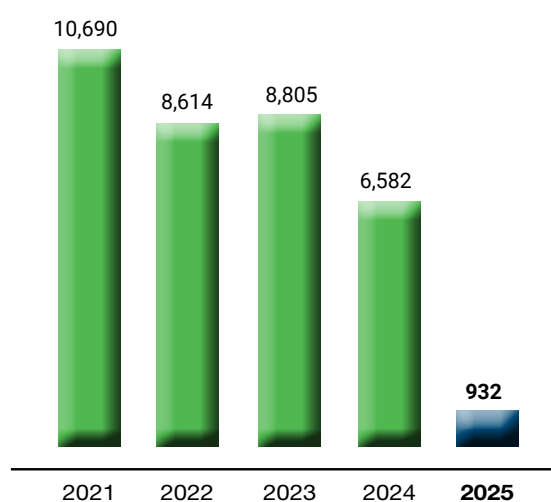


FINANCIAL HIGHLIGHTS
(CONT'D)

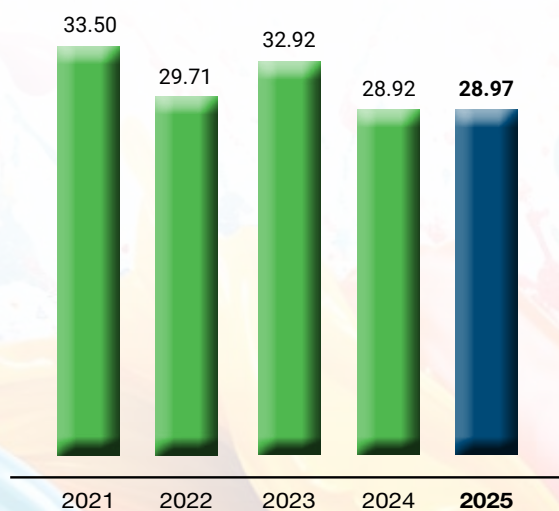
PROFIT BEFORE TAX (RM'000)



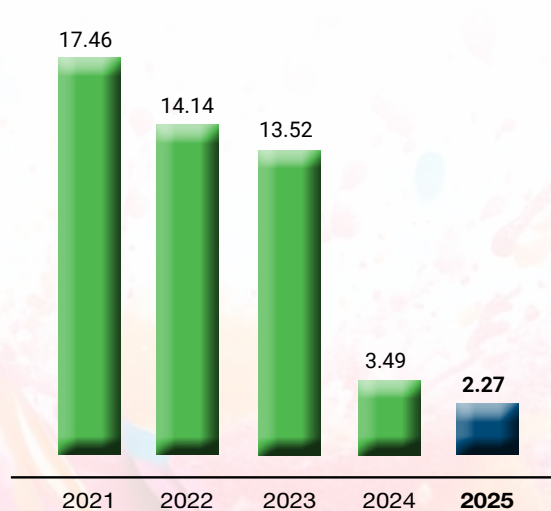
PROFIT AFTER TAX (RM'000)



GROSS PROFIT MARGIN (%)



PROFIT BEFORE TAX MARGIN (%)





MANAGEMENT DISCUSSION AND ANALYSIS

This section provides an overview of Smart Asia Chemical Bhd (“Smart Asia” or “the Company”) and its subsidiaries (“Group”) business operations, a review of the financial performance for the financial year ended 31 December 2025 (“FYE 2025”), and our outlook and strategic priorities moving forward.

OUR BUSINESS

At Smart Asia, we are principally engaged in the formulation, manufacturing, marketing, and distribution of decorative paints and protective coating solutions for both residential and industrial applications. Our business is built on delivering reliable, high-performance coatings through a well-established network of wholesalers, dealers, and authorised distributors. In addition, we serve business end-users directly, including manufacturers, construction companies, and renovation contractors across Malaysia as well as selected overseas markets.

Our products are marketed under a portfolio of in-house brands, namely Smart Paints, Durra Paints, Toplus, and Hunter, each designed to address different customer segments. Smart Paints represents our premium range, while the other brands cater to more price-sensitive segments. Supported by our in-house research and development capabilities, we continuously enhance our formulations in line with evolving market trends and customer requirements. Our dedicated laboratory at the Johor facility plays a key role in product development and quality assurance, while our manufacturing operations in Johor and Perak ensure consistency, efficiency, and adherence to stringent quality standards.

Beyond paints and coatings, we also produce essential chemical components such as colourants, binders, and coating-related chemicals that support our core offerings. Our Aquatint and Flexitint colourants are developed for both centralised production and use in Smart Colour POS Tinting Machines, enabling precise and consistent colour matching. In addition, we manufacture construction-related chemicals under the King-Bond brand, including waterproofing bonding agents and water-repellent solutions that enhance durability and performance in construction and industrial applications.

We also provide Original Design Manufacturer (“ODM”) services for customers who intend to market paints, coatings, and related chemical products under their own brands. Leveraging our technical expertise and manufacturing capabilities, we develop customised formulations and undertake production based on our customers’ specifications. This allows our ODM partners to focus on branding and market expansion, while we manage product development and manufacturing, resulting in improved operational efficiency across the value chain.

To complement our coatings solutions, we offer a comprehensive range of painting tools, accessories, and aerosol spray paints. Under our Goldliner brand, we supply rollers, brushes, and extension poles, while our Bond7 aerosol spray paints are available in a wide spectrum of colours and are produced through Original Equipment Manufacturer arrangements with partners in China, Hong Kong, and Vietnam.

In line with our growth strategy, we have entered into a collaboration with an industry partner to explore opportunities in enhancing our capabilities in advanced construction chemical systems. This collaboration enables us to access complementary technical expertise and broaden our product portfolio while continuing to build our own in-house capabilities.

Our competitive strengths are anchored on innovation, product quality, and operational efficiency. With a capable in-house research and development team, modern manufacturing facilities, and an established distribution network, we are well-positioned to serve a diverse customer base both domestically and internationally. Supported by our expanding product portfolio, ODM capabilities, and strategic partnerships, we remain committed to delivering reliable, high-performance solutions and creating long-term value for our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

A REVIEW OF OPERATIONS

FYE 2025 was a challenging year for Smart Asia, marked by a decline in financial performance amid a more competitive operating environment and ongoing cost pressures. Our Group recorded revenue of RM88.34 million, representing a decrease from RM93.47 million in the preceding financial year, primarily due to softer demand and pricing pressures across certain product segments.

Gross profit declined to RM25.59 million (FYE 2024: RM27.03 million), although gross profit margin remained relatively stable at 28.97% (FYE 2024: 28.92%), reflecting the Group's continued efforts in cost management and operational efficiency. Despite this, profitability was impacted by higher operating expenses, including costs associated with business expansion, distribution network development, and administrative expenses.

Profit before tax decreased significantly to RM2.00 million from RM3.26 million in FYE 2024, while profit after tax declined to RM0.93 million (FYE 2024: RM6.58 million). Consequently, profit margins narrowed, with profit before tax margin at 2.27% and profit after tax margin at 1.06%, compared to 3.49% and 7.04% respectively in the previous year. The Group's basic earnings per share also decreased to 0.28 sen from 2.02 sen (based on weighted average number of ordinary shares outstanding) in FYE 2024.

The weaker performance in FYE 2025 reflects a combination of external headwinds, including intensified market competition and cautious consumer spending, as well as internal factors such as the Group's continued investment in strengthening its operational and distribution capabilities. While these investments have impacted on short-term profitability, they are expected to support the Group's long-term growth and market positioning.

Moving forward, our Group remains focused on improving operational efficiency, optimising cost structures, and enhancing revenue generation through deeper market penetration and product innovation. Management will continue to exercise prudent financial discipline while positioning the Group to capture growth opportunities as market conditions stabilise.

UTILISATION OF PROCEEDS

As at 31 March 2026, the details and status of utilisation of the proceeds raised from the initial public offering of RM37.40 million are as follows:

Details of use of proceeds	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for use from the date of Listing
• Establishment of Perak Plant:				
(a) Construction of Perak Plant	16,000	16,000	-	Within 12 months
(b) Purchase and commissioning of automated paint production system	11,000	11,000	-	Within 24 months ^(a)
• Purchase of 250 sets of Smart Colour POS Tinting Machine	5,000	1,057	3,943	Within 36 months
• Working capital	1,300	1,300	-	Within 12 months
• Listing expenses	4,100	4,100	-	Within 1 month
Total	37,400	33,457	3,943	

Note:

^(a) On 13 May 2025, the Board has approved the extension of time for its utilisation of the proceeds for the intended purpose from 12 months to 24 months from the date of listing on 28 May 2024.



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 2025 and FYE 2024 are as follows:

Financial Performance

	FYE 2025	FYE 2024	Variance	
	RM'000	RM'000	RM'000	%
Revenue	88,340	93,467	(5,127)	(5.49)
Gross profit	25,592	27,034	(1,442)	(5.33)
Profit Before Tax ("PBT")	2,003	3,264	(1,261)	(38.63)
Profit After Tax ("PAT")	932	6,582	(5,650)	(85.84)
Gross profit margin (%)	28.97	28.92	N/A	N/A

Revenue Breakdown by Business Segment

	FYE 2025	FYE 2024	Variance	
	RM'000	RM'000	RM'000	%
Manufacturing Segment	80,241	85,902	(5,651)	(6.59)
Sale and Trading Segment	5,529	4,215	1,314	31.17
Others ⁽¹⁾	2,570	3,350	(780)	(23.28)
Total Revenue	88,340	93,467	(5,127)	(5.49)

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

The Group's revenue decreased by RM5.13 million or 5.49% to RM88.34 million in FYE 2025 from RM93.47 million in FYE 2024.

In FYE 2025, revenue generated from our manufacturing segment remained the primary contributor to the Group's total revenue. The segment recorded a decline in revenue, mainly attributable to softer market demand and increased competitive pressures within the paint industry, which affected sales volume across our dealer network.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Profit Analysis

The Group's gross profit decreased by RM1.44 million, or 5.33%, to RM25.59 million in FYE 2025 (FYE 2024: RM27.03 million), in line with the lower revenue recorded during the financial year. The decline was primarily attributable to softer sales volume and continued pricing pressures, although gross profit margin remained relatively stable at 28.97% (FYE 2024: 28.92%) due to ongoing cost management efforts.

PBT stood at RM2.00 million in FYE 2025 (FYE 2024: RM3.26 million), representing a decrease of 38.63% or RM1.26 million. The decline was in line with the reduction in gross profit.

The PAT decreased significantly by RM5.65 million, or 85.84%, to RM0.93 million in FYE 2025 (FYE 2024: RM6.58 million), mainly attributable to the absence of tax credits recognised in the previous financial year, which had partially supported earnings in FYE 2024.

Financial Position

	FYE 2025	FYE 2024	Variance	
	RM'000	RM'000	RM'000	%
Total assets	164,609	158,124	6,485	4.10
Total liabilities	51,043	46,715	4,328	9.26
Total equity	113,566	111,409	2,157	1.94

The Group's total assets stood at RM164.61 million in FYE 2025, representing an increase of RM6.49 million or 4.10% from RM158.12 million in FYE 2024. The increase was primarily driven by higher non-current assets, which rose to RM99.79 million from RM86.26 million, mainly due to the increase in property, plant and equipment following the acquisition of a three-storey semi-detached factory in Shah Alam as part of our business expansion plans, as well as the recognition of an investment in associate during the financial year. Meanwhile, current assets decreased to RM64.82 million from RM71.86 million in FYE 2024, mainly due to lower trade and other receivables, contract assets and cash and short-term deposits, partially offset by higher inventories and current tax assets.

The Group's total liabilities increased to RM51.04 million in FYE 2025 from RM46.72 million in FYE 2024, representing an increase of RM4.33 million or 9.26%. The increase was primarily driven by higher non-current liabilities, which rose to RM21.49 million from RM18.32 million, mainly due to an increase in term loans and borrowings undertaken to finance the acquisition of the Shah Alam factory, as well as higher deferred tax liabilities. Current liabilities also increased slightly to RM29.56 million from RM28.39 million, attributable to higher short-term borrowings and trade and other payables.

The Group's liquidity position moderated in FYE 2025, primarily due to capital expenditure and lower profitability. Cash balances declined mainly from investments in property, plant and equipment and working capital requirements, with an increase in current liabilities.

Capital expenditure was funded through internally generated funds and borrowings, and the Group continues to maintain adequate liquidity through prudent working capital management and available banking facilities.

Anticipated or Known Risks

Considering the Group's softer financial performance in FYE 2025, Smart Asia remains mindful of the evolving operating environment and the need to proactively manage risks that may impact its recovery and future growth.

The following key risks have been identified, together with the Group's mitigation strategies:



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Dependence on Distribution Network

The business continues to rely heavily on channel partners, including wholesalers, dealers, and authorised distributors to reach end customers. While this model has enabled broad market coverage, it also exposes the Group to risks such as inconsistent service quality experienced by consumers across different channel partners, shifts in channel partner preferences, and fluctuations in order volumes. In a more competitive and cautious market environment, any loss of key channel partners or any reduction in their purchase volumes could further impact revenue performance. To mitigate this, the Group is focused on strengthening relationships with key channel partners, expanding its dealer base, and enhancing direct engagement with both channel partners and consumers to improve market responsiveness and brand positioning.

Dependence on Experienced Management Team

Our Group's performance and strategic direction are closely tied to the experience and leadership of its Managing Director, Executive Director, and senior management team. The recent decline in profitability underscores the importance of strong execution and operational discipline. The loss of key personnel without timely and suitable replacements could adversely affect the Group's ability to navigate current challenges and implement recovery strategies. To address this, the Group continues to offer competitive, performance-based incentives and places emphasis on succession planning and talent development to ensure continuity in leadership. To mitigate retention risks and ensure continuity, the Board has obtained Bursa Securities' approval on 26 March 2026 for a Share Issuance Scheme, which grants options to eligible employees to subscribe for new shares. This initiative aims to align employee interests with the Group's long-term growth while enhancing retention and motivation.

Supply Chain Disruptions

Our Group remains exposed to supply chain risks, including volatility in raw material availability, shipping delays, and logistical disruptions. These challenges may lead to increased costs and operational inefficiencies, particularly in a margin-sensitive environment. The Group mitigates these risks by diversifying its supplier base, strengthening relationships with logistics partners, and maintaining flexibility in procurement and inventory planning to ensure continuity of operations.

Market Competition and Demand Volatility

The paint and coatings industry is highly competitive, with pricing pressures and shifting customer demand affecting sales performance. The decline in revenue in FYE 2025 reflects, in part, softer market demand and intensified competition. To address this, our Group is focusing on strengthening its product offerings, enhancing brand visibility, and improving cost efficiency, while continuing to expand its distribution network to capture market opportunities as conditions stabilise.

Political and Economic Uncertainties

Our Group operates in an environment influenced by broader economic conditions, including inflationary pressures, foreign exchange fluctuations, and changes in regulatory policies. These factors may affect both consumer demand and input costs, thereby impacting overall profitability. The Group mitigates these risks by closely monitoring economic developments, maintaining prudent financial management, and adopting flexible business strategies to respond to changing market conditions.

Overall, while our Group faced a more challenging operating environment in FYE 2025, it remains committed to strengthening its operational resilience and executing targeted strategies to stabilise performance and support sustainable long-term growth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OUR STRATEGIES AND PRIORITIES

In light of the evolving industry landscape and the Group's transitional performance in FYE 2025, Smart Asia remains focused on strengthening its long-term competitiveness through a disciplined and adaptive strategic approach. Our priorities are centred on enhancing operational resilience, driving business model innovation, and positioning the Group for sustainable growth.

Strengthening Operational Efficiency and Production Capabilities

Our Group continues to prioritise improvements in manufacturing efficiency and cost optimisation across its production facilities. Ongoing efforts include enhancing process automation, improving production planning, and increasing utilisation of existing capacity, particularly at Perak facility. These initiatives are aimed at improving operational efficiency, reducing wastage, and strengthening overall cost competitiveness in a margin-sensitive environment.

Advancing Strategic Partnerships and Technical Collaboration

In response to increasing competition and evolving customer requirements in Malaysia's construction industry, the Group is focused on expanding its technical capabilities through collaborations with industry partners. These collaborations allow the Group to access expertise, enhance product offerings, and strengthen its presence in the construction chemical market in Malaysia without significant capital investment.

Driving Business Model Transformation

Recognising the shift from product-centric to solution-based demand, the Group is actively developing integrated service offerings. The development of the "Smart HomeBox" concept reflects our planned move towards a total-solution model, combining product supply with application services, warranty coverage, and potential flexible payment arrangement. This approach is expected to enhance customer value, improve differentiation, and create new revenue streams.

Enhancing Market Presence and Customer Engagement

While distribution remains a key strength, the Group is focused on improving the quality and effectiveness of its market reach. This includes strengthening relationships with existing dealers, expanding selective distribution channels, and increasing direct engagement with end-users through targeted marketing initiatives and potential expansion into direct-to-consumer (B2C) channels. These efforts aim to improve brand visibility, customer loyalty, and overall market responsiveness.

Product Innovation and Sustainable Solutions

Product development remains a core priority as the Group responds to changing market expectations. The focus is on developing higher-performance, longer-lasting coatings, as well as environmentally responsible products that meet evolving regulatory standards and consumer preferences. At the same time, the Group is expanding its portfolio of user-friendly DIY solutions to broaden its customer base and support volume growth.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Strengthening Supply Chain and Cost Management

In an environment of cost volatility and supply chain disruption, our Group continues to adopt a disciplined approach to procurement and inventory management. This includes diversifying supplier sources, strengthening relationships with key partners, and leveraging strategic purchasing arrangements to achieve more favourable pricing. These measures are critical in protecting margins and ensuring operational continuity.

