

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has conducted a limited review on this Circular pursuant to Rule 4.1 of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities prior to the issuance of this Circular.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Mercury Securities Sdn. Bhd., the Sponsor of the Company has reviewed this Circular pursuant to Rule 4.27 of the ACE Market Listing Requirements of Bursa Securities prior to the issuance of this Circular. The admission of Smart Asia Chemical Bhd to the ACE Market of Bursa Securities was advised and sponsored by Mercury Securities Sdn. Bhd.



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

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Ordinary Resolution in respect of the Proposed New Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature will be tabled as special business at Smart Asia Chemical Bhd's ("**the Company**") Third Annual General Meeting ("**3<sup>rd</sup> AGM**") to be held at No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Thursday, 26 June 2025 at 10.00 a.m. The Notice of 3<sup>rd</sup> AGM together with the Form of Proxy are set out in the Annual Report 2024 of the Company.

You are requested to complete the Form of Proxy and deposit the hard copy to the Registered Office at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia before the time and date indicated below should you be unable to attend the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Wednesday, 25 June 2025 at 10.00 a.m.

Date and time of the 3<sup>rd</sup> AGM : Thursday, 26 June 2025 at 10.00 a.m.

**This Circular is dated 30 April 2025**

## DEFINITIONS

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For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply: -

- “Act”** : The Companies Act 2016 as amended from time to time and any re-enactment thereof
- “AGM”** : Annual General Meeting
- “Board”** : Board of Directors of SAC
- “Bursa Securities”** : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
- “Circular”** : This circular to the shareholders dated 30 April 2025 in relation to the Proposed New Shareholders’ Mandate
- “Color Breeze”** : Color Breeze Sdn. Bhd. [Registration No. 201801022557 (1284576-P)]
- “Director(s)”** : Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon: -
- (a) a Director of the Company, its subsidiary or holding company; or
- (b) a chief executive of the Company, its subsidiary or holding company
- “IPO”** : Initial public offering of the IPO Shares in conjunction with the Listing
- “IPO Price”** : RM0.40 per IPO Share, where applicable
- “IPO Shares”** : All or part of the 93,500,000 new Share(s) issued pursuant to our IPO
- “Listing Requirements”** : ACE Market Listing Requirements of Bursa Securities
- “LPD”** : 17 April 2025, being the latest practicable date of this Circular
- “Paints Depot”** : Paints Depot Sdn. Bhd. [Registration No. 200701035899 (793928-P)]
- “Perak Land”** : 3 pieces of land which were amalgamated to a piece of leasehold land bearing the title details of HSD 247906, PT 44859, Mukim Sungai Terap, Daerah Kinta, Negeri Perak, measuring approximately 206,505 sq ft in area
- “Proposed New Shareholders’ Mandate”** : Proposed new shareholders’ mandate for Recurrent Related Party Transactions, as set out in Section 2 of this Circular to be obtained from shareholders of the Company
- “Recurrent Related Party Transactions” or “RRPTs”** : Transactions entered into by SAC Group which involve the interest (direct or indirect) of Related Party(ies), which are recurrent, of a revenue or trading nature and are necessary for day-to-day operations of SAC Group and in the ordinary course of business of SAC Group
- “Related Party(ies)”** : Director(s), major shareholder(s) or person(s) connected with such Director(s) or major shareholder(s) of SAC
- “RM and sen”** : Ringgit Malaysia and sen

## DEFINITIONS (CONT'D)

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

All references to **“we”**, **“us”**, **“our”** and **“ourselves”** in this Circular, if any, shall mean SAC or where the context requires, our Group.

References to **“you”** or **“your”** in this Circular are to the shareholders of our Company, unless the context otherwise requires.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations, enactment or rules of the stock exchange is a reference to that statutes, rules, regulations, enactment or rules of the stock exchange as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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

**Registered Office:**

Level 5, Tower 8, Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur  
Wilayah Persekutuan

Date: 30 April 2025

**Board of Directors:**

Mr. Yau Yin Wee (*Independent Non-Executive Chairman*)  
Mr. Goh Chye Hin (*Managing Director*)  
Mr. Lim Kok Beng (*Executive Director / Chief Operating Officer*)  
Ms. Kee Hui Lang (*Executive Director*)  
Ms. Tan Suat Hoon (*Independent Non-Executive Director*)  
Mr. Ang Hock Seng (*Independent Non-Executive Director*)  
Ms. Yap Yung Chien (*Independent Non-Executive Director*)

**To: The shareholders of our Company**

**PROPOSED NEW SHAREHOLDERS' MANDATE**

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**1. INTRODUCTION**

On 23 April 2025, our Company announced that it is proposing to seek the approval of its shareholders for the Proposed New Shareholders' Mandate at the forthcoming Third AGM ("**3<sup>rd</sup> AGM**").

