

SMART ASIA CHEMICAL BHD (“SAC” OR “COMPANY”)

EXTENSION OF TIME FOR UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING

1. INTRODUCTION

The Board of Directors of SAC (“**Board**”) wishes to announce that the Board intends and has resolved to extend the timeframe for the utilisation of proceeds raised from its initial public offering on the ACE Market of Bursa Malaysia Securities Berhad being completed on 28 May 2024 (“**Date of Listing**”) (“**IPO**”). The Company has raised gross proceeds of RM37.40 million from its IPO (“**IPO Proceeds**”).

2. DETAILS OF THE EXTENSION OF TIMEFRAME

As at the date of this announcement, SAC and its subsidiaries (“**Group**”) have utilised approximately RM32.08 or 85.78% from the IPO Proceeds. The details of the extension of timeframe are set out as follows:

Details of utilisation of proceeds ⁽¹⁾	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Balance Unutilised (RM'000)	Initial timeframe for utilisation from the Date of Listing	Revised timeframe for utilisation from the Date of Listing
(a) Establishment of Perak Plant:					
(i) Construction of Perak Plant	16,000	16,000	-	Within 12 months	-
(ii) Purchase and commissioning of automated paint production system	11,000	10,038	962	Within 12 months	Within 24 months
(b) Purchase of 250 sets of Smart Colour POS Tinting Machine	5,000	639	4,361	Within 36 months	No changes
(c) Working capital	1,300	1,300	-	Within 12 months	-
(d) Listing expenses	4,100	4,100	-	Within 1 month	-
Total	37,400	32,077	5,323		

Note:

(1) As disclosed in SAC's prospectus dated 2 May 2024 (“**Prospectus**”).

3. RATIONALE FOR THE EXTENSION OF TIMEFRAME

The Board has decided to extend the timeframe for the utilisation of proceeds for the purchase and commissioning of automated paint production system by an additional 12 months, extending the period to 24 months from the Date of Listing.

As disclosed in the Prospectus, the installation and commissioning were initially expected to be completed by the end of April 2024, following the completion of the Perak Plant construction in November 2023. However, the automated paint production system was found to be functionally incompatible with the latest operational requirements, necessitating a system update. The automated paint production system is currently undergoing debugging and testing, and the issues are expected to be resolved by May 2026. These unforeseen technical issues have affected the initial timeline and, as a result, additional time is required to resolve the technical issues related to the automated paint production system before the Group releases the final payment to the supplier.

4. APPROVALS REQUIRED

The extension of time for the utilisation of IPO Proceeds is not subject to any regulatory authorities or shareholders' approval. Nevertheless, the Board shall continue to be vigilant and prudent in managing the IPO Proceeds and will continue to disclose the status of the utilisation of the IPO Proceeds in its quarterly results and annual report until the proceeds raised from IPO are fully utilised.

5. STATEMENT BY THE BOARD

The Board is of the opinion that the aforementioned extension of time will not have any adverse effect on the financial performance of the Company and it is in the best interest of the Company.

This announcement is dated 13 May 2025.