Overall, while FYE 2025 has been a year of transition, the Group's strategic priorities are firmly focused on building a more resilient, efficient, and adaptable business. The initiatives undertaken are expected to position Smart Asia to better navigate industry challenges and capture growth opportunities as market conditions stabilise.

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.

OUR PROSPECTS

Looking ahead, Smart Asia is entering a transitional phase following the strategic investments and operational adjustments undertaken in FYE 2025. While short-term performance has been impacted, these initiatives have strengthened the Group's operational foundation and positioned it for gradual recovery.

The industry outlook remains supported by ongoing construction and refurbishment activities, although the operating environment is expected to remain highly competitive with continued pricing pressures. In addition, recent geopolitical developments, particularly the escalating conflict involving Iran, Israel and the United States, have introduced further uncertainty. Disruptions to global energy supply and rising oil prices may lead to higher raw material and transportation costs, contributing to inflationary pressures across supply chains.

In response, the Group will continue to focus on improving operational efficiency, strengthening supply chain resilience, and enhancing cost management. At the same time, we are advancing our business model towards integrated, solution-based offerings, including initiatives such as "Smart HomeBox", to improve customer value and create new revenue streams.

With these strategic priorities in place, the Board expects FYE 2026 to mark the early stages of recovery as the benefits of these initiatives begin to materialise. Despite near-term uncertainties, the Group remains confident in its ability to adapt to changing market conditions and deliver sustainable long-term growth.

Sincerely,

Goh Chye Hin
Managing Director
Smart Asia Chemical Bhd



SUSTAINABILITY STATEMENT

INTRODUCTION

Smart Asia Chemical Bhd (“Smart Asia”) and its subsidiaries (collectively referred to as “the Group”) incorporate sustainability considerations across the development, manufacturing and distribution of decorative paints and protective coatings. The Group offers a broad range of products, including decorative paints, protective coatings, colourants, binders, and coating chemicals, as well as painting tools and accessories marketed under established brands such as Smart Paints, Durra Paints, Toplus Paints and Hunter Paints. Through ongoing product innovation and development, the Group strives to deliver high-quality coating solutions while reducing potential environmental and health impacts.

In line with its commitment to responsible product stewardship, Smart Asia offers paint formulations with low and zero Volatile Organic Compounds (“VOC”), which are formulated to reduce emissions relative to conventional coatings and contribute to healthier indoor living environments.

Through clear and transparent sustainability reporting, we share our progress while reinforcing our dedication to safeguarding the environment for future generations.





SCOPE AND BOUNDARY

This statement encompasses the Group's material matters, encompassing both financial and non-financial aspects, for the financial year ending 31 December 2025 ("FYE 2025"). 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. The reporting scope covers the principal operations of the Group during the financial year. We are continuously refining our reporting standards to ensure disclosures are meaningful and measurable for all stakeholders.

GUIDELINES AND STANDARDS

Our Sustainability Statement has been prepared with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), which provides guidance on the identification, management and disclosure of material sustainability matters. The Statement outlines the Group's approach towards integrating sustainability considerations into its business operations, while ensuring transparency and accountability to stakeholders.

REPORT QUALITY AND ASSURANCE

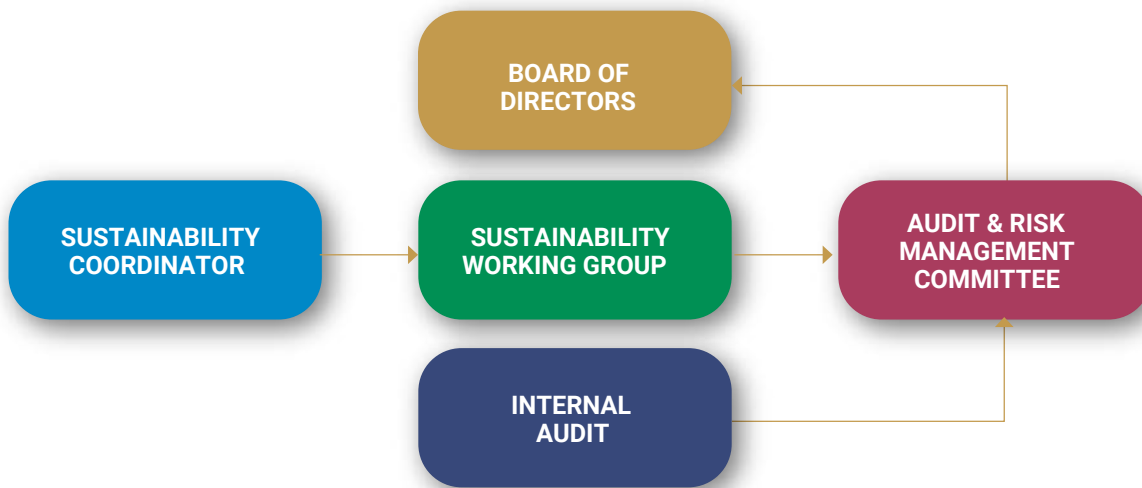
This Sustainability Statement has not been subject to an internal review by an internal auditor, nor has it undergone independent assurance in accordance with recognised assurance standards. The Group shall continue to strengthen its data collection and analysis procedures to enhance the quality and 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. The Audit and Risk Management Committee (“ARMC”) 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 helps the Group gain 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.

1. Identify and priorities key stakeholders based on their relevance to Smart Asia's activities, products, services, and business strategy, as well as their level of dependency on and influence within the Group.
2. Established tailored engagement objectives and approved for each key stakeholders’ group to effectively share information and gather their feedback.
3. Address key stakeholders concern by identifying strategic action and aligning them with Smart Asia's material matters.



STAKEHOLDERS ENGAGEMENT

We recognise the importance of our stakeholders such as 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:

		A	M	Q		
		As needed	Monthly	Quarterly	Y	Yearly
KEY STAKEHOLDERS	STAKEHOLDERS CONCERN	COMMUNICATION CHANNELS				
Customers	Understand our customers' concerns to cultivate positive long-term relationships and improve our services and quality	A				Product updates and presentation
		A				Customer visitation
Employees	Provide a conducive working environment where employees can perform their tasks and develop a fulfilling career ensuring loyalty and continuity	Y				Performance review
		M				Department meeting
		A				Grievances mechanisms for employees
Suppliers & Business Partners	Our Suppliers and Business Partners enable us to continue delivering quality goods and services	Y				Supplier evaluation
		A				Product updates and meetings
		A				Supplier visitation
Government & 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	Y				Production plant visit Compliance and regulatory requirements reporting ("SHO")
Shareholders or Investors	Integrity in corporate reporting and meaningful relationships with stakeholders	Q				Announcements and Circulars
		Y				Annual Report and Annual General Meetings
		A				Corporate Website
		A				Extraordinary General Meetings
Lenders & Financiers	Support us through the provision of short- and long-term capitals enabling us to manage our operation and achieve our business objectives	A				Corporate website
		A				Corporate and media announcement

SUSTAINABILITY STATEMENT
(CONT'D)

KEY STAKEHOLDERS	STAKEHOLDERS CONCERN	COMMUNICATION CHANNELS	
Community	Continuous support and fund Corporate Social Responsibility ("CSR") activities	A	Donation
		A	Participation in CSR activities

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.

IDENTIFYING OUR MATERIAL MATTERS

IDENTIFICATION PRIORITISATION MANAGING MATERIAL MATTERS VALIDATION





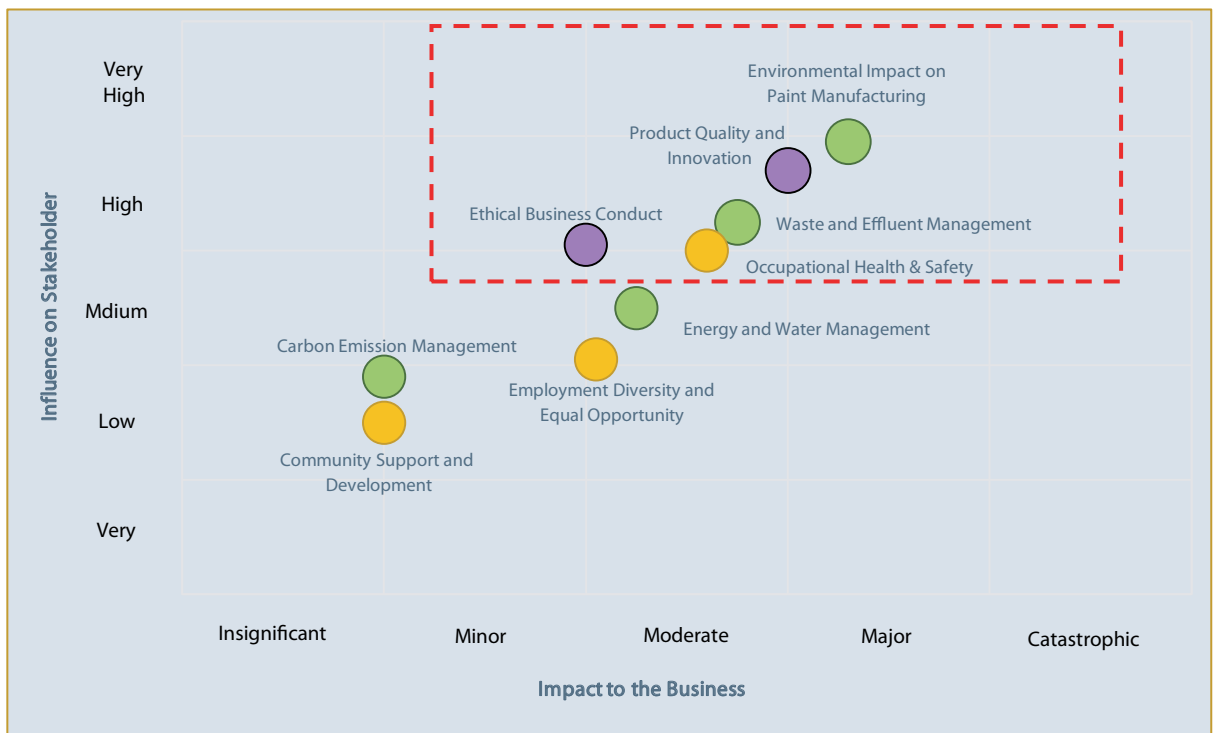
SUSTAINABILITY STATEMENT (CONT'D)

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 FYE 2025, the Group has identified nine (9) sustainability material topics:



Economic	Product Quality & Innovation
	Ethical Business Conduct
Environmental	Energy and Water Management
	Environment Impact on Paint Manufacturing
	Waste and Effluent Management
	Carbon Emission Management
Social	Community Support & Development
	Occupational Health & Safety
	Employment Diversity & Equal Opportunity



Indicates Top 5 material matters

SUSTAINABILITY STATEMENT
(CONT'D)

ECONOMIC

PRODUCT QUALITY AND INNOVATION

Product quality and sustainability remain key priorities, supported by the development of innovative solutions such as zero and low VOC coatings, as well as anti-bacterial paint series including the Smartex Eco-Wall, Eco-Medi Safeguard +, Eco-Mediglo as well as Durra AntiViral Safe+.

Moreover, Zero VOC Healthy Paint Series, including Smartex Eco-Wall, Eco Wash, Eco Ultra Silk and Eco Sealer are complied with Singapore Green Labelling Scheme (“SGLS”) Category 032, demonstrating adherence to environmental criteria for paints and coatings.

In addition, our Eco Series Paints with Zero VOC are developed to support improved indoor air quality. These products are formulated using environmentally responsible materials and are water-based, formaldehyde-free and APEO-free, contributing to healthier indoor environments.

To reduce environmental impact, the Group adopts eco-friendly and recycle material into our product packaging. The Group’s products are supported by recognised certifications, including SIRIM ECO 019:2012, myHIJAU green label certification (ISO 14024), and SIRIM QAS certification, which attest to the product’s performance, safety, and environmental sustainability.

This commitment also extends to our supply chain, where we apply rigorous quality and ethical requirements in the selection of supplier. Through a structured pre-qualification process, only suppliers that meet our established standards are approved to participate in the Group’s supply chain.

The percentage of spending on local suppliers decreased from 73% in FYE 2024 to 67% in FYE 2025, primarily due to selective sourcing decisions to support product quality, consistency, and technical requirements. The Group continues to prioritise supplier capability and product specifications to ensure quality standards are met, while maintaining a strong commitment to engaging local suppliers where feasible.

In addition, the Group continues exploring potential business partners to collaborate that have synergy with our operations in terms of develop, produce, and market construction chemical products, with the aim of diversifying and strengthening our product portfolio, expanding market presence, and repositioning our product mix to better meet evolving market needs.

Our Performance	<ul style="list-style-type: none"> 100% compliance with product regulatory requirements. Conduct annual internal and external quality audits, with additional semi-annual audits by SIRIM.
Risk	<ul style="list-style-type: none"> Inconsistent formulation, colour variation or poor product performance may result in customer complaints and product returns.
Opportunities	<ul style="list-style-type: none"> Develop eco-friendly and high-quality products to expand market reach and customer satisfaction.

ETHICAL BUSINESS CONDUCT

The Group remains committed to upholding high standards of integrity and ethical conduct through a robust governance framework. To support this commitment, the Group maintains an Anti-Bribery and Corruption (“ABAC”) Policy aimed at preventing and addressing bribery and corrupt practices across its operations. In addition, the Group has in place a Whistleblowing Policy that provides a secure and confidential channel for employees and stakeholders to report concerns. This mechanism ensures that all reports are handled appropriately while safeguarding the identity and rights of whistleblowers. The Group’s Code of Conduct further sets out the core values and expected standards of professional behaviour that guide employees in the performance of their duties.

To promote awareness of the Group’s governance practices and workplace expectations, all new employees participate in a structured induction programme. The programme introduces employees to the Group’s operational framework and key policies, including the employee handbook, the ABAC Policy, as well as other relevant policies and procedures that outline their roles and responsibilities within the organisation.

The Group also places strong emphasis on safeguarding the privacy and security of customer information from unauthorised access, disclosure or cyber threats, in compliance with applicable data protection regulations. In FYE 2025, the Group recorded zero complaints relating to breaches of customer privacy or incidents involving the loss of customer data.



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

Our Performance			Risk
	FYE 2024	FYE 2025	
Percentage of employees undertaken training on anti-bribery and corruption	100%	100%	Unethical behaviour, such as corruption or non-compliance, can damage stakeholder trust and expose the Group to legal and financial repercussions.
Number of confirmed cases on corruption incidents	Zero	Zero	
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero	Zero	

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 2024. The plant incorporates the following ESG features:



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



SUSTAINABILITY STATEMENT
(CONT'D)

WASTE AND EFFLUENT MANAGEMENT

The Group proactively manages chemical waste and effluent to minimise its environmental impact. Appropriate systems and procedures are in place to ensure the proper handling, storage and disposal of paint residues, packaging materials and other manufacturing waste generated from operations.

In addition, the Group’s effluent undergoes treatment to remove pollutants prior to discharge, ensuring that wastewater is safely released in compliance with applicable environmental regulations and standards.

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 Schedule Waste Management**”) certified personnel oversee all waste management activities to ensure regulatory compliance.



	FYE 2025
Waste diverted from disposal (“Mt”)	662
Waste directed to disposal (“Mt”)	19

In FYE 2025, the Group managed 662 metric tonnes of waste through various waste management and resource recovery initiatives. This includes the reworking of paints and recycling activities involving plastic materials, stretch film, paper boxes, and scheduled waste.

Scheduled waste generated from operations was handled and disposed of through licensed and qualified scheduled waste contractors in accordance with regulatory requirements, ensuring proper management and minimisation of environmental impact.

Waste directed to disposal amounted to 19 metric tonnes, comprising general waste generated from daily operational activities. This waste stream typically includes non-recyclable materials that cannot be recovered or reused under the Group’s current waste management practices.

Our Performance	Appointment of competent person and qualified schedule waste disposer in managing schedule waste.
Risk	Poor waste and effluent management may cause pollution or odour issues that affect nearby manufacturing facilities, leading to complaints, regulatory action and reputational damage to the Group.

ENVIRONMENTAL IMPACT ON PAINT MANUFACTURING

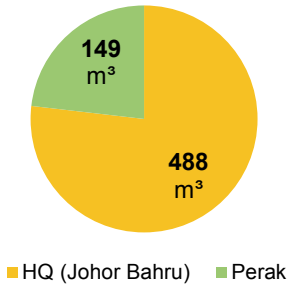
Paint and coating manufacturing carries inherent environmental risks, particularly in relation to air and water pollution. To mitigate these risks, the Group has continued its focus on the development of zero and low Volatile Organic Compound (“VOC”) products to minimise harmful emissions.

In addition, ventilation systems remain in place across our manufacturing facilities to reduce the accumulation of airborne pollutants and maintain a safer working environment. The Group also continues to educate production personnel on best practices for safe and responsible paint and coating handling, ensuring ongoing compliance with environmental and occupational safety standards.

During FYE 2025, 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.

SUSTAINABILITY STATEMENT
(CONT'D)

Total wastewater treated in FYE 2025 (m³)



The Group's operations at the headquarters in Johor Bahru and the Perak facility incorporate wastewater management practices to support environmental compliance and resource efficiency. Wastewater generated at both locations is either reused within operations or treated prior to discharge.