The purpose of this Circular is to provide you with the relevant information on the Proposed New Shareholders' Mandate and to seek your approval for the Proposed New Shareholders' Mandate to be tabled at the forthcoming 3<sup>rd</sup> AGM. The Notice of the 3<sup>rd</sup> AGM and Form of Proxy are set out in this Circular.

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED NEW SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 3<sup>RD</sup> AGM.**

## 2. DETAILS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

### 2.1 LISTING REQUIREMENTS

Pursuant to Rule 10.09(2) of the Listing Requirements, the Company may seek a shareholders' mandate for the RRPTs subject to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:

the aggregate value is equal to or more than the threshold below in relation to a listed corporation with a share capital of RM60.0 million and above: -

- (i) the consideration, value of assets, capital outlay or costs of the RRPTs is RM1.0 million or more; or
- (ii) the percentage ratio of such RRPTs is 1% or more,

whichever is higher,

- (c) the Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the relevant related party must comply with the requirements set out in Rule 10.08(7) of the Listing Requirements:-
  - (i) a related party with any interest, direct or indirect ("**interested related party**") must not vote on the resolution in respect of the RRPTs;
  - (ii) an interested related party who is a director or major shareholder must ensure that persons connected with it abstain from voting on the resolution in respect of the RRPTs; and
  - (iii) where the interested related party is a person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution in respect of the RRPTs.
- (e) the Company immediately announces to Bursa Securities when the actual value of RRPTs entered into by the Company, exceeds the estimated value of the RRPTs disclosed in Section 2.3 of this Circular by 10% or more, and must include the information as may be prescribed by Bursa Securities in its announcement.

It is envisaged that in the normal course of the Group's businesses, RRPTs between the Group and the Related Parties which are necessary for the Group's day-to-day operations, are likely to occur.

Accordingly, the Company proposes to seek the approval for the Proposed New Shareholders' Mandate from its shareholders at the forthcoming 3<sup>rd</sup> AGM for the Group to enter into the RRPTs in which certain directors, major shareholders and/or person connected with them have an interest, details of which are set out in Sections 2.3 of this Circular.

## 2.2 PRINCIPAL ACTIVITIES OF SAC GROUP

The principal activity of SAC is investment holding while its subsidiaries and their principal activities are as follows:-

| <b>Subsidiaries</b>       | <b>Effective equity interest (%)</b> | <b>Principal activities</b>   |
|---------------------------|--------------------------------------|---|
| Smart Paints (M)          | 100%                                 | Trading of paints, coatings and varnishing materials  |
| Smart Paint Manufacturing | 100%                                 | Manufacturing of paints, varnishes and similar coatings ink and mastics. Manufacturing and trading of painting tools and accessories. |
| Smart Paint (Selangor)    | 100%                                 | Trading and distribution of paints, hardware and painting accessories   |
| Smart Paints (Sabah)      | 100%                                 | Trading of paints, coatings and varnishing materials  |
| Color Breeze              | 75%                                  | Trading of chemical colourants and pigments   |

