

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

### **JOINT VENTURE ARRANGEMENT BETWEEN SAC AND KESHUN INTERNATIONAL CONSTRUCTION AND TRADING SDN BHD**

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#### **1. INTRODUCTION**

The Board of Directors of SAC wishes to announce that the Company had, on 16 May 2025, entered into two separate Shareholders’ Agreements (collectively, “**SHAs**”) with Keshun International Construction and Trading Sdn Bhd (“**Keshun**