Prior to discharge, treated wastewater is subject to quality monitoring to ensure compliance with applicable standards. This includes daily internal checks by the QA team, weekly verification by an appointed external consultant, and monthly submission of monitoring reports to the Department of Environment ("DOE").

Residuals from the treatment process are managed as scheduled waste (sludge) in accordance with regulatory requirements. No untreated wastewater is discharged.

Our Performance	<ul style="list-style-type: none"> Zero environmental law breaches leading to offense. Maintain zero discharge of untreated wastewater, ensuring all wastewater is treated prior to reuse or disposal. Appointment of competent personnel in both Perak and Johor Bahru in managing wastewater.
Risk	<ul style="list-style-type: none"> Improper handling of raw materials and waste may lead to pollution and non-compliance with environmental regulations, resulting in penalties and negative public perception.
Opportunities	<ul style="list-style-type: none"> Adoption of cleaner production processes enhances efficiency and positions the Group as a responsible manufacturer.

ENERGY AND WATER MANAGEMENT

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 corporate office car park in Johor Bahru.

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.

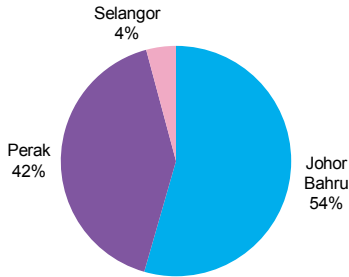
Final Year End	FYE 2024	FYE 2025
Total Electricity Consumption in Megawatt ("MW")	1,129	1,303
Total Water Consumption in Megalitres ("ML")	8.657	13.650

Overall, electricity consumption increased from 1,129 MW in FYE 2024 to 1,303 MW in FYE 2025 following the expansion of the reporting boundary to include the Selangor branch during the year. Water consumption also rose from 8.657 ML in FYE 2024 to 13.653 ML in FYE 2025, which was largely driven by the expanded coverage of facilities included in the sustainability reporting.



SUSTAINABILITY STATEMENT
(CONT'D)

Energy Consumption

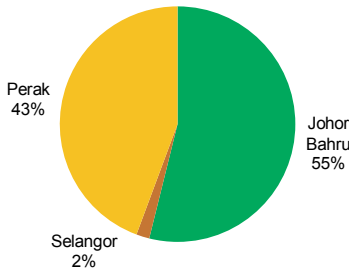


The Johor Bahru and Perak facilities recorded a combined electricity consumption of 1,248 MW in FYE 2025, which represents a slight increase compared to 1,129 MW in FYE 2024.

The Selangor branch consumed 54 MW (4%) of total electricity usage for FYE 2025, supporting administrative, sales, warehouse, and operational activities. Electricity consumption is mainly driven by the paint tinting process using Smart Colour POS Tinting Machines, warehouse operations and material handling using battery-powered forklifts, also the administrative office operations.

Additional electricity usage comes from air-conditioning units across office and meeting areas, lighting systems, printing and copier machines, and outdoor lamp poles operating daily. The branch also hosts business meetings with contractors and customers as well as staff training session attended by employees across Malaysia.

Water Consumption



Water consumption was higher at the Johor Bahru and Perak manufacturing plants, accounting for 55% (7,599 m³) and 43% (5,814 m³) of total usage, respectively, supporting production processes, cleaning, and facility operations. The water consumption at both plants reflects their operational and production activities, which collectively supported the production of more than 9 megalitres of paint and coating in FYE 2025.




The consumption at Selangor office was only 2% (237 m³), primarily for general office utilities such as sanitation facilities and staff amenities.

Risk	<ul style="list-style-type: none"> Water and electricity supply disruption could affect production activities and overall operation efficiency. High energy and water consumption may elevate operational costs and increase reliance on non-renewable resources, particularly as utility prices continue to rise.
Opportunities	<ul style="list-style-type: none"> Efficient use of energy and water, coupled with renewable energy adoption, helps reduce costs and demonstrates environmental leadership.

SUSTAINABILITY STATEMENT
(CONT'D)

CARBON EMISSION MANAGEMENT

Total GHG Emissions for FYE 2025:

Scope 1	Scope 2	Scope 3
		
19 tCO ₂ e	1,102 tCO ₂ e	123 tCO ₂ e

Note:

- Scope 1 and 3 emissions disclosure was commenced in FYE 2025, of which the relevant data is limited to company vehicles (Scope 1), business travel and employee commute (Scope 3).
- Scope 1 and Scope 3 emission factors were sourced from the UK Government 2025 GHG Conversion Factors for reporting. Emissions were calculated based on distance travelled (km), using a carbon emission factor of 0.174 kg/CO₂e per km for petrol vehicles, 0.111 kg/CO₂e per km for motorcycles and 0.879 kg/CO₂e per km for diesel trucks.
- Scope 2 emission factors were sourced from Malaysian Grid Emission Factor of 0.74 kg/CO₂e (Based on provisional emission factor by Suruhanjaya Tenaga).
- FYE 2025 employee commute data are based on estimation of distance travel and prorated to full-year.
- Distance travelled for business travel using company-owned vehicles was estimated using a pro-ration approach, based on available monthly distance records. Where monthly data was unavailable, travel distance was extrapolated from months with complete records to estimate the annual distance travelled.

The Group recognise 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 its ongoing commitment to carbon management, the Group has commenced the calculation of its Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for FYE 2025. Scope 1 emissions primarily arise from fuel consumption by company-owned vehicles, while the current Scope 3 emissions inventory covers selected categories, including business travel and employee commuting.

For employee commuting emissions, the calculation is based on internal employee transportation data, whereby approximately 65% of employees commute by car and the remaining 35% commute by motorcycle. Appropriate emission factors were applied to estimate the corresponding carbon emissions.

During the financial year, a total of 1,244 tonnes of CO₂e were generated from the Group's operations.

In view of the Malaysian Government's direction towards the implementation of carbon pricing mechanisms, including the potential introduction of a carbon tax framework, the Group recognises the increasing regulatory and financial implications associated with carbon emissions.

Accordingly, the Group is committed to progressively reducing its carbon emissions over the long term, particularly those arising from its business operations. The Group will continue to strengthen its emissions monitoring framework, enhance operational efficiencies, and evaluate low-carbon initiatives to mitigate potential regulatory exposure and support a sustainable transition.

Risk	High carbon emissions from production processes and electricity consumption may increase operating/ compliance costs if carbon pricing are introduced.
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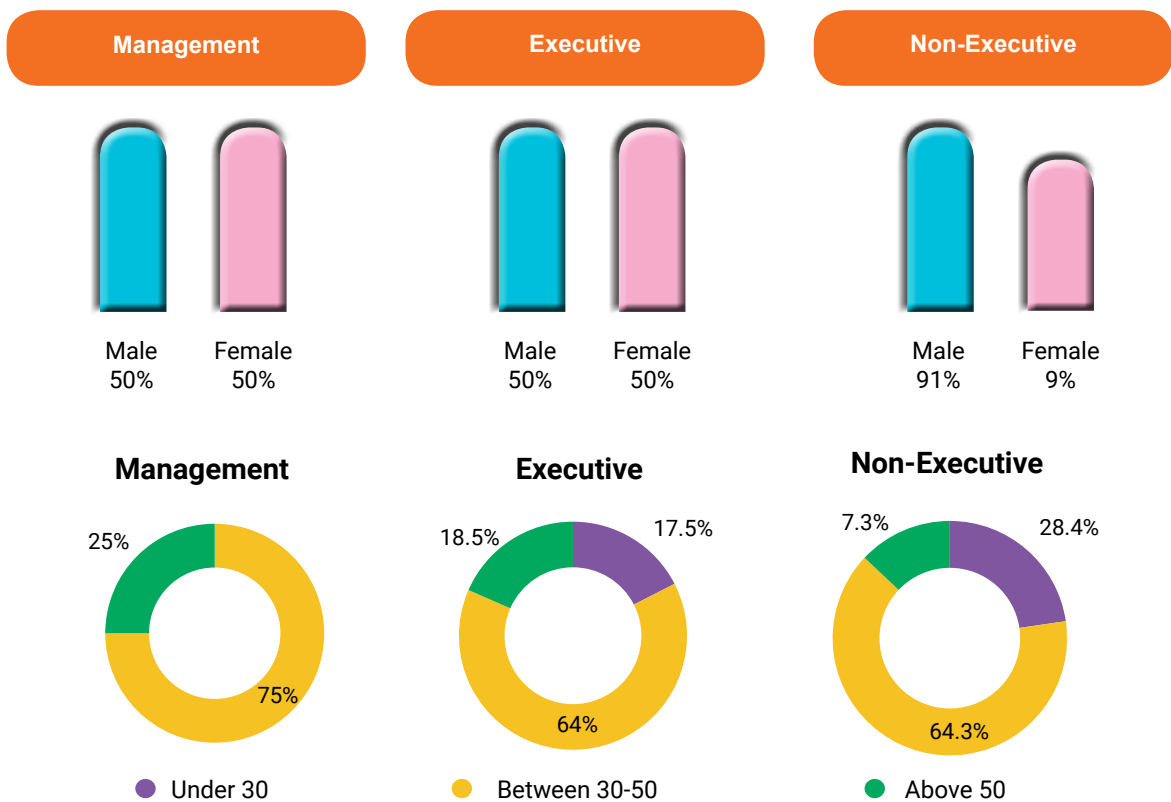
SUSTAINABILITY STATEMENT
(CONT'D)

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.



During the financial year, the Group refined its employee classification framework following a review by the Human Resources function. Directors and key senior management personnel with strategic decision-making and governance responsibilities are now classified under the “Management” category, while employees holding managerial titles without overall governance authority are classified as “Executives.”

This revision was made to enhance clarity, ensure consistency with internal governance structures, and align with prevailing sustainability reporting and corporate governance practices. Comparative figures have been reclassified where applicable to ensure consistency.

The reclassification does not affect the total number of employees but may impact year-on-year comparability for the respective categories.

The Group’s Board of Directors comprises 57% male and 43% female members. In terms of age profile, 14% of the Board members are aged between 30 and 50 years, while 86% are aged above 50 years, providing a strong depth of experience and continuity in leadership.

SUSTAINABILITY STATEMENT (CONT'D)

The Board composition supports effective oversight and decision-making and is periodically reviewed to ensure it remains appropriate and aligned with the Group's governance and strategic needs.

To support employees' professional development, the Group continues to invest in training programs that enhance skills, improve work efficiency, and support career progression. In FYE 2025, a total of 1,586 training hours were delivered, averaging 7.8 hours per employee (9 hours per employee for FYE 2024). The decrease in training hours was due to a review and optimisation of the annual training plan, with greater focus on compulsory and role-specific training to ensure compliance and operational effectiveness while reducing non-essential sessions.

Our Performance		FYE 2024	FYE 2025
	Total hours of trainings by employee category		1848
Management		21	7
Executive		994	1,117
Non-Executive		833	462
Risk	<ul style="list-style-type: none"> Act and conducts that breach Malaysia employment act results in fine and penalties Unfair treatment to the employees may result in high turnover and affecting the Group's operation. 		

OCCUPATIONAL SAFETY & HEALTH

Providing a safe working environment remains a key priority, particularly at the production plant where health and safety risks are more prevalent. The Group maintains a structured safety management system comprising regular inspections, safety training, and the provision of personal protective equipment such as gloves, safety glasses, and respirator masks.

In FYE 2025, 203 employees received health and safety training, compared to 108 employees in FYE 2024, reflecting the Group's continued emphasis on strengthening safety awareness. The Group recorded zero work-related fatalities in both financial years.

The Safety and Health Officer conduct monthly inspections and internal audits to identify hazards, assess compliance, and evaluate the effectiveness of control measures. Inspection findings are documented, with corrective actions monitored to completion under management oversight to support continuous improvement.

Despite these measures, 11 workplace incidents and accidents were reported in FYE 2025, such as schedule waste chemical spillage, accidental contact with forklift and chemical tank overflow. These incidents resulted in a total of 5 days of Medical Leave ("MC"), although no machine shutdowns were recorded during the year.

Notably, there were no cases of serious injury or fatalities among the affected staff.

The incidents highlight opportunities for the Group to further strengthen its preventive controls. Moving forward, the Group will continue to enhance site monitoring, reinforce safety awareness through employee training, and strengthen root-cause analysis to ensure the timely implementation of corrective actions, with the aim of improving overall workplace safety performance.



SUSTAINABILITY STATEMENT (CONT'D)

	FYE 2024	FYE 2025
Number of employees trained on health and safety	108	203
Number of work-related fatalities	Zero	Zero
Lost time incident rate	Zero	5.58

Our Performance	<ul style="list-style-type: none"> Monthly health and safety inspection audit Zero cases of work-related fatalities
Risk	<ul style="list-style-type: none"> Workplace accidents (chemical burns, slips on wet surfaces, injuries from mixing and filling equipment) happened may affect the employees' health and disruption to operations.

COMMUNITY SUPPORT AND DEVELOPMENT

During FYE 2025, the Group supported various community initiatives by contributing disinfectants, paint materials, and other supplies to local institutions. These contributions aimed to promote hygiene awareness and facility maintenance within the community.

A total of 3,454 units of hand sanitizer were distributed to schools to support hygiene and cleanliness initiatives. In addition, 33 units of paint materials in various packing sizes (including 15, 18 and 20 litres) were provided to the fire and rescue department and nearby schools to support repainting works for ageing buildings, walls, and doors, helping to improve the safety and appearance of these facilities.

Moreover, used wooden pallets and plastic drums were donated to a school to support a student-led vertical gardening initiative. The pallets were repurposed to construct the vertical garden structure, while the drums were modified for water storage and composting, encouraging sustainable gardening practices and environmental awareness among students.

The items contributed primarily comprised excess or reusable materials from the Group's operations that had no remaining carrying value in the Group's inventory records. As such, these contributions did not result in any additional cost to the Group during the financial year.

Our Performance	<ul style="list-style-type: none"> Contribution of paint and disinfecting products, wooden pallet, and plastic drums which benefited 9 local communities in FYE 2025.
Opportunity	<ul style="list-style-type: none"> Increase the Group's brand presence and grow customer base. Enhance social impact through meaningful community contributions.

SUSTAINABILITY STATEMENT
(CONT'D)

Smart Asia Chemical Bhd
BMLR Transition Period

Date & Time: 2026-04-14_14:57:31

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-Corruption-Percentage of employees who have received training on anti-corruption by employee category	Management	Percentage	100	No target	No assurance
Anti-Corruption-Percentage of employees who have received training on anti-corruption by employee category	Executive	Percentage	100	No target	No assurance
Anti-Corruption-Percentage of employees who have received training on anti-corruption by employee category	Non-executive/ Technical Staff	Percentage	100	No target	No assurance
Anti-Corruption	Percentage of operations assessed for corruption-related risks	Percentage	0	No target	No assurance
Anti-Corruption	Confirmed incidents of corruption and action taken	Number	0	No target	No assurance
Community / Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	Unit of currency	0	No target	No assurance
Community / Society	Total number of beneficiaries of the investment in communities	Number	9	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Gender Group by Employee Category	Management Male	Percentage	50	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Gender Group by Employee Category	Management Female	Percentage	50	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Gender Group by Employee Category	Executive Male	Percentage	50	No target	No assurance

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SUSTAINABILITY STATEMENT (CONT'D)

Smart Asia Chemical Bhd
BMLR Transition Period

Date & Time: 2026-04-14_14:57:31
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Gender Group by Employee Category	Executive Female	Percentage	50	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Gender Group by Employee Category	Non-executive/ Technical Staff Male	Percentage	91	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Gender Group by Employee Category	Non-executive/ Technical Staff Female	Percentage	9	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Management Under 30	Percentage	0	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Management Between 30-50	Percentage	75	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Management Above 50	Percentage	25	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Executive Under 30	Percentage	175	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Executive Between 30-50	Percentage	64	No target	No assurance

SUSTAINABILITY STATEMENT
(CONT'D)

Smart Asia Chemical Bhd
BMLR Transition Period

Date & Time: 2026-04-14 14:57:31
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Executive Above 50	Percentage	18.5	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Non-executive/ Technical Staff Under 30	Percentage	28.4	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Non-executive/ Technical Staff Between 30-50	Percentage	64.3	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Age Group by Employee Category	Non-executive/ Technical Staff Above 50	Percentage	73	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Percentage of directors by gender and age group	Male	Percentage	57	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Percentage of directors by gender and age group	Female	Percentage	43	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Percentage of directors by gender and age group	Under 30	Percentage	0	No target	No assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Percentage of directors by gender and age group	Between 30-50	Percentage	14	No target	No assurance



SUSTAINABILITY STATEMENT (CONT'D)

Smart Asia Chemical Bhd
BMLR Transition Period

Date & Time: 2026-04-14_14:57:31

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity-Percentage of employees by gender and age group, for each employee category-Percentage of directors by gender and age group	Above 50	Percentage	86	No target	No assurance
Energy Management	Total energy consumption	Megawatt	1303	No target	No assurance
Health and Safety	Number of work-related fatalities	Number	0	No target	No assurance
Health and Safety	Lost time incident rate ("LTIR")	Rate	5.58	No target	No assurance
Health and Safety	Number of employees trained on health and safety standards	Number	203	No target	No assurance
Labour Practices and Standards-Total hours of training by employee category	Management	Hours	7	No target	No assurance
Labour Practices and Standards-Total hours of training by employee category	Executive	Hours	1117	No target	No assurance
Labour Practices and Standards-Total hours of training by employee category	Non-Executive/ Technical Staff	Hours	462	No target	No assurance
Labour Practices and Standards	Percentage of employees that are contractors or temporary staff	Percentage	0	No target	No assurance
Labour Practices and Standards-Total number of employee turnover by employee category	Management	Number	0	No target	No assurance
Labour Practices and Standards-Total number of employee turnover by employee category	Executive	Number	40	No target	No assurance

SUSTAINABILITY STATEMENT
(CONT'D)

Smart Asia Chemical Bhd
BMLR Transition Period

Date & Time: 2026-04-14_14:57:31
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour Practices and Standards-Total number of employee turnover by employee category	Non-Executive/ Technical Staff	Number	21	No target	No assurance
Labour Practices and Standards	Number of substantiated complaints concerning human rights violations	Number	0	No target	No assurance
Supply Chain Management	Proportion of spending on local suppliers	Percentage	67	No target	No assurance
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	No target	No assurance
Water	Total volume of water used	Megalitres	13.65	No target	No assurance
Waste Management	Total Waste generated	Metric tonnes	681	No target	No assurance
Waste Management	Total waste diverted from disposal	Metric tonnes	662	No target	No assurance
Waste Management	Total waste directed to disposal	Metric tonnes	19	No target	No assurance
Emission Management	Scope 1 emissions in tonnes of CO2e	Metric tonnes	19	No target	No assurance
Emission Management	Scope 2 emissions in tonnes of CO2e	Metric tonnes	1102	No target	No assurance
Emission Management	Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	123	No target	No assurance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of Smart Asia Chemical Bhd (“**Smart Asia**” or “**the Company**”) is pleased to present the Corporate Governance (“**CG**”) Overview Statement for the financial year ended 31 December 2025 (“**FYE 2025**”), 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 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 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 2025 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://investor.smartasiachemical.com/corporate_governance.html) 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 have 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 authority 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://investor.smartasiachemical.com/corporate_governance.html. Further, the Board 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. **BOARD RESPONSIBILITIES (CONT'D)**

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.