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### 2.3 CLASSES OF RELATED PARTIES AND NATURE OF THE RRPTS

The nature and details of the RRPTs entered and/or to be entered into by the Group and the class of Related Parties under the Proposed New Shareholders' Mandate are as follows:-

| Transacting party within the Group | Transacting related party      | Interested person and nature of relationship between the Group and the Related Party   | Nature of transactions   | Actual value transacted from the Listing Date (28 May 2024) up to LPD <sup>(1)</sup> | Estimated value of the transaction(s) from LPD to the date of the forthcoming AGM <sup>(1)(2)</sup> | Estimated value from the date of the forthcoming AGM to the next AGM <sup>(2)</sup> |
|------------------------------------|--------------------------------|--|--|--|---|---|
|                                    |                                |  |  | RM'000   | RM'000  | RM'000  |
| Smart Paints (M)                   | UA Paints & Hardware Sdn. Bhd. | Goh Chye Hin is our Group's director and major shareholder.<br><br>Goh Bee Guat and Ho Chye Thuan are Goh Chye Hin's sister and brother-in-law. They are also shareholders and directors of UA Paints & Hardware Sdn. Bhd. | Sales of manufacturing products, including decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, and disinfecting products, as well as trading products such as painting tools, accessories, and aerosol spray paints by Smart Paints (M) to UA Paints & Hardware Sdn. Bhd. | 2,318  | 900   | 3,500   |

| Transacting party within the Group | Transacting related party              | Interested person and nature of relationship between the Group and the Related Party  | Nature of transactions  | Actual value transacted from the Listing Date (28 May 2024) up to LPD <sup>(1)</sup> | Estimated value of the transaction(s) from LPD to the date of the forthcoming AGM <sup>(1)(2)</sup> | Estimated value from the date of the forthcoming AGM to the next AGM <sup>(2)</sup> |
|------------------------------------|--|---|---|--|---|---|
|                                    |  |   |   | RM'000   | RM'000  | RM'000  |
| Smart Paints (M)                   | Major Harvest Sdn. Bhd.                | <p>Goh Chye Hin is our Group's director and major shareholder.</p> <p>Goh Chye Leng and Cho Chooi Peng are Goh Chye Hin's brother and sister-in-law. They are also the directors and shareholders of Major Harvest Sdn Bhd.</p> | Sales of manufacturing products, including decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, and disinfecting products, as well as trading products such as painting tools, accessories, and aerosol spray paints, and Smart Colour POS Tinting Machine by Smart Paints (M) to Major Harvest Sdn. Bhd.               | 1,595  | 600   | 5,500   |
| Smart Paints (M)                   | BIY Home Store (Kota Tinggi) Sdn. Bhd. | <p>Kee Hui Lang is our Group's director and major shareholder.</p> <p>Kee Hui Lang is a shareholder of BIY Home Store (Kota Tinggi) Sdn. Bhd. She was also a director of BIY Home Store (Kota Tinggi) Sdn. Bhd.</p>             | Sales of manufacturing products, including decorative paints, protective coatings, POS universal colourants, binding and coating chemicals, and disinfecting products, as well as trading products such as painting tools, accessories, and aerosol spray paints and Smart Colour POS Tinting Machine by Smart Paints (M) to BIY Home Store (Kota Tinggi) Sdn. Bhd. | 786  | 300   | 1,500   |

**Notes:**

- (1) *The percentage ratio of the RRPTs entered into from the Listing Date until the forthcoming AGM will be less than 5%.*
- (2) *The estimated transaction value at stated above is based on the management's estimates after taking into consideration of the transactions which will be entered into in the foreseeable future, and hence may be subject to change.*

## **2.4 VALIDITY PERIOD OF THE PROPOSED NEW SHAREHOLDERS' MANDATE**

The Proposed New Shareholders' Mandate, if approved by the majority shareholders at the forthcoming AGM, shall take immediate effect and subject to annual renewal. In this respect, any authority conferred by the shareholders' mandate shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after that 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
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

## **2.5 THE THRESHOLD OF APPROVAL OF RECURRENT RELATED PARTY TRANSACTIONS**

There is no specific threshold for approval of the RRPTs to be entered into by the SAC Group with the Related Parties. However, all RRPTs are subject to the approval of the Audit and Risk Management Committee (“**ARMC**”) and the Board. The ARMC and the Board will review the need to impose a threshold for approval of the RRPTs, based on market practice and at the same time protecting the interests of the minority shareholders.

## **2.6 AMOUNT DUE AND OWING BY RELATED PARTIES**

As at the LPD, there were no outstanding amount due and owing by the Related Parties to SAC Group.