All Directors have unrestricted access to all information pertaining to the Group's business and affair 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: https://investor.smartasiachemical.com/corporate_governance.html.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

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 five (5) occasions during the FYE 2025 and the details of attendance at Board Meetings are set out below:

Name of Directors	Attendance	Percentage of attendance (%)
Yau Yin Wee	5/5	100%
Goh Chye Hin	5/5	100%
Kee Hui Lang	5/5	100%
Lim Kok Beng	5/5	100%
Ang Hock Seng	4/5	80%
Tan Suat Hoon	5/5	100%
Yap Yung Chien	5/5	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 training 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 2025 are as follows:

Name of Directors	Date	Training Programmes/Seminars/ Workshops/Conferences Attended
Goh Chye Hin	10 – 13 March 2025	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Kee Hui Lang	10 – 13 March 2025	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Tan Suat Hoon	8 January 2025	Post-Listing Obligations of a Public Listed Company and the Directors' Roles and Responsibilities of a Public Listed Company and the MCGG
	27 February 2025	Transformational Leadership in Finance: How Management Accountants Can Drive Business Growth
	22 July 2025	Panel Discussion: Self-Assessment Regime for Stamp Duty
	25 November 2025	AOB Conversation with Audit Committee
Yap Yung Chien	21 February 2025	Key Amendments to The Employment Act 1955 and The Industrial Act 1967
	8 December 2025	Talk on Limited Liability Law Partnership (LLLP)
	11 December 2025	Common Law Reform: Privity of Contract and Third Party Rights
Yau Yin Wee	16 January 2025	Preparing for 2025: Key Tax, Accounting and Legal Highlights on E-Invoicing and Finance Act 2024 for Malaysian Businesses
	21 March 2025	Protecting Your Organisation from Financial Crimes: Is Your Board Aligned with AMLA?

During the FYE 2025, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****II. BOARD COMPOSITION (CONT'D)****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.

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://investor.smartasiachemical.com/corporate_governance.html.

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

1. Yap Yung Chien (Chairperson)
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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Nomination Committee (Cont'd)

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.

The NC had reviewed and assessed the size, mix of skill and experience, performance and contribution of the Board and Individual Director and satisfied with the current composition and performance of the Board for the FYE 2025.

The NC met once during the FYE 2025. The details of the members' attendance were as follows:

Name of Directors	Attendance	Percentage of attendance (%)
Yap Yung Chien	1/1	100%
Tan Suat Hoon	1/1	100%
Ang Hock Seng	1/1	100%

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 do not participate in the discussion and decision making of their own remuneration to avoid conflict of interest.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

III. DIRECTORS' REMUNERATION (CONT'D)

The annual review during the FYE 2025 was conducted on 27 February 2026.

The remuneration of the individual Directors of the Company, including the remuneration for services rendered to the Group and the Company for the FYE 2025 are as follows:

Category	Salaries	Fees	Meeting Allowances	Bonuses	Other emoluments	Total
	RM	RM	RM	RM	RM	RM
Executive Directors						
Goh Chye Hin	138,000	60,000	6,000	18,000	8,813	230,813
Kee Hui Lang	76,500	60,000	6,000	9,750	5,393	157,643
Lim Kok Beng	182,655	60,000	7,000	15,500	11,656	276,811
Non-Executive Directors						
Yau Yin Wee	–	78,000	7,000	–	–	85,000
Tan Suat Hoon	–	60,000	7,000	–	–	67,000
Ang Hock Seng	–	60,000	6,000	–	–	66,000
Yap Yung Chien	–	60,000	7,000	–	–	67,000

The Board is of the view that it is inappropriate to disclose the remuneration of the senior management as such details are sensitive and proprietary, given the competitive human resources market. Such disclosure may give rise to recruitment and talent retention issues. The Board ensures that the remuneration of senior management is commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating senior management to lead and manage the Company successfully.

The details of the remuneration of the senior management (including salary, bonus, benefit in kind and other emoluments) in each successive band of RM50,000.00 during the FYE 2025 are as follows:

Range of Remuneration (RM)	Designation of Senior Management
RM200,001 to RM250,000	Chief Financial Officer
RM250,001 to RM300,000	Operations Director, Executive Manager and Business Director

The RC met once during the FYE 2025. The details of the members' attendance were as follows:

Name of Directors	Attendance	Percentage of attendance (%)
Ang Hock Seng	1/1	100%
Tan Suat Hoon	1/1	100%
Yap Yung Chien	1/1	100%

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 Chairperson 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 2025, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANING 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://investor.smartasiachemical.com/corporate_governance.html.

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 Company. As such, the Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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 of the Group for the FYE 2025. 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 seeks to ensure that the Group observes the principles and practices of the MCCG. For the financial year under review, the Board notes that the Group has generally applied these principles and will continue to review and enhance its practices and procedures, where appropriate.

This Corporate Governance Overview Statement was approved by the Board on 28 April 2026.

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 was 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 2025 or entered into since the end of the previous financial year.

2.0 Utilisation of Proceeds Raised from Corporate Proposals

As at 31 March 2026, the details and status of utilisation of the proceeds raised from the initial public offering of RM37.40 million are as follows:

Details of use of proceeds	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Balance Unutilised (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	11,000	–	Within 24 months
(b) Purchase of 250 sets of Smart Colour POS Tinting Machine	5,000	1,057	3,943	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	33,457	3,943	

3.0 Contracts Relate to a Loan

Save as disclosed in Note 16 of the audited financial statements, there were no contracts which relate to a loan entered into by the Company and its subsidiaries during the FYE 2025.

4.0 Recurrent Related Party Transactions of Revenue or Trading Nature

Save as disclosed in Note 29 of the audited financial statements and the recurrent related party transactions disclosed in the Circular to Shareholders dated 30 April 2026, there were no recurrent related party transactions entered by the Company and its subsidiaries during the FYE 2025.

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

5.0 Audit and Non-Audit Fees

The auditors' remuneration including non-audit fees for the Company and the Group for the FYE 2025 is as follows:

Details of Audit Fees	Group (RM)	Company (RM)
Statutory Audit Fees	177,075	65,000
Non-Audit Fees	5,000	5,000

6.0 Disclosure of Financial Data for Shariah Screening

Pursuant to Rule 9.25A of AMLR, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 (RM)	2024 (RM)
Revenue		88,340,363	93,466,720
Other income		296,711	70,230
Interest/Finance income		62,965	54,102
Total Income		88,700,039	93,591,052
Total Assets		164,609,135	158,123,959

b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM)	2024 (RM)
Interest income		62,965	54,102
Total		62,965	54,102

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

6.0 Disclosure of Financial Data for Shariah Screening (Cont'd)

(C) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Cash and bank balances (exclude cash in hand)		107,223	206,525
Total cash		107,223	206,525
Conventional Account/Instruments			
Cash and bank balances (exclude cash in hand)		4,549,776	7,293,239
Short-term deposits		4,756,001	6,429,448
Total cash		9,305,777	13,722,687

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current			
Term loans		141,557	127,851
Non-Current			
Term loans		2,072,510	2,218,560
Total Financing		2,214,067	2,346,411
Conventional Borrowing			
Conventional Borrowing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current			
Term loans		2,542,979	774,947
Hire purchase payables		173,400	156,567
Banker's acceptances		1,994,000	2,789,000
Non-Current			
Term loans		15,368,508	12,607,374
Hire purchase payables		589,918	288,502
Total Debt		20,668,805	16,616,390

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 2025 (“**FYE 2025**”). 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 2025.

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 SAC 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 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 2025 are set out below:

Name	Designation	Meeting Attendance
Tan Suat Hoon	Chairperson	5/5
Ang Hock Seng	Member	4/5
Yap Yung Chien	Member	5/5

The ARMC Chairperson, 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 the Board of 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 teleconference, 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 Chief Financial Officer was invited to ARMC meetings to facilitate direct reporting by senior management in relation to the Group financial performance and to provide information regarding the Group’s Risk Management activities. The Executive Directors, representatives of the Sponsor, Internal Auditors, External Auditors and other representatives of the Group may also be invited to attend the ARMC meetings to discuss specific matters which require their input and advice.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

COMPOSITION & MEETING (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 2025 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 approved 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 Internal Audit Plan for year 2025 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 audits;

4. Risk Management

- Reviewed, evaluated and made recommendations to the Board on the following matters: -
 - Adequacy and effectiveness of Smart Asia's Enterprise 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. Conflict of Interest

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

There was no conflict of interest or potential conflict of interest that arose, persisted or may arise within the Group, including any transaction, procedure, or course of conduct that raises questions of management team's integrity, during the financial year.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

COMPOSITION & MEETING (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 2025 are as follows: (Cont'd)

6. 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.

7. Other Activities

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

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 five 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 five (5) staff per visit

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION (CONT'D)

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 providing 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 three (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 internal audit direction remains relevant and is in line with the ARMC's expectations. The internal audits were conducted using a risk-based approach and were 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 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
<ul style="list-style-type: none"> • Production Management • Maintenance Management 	Smart Paint Manufacturing Sdn. Bhd.
<ul style="list-style-type: none"> • Recurrent Related Party Transaction 	Group wide

The total cost incurred during the current financial year for the internal audit function of the Group was RM 34,000.

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 2025 ("**FYE 2025**"). 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 holds the ultimate responsibility for establishing and maintaining a robust risk management framework and internal control system, ensuring assets and shareholder interests are safeguarded and the continuity of business operations. Recognising the importance of an effective and adequate risk management process and internal control system, the Board is committed to continuously assessing and refining these frameworks to align with evolving business conditions, regulatory requirements, and emerging risks.

To enhance oversight and governance, the Board has delegated the responsibility of reviewing the adequacy and effectiveness of risk management and internal control system to the Audit and Risk Management Committee ("**ARMC**"), in line with its terms of reference. The ARMC plays a critical role in reviewing key risks that may impact the Group's operations, financial performance, and strategic objectives.

While risk management and internal control system serve to manage and mitigate risks to an acceptable level, the system unable to eliminate all risks due to limitations that are inherent in any system. The system can only provide reasonable, rather than absolute assurance against material misstatements, financial losses, fraud, or operational disruptions. The dynamic nature of business risks necessitates a continuous review and enhancement of our risk management processes to ensure they remain relevant and effective in an ever-changing environment.

The Board remains diligent in fostering a proactive risk management culture, ensuring that the Group's risk management framework evolves alongside business expansion and market conditions. This includes ongoing assessments, internal audits, and the implementation of best practices to strengthen operational resilience and sustain long-term value creation for stakeholders.


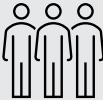


Management is responsible for implementing all policies and procedures approved by the Board in relation to risk and internal controls. Management's responsibilities include the following:

- Identify and evaluate key risks relevant to the Group's business, and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks in accordance with the Group's strategic vision and overall risk appetite;
- Designing, implementing, and monitoring the implementation of an effective risk management and internal control system;
- Implementing policies approved by the Board;
- Implementing remedial actions to address compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board any changes to the risks or emerging risks and mitigation actions taken.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RESPONSIBILITY AND ACCOUNTABILITY (CONT'D)

The Company risk governance structure is as follows:

	BOARD OF DIRECTORS
	<ul style="list-style-type: none"> • The ultimate governing body overseeing risk management and internal control • Ensuring alignment between corporate objectives, risk appetite and operational decision
	ARMC
	<ul style="list-style-type: none"> • The Board delegated committee assisting the Board in the areas of risk management and internal control • Managing the relationships with the internal auditors and external auditors
	FIRST LINE AND SECOND LINE: MANAGEMENT
	<ul style="list-style-type: none"> • Managing day-to-day risks and maintaining effective internal controls • Ensuring compliance with applicable policies, laws and regulations • Establishing and implementing internal policies, procedures, and control guidelines within operations • Facilitating risk identification, assessment, and monitoring of risk exposures and control effectiveness, and reporting key risks and control matters to the Board
	THIRD LINE: INTERNAL AUDIT FUNCTION
	<ul style="list-style-type: none"> • Maintains primary accountability to the Board through the ARMC and operates independently from management's responsibilities • Providing independent and objective assurance to the ARMC on the adequacy and effectiveness of governance, risk management, and internal control of the Group's business processes

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK

In discharging its responsibilities for the Group's risk management and internal control systems, the Board is supported by several established Board Committees, namely the ARMC, Nomination Committee, and Remuneration Committee, each operating under clearly defined terms of reference.

The Group is committed to embedding strong risk management practices across all its business operations to support informed decision-making and ensure accountability. To this end, the Group has adopted an Enterprise Risk Management ("ERM") framework, which defines risk as any event that may impede the achievement of its objectives. This framework is guided by the principles of ISO 31000, an internationally recognised standard for risk management.

The ARMC is tasked by the Board with, amongst others, reviewing the adequacy and effectiveness of the Group's risk management and internal control systems. The day-to-day implementation of risk management, internal controls, and compliance is delegated to the management team, which is responsible for fostering risk awareness and ensuring adherence to established processes and procedures. The Group maintains a structured organisational framework with clearly defined lines of accountability, responsibility, and delegated authority.

The Group's internal control and risk management systems encompass key areas including operational efficiency and effectiveness, financial controls and reporting, regulatory compliance, corporate governance, and continuous process improvements. These systems are supported by documented policies, procedures, and manuals, including standard operating procedures for both the Group's head office ("**Head Office**") and operation units ("**Business Units**").

In addition, the Board has established approved financial limits and authorisation levels for key financial matters to ensure proper governance, accountability, and oversight across both the Head Office and Business Units.

The ERM framework is structured around the following key components:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

Risk identification, evaluation, and management are carried out by the management team on an ongoing basis and are reported periodically to the ARMC. The Group's continuous risk management process serves to identify, assess, monitor, and manage key risks across the organisation.

The Group's ERM framework, including its risk management systems and processes, is subject to periodic review to ensure that it remains effective, relevant, and adequate in addressing the evolving business environment.

During the financial year, the Group undertook an annual update of its risk profiles. Risk assessments were conducted in consultation with designated risk owners to ensure that all identified risks were appropriately evaluated and updated. Each risk was assessed and prioritised based on its potential impact, likelihood of occurrence, and the effectiveness of existing internal controls in mitigating such risks. The outcomes of these risk management activities were reported to the ARMC on 26 November 2025 to keep it informed of key risks and emerging risk trends.

The key risk identified for the year, and the corresponding management strategies, are summarised as below:

Key risk identified	Mitigation measures
Brand awareness challenges	<ul style="list-style-type: none"> • Established a targeted branding strategy supported by dedicated budget allocation to strengthen brand presence • Formed a dedicated marketing team with enhanced key performance indicators (KPIs), including increased frequency of social media engagement
Competition risk	<ul style="list-style-type: none"> • Conduct ongoing market analysis to drive product innovation, rationalisation, and lifecycle management • Implement targeted marketing programmes to enhance customer value, brand exposure, and loyalty • Expand into new segments via joint venture to develop waterproofing and construction chemical products, while growing project sales across government and private sectors • Improve customer experience through in-store product trials, concept stores, and enhanced dealer support to increase conversion and brand preference
Talent Retention	<ul style="list-style-type: none"> • Review remuneration against market to remain competitiveness • Enhance engagement through surveys and feedback • Establish succession plans for key roles

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

The Board has established the following policies for ERM:

- To integrate risk management into the Group's culture, business activities, and decision-making processes. Risk management principles and practices are embedded into daily operations, with risks managed through established systems and processes wherever possible. Risks that cannot be addressed through routine mechanisms are subject to tailored risk management approaches.
- To proactively anticipate and respond to changing operational, social, environmental, and regulatory requirements. Management is expected to identify, analyse, and address risks in a timely manner, leveraging experience, industry knowledge, and market intelligence. While not all risks can be prevented, appropriate measures and response plans are in place to mitigate potential impacts and avoid unforeseen material risks.
- To require that all proposals submitted to the Board, including those relating to strategy, major projects, or significant investments, are supported by comprehensive risk assessment reports.
- To adopt a pragmatic approach to risk management by managing risks to an acceptable level. The Board recognises that it may not always be feasible, cost-effective, or desirable to eliminate all risks. Accordingly, a balanced cost-benefit approach is applied to ensure that expected returns are commensurate with the level of risks undertaken, while avoiding excessive control costs.