## **2.7 REVIEW METHODS OR PROCEDURES FOR RECURRENT RELATED PARTY TRANSACTIONS**

SAC Group has in placed an internal control system, which includes review methods or procedures to ensure that such RRPTs are conducted at arm's length and are on normal commercial terms consistent with our Group's usual business practices and policies, as well as transaction prices and on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The review and disclosure procedures with regard to the RRPTs are as follows:-

- (a) Records of RRPTs will be maintained and shall be made available to the external auditors, internal auditors and ARMC for their review;
- (b) The internal auditors will review the RRPTs as part of the internal audit programme and report their findings to the ARMC and the Board;
- (c) Terms of the RRPTs relating to the price or sales/ distribution margins shall not be subject to substantial change during the period that the shareholder mandate is in force. Where such a change is deemed necessary, the management and the ARMC shall review the new terms to ensure that they are consistent with a transaction conducted at arm's length and on normal commercial terms consistent with our Group's usual business practices and policies and will not be prejudicial to the shareholders. The management shall ensure that the new terms are not more favorable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (d) Wherever possible, at least 2 other contemporaneous transactions and/ or quotations with unrelated third parties for similar products/ services and/ or quantities will be used as

comparison, to determine whether the price and terms offered to/ by the Related Parties are fair and reasonable and comparable to those offered to/ by other unrelated third parties for the same or substantially similar type of produces/ services and/or quantities, if applicable;

- (e) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/ customers of similar products or services, or if the product/ service is a proprietary item), the transaction price will be determined based on the group's usual business practices and approved by the Board to ensure the RRPTs is not detrimental to the Group, wherever applicable;
- (f) There are no specific thresholds for approval as all RRPTs are reviewed and approved by the ARMC. The ARMC together with the Board will review and approve the RRPTs that are required under the Listing Requirements;
- (g) Further, where any Directors or persons connected have an interest (direct or indirect) in the RRPTs, such Director (and his alternate) shall abstain from deliberation and voting on the matter. Where any member of the ARMC is interested in any transaction, that member shall abstain from deliberation and voting on any matter relating to any decisions to be taken by the ARMC with respect to such transactions; and
- (h) Disclosure will be made in the Annual Report of the Company of the aggregate value of the RRPTs conducted pursuant to the shareholder mandate during the financial year, amongst others, based on the type of the RRPTs and the names of the Related Parties involved in each type of the RRPTs made and the relationship with the Company. Disclosure will also be made in the annual reports for the subsequent financial years during which the shareholder mandate remains in force.

## **2.8 AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT**

The ARMC has reviewed the RRPTs and, having considered the nature and the rationale for the RRPTs and all aspects of the RRPTs, is of the view that the RRPTs are in the best interest of our Company, and the terms of the RRPTs will be fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders as the RRPTs will be entered into in the ordinary course of business on normal commercial terms, which will not be more favourable to the Related Parties than those generally available to the public.

The ARMC also ensures that RRPTs are entered into on normal commercial terms, which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

The ARMC has also reviewed the procedures and processes as set out in Section 2.7 of this Circular and is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The ARMC shall continue to review and ascertain the adequacy of the procedures and processes set out in Section 2.7 of this Circular on an annual basis and whenever the need arises.

## **2.9 DISCLOSURE IN ANNUAL REPORT**

Disclosure will be made in the Company's Annual Report on the breakdown of the aggregate value of the RRPTs made during the financial year, amongst others, based on the following information:-

- (a) types of RRPTs made; and
- (b) names of Related Party(ies) involved in each type of RRPTs made and their relationship with the Group.

The above disclosure will be made in the Company's Annual Report for each subsequent financial year after the Proposed New Shareholders' Mandate has been obtained.

### 3. RATIONALE AND BENEFITS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate will enable the SAC Group to carry out RRPTs necessary for our Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channelled towards attaining other corporate objectives.

The RRPTs carried out by SAC Group creates mutual benefits for the companies, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, the RRPTs are intended to meet the business needs of the Group on the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

### 4. EFFECTS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate will not have any effect on the Company's share capital, shareholding structure, consolidated net assets, consolidated earnings and gearing of the Group.

### 5. APPROVALS REQUIRED

The Proposed New Shareholders' Mandate is subject to the approval of the shareholders of SAC at the forthcoming 3<sup>rd</sup> AGM.