INTERNAL AUDIT FUNCTION

The internal audit function plays a critical role in providing independent assurance on the adequacy, efficiency, and effectiveness of the Group's risk management and internal control systems. This function is essential in ensuring compliance with corporate governance requirements, identifying operational risks, and recommending corrective measures to strengthen internal controls.

For FYE 2025, the ARMC continued to outsource the internal audit function to Resolve IR Sdn Bhd to act as the Internal Auditors, similar to FYE 2024. Resolve IR Sdn Bhd operates independently, ensuring an objective evaluation of internal controls while maintaining freedom from conflicts of interest or operational influence.

The internal audit function adopts a risk-based audit approach, with its strategy and internal audit plan approved by the ARMC on 26 August 2024 for FYE 2025. The purpose of the internal audit is to provide the Board, through the ARMC, with reasonable assurance on the effectiveness and reliability of the Group's internal controls.

The internal audit function is guided by:

- The Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.
- The International Professional Practices Framework issued by the Institute of Internal Auditors Inc.

These globally recognised frameworks ensure that the Internal Audit Function aligns with international best practices and adheres to high professional standards.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION (CONT'D)

The Internal Audit function is responsible for:

- Evaluating Internal Control Systems – Assessing the adequacy and effectiveness of the Group's internal control systems and reporting findings and recommendations to the ARMC.
- Providing Independent Assurance – Providing independent assurance to the ARMC on the effectiveness of internal controls in supporting operational efficiency and compliance with applicable laws and regulations.
- Monitoring Implementation of Recommendations – Conducting follow-up reviews on management's responses to audit findings to assess the status of implementation of agreed actions.

The summary of reviews by the internal auditor during the FYE 2025 are as follows:

Entity	Area of review	Audit Emphasis
Smart Paint Manufacturing Sdn Bhd	Production Management	<ul style="list-style-type: none"> • Production Planning & execution • Monitoring of production resources and facilities utilisation efficiency and avoidance/minimisation of waste • Production efficiency key performance indicators (KPIs) setting and monitoring • Detection, resolution and reporting to management of production shortfalls and problems • Monitoring of production plant efficiency and performance, temperature, humidity, ventilation, cleanliness & sterilisation of plant
	Maintenance Management	<ul style="list-style-type: none"> • Monitoring controls over maintenance costs • Performance measurement such as equipment downtime, response time, etc • Tools and parts sourcing & inventory to minimize equipment downtime • Preventive maintenance procedures and monitoring of breakdown history of critical machinery and equipment, machine downtime and impact to operation disruption, spare parts inventory request versus issuance, compliance to weekly maintenance schedule, and schedule loading factor • Corrective maintenance including monitoring of response time to maintenance request, down time to recovery time, and closure of maintenance request • Monitoring of wastewater discharged
Group wide	Recurrent Related Party Transactions ("RRPT")	<ul style="list-style-type: none"> • Determining if review procedures in respect of RRPTs are adhered to by reviewing RRPTs entered into since the last Annual General Meeting/Extraordinary General Meeting on a sampling basis • Assessing the adequacy and effectiveness of management's monitoring procedures of actual transactions as compared with the approved shareholders mandate to ensure compliance with the AMLR of Bursa Securities

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION (CONT'D)

The scope of the internal audit was determined using a risk-based approach, taking into consideration the Group's risk profile, in consultation with management of any key concerned areas and present to the ARMC for deliberation and thereafter execution. The reviews assessed the adequacy of governance, risk management, and internal control practices across key operational areas, with reference to established standards and industry best practices.

During the respective ARMC meetings, the Committee deliberated on the internal audit findings and the recommendations for improvement. The ARMC expressed satisfaction with the adequacy and effectiveness of the Group's risk management and internal control systems, as well as the appropriateness of the proposed recommendations to address the identified gaps.

The Board was subsequently briefed on the outcomes of the internal audit reviews, and recommendations were assigned amongst management for implementation where necessary. Follow-up reviews were performed to validate recommendations were implemented by management and reported to the ARMC in the same.

An amount of RM34,000 were incurred for the outsourcing of the internal audit function during the FYE 2025.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the External Auditors performed a limited assurance engagement on the Statement on Risk Management and Internal Control for inclusion in the Annual Report for FYE 2025. This engagement was conducted in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants.

In line with AAPG 3, the External Auditors are not required to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the procedures performed, the External Auditors have reported to the Board of Directors that nothing has come to their attention that would cause them to believe that the Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosure requirements set out in paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or that the Statement is 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 Group's risk management and internal control systems are adequate and effective in safeguarding 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 systems are operating adequately and effectively, in all material respects, based on the established risk management and internal control framework of the Group.

The disclosures in this Statement do not cover the risk management and internal control practices of the Group's associates. The Group's interests in these entities are protected through the appointment of senior management representatives to their boards. Key financial and operational information is also obtained and reviewed on a periodic basis to support ongoing monitoring.

The Board remains committed to the continuous assessment and monitoring of the adequacy and effectiveness of the Group's risk management and internal control systems. The Board will also continue to enhance and strengthen these systems, where necessary, to ensure they remain aligned with the Group's evolving business needs and operating environment.

FINANCIAL STATEMENTS

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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 2025.

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	932,316	(1,125,839)
Attributable to:		
Owners of the Company	1,038,847	(1,125,839)
Non-controlling interest	(106,531)	-
	932,316	(1,125,839)

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 2025.

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.

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 RM177,075 and RM65,000 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, no new issue of shares or debentures were 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

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

DIRECTORS (CONTINUED)

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:

Goh Ji Syuan	
Goh Sim Yee	
Wong Kui Ming	
Chu Teck	(Resigned on 24 June 2025)
Goh Bee Sim	(Resigned on 1 December 2025)

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 1 January 2025	Bought	Sold	At 31 December 2025
Direct interests:				
Goh Chye Hin	166,069,789	-	-	166,069,789
Kee Hui Lang	28,710,911	3,945,100	-	32,656,011
Lim Kok Beng	9,660,059	-	-	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	100,000	-	-	100,000

	Number of ordinary shares			
	At 1 January 2025	Bought	Sold	At 31 December 2025
Indirect interests:				
Goh Chye Hin ⁽¹⁾	10,000,000	-	-	10,000,000
Kee Hui Lang ⁽¹⁾	10,000,000	-	-	10,000,000

(1) Deemed interests pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his/her children's direct interests in the Company.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' INTERESTS (CONTINUED)

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	438,000	438,000
- Remuneration and allowances	846,631	41,000
- Defined contribution plans	50,670	-
- Other staff related benefits	79,045	-
	1,414,346	479,000

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, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM12,000 respectively.

SUBSIDIARIES

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

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2025 %	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. ("Smart Paints (M)")	Malaysia	100	Trading of paints, coatings and varnishing materials
Color Breeze Sdn. Bhd. ("Color Breeze")	Malaysia	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
Smart CKS Manufacturing Sdn. Bhd. ("Smart CKS Manufacturing")	Malaysia	51	Development and manufacturing of construction chemicals
Smart Homebox Sdn. Bhd. ("Smart Homebox")	Malaysia	100	Trading of paints and construction related products, software development, and provision of general household services

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) Acquisition of Smart CKS Manufacturing

On 12 June 2025, the Company acquired 100% equity interest in Smart CKS Manufacturing comprising 2 ordinary shares from Mr. Goh Chye Hin ("Mr. Goh") for a total purchase consideration of RM2.

Subsequently, on 21 August 2025, Smart CKS Manufacturing increased its issued and paid-up share capital from 2 ordinary shares to 2,500,000 ordinary shares. The Company subscribed for an additional 1,274,998 ordinary shares at an issue price of RM1.00 per ordinary share for a total consideration of RM1,274,998. Following the capital injection, the Company's effective equity interest in Smart CKS Manufacturing diluted from 100% to 51% and remained as a subsidiary of the Company.

(b) Acquisition of Smart CKS Marketing

On 12 June 2025, the Company acquired 100% equity interest in Smart CKS Marketing comprising 2 ordinary shares from Mr. Goh for a total purchase consideration of RM2.

Subsequently, on 21 August 2025, Smart CKS Marketing increased its issued and paid-up share capital from 2 ordinary shares to 2,500,000 ordinary shares. The Company subscribed for an additional 1,224,998 ordinary shares at an issue price of RM1.00 per ordinary share for a total consideration of RM1,224,998. Following the capital injection, the Company's effective equity interest in CKS Marketing diluted from 100% to 49% and as an associate of the Company.

(c) Incorporation of a new subsidiary

On 18 July 2025, the Company incorporated a wholly owned subsidiary, Smart Homebox, with initial share capital of RM2.00 comprising two ordinary shares. On 7 November 2025, the Company subscribed additional 299,998 ordinary shares of RM1.00 each in Smart Homebox for a total consideration of RM299,998.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Additional investment in Smart Paint Manufacturing through capitalisation of intercompany balances

On 11 February 2026, Smart Paint Manufacturing issued 30,000,000 new ordinary shares at a price of RM1 per ordinary share to the Company by way of capitalisation of advances amounting to RM30,000,000 previously provided by the Company.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

- (b) **Proposed establishment of a new Share Issuance Scheme (“SIS”) of up to 10% of the total number of issued ordinary shares of SAC (“SAC Shares”) (excluding treasury shares, if any) for the eligible employees of SAC and its subsidiaries (“Proposed SIS”) and proposed allocation of SIS options to certain persons connected with the directors of SAC pursuant to the Proposed SIS (“Proposed Allocation”), collectively the (“Proposals”)**

On 16 March 2026, on behalf of the Board of Directors of SAC (“Board”), TA Securities Holdings Berhad (“TA Securities”) announced that the Company proposes to undertake the Proposals. On 17 March 2026, TA Securities had, on behalf of the Board, submitted the additional listing application in relation to the Proposed SIS to Bursa Malaysia Securities Berhad (“Bursa Securities”). Subsequently, on 27 March 2026, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 26 March 2026 approved the listing and quotation of such number of new SAC Shares, representing up to 10% of the total number of issued SAC Shares (excluding treasury shares, if any), to be issued upon exercise of the SIS options on the ACE Market of Bursa Securities.

A circular to shareholders of SAC in relation to the Proposals was released on 13 April 2026 together with the Notice of Extraordinary General Meeting to be convened on 25 June 2026.

**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: 28 April 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	91,191,858	78,669,679	9,009	11,781
Intangible asset	6	130,000	150,000	-	-
Investment in subsidiaries	7	-	-	52,607,682	51,152,595
Investment in associate	8	1,105,214	-	1,225,000	-
Deferred tax assets	9	6,941,413	7,444,947	-	-
Trade receivables	11	419,418	-	-	-
Total non-current assets		99,787,903	86,264,626	53,841,691	51,164,376
Current assets					
Inventories	10	26,344,780	24,108,425	-	-
Current tax assets		2,118,781	1,393,746	-	-
Trade and other receivables	11	26,944,671	31,074,168	31,774,559	34,608,006
Contract assets	12	-	1,353,782	-	-
Cash and fixed deposits with licensed banks	13	9,413,000	13,929,212	712	1,006,253
Total current assets		64,821,232	71,859,333	31,775,271	35,614,259
TOTAL ASSETS		164,609,135	158,123,959	85,616,962	86,778,635
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital/ Invested equity	14	91,326,454	91,326,454	91,326,454	91,326,454
Reorganisation reserve	15	(29,252,595)	(29,252,595)	-	-
Retained earnings/ (Accumulated losses)		50,404,337	49,365,490	(5,843,245)	(4,717,406)
		112,478,196	111,439,349	85,483,209	86,609,048
Non-controlling interest		1,087,986	(30,483)	-	-
TOTAL EQUITY		113,566,182	111,408,866	85,483,209	86,609,048

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Non-current liabilities					
Loans and borrowings	16	18,046,149	15,149,315	-	-
Deferred income	17	383,877	443,317	-	-
Deferred tax liabilities	9	3,057,782	2,732,253	-	-
Total non-current liabilities		21,487,808	18,324,885	-	-
Current liabilities					
Loans and borrowings	16	4,892,360	3,907,904	-	-
Current tax liabilities		786	109,486	-	-
Trade and other payables	18	22,338,463	21,948,257	133,753	169,587
Deferred income	17	29,720	-	-	-
Contract liabilities	12	2,293,816	2,424,561	-	-
Total current liabilities		29,555,145	28,390,208	133,753	169,587
TOTAL LIABILITIES		51,042,953	46,715,093	133,753	169,587
TOTAL EQUITY AND LIABILITIES		164,609,135	158,123,959	85,616,962	86,778,635

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	19	88,340,363	93,466,720	-	-
Cost of sales		(62,748,109)	(66,432,434)	-	-
Gross profit		25,592,254	27,034,286	-	-
Other income	20	296,711	70,230	-	-
Selling and distribution expenses		(15,018,467)	(14,898,834)	-	-
Administrative expenses		(7,664,027)	(7,159,284)	(1,031,914)	(1,725,415)
Net impairment losses on financial instruments		(149,337)	(413,669)	-	-
Other operating expenses		-	(13,448)	(119,913)	(750,000)
Operating profit/(loss)		3,057,134	4,619,281	(1,151,827)	(2,475,415)
Finance income	21	62,965	54,102	25,988	28,423
Finance costs	22	(997,307)	(1,409,167)	-	-
Share of results of associates, net of tax		(119,786)	-	-	-
Profit/(loss) before tax	23	2,003,006	3,264,216	(1,125,839)	(2,446,992)
Income tax (expense)/benefit	25	(1,070,690)	3,317,622	-	-
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year		932,316	6,581,838	(1,125,839)	(2,446,992)
Profit/(loss) attributable to:					
Owners of the Company		1,038,847	6,661,547	(1,125,839)	(2,446,992)
Non-controlling interest		(106,531)	(79,709)	-	-
		932,316	6,581,838	(1,125,839)	(2,446,992)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		1,038,847	6,661,547	(1,125,839)	(2,446,992)
Non-controlling interest		(106,531)	(79,709)	-	-
		932,316	6,581,838	(1,125,839)	(2,446,992)
Earnings per share (sen)					
- Basic and diluted	26	0.28	2.02		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of					Total equity RM
	Share capital/ Invested equity RM	Reorganisation reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interest RM	
Group						
At 1 January 2025	91,326,454	(29,252,595)	49,365,490	111,439,349	(30,483)	111,408,866
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income for the financial year	-	-	1,038,847	1,038,847	(106,531)	932,316
Transactions with owners						
Non-controlling interest arising from acquisition of a new subsidiary	-	-	-	-	1,225,000	1,225,000
Total transactions with owners	-	-	-	-	1,225,000	1,225,000
At 31 December 2025	91,326,454	(29,252,595)	50,404,337	112,478,196	1,087,986	113,566,182

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Attributable to owners of the Company					
	Share capital/ Invested equity RM	Reorganisation reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interest RM	Total equity RM
Group						
At 1 January 2024	51,800,002	(25,782,513)	42,703,943	68,721,432	49,226	68,770,658
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income for the financial year	-	-	6,661,547	6,661,547	(79,709)	6,581,838
Transactions with owners						
Issuance of shares	37,400,000	-	-	37,400,000	-	37,400,000
Share issued for acquisition of subsidiaries	4,370,082	(4,370,082)	-	-	-	-
Adjustment pursuant to merger accounting	(900,000)	900,000	-	-	-	-
Shares issuance expenses	(1,343,630)	-	-	(1,343,630)	-	(1,343,630)
Total transactions with owners	39,526,452	(3,470,082)	-	36,056,370	-	36,056,370
At 31 December 2024	91,326,454	(29,252,595)	49,365,490	111,439,349	(30,483)	111,408,866

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Note	Attributable to owners of		
		Share capital RM	the Company Accumulated losses RM	Total equity RM
Company				
At 1 January 2024		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	14	37,400,000	-	37,400,000
Share issued for acquisition of subsidiaries	14	4,370,082	-	4,370,082
Shares issuance expenses	14	(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
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss for the financial year		-	(1,125,839)	(1,125,839)
At 31 December 2025		91,326,454	(5,843,245)	85,483,209