### 6. INTEREST OF DIRECTOR(S), MAJOR SHAREHOLDER(S) AND/OR PERSON(S) CONNECTED

Save as disclosed below, none of the directors and/ or major shareholders of SAC and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed New Shareholders' Mandate:-

|  | Shareholding as at the LPD |       |                           |      |
|--|----------------------------|-------|---------------------------|------|
|  | <-----Direct----->         |       | <-----Indirect----->      |      |
|  | No. of Shares              | %     | No. of Shares             | %    |
| <b><u>Interested Directors/<br/>Interested Major Shareholders</u></b>                              |                            |       |                           |      |
| Goh Chye Hin   | 166,069,789                | 44.90 | 10,000,000 <sup>(1)</sup> | 2.70 |
| Kee Hui Lang   | 32,656,011                 | 8.83  | 10,000,000 <sup>(1)</sup> | 2.70 |
| <b><u>Persons Connected to the<br/>Interested Directors/<br/>Interested Major Shareholders</u></b> |                            |       |                           |      |
| Goh Bee Guat   | 1,000,000                  | 0.27  | -                         | -    |
| Ho Chye Thuan  | 100,000                    | 0.03  | -                         | -    |

|                |           |      |   |   |
|----------------|-----------|------|---|---|
| Goh Chye Leng  | 1,733,361 | 0.47 | - | - |
| Cho Chooi Peng | 171,000   | 0.05 | - | - |

Note:-

(1) *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.*

The Interested Directors and Interested Major Shareholders (as disclosed above) have and will continue to abstain from all deliberations and vote at Board meetings pertaining to the Proposed New Shareholders' Mandate. They will also abstain from voting of their direct and indirect shareholdings in SAC, on the Proposed New Shareholders' Mandate at the forthcoming 3<sup>rd</sup> AGM.

They have undertaken that they will ensure that persons connected to them will abstain from voting in respect of their direct and/ or indirect shareholdings on the resolution pertaining to the Proposed New Shareholders' Mandate at the forthcoming 3<sup>rd</sup> AGM.

## 7. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors as set put in Section 6 of this Circular), after taking into consideration the relevant factors and after careful deliberation, is of the opinion that the Proposed New Shareholders' Mandate is in the best interest and accordingly recommends that you **VOTE IN FAVOUR** of the resolution in respect of the Proposed New Shareholders' Mandate to be tabled at the forthcoming 3<sup>rd</sup> AGM.

## 8. THIRD AGM

The 3<sup>rd</sup> AGM, the notice and the form of proxy of which are enclosed in the Annual Report 2024, will be held at No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Thursday, 26 June 2025 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed New Shareholders' Mandate.

If you are unable to attend and vote in person at the 3<sup>rd</sup> AGM, you may complete and return the form of proxy enclosed in the Annual Report 2024 in accordance with the instruction contained therein as soon as possible and in any event so as to ensure it arrives at the registered office of the Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not later than twenty-four (24) hours before the time set for holding the 3<sup>rd</sup> AGM or any adjournment thereof. The lodging of the form of proxy will not preclude you from attending and voting in person at the 3<sup>rd</sup> AGM should you subsequently wishes to do so.

## 9. FURTHER INFORMATION

You are advised to refer to the attached Appendix I for further information.

Yours faithfully  
for and on behalf of the Board of Directors of  
**SMART ASIA CHEMICAL BHD**

**GOH CHYE HIN**  
Managing Director

## APPENDIX I – FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement herein misleading.

### 2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, SAC Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group.

### 3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group within 2 years immediately preceding the date of this Circular:-