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Note	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from operating activities				
Profit/(loss) before tax	2,003,006	3,264,216	(1,125,839)	(2,446,992)
Adjustments for:				
Depreciation of property, plant and equipment	3,738,886	3,165,711	2,772	2,079
Gain on disposal of property, plant and equipment	(161,240)	(30,000)	-	-
Gain on lease modification	(1,233)	-	-	-
Amortisation of intangible asset	20,000	20,000	-	-
Bad debts recovery	(8,394)	(3,000)	-	-
Inventories written down	164,036	85,290	-	-
Inventories written off	504,167	441,736	-	-
Reversal of impairment loss on trade receivables	(92,465)	(115,919)	-	-
Impairment loss on trade receivables	241,802	529,588	-	-
Impairment loss on investment in subsidiary	-	-	119,913	750,000
Amortisation of deferred income	(29,720)	(2,477)	-	-
Finance costs	997,307	1,409,167	-	-
Finance income	(62,965)	(54,102)	(25,988)	(28,423)
Net unrealised foreign exchange loss	66,768	52,171	-	-
Share of results of associate	119,786	-	-	-
Operating profit/(loss) before changes in working capital	7,499,741	8,762,381	(1,029,142)	(1,723,336)
Changes in working capital:				
Inventories	(2,904,558)	613,099	-	-
Trade and other receivables	3,482,213	(2,710,992)	-	(916,126)
Contract assets	1,353,782	(144,834)	-	-
Trade and other payables	410,361	(4,968,505)	(35,834)	125,587
Contract liabilities	(130,745)	457,199	-	-
Net cash generated from/(used in) operations	9,710,794	2,008,348	(1,064,976)	(2,513,875)
Income tax paid	(1,514,268)	(3,163,010)	-	-
Income tax refund	438,906	128,610	-	-
Interest paid	(289)	(28,780)	-	-
Net cash from/(used in) operating activities	8,635,143	(1,054,832)	(1,064,976)	(2,513,875)

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from investing activities					
Investment in subsidiaries		-	-	(1,575,000)	-
Investment in an associate		-	-	(1,225,000)	-
Purchase of property, plant and equipment	(a)	(8,070,517)	(4,420,469)	-	(13,860)
Proceeds from disposal of property, plant and equipment		180,000	30,000	-	-
Proceeds from government grants related to assets		-	303,094	-	-
Change in pledged deposits		(7,415)	(4,586)	-	-
Net changes in deposit placed with licensed banks		(2,999,138)	(1,100,862)	1,000,862	(1,000,862)
Interest received		62,965	54,102	25,988	28,423
Net cash used in investing activities		(10,834,105)	(5,138,721)	(1,773,150)	(986,299)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		-	37,400,000	-	37,400,000
Drawdown of term loans		-	16,313,773	-	-
Repayment of term loans	(b)	(3,253,177)	(38,543,548)	-	-
Payment of lease liabilities	(b)	(53,857)	(88,635)	-	-
Repayment of hire purchase	(b)	(224,751)	(215,333)	-	-
Proceeds from bankers' acceptance	(b)	2,861,000	6,956,000	-	-
Repayment of bankers' acceptance	(b)	(3,656,000)	(7,347,000)	-	-
Net changes in amount owing by subsidiaries		-	-	2,833,447	(33,899,337)
Interest paid		(997,018)	(1,380,387)	-	-
Net cash (used in)/from financing activities		(5,323,803)	13,094,870	2,833,447	3,500,663
Net (decrease)/increase in cash and cash equivalents		(7,522,765)	6,901,317	(4,679)	489
Cash and cash equivalents at the beginning of the financial year		12,679,764	5,778,447	5,391	4,902
Cash and cash equivalents at the end of the financial year	13	5,156,999	12,679,764	712	5,391

STATEMENTS OF CASH FLOWS
(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	
		2025 RM	2024 RM	2025 RM	2024 RM
Purchase of property, plant and equipment	5	16,300,406	8,808,154	-	13,860
Financed by term loan arrangements		(7,650,000)	(30,722)	-	-
Financed by way of lease arrangements		(579,889)	(459,605)	-	-
Contra with receivables		-	(43,299)	-	-
Financed by way of other payable		-	(3,854,059)	-	-
Cash payments on purchase of property, plant and equipment		8,070,517	4,420,469	-	13,860

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

	1.1.2025 RM	Cash flows RM	Non-cash RM	31.12.2025 RM
Group				
Term loans	15,728,731	(3,253,177)	7,650,000	20,125,554
Lease liabilities	94,419	(53,857)	15,075	55,637
Hire purchase payables	445,069	(224,751)	543,000	763,318
Bankers' acceptance	2,789,000	(795,000)	-	1,994,000
	19,057,219	(4,326,785)	8,208,075	22,938,509
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

- (c) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflow for leases of RM437,885 (2024: RM170,063) and RM12,000 (2024: RM11,000), respectively.

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

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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 7, Mercu 3, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur. 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 28 April 2026.

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 121 The Effects of Changes in Foreign Exchange Rates

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.

2. BASIS OF PREPARATION (CONTINUED)**2.3 New MFRSs 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 MFRSs and amendments to MFRSs that have been issued, but yet to be effective:

<u>New MFRSs</u>	Effective for financial periods beginning on or after
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 2027
MFRS 128 Investments in Associates and Joint Ventures	Deferred

- (b) The Group and the Company plan to adopt the above applicable new MFRSs and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRSs 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs 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 MFRSs and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRSs 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 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.

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 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.

2. BASIS OF PREPARATION (CONTINUED)

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

- (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.

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

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of consolidation (continued)

(b) Associate

Investment in associates is accounted for in the consolidated financial statements of the Group using the equity method.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associate 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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.4 Property, plant and equipment (continued)**

	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 16.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.8 Revenue (continued)****(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 current and 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

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 9.

(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 10.

(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.

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

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: (continued)

(c) Impairment of financial assets and contract assets (Continued)

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 27(b)(i).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	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 2025	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
Additions	6,311,611	2,629,838	348,576	175,570	78,587	705,886	793,242	276,868	4,943,339	36,889	16,300,406
Disposals	-	-	-	-	-	-	(660,311)	-	-	-	(660,311)
Derecognition due to termination	-	-	-	-	-	-	-	-	-	(73,598)	(73,598)
At 31 December 2025	18,138,588	45,471,836	2,123,152	1,372,583	478,554	33,022,787	3,345,518	1,621,462	4,943,339	4,894,234	115,412,053
Accumulated depreciation											
At 1 January 2025	-	1,667,347	652,613	899,894	274,669	14,483,562	1,955,387	1,073,605	-	68,800	21,075,877
Depreciation charge for the financial year	-	896,059	229,458	111,438	44,044	1,778,457	427,991	167,456	-	83,983	3,738,886
Disposals	-	-	-	-	-	-	(541,551)	-	-	-	(541,551)
Derecognition due to termination	-	-	-	-	-	-	-	-	-	(53,017)	(53,017)
At 31 December 2025	-	2,563,406	882,071	1,011,332	318,713	16,262,019	1,841,827	1,241,061	-	99,766	24,220,195
Carrying amount											
At 1 January 2025	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
At 31 December 2025	18,138,588	42,908,430	1,241,081	361,251	159,841	16,760,768	1,503,691	380,401	4,943,339	4,794,468	91,191,658

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group Cost	Freehold lands RM	Buildings RM	Computer and software RM	Furniture and fittings RM	Office equipment RM	Plant and machinery RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Right-of-use assets RM	Total RM
At 1 January 2024	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
Additions	-	79,361	1,129,509	10,384	105,662	1,048,649	868,632	-	5,476,252	89,705	8,808,154
Disposals	-	-	-	-	-	-	(226,698)	-	-	-	(226,698)
Derecognition due to end of lease term	-	-	-	-	-	-	-	-	-	(176,834)	(176,834)
Reclassification	-	33,175,086	-	200,000	-	16,008,834	-	-	(49,383,920)	-	-
Written off	-	-	-	-	-	(13,900)	-	-	-	-	(13,900)
At 31 December 2024	11,826,977	42,841,988	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	-	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)

Company	Note	Office equipment RM
Cost		
At 1 January 2024		-
Additions		13,860
At 31 December 2024/31 December 2025		<u>13,860</u>
Accumulated depreciation		
At 1 January 2024		-
Depreciation charge for the financial year	23	2,079
At 31 December 2024/31 December 2025		<u>2,079</u>
Depreciation charge for the financial year	23	2,772
At 31 December 2025		<u>4,851</u>
Carrying amount		
At 1 January 2025		<u>11,781</u>
At 31 December 2025		<u>9,009</u>

(a) **Assets pledged as security**

Freehold lands and buildings with a carrying amount of RM61,047,018 (2024: RM53,001,628) have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 16(a).

Motor vehicles with carrying amount of RM1,028,150 (2024: RM651,701) have been pledged as security for hire purchase arrangement as disclosed in Note 16(c).

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 2024	4,790,909	69,318	18,731	4,878,958
Additions	-	89,705	-	89,705
Depreciation charge for the financial year	(20,152)	(82,282)	(4,086)	(106,520)
At 31 December 2024	4,770,757	76,741	14,645	4,862,143
Additions	-	36,889	-	36,889
Depreciation charge for the financial year	(30,228)	(49,669)	(4,086)	(83,983)
Derecognition due to termination	-	(20,581)	-	(20,581)
At 31 December 2025	4,740,529	43,380	10,559	4,794,468

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 16(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
(CONT'D)

6. INTANGIBLE ASSET

	Note	Patent RM
Group Cost		
At 1 January 2024/31 December 2024/ 31 December 2025		<u>200,000</u>
Accumulated amortisation		
At 1 January 2024		30,000
Amortisation charge for the financial year	23	<u>20,000</u>
At 31 December 2024		50,000
Amortisation charge for the financial year	23	<u>20,000</u>
At 31 December 2025		<u>70,000</u>
Carrying amount		
At 31 December 2024		<u>150,000</u>
At 31 December 2025		<u>130,000</u>

Amortisation

The amortisation of patent of the Group amounting to RM20,000 (2024: RM20,000) is included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2025 RM	2024 RM
At costs		
Unquoted shares	53,477,595	51,902,595
Less: Impairment loss	(869,913)	(750,000)
	52,607,682	51,152,595

The details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
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	100	Trading and distribution of paints, hardwares and paint accessories
Smart Paints (Sabah) Sdn. Bhd. ("Smart Paints (Sabah)")	Malaysia	100	100	Trading of paints, coatings and varnishing materials
Smart CKS Manufacturing Sdn. Bhd.* ("Smart CKS Manufacturing")	Malaysia	51	-	Development and manufacturing of construction chemicals
Smart Homebox Sdn. Bhd.* ("Smart Homebox")	Malaysia	100	-	Trading of paints and construction related products, software development, and provision of general household services

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of Smart CKS Manufacturing

On 12 June 2025, the Company acquired 100% equity interest in Smart CKS Manufacturing comprising 2 ordinary shares from Mr. Goh Chye Hin ("Mr. Goh") for a total purchase consideration of RM2.

Subsequently, on 21 August 2025, Smart CKS Manufacturing increased its issued and paid-up share capital from 2 ordinary shares to 2,500,000 ordinary shares. The Company subscribed for an additional 1,274,998 ordinary shares at an issue price of RM1.00 per ordinary share for a total consideration of RM1,274,998. Following the capital injection, the Company's effective equity interest in Smart CKS Manufacturing diluted from 100% to 51% and remained as a subsidiary of the Company.

(b) Incorporation of a new subsidiary

On 18 July 2025, the Company incorporated a wholly owned subsidiary, Smart Homebox, with initial share capital of RM2.00 comprising two ordinary shares. On 7 November 2025, the Company subscribed additional 299,998 ordinary shares of RM1.00 each in Smart Homebox for a total consideration of RM299,998.

(c) Non-controlling interests in subsidiaries

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

Equity interest held by non-controlling interests:

Name of companies	Ownership interest	
	2025 (%)	2024 (%)
Color Breeze	25	25
Smart CKS Manufacturing	49	-

Carrying amount of material non-controlling interests:

Name of companies	2025	2024
	RM	RM
Color Breeze	(107,159)	(30,483)
Smart CKS Manufacturing	1,195,145	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Non-controlling interests in subsidiaries (continued)

The financial information of the Company's subsidiaries that have material non-controlling interests are as follows: (continued)

Loss allocated to material non-controlling interests:

	2025	2024
	RM	RM
Name of companies		
Color Breeze	(76,676)	(79,709)
Smart CKS Manufacturing	(29,855)	-
	<u> </u>	<u> </u>

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

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

	Color Breeze RM	Smart CKS Manufacturing RM
Summarised statements of financial position		
As at 31 December 2025		
Current assets	18,480	2,258,914
Non-current assets	1,749	214,957
Current liabilities	(448,864)	(34,799)
	<u> </u>	<u> </u>
Net (liabilities)/assets	<u>(428,635)</u>	<u>2,439,072</u>
Summarised statements of comprehensive income		
Financial year/period ended 31 December 2025		
Revenue	107,154	-
Loss for the financial year/period	(306,703)	(60,928)
Total comprehensive loss	<u>(306,703)</u>	<u>(60,928)</u>

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information of material non-controlling interests (continued)

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

	Color Breeze RM	Smart CKS Manufacturing RM
Summarised cash flow information		
Financial year/period ended 31 December 2025		
Cash flows used in operating activities	(258,623)	(28,564)
Cash flows used in investing activities	-	(212,865)
Cash flows from financing activities	254,339	2,499,998
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(4,284)	2,258,569
	<hr/>	<hr/>
		Color Breeze RM
Summarised statements of financial position		
As at 31 December 2024		
Current assets		23,719
Non-current asset		2,385
Current liability		(148,035)
		<hr/>
Net liabilities		(121,931)
		<hr/>
Summarised statements of comprehensive income		
Financial year ended 31 December 2024		
Revenue		112,493
Loss for the financial year		(318,835)
Total comprehensive loss		(318,835)
		<hr/>

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information of material non-controlling interests (continued)

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

	Color Breeze RM
Summarised cash flow information	
Financial year ended 31 December 2024	
Cash flows used in operating activities	(322,199)
Cash flows from financing activities	324,150
	1,951
Net increase in cash and cash equivalents	1,951

8. INVESTMENT IN ASSOCIATE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Shares at cost	1,225,000	-	1,225,000	-
Share of post-acquisition reserves	(119,786)	-	-	-
	1,105,214	-	1,225,000	-

The details of the associate is as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
Smart CKS Marketing Sdn. Bhd.* ("Smart CKS Marketing")	Malaysia	49	-	Trading and distribution of construction chemical products

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN ASSOCIATE (CONTINUED)

(a) Acquisition of Smart CKS Marketing

On 12 June 2025, the Company acquired 100% equity interest in Smart CKS Marketing comprising 2 ordinary shares from Mr. Goh for a total purchase consideration of RM2.

Subsequently, on 21 August 2025, Smart CKS Marketing increased its issued and paid-up share capital from 2 ordinary shares to 2,500,000 ordinary shares. The Company subscribed for an additional 1,224,998 ordinary shares at an issue price of RM1.00 per ordinary share for a total consideration of RM1,224,998. Following the capital injection, the Company's effective equity interest in CKS Marketing diluted from 100% to 49% and as an associate of the Company.

(b) Summarised financial information of material associate

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences made by the Group when using equity method including fair value adjustments and differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

	Smart CKS Marketing RM
Summarised statements of financial position	
As at 31 December 2025	
Current assets	3,008,291
Non-current asset	35,252
Current liabilities	(440,888)
Non-current liability	(4,809)
	<hr/>
Net assets	2,597,846
	<hr/>
Summarised statements of comprehensive income	
Financial period ended 31 December 2025	
Revenue	1,509,877
Profit for the financial period	97,846
Total comprehensive income	97,846
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN ASSOCIATE (CONTINUED)

(b) Summarised financial information of material associate (continued)

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences made by the Group when using equity method including fair value adjustments and differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates: (continued)

	Smart CKS Marketing RM
Summarised cash flow information	
Financial year ended 31 December 2025	
Cash flows used in operating activities	(1,006,297)
Cash flows used in investing activities	(38,469)
Cash flows from financing activity	2,499,998
 Net increase in cash and cash equivalents	 1,455,232

9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

	At 1 January 2024 RM	Recognised in profit or loss (Note 25) RM	At 31 December 2024 RM	Recognised in profit or loss (Note 25) RM	At 31 December 2025 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	(452,614)	(2,279,639)	(2,732,253)	(325,529)	(3,057,782)
Unrealised foreign exchange gain	(5,492)	5,492	-	-	-
	(458,106)	(2,274,147)	(2,732,253)	(325,529)	(3,057,782)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Deferred tax relates to the following: (continued)

	At 1 January 2024 RM	Recognised in profit or loss (Note 25) RM	At 31 December 2024 RM	Recognised in profit or loss (Note 25) RM	At 31 December 2025 RM
Group					
Deferred tax assets:					
Property, plant and equipment	19,923	(4,242)	15,681	1,388	17,069
Unrealised foreign exchange loss	-	12,521	12,521	(9,488)	3,033
Impairment loss on trade receivables	92,951	(83,077)	9,874	(6,400)	3,474
Inventories written down	25,811	20,470	46,281	31,582	77,863
Lease liabilities	1,272	(545)	727	(525)	202
Unabsorbed capital allowances	-	2,703,095	2,703,095	(1,061,981)	1,641,114
Unabsorbed industrial building allowances	-	-	-	78,000	78,000
Unabsorbed reinvestment allowances	-	4,426,046	4,426,046	101,288	4,527,334
Others taxable differences	-	230,722	230,722	362,602	593,324
	139,957	7,304,990	7,444,947	(503,534)	6,941,413
	(318,149)	5,030,843	4,712,694	(829,063)	3,883,631

Unrecognised deferred tax assets

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

	Group	
	2025 RM	2024 RM
Property, plant and equipment	(2,789)	(11,202)
Unused tax losses	3,169,348	1,087,385
Unabsorbed capital allowances	12,091	6,229
Contract liabilities	-	1,249,752
Others deductible temporary differences	131,482	508,181
	3,310,132	2,840,345
Potential deferred tax benefit at 24%	794,432	681,683

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

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

	Group	
	2025 RM	2024 RM
2030	150,070	150,070
2032	202,381	202,381
2033	257,992	257,992
2034	476,942	476,942
2035	2,081,963	-
	3,169,348	1,087,385

10. INVENTORIES

	Group	
	2025 RM	2024 RM
At lower of cost and net realisable value:		
Raw materials	10,097,747	8,986,631
Work-in-progress	504,115	616,226
Finished goods	15,742,918	14,505,568
	26,344,780	24,108,425

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM47,555,167 (2024: RM52,797,935).
- (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 RM164,036 (2024: RM85,290).
- (c) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of inventories write-off was RM504,167 (2024: RM 441,736).