- (a) supplemental agreement dated 17 May 2023 ("**Supplemental Agreement**") between Smart Paint Manufacturing (as purchaser) and Perbadanan Kemajuan Negeri Perak ("**PKNP**") (as vendor) (supplemental to the sale and purchase agreement dated 13 August 2018 between the same parties in relation to the purchase of Perak Land ("**Principal SPA**"). The Principal SPA states that PKNP will be liable at its own cost to provide the main infrastructure to the Perak Land. The Supplemental Agreement revises the aforementioned provision, and the parties agree that Smart Paint Manufacturing will take over and assume PKNP's obligations to provide main infrastructure to the Perak Land. In return, PKNP will make a payment of RM1,275,960.00 to Smart Paint Manufacturing within 6 months of the Supplemental Agreement ("**Infrastructure Payment**"). PKNP, had via a letter dated 26 March 2024, confirmed that there is no objection to Smart Paint Manufacturing's request for payment following the completion of the infrastructure works. However, this is conditional upon Smart Paint Manufacturing providing PKNP with the complete documentations as outlined in clause 2.5 of the Supplemental Agreement, being the relevant certification(s) and/or confirmation(s) issued by the relevant authorities or governing bodies in respect of the main infrastructure works carried out. The Infrastructure Payment was settled on 25 September 2024;
- (b) construction contract dated 1 June 2023 between Smart Paint Manufacturing and Maneto Engineering to carry out of the road and drainage works for the Perak Land for a consideration of RM1,160,000.00. The aforementioned road and drainage works has been completed on 17 November 2023;
- (c) conditional share sale agreement dated 19 June 2023 between our Company and Goh Chye Hin, Kee Hui Lang, Chu Teck, Goh Chye Leng and Lim Kok Beng to acquire 100% equity interest in Smart Paint (Selangor) for a total purchase consideration of RM3,771,645.00 to be satisfied by way of an issuance of a total of 18,858,225 Shares of our Company, which was completed on 1 February 2024;
- (d) conditional share sale agreement dated 19 June 2023 between our Company and Goh Chye Hin, Kee Hui Lang and Wong Kui Ming to acquire 100% equity interest in Smart Paints (Sabah) for a purchase consideration of RM598,437.00 to be satisfied by way of an issuance of 2,992,185 Shares of our Company, which was completed on 1 February 2024;
- (e) contract dated 2 February 2024 between Smart Paint Manufacturing and Singnan Communications Sdn Bhd for billboard advertisement services for the period from 15 April 2024 to 30 April 2025 for a consideration of RM2,200,000.00;
- (f) the underwriting agreement dated 18 April 2024 between our Company and Mercury Securities Sdn Bhd as underwriter for the underwriting of 30,592,600 IPO Shares for an

underwriting commission of up to 2.50% of IPO Price multiplied by the number of IPO Shares underwritten; and

- (g) sale and purchase agreement dated 7 October 2024 between Smart Paint Manufacturing (as purchaser) and Special Hazards Protection Sdn Bhd (as vendor) in respect of the purchase of an industrial land held under Individual Title HSD 150916 PT 144298, in the Mukim of Klang, District of Klang, State of Selangor together with a unit of three storey semi-detached factory erected thereon bearing postal address of No. 6B, Jalan Gambus 33/4, Seksyen 33, 40400 Shah Alam, Selangor Darul Ehsan for a purchase consideration of RM8,500,000.00. As at the LPD, the sale and purchase of the aforementioned property is pending completion and is estimated to be completed by June 2025; and
- (h) contract dated 18 February 2025 between Smart Paint Manufacturing and Singnan Communications Sdn Bhd for billboard advertisement services for the period from 1 April 2025 to 14 May 2026 for a consideration of RM1,800,000.00.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or copies of them are available for inspection during normal business hours at our registered office Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 3<sup>rd</sup> AGM: -

- (i) the constitution of the Company;
- (ii) the audited combined financial statements of SAC for the past two (2) financial years ended 31 December 2023 and 31 December 2024 and the latest unaudited quarterly report of SAC for the financial period ended 31 March 2025; and
- (iii) the material contracts referred to in **Section 3** of Appendix I of this Circular.

## APPENDIX II – EXTRACT OF THE NOTICE OF THE 3<sup>RD</sup> ANNUAL GENERAL MEETING

### ORDINARY RESOLUTION 6

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

**"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 Smart Asia Chemical Bhd ("**SAC**" or "**the Company**") and/ or its subsidiaries ("**SAC Group**") to enter into and give effect to the recurrent related party transactions of a revenue and/ or trading nature with the related parties as set out in the Circular to Shareholders of SAC dated 30 April 2025 ("**Circular**"), which are necessary for the day-to-day operations of SAC Group within the ordinary course of business, at arm's length basis, and on normal commercial terms, which are not more favourable to the related parties than those generally available to the public and are not detrimental of the minority shareholders of the Company.

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

- (i) the conclusion of the next Annual General Meeting of the Company ("**AGM**"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

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