NOTES TO THE FINANCIAL STATEMENTS
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11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Non-current:					
Trade					
Trade receivables	(a)				
- Third parties		419,418	-	-	-
Total trade and other receivables (non-current)		419,418	-	-	-
Current:					
Trade					
Trade receivables	(b)				
- Third parties		25,104,501	28,504,131	-	-
- Related parties		710,864	785,048	-	-
- An associate		71,203	-	-	-
Retention sums		-	151,951	-	-
		25,886,568	29,441,130	-	-
Less: Impairment losses for trade receivables		(969,892)	(820,555)	-	-
		24,916,676	28,620,575	-	-
Non-trade					
Other receivables		376,533	-	-	-
Deposits		447,374	267,579	1,000	1,000
Prepayments		1,182,828	2,186,014	-	-
Amount owing by associate	(c)	21,260	-	-	-
Amount owing by subsidiary	(d)	-	-	31,773,559	34,607,006
		2,027,995	2,453,593	31,774,559	34,608,006
Total trade and other receivables (current)		26,944,671	31,074,168	31,774,559	34,608,006
Total trade and other receivables (non-current and current)		27,364,089	31,074,168	31,774,559	34,608,006

11. TRADE AND OTHER RECEIVABLES (CONTINUED)**(a) Trade receivables (Non-current)**

Included in non-current trade receivables are amounts from the sales of tinting machines to customers, payable by instalments and expected to be settled within 24 months.

(b) Trade receivables (Current)

Trade receivables are non-interest bearing and normal credit term offered by the Group ranges from 30 to 150 days (2024: 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:

	Group	
	2025	2024
	RM	RM
At 1 January	820,555	406,886
Charge for the financial year		
- Individual assessed	241,802	515,113
- Collectively assessed	-	14,475
Reversal of impairment losses	(92,465)	(115,919)
At 31 December	969,892	820,555

The information about the credit risk exposure are disclosed in Note 27(b)(i).

(c) Amount owing by associate

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

(d) 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. Subsequent to the financial year end, an amount of RM30 million out of the total balance will be settled through the capitalisation of the intercompany balance as additional investment in Smart Paint Manufacturing as disclosed in Note 33(a).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2025 RM	2024 RM
Contract assets relating to service contracts	-	1,353,782
Contract liabilities relating to sales of goods	(2,293,816)	(2,424,561)

(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 and amounts allocated to customer incentive programmes for which performance obligations have not been satisfied. The contract liabilities will only be recognised as revenue when the goods are delivered 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			
	2025		2024	
	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	-	1,176,011	-	1,598,843
Increase due to invoice billed in advance to customer, but revenue not recognised	-	(1,045,266)	-	(2,056,042)
Increase as a result of change in the measure of progress	-	-	1,353,782	-
Transfers from contract assets recognised at the beginning of the financial year to receivables	(1,353,782)	-	(1,208,948)	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(d) Revenue recognised in relation to contract balances

	Group	
	2025 RM	2024 RM
Revenue recognised that was included in contract liability at the beginning of the financial year	1,176,011	1,598,843

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.

13. CASH AND FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	4,656,999	7,499,764	712	5,391
Fixed deposits with licensed banks	4,756,001	6,429,448	-	1,000,862
	9,413,000	13,929,212	712	1,006,253

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fixed deposits with licensed banks	4,756,001	6,429,448	-	1,000,862
Less: Pledged deposits	(156,001)	(148,586)	-	-
Less: Fixed deposits with maturity more than three months	(4,100,000)	(1,100,862)	-	(1,000,862)
Short term deposits	500,000	5,180,000	-	-
Cash and bank balances	4,656,999	7,499,764	712	5,391
Cash and cash equivalents included in the statements of cash flows	5,156,999	12,679,764	712	5,391

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. CASH AND FIXED DEPOSITS WITH LICENSED BANKS (CONTINUED)

Pledged deposits placed with licensed banks with maturity of 365 days (2024: 365 days) of the Group have been pledged to the licensed banks to secure credit facilities granted to the Group as disclosed in Note 16.

Fixed deposits with maturity more than three months are with maturity of 180 days (2024: 180 days).

Short term deposits are with maturity of 30 days (2024: 14 to 30 days).

The effective interest rate of the Group and of the Company are ranging from 2.40% to 3.55% (2024: 2.00% to 3.85%) per annum.

14. SHARE CAPITAL/INVESTED EQUITY

	← Group →			
	← Number of ordinary shares →		← Amounts →	
	2025 Unit	2024 Unit	2025 RM	2024 RM
Issued and fully paid-up (no par value):				
At 1 January	369,850,420	255,400,010	91,326,454	51,800,002
Issuance of shares pursuant to				
- 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	369,850,420	369,850,420	91,326,454	91,326,454

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. SHARE CAPITAL/INVESTED EQUITY (CONTINUED)

	←———— Company —————→			
	Number of ordinary shares		←———— Amounts —————→	
	2025 Unit	2024 Unit	2025 RM	2024 RM
Issued and fully paid-up (no par value):				
At 1 January	369,850,420	254,500,010	91,326,454	50,900,002
Issuance of shares pursuant to				
- 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	369,850,420	369,850,420	91,326,454	91,326,454

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 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.

15. 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)

16. LOANS AND BORROWINGS

		Group	
	Note	2025 RM	2024 RM
Non-current:			
Term loans	(a)	17,441,018	14,825,934
Lease liabilities	(b)	15,213	34,879
Hire purchase payables	(c)	589,918	288,502
		18,046,149	15,149,315
Current:			
Term loans	(a)	2,684,536	902,797
Lease liabilities	(b)	40,424	59,540
Hire purchase payables	(c)	173,400	156,567
Bankers' acceptances	(d)	1,994,000	2,789,000
		4,892,360	3,907,904
Total loans and borrowings:			
Term loans	(a)	20,125,554	15,728,731
Lease liabilities	(b)	55,637	94,419
Hire purchase payables	(c)	763,318	445,069
Bankers' acceptances	(d)	1,994,000	2,789,000
		22,938,509	19,057,219

(a) **Term loans**

Term loan 1 of the Group of RM2,034,705 (2024: RM2,365,587) 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.

Term loan 2 of the Group of RM2,214,066 (2024: RM2,346,411) 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.

16. LOANS AND BORROWINGS (CONTINUED)**(a) Term loans (continued)**

Term loan 3 of the Group of RM76,664 (2024: RM288,258) 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 RM5,802,089 (2024: RM6,047,236) 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 RM2,609,984 (2024: RM4,681,239) bears interest at BLR minus 2.30% per annum and is repayable by monthly instalments of RM140,302 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 13;
- (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.

Term loan 6 of the Company of RM7,388,047 (2024: RM Nil) bears interest at BLR minus 2.62% per annum and is repayable by monthly instalments of RM45,481 over 240 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 Company as disclosed in Note 5; and
- (ii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. 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	
	2025	2024
	RM	RM
Minimum lease payments:		
- Not later than one year	42,000	62,600
- Later than one year and not later than five years	15,600	36,100
	<u>57,600</u>	<u>98,700</u>
Less: Future finance charges	(1,963)	(4,281)
Present value of minimum lease payments	<u>55,637</u>	<u>94,419</u>
Present value of minimum lease payments:		
- Not later than one year	40,424	59,540
- Later than one year and not later than five years	15,213	34,879
	<u>55,637</u>	<u>94,419</u>
Less: Amount due within twelve months	(40,424)	(59,540)
Amount due after twelve months	<u>15,213</u>	<u>34,879</u>

(c) Hire purchase payables

Hire purchase payables of the Group of RM763,318 (2024: RM445,069) bear interest ranging from 1.30% to 4.29% (2024: 1.30% to 4.29%) per annum and are secured by the Group motor vehicles under hire purchase arrangements as disclosed in Note 5(a).

(d) Bankers' acceptances

Bankers' acceptances bear effective interests at 5.08% (2024: 5.33%) 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)

17. DEFERRED INCOME

	Group	
	2025	2024
	RM	RM
Government grants		
At 1 January	443,317	142,700
Received during the financial year	-	303,094
Amortisation	(29,720)	(2,477)
At 31 December	413,597	443,317
Total deferred income		
Non-current	383,877	443,317
Current	29,720	-
	413,597	443,317

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

18. TRADE AND OTHER PAYABLES

		Group		Company	
		2025	2024	2025	2024
	Note	RM	RM	RM	RM
Trade					
Trade payables	(a)				
- Third parties		8,006,063	10,696,106	-	-
- A related party		-	45	-	-
- An associate	(b)	1,434,954	-	-	-
Accruals		174,154	561,674	-	-
Retention sums		-	143,778	-	-
		9,615,171	11,401,603	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. TRADE AND OTHER PAYABLES (CONTINUED)

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Non-trade					
Other payables		7,373,139	3,288,208	23,385	-
Accruals		5,200,063	7,130,446	110,368	169,587
Deposits		150,000	128,000	-	-
Amount owing to a related party	(c)	90	-	-	-
		<u>12,723,292</u>	<u>10,546,654</u>	<u>133,753</u>	<u>169,587</u>
Total trade and other payables		<u>22,338,463</u>	<u>21,948,257</u>	<u>133,753</u>	<u>169,587</u>

(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 (2024: 30 to 90 days).

(b) Amount owing to an associate

Amount owing to an associate is unsecured, trade in nature, non-interest bearing, repayable upon demand and is expected to settled in cash.

(c) Amount owing to a related party

Amount owing to a related party is unsecured, non trade in nature, non-interest bearing, repayable upon demand and is expected to settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 27(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. REVENUE

	Group	
	2025 RM	2024 RM
Revenue from contract customers:		
Sale of goods	86,536,161	90,230,180
Service contracts	1,804,202	3,236,540
	88,340,363	93,466,720
 Timing of revenue recognition:		
At a point in time	86,536,161	90,884,026
Over time	1,804,202	2,582,694
	88,340,363	93,466,720

20. OTHER INCOME

	Group	
	2025 RM	2024 RM
Gain on disposal of property, plant and equipment	161,240	30,000
Bad debts recovery	8,394	3,000
Gain on lease modification	1,233	-
Rental income	12,000	-
Amortisation of deferred income	29,720	2,477
Miscellaneous	84,124	34,753
	296,711	70,230

21. FINANCE INCOME

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest income	62,965	54,102	25,988	28,423

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. FINANCE COSTS

	Group	
	2025	2024
	RM	RM
Interest expense on:		
- Term loans	918,251	1,237,897
- Lease liabilities	3,543	4,360
- Hire purchase	16,260	4,854
- Bankers' acceptances	58,964	133,276
- Bank overdrafts	289	28,780
	997,307	1,409,167

23. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Auditors' remuneration - statutory audit:				
- Baker Tilly Monteiro Heng PLT	167,000	168,000	65,000	50,000
- Other auditors	10,075	-	-	-
Other services:				
- Baker Tilly Monteiro Heng PLT	5,000	98,000	5,000	98,000
- Member firms of Baker Tilly International	44,300	93,900	1,700	6,000
- Other auditors	2,950	-	-	-
Depreciation of property, plant and equipment	3,738,886	3,165,711	2,772	2,079
Amortisation of intangible asset	20,000	20,000	-	-
Inventories written down	164,036	85,290	-	-
Inventories written off	504,167	441,736	-	-
Impairment loss on trade receivables	241,802	529,588	-	-
Impairment loss on investment in subsidiary	-	-	119,913	750,000
Rental expense on:				
- premises	114,133	50,700	-	-
- office	40,799	17,988	12,000	11,000
- office equipment	230,353	-	-	-
- warehouse	-	8,380	-	-
Net realised foreign exchange loss	117,160	70,389	-	-
Net unrealised foreign exchange loss	66,768	52,171	-	-
Employee benefits expense	15,599,659	12,898,981	479,000	374,000
Reversal of impairment loss on trade receivables	(92,465)	(115,919)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, wages, allowances and bonuses	13,034,075	10,719,215	479,000	374,000
Defined contribution plans	566,753	1,145,750	-	-
Other staff related benefits	1,998,831	1,034,016	-	-
	15,599,659	12,898,981	479,000	374,000
Included in employee benefits expense are:				
- Directors' fee	438,000	348,000	438,000	348,000
- Directors' remuneration and allowances	846,631	414,950	41,000	26,000
- Directors' defined contribution plans	50,670	46,700	-	-
- Directors' other related benefits	79,045	2,340	-	-
	1,414,346	811,990	479,000	374,000

25. INCOME TAX EXPENSE/(BENEFIT)

The major components of income tax expense/(benefit) for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	451,441	1,484,022	-	-
- Adjustment in respect of prior years	(209,814)	229,199	-	-
	241,627	1,713,221	-	-
Deferred tax (Note 9):				
- Origination/(Reversal) of temporary differences	377,863	(4,915,499)	-	-
- Adjustment in respect of prior year	451,200	(115,344)	-	-
	829,063	(5,030,843)	-	-
Income tax expense/(benefit) recognise in profit or loss	1,070,690	(3,317,622)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. INCOME TAX EXPENSE/(BENEFIT) (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 reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense/(benefit) is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit/(loss) before tax	2,003,006	3,264,216	(1,125,839)	(2,446,992)
Tax at Malaysian statutory income tax rate of 24%	480,721	783,412	(270,201)	(587,278)
Adjustments:				
- Income not subject to tax	(427,795)	(849,826)	-	-
- Reinvestment allowance	-	(4,426,046)	-	-
- Non-deductible expenses	663,629	805,503	269,536	587,278
- Deferred tax not recognised on tax losses and temporary differences	112,749	255,480	665	-
- Adjustment in respect of current income tax of prior years	(209,814)	229,199	-	-
- Adjustment in respect of deferred tax of prior year	451,200	(115,344)	-	-
Income tax expense/(benefit)	1,070,690	(3,317,622)	-	-

26. 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. EARNINGS PER SHARE (CONTINUED)

The Group has no potential dilutive of ordinary shares. As such, there is no dilution effect on the profit per share of the Group.

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

	2025	2024
Profit attributable to owners of the Company (RM)	1,038,847	6,661,547
Weighted average number of ordinary shares for basic and diluted earnings per share (in unit)	369,850,420	330,190,959
Basic and diluted earnings per share (sen)	0.28	2.02

27. 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 2025		
Financial assets		
Trade and other receivables, less prepayments	26,181,261	26,181,261
Cash and short-term deposits	9,413,000	9,413,000
	<u>35,594,261</u>	<u>35,594,261</u>
Financial liabilities		
Loans and borrowings, less lease liabilities	(22,882,872)	(22,882,872)
Trade and other payables	(22,338,463)	(22,338,463)
	<u>(45,221,335)</u>	<u>(45,221,335)</u>

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. 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 2025		
Financial assets		
Other receivables, less prepayments	31,774,559	31,774,559
Cash and short-term deposits	712	712
	<u>31,775,271</u>	<u>31,775,271</u>
Financial liability		
Other payables	<u>(133,753)</u>	<u>(133,753)</u>
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>
Company		
At 31 December 2024		
Financial assets		
Other receivables, less prepayments	34,608,006	34,608,006
Bank balances	1,006,253	1,006,253
	<u>35,614,259</u>	<u>35,614,259</u>
Financial liability		
Other payables	<u>(169,587)</u>	<u>(169,587)</u>

27. 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)

27. 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.

27. 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:

Contract assets	Retention sums	Trade receivables										Total						
		1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	>180 days	Current	past due	past due							
Group																		
31 December 2025																		
Expected credit loss rate	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	27.5%	0.0%	0.0%	0.0%	3.7%	
Gross carrying amount at default (RM)	-	1,101,134	564,212	300,237	259,085	655,786	111,244	3,512,283	-	-	-	-	967,126	-	-	-	25,886,568	
Impairment losses (RM)	-	-	2,766	-	-	-	-	-	-	-	-	-	-	-	-	-	969,892	

27. 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)

27. 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 RM22,119,554 (2024: RM16,152,143) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 27(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)

27. 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 2025					
Trade and other payables	22,338,463	22,338,463	-	-	22,338,463
Term loans	20,125,554	3,450,095	7,779,219	15,149,583	26,378,897
Lease liabilities	55,637	42,000	15,600	-	57,600
Hire purchase payables	763,318	202,476	643,843	-	846,319
Bankers' acceptances	1,994,000	1,994,000	-	-	1,994,000
	<u>45,276,972</u>	<u>28,027,034</u>	<u>8,438,662</u>	<u>15,149,583</u>	<u>51,615,279</u>
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' acceptances	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>

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. 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 2025					
Trade and other payables	133,753	133,753	-	-	133,753
Financial guarantee contracts	-	22,119,554	-	-	22,119,554
	<u>133,753</u>	<u>22,253,307</u>	<u>-</u>	<u>-</u>	<u>22,253,307</u>
31 December 2024					
Trade and other payables	169,587	169,587	-	-	169,587
Financial guarantee contracts	-	16,152,143	-	-	16,152,143
	<u>169,587</u>	<u>16,321,730</u>	<u>-</u>	<u>-</u>	<u>16,321,730</u>

27. 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"), Singapore Dollar ("SGD") and Renminbi ("RMB").

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

	Group	
	2025	2024
	RM	RM
Financial assets and liabilities not held in functional currencies:		
<u>Trade receivables</u>		
USD	839,413	2,468,851
SGD	414,567	998,908
	1,253,980	3,467,759
<u>Other receivables</u>		
RMB	348,720	-
<u>Bank balances</u>		
USD	3,832	768,391
<u>Trade payables</u>		
USD	1,403,482	1,794,272
RMB	112,753	-
	1,516,235	1,794,272
<u>Other payables</u>		
USD	1,383,257	-
SGD	19,626	-
	1,402,883	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. 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, SGD and RMB.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD and RMB, 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 2025		
USD	+15	(221,558)
	-15	221,558
SGD	+15	45,023
	-15	(45,023)
RMB	+15	26,900
	-15	(26,900)
At 31 December 2024		
USD	+15	164,499
	-15	(164,499)
SGD	+15	113,876
	-15	(113,876)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. 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 2025			
Term loans	20,125,554	+50	(76,477)
		-50	76,477
Bankers' acceptances	1,994,000	+50	(7,577)
		-50	7,577
At 31 December 2024			
Term loans	15,728,731	+50	(59,769)
		-50	59,769
Bankers' acceptances	2,789,000	+50	(10,598)
		-50	10,598

(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 (2024: no transfer in either direction).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. 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 2025					
Financial asset					
Non-current					
Trade receivables	419,418	-	-	419,418	419,418
Financial liability					
Non-current					
Term loans	17,441,018	-	-	13,740,092	13,740,092
At 31 December 2024					
Financial liability					
Non-current					
Term loans	14,825,934	-	-	11,730,551	11,730,551

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.

28. COMMITMENTS

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

	Group	
	2025 RM	2024 RM
Approved and contracted for:		
- Purchase of software	369,543	-
- Purchase of property	-	8,500,000
- Plant and machinery	928,249	481,399
- Extension and renovation of building	2,912,870	105,000
	<u>4,210,662</u>	<u>9,086,399</u>

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. 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	
	2025 RM	2024 RM
Sale of goods		
- Entity in which person connected to a director has interest	5,353,257	5,909,382
- Associate	366,121	-
	5,719,378	5,909,382
Purchase of goods		
- Entity in which person connected to a director has interest	78,641	139,358
- Associate	1,434,954	-
	1,513,595	139,358
Rental charged to		
- Associate	12,000	-
Consultancy services charged by		
- Shareholder of subsidiary	300,000	300,000

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (continued)

	Company	
	2025 RM	2024 RM
Rental charged by		
- Subsidiary	12,000	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 24.

Significant outstanding balances with related parties at the end of the reporting periods are disclosed in Notes 11 and 18.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiary as disclosed in Note 27(b)(i).

30. 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 2025 and 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. 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 2025 and 31 December 2024 are as follows:

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Loans and borrowings/total debts	16	22,938,509	19,057,219	-	-
Total equity		113,566,182	111,408,866	85,483,209	86,609,048
Gearing ratio (times)		0.20	0.17	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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. SEGMENT INFORMATION (CONTINUED)

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 Colour 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 2025				
Revenue:				
Revenue from external customers	80,240,552	5,529,233	2,570,578	88,340,363
Results:				
<i>Included in the measure of segment profit/(loss) are:</i>				
Finance income	62,965	-	-	62,965
Amortisation of deferred income	29,720	-	-	29,720
Finance costs	(933,015)	(64,292)	-	(997,307)
Depreciation of property, plant and equipment	(3,497,855)	(241,031)	-	(3,738,886)
Amortisation of intangible asset	-	(20,000)	-	(20,000)
Employee benefits expense	(13,999,387)	(221,157)	(1,417,696)	(15,638,240)
Net impairment losses on trade receivables	(133,749)	(15,588)	-	(149,337)
Inventories written down	(164,036)	-	-	(164,036)
Inventories written off	-	-	(504,167)	(504,167)
Segment profit/(loss)	3,354,584	548,464	(1,900,042)	2,003,006
Income tax (expenses)/benefits	(1,724,818)	(265,442)	919,570	(1,070,690)
Profit/(loss) for the financial year	1,629,766	283,022	(980,472)	932,316

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

Geographical information

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

	Revenue RM
31 December 2025	
Local	74,072,864
Overseas	14,267,499
	<u>88,340,363</u>
31 December 2024	
Local	80,069,452
Overseas	13,397,268
	<u>93,466,720</u>

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**(a) Acquisition of Smart CKS Manufacturing**

On 12 June 2025, the Company acquired 100% equity interest in Smart CKS Manufacturing comprising 2 ordinary shares from Mr. Goh Chye Hin ("Mr. Goh") for a total purchase consideration of RM2.

Subsequently, on 21 August 2025, Smart CKS Manufacturing increased its issued and paid-up share capital from 2 ordinary shares to 2,500,000 ordinary shares. The Company subscribed for an additional 1,274,998 ordinary shares at an issue price of RM1.00 per ordinary share for a total consideration of RM1,274,998. Following the capital injection, the Company's effective equity interest in Smart CKS Manufacturing diluted from 100% to 51% and remained as a subsidiary of the Company.

(b) Acquisition of Smart CKS Marketing

On 12 June 2025, the Company acquired 100% equity interest in Smart CKS Marketing comprising 2 ordinary shares from Mr. Goh for a total purchase consideration of RM2.

Subsequently, on 21 August 2025, Smart CKS Marketing increased its issued and paid-up share capital from 2 ordinary shares to 2,500,000 ordinary shares. The Company subscribed for an additional 1,224,998 ordinary shares at an issue price of RM1.00 per ordinary share for a total consideration of RM1,224,998. Following the capital injection, the Company's effective equity interest in CKS Marketing diluted from 100% to 49% and as an associate of the Company.

(c) Incorporation of a new subsidiary

On 18 July 2025, the Company incorporated a wholly owned subsidiary, Smart Homebox, with initial share capital of RM2.00 comprising two ordinary shares. On 7 November 2025, the Company subscribed additional 299,998 ordinary shares of RM1.00 each in Smart Homebox for a total consideration of RM299,998.

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**(a) Additional investment in Smart Paint Manufacturing through capitalisation of intercompany balances**

On 11 February 2026, Smart Paint Manufacturing issued 30,000,000 new ordinary shares at a price of RM1 per ordinary share to the Company by way of capitalisation of advances amounting to RM30,000,000 previously provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

**33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR
(CONTINUED)**

- (b) **Proposed establishment of a new Share Issuance Scheme (“SIS”) of up to 10% of the total number of issued ordinary shares of SAC (“SAC Shares”) (excluding treasury shares, if any) for the eligible employees of SAC and its subsidiaries (“Proposed SIS”) and proposed allocation of SIS options to certain persons connected with the directors of SAC pursuant to the Proposed SIS (“Proposed Allocation”), collectively the (“Proposals”)**

On 16 March 2026, on behalf of the Board of Directors of SAC (“Board”), TA Securities Holdings Berhad (“TA Securities”) announced that the Company proposes to undertake the Proposals. On 17 March 2026, TA Securities had, on behalf of the Board, submitted the additional listing application in relation to the Proposed SIS to Bursa Malaysia Securities Berhad (“Bursa Securities”). Subsequently, on 27 March 2026, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 26 March 2026 approved the listing and quotation of such number of new SAC Shares, representing up to 10% of the total number of issued SAC Shares (excluding treasury shares, if any), to be issued upon exercise of the SIS options on the ACE Market of Bursa Securities.

A circular to shareholders of SAC in relation to the Proposals was released on 13 April 2026 together with the Notice of Extraordinary General Meeting to be convened on 25 June 2026.

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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 2025 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: 28 April 2026

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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 Johor Bahru in the State of Johor Darul Takzim on 28 April 2026.

Before me,

PENGERAN HIDAYATULLAH BIN MD ALI
(No. J 357)
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SMART ASIA CHEMICAL BHD

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 2025 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 85 to 154.

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 2025, 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"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
(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 2025, the Group has recognised deferred tax assets for unabsorbed reinvestment allowances, unabsorbed capital allowances and deductible temporary differences that it believes are utilisable. The utilisation 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 utilisation 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 2025 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 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.

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 2025;
- 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 2025 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;
- 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 (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.

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
(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

Ng Jou Yin
No. 03460/11/2027 J
Chartered Accountant

Kuala Lumpur

Date: 28 April 2026

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 2025 (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	2 years ⁽¹⁾	34,997

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 2025 (RM'000)
2.	Smart Paint Manufacturing Sdn Bhd	Title Details PN 1068819, Lot 374007, 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/ 55,089.69	9 July 2020	N/A	516
3.	Smart Paint Manufacturing Sdn Bhd	Title Details PN 1068820, Lot 374008, 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/ 63,054.99	9 July 2020	N/A	590
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	783

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 2025 (RM'000)
5.	Smart Paint Manufacturing Sdn Bhd	<p>Title Details HSD 506797, PTD 212908, Mukim Plentong, Daerah Johor Bahru, Negeri Johor</p> <p>Postal Address No. 11, 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 Head office, manufacturing facility and quality control facility</p>	Freehold	34,198.62/ 43,475.43	10 August 2018	13 years ⁽²⁾	6,659
6.	Smart Paint Manufacturing Sdn Bhd	<p>Title Details HSD 506798, PTD 212909, Mukim Plentong, Daerah Johor Bahru, Negeri Johor</p> <p>Postal Address No. 9, 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 finished goods and product development facility</p>	Freehold	31,658.00/ 43,475.43	23 April 2015	13 years ⁽²⁾	5,993

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 2025 (RM'000)
7.	Smart Paint Manufacturing Sdn Bhd	Title Details HSD 506796, PTD 212907, Mukim of Plentong, Daerah Johor Bahru, Negeri Johor Postal Address No. 15, 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 raw materials, finished goods and Smart Colour POS Tinting Machine	Freehold	28,532.00/ 43,475.43	10 March 2022	13 years ⁽²⁾	7,348
8.	Smart Paint Manufacturing Sdn Bhd	Title Details HSD 150916 PT 144298, Mukim of Klang, District of Klang, Selangor Postal Address No. 6B, Jalan Gambus 33/4, Seksyen 33, 40400 Shah Alam, Selangor	Description Three storey semi-detached factory Existing Use Office, meeting and training facility and storage of finished goods	Freehold	12,881.43/ 19,459.80	16 May 2025 ⁽⁴⁾	7 years ⁽³⁾	8,902

Notes:

- (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.
- (3) The approximate age of building is computed based on the date of CCC which is on 19 December 2019.
- (4) The date of acquisition is based on the date the property became available for use, which is 16 May 2025.

ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2026

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	:	2,193
Voting Rights	:	One (1) vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 27 MARCH 2026

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	1	0.05	10	0.00
100 – 1,000	216	9.85	101,600	0.03
1,001 – 10,000	946	43.14	5,580,900	1.51
10,001 – 100,000	823	37.53	31,184,900	8.43
100,001 – 18,492,520 *	204	9.30	134,257,210	36.30
18,492,521 and above **	3	0.14	198,725,800	53.73
TOTAL	2,193	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 27 MARCH 2026

Name of Directors	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	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(11)(c) of the Act.

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

**SUBSTANTIAL SHAREHOLDERS
AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 27 MARCH 2026**

Name of Substantial Shareholders	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	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(11)(c) of the Act.

**THIRTY (30) LARGEST SHAREHOLDERS
AS AT 27 MARCH 2026**

(Without aggregating securities from different securities accounts belonging to the same Depositors)

No.	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.	NG TECK YONG	8,345,000	2.26
6.	CHAI JEE CHOON	7,965,800	2.15
7.	WON SEOW HOOI	7,161,000	1.94
8.	GOH BEE SIM	6,487,930	1.75
9.	ZHANG, YINCHAO	5,030,000	1.36
10.	GOH JI SYUAN	2,500,000	0.68
11.	GOH JI SYUAN	2,500,000	0.68
12.	GOH SIM YEE	2,500,000	0.68
13.	GOH SIM YEE	2,500,000	0.68
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TIN HOCK CHUAN (E-KLG)	2,500,000	0.68
15.	YEOH KEAN BENG	2,111,800	0.57

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D) AS AT 27 MARCH 2026

(Without aggregating securities from different securities accounts belonging to the same Depositors)

No.	Name of Shareholders	No. of Shares	Percentage (%)
16.	HONG KIAN MENG	2,100,000	0.57
17.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAY HOCK SOON (MY1055)	1,920,000	0.52
18.	CHU TECK	1,764,723	0.48
19.	GOH CHYE LENG	1,733,361	0.47
20.	TEH BEE GAIK	1,689,000	0.46
21.	TAN SAY HOW	1,633,000	0.44
22.	CHO CHOOI PENG	1,615,100	0.44
23.	MOOMOO NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP KOK ANN	1,555,500	0.42
24.	CHEN KA MOI	1,500,000	0.41
25.	KOH BENG SAN	1,500,000	0.41
26.	KEE HUI CHENG	1,250,000	0.34
27.	KOH KOOI SOON	1,250,000	0.34
28.	LIEW HUP WHAT	1,200,000	0.32
29.	LEONG NGAKEONG	1,166,000	0.32
30.	TAN KWANG BOCK	1,125,000	0.30
	TOTAL	280,989,073	75.96

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of Smart Asia Chemical Bhd (“Company”) will be held at Ponderosa Golf & Country Resort Berhad, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Thursday, 25 June 2026 at 10:00 a.m. to transact the following business: -

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. **Please refer to Note B**
2. To approve the payment of Directors’ fees and benefits of up to RM500,000.00 for the period from 26 June 2026 until the date of the next Annual General Meeting of the Company to be held in 2027. **Ordinary Resolution 1**
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: -
 - (a) Mr. Ang Hock Seng **Ordinary Resolution 2**
 - (b) Ms. Tan Suat Hoon **Ordinary Resolution 3**
 - (c) Ms. Yap Yung Chien **Ordinary Resolution 4**
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. **Ordinary Resolution 5**

As Special Business

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

ORDINARY RESOLUTIONS

5. **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”) (“Proposed General Mandate”)** **Ordinary Resolution 6**

“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.

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING
(CONT'D)

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."

6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")**

Ordinary Resolution 7

"**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 ("**the Group**") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature with the related parties as set out in the Circular to Shareholders of the Company dated 30 April 2026 ("**Circular**"), which are necessary for the day-to-day operations of the 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 Renewal of 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 Renewal of Shareholders' Mandate."

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

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING
(CONT'D)

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 2026

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 office of our Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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.
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 18 June 2026 shall be entitled to attend the Fourth 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 26 June 2026 until the next AGM of the Company to be held in 2027. 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.

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING (CONT'D)

Notes:- (Cont'd)

D. Resolutions 2 to 4 – Re-election of Directors

Mr. Ang Hock Seng, Ms. Tan Suat Hoon and Ms. Yap Yung Chien are retiring by rotation pursuant to Clause 95 (i) 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 2025.

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. Ang Hock Seng, Ms. Tan Suat Hoon and Ms. Yap Yung Chien be re-elected as Directors of the Company.

Explanatory Notes on Special Business

E. Resolution 6 – Authority to allot and issue shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 6 proposed under Item 5 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 renewal 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.

As at the date of this Notice, the Company did not issue and allot any shares pursuant to the mandate granted to the Directors at the Third Annual General Meeting held on 26 June 2025 ("3rd AGM").

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 Act, which will result in a dilution to their shareholding percentage in the Company.

F. Resolution 7 – Proposed Renewal of Shareholders' Mandate

The proposed Ordinary Resolution 7, if passed, will allow the Group to renew its existing mandate obtained at the 3rd AGM held on 26 June 2025 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 2026.

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING (CONT'D)

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Fourth Annual General Meeting of the Company will be held at Ponderosa Golf & Country Resort Berhad, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Thursday, 25 June 2026 at 10:00 a.m.
2. The Directors who are standing for re-election at the Fourth Annual General Meeting of the Company pursuant to Clause 95 (i) of the Company's Constitution are:
 - (i) Mr. Ang Hock Seng
 - (ii) Ms. Tan Suat Hoon
 - (iii) Ms. Yap Yung Chien

Mr. Ang Hock Seng, Ms. Tan Suat Hoon and Ms. Yap Yung Chien 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 2025 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

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 Fourth Annual General Meeting of the Company to be held at Ponderosa Golf & Country Resort Berhad, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Thursday, 25 June 2026 at 10:00 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 26 June 2026 until the date of the next Annual General Meeting of the Company to be held in 2027.				
Resolution 2	Re-election of Mr. Ang Hock Seng				
Resolution 3	Re-election of Ms. Tan Suat Hoon				
Resolution 4	Re-election of Ms. Yap Yung Chien				
Resolution 5	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 6	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016				
Resolution 7	Proposed Renewal of 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 _____ 2026

Signature of Shareholder(s) / Common Seal

Notes

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 office of our Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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).



Notes (Cont'd)

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.
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 18 June 2026 shall be entitled to attend the Fourth 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 2026.

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AFFIX
STAMP

The Share Registrar
SMART ASIA CHEMICAL BHD
Registration No. 201901016953 (1326281-T)
c/o **Tricor Investor & Issuing House Services Sdn. Bhd.**
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

2nd Fold Here

Fold This Flap For Sealing

SAC

SMART ASIA CHEMICAL BHD

(Registration No. 201901016953 (1326281-T))

Incorporated in Malaysia under the Companies Act 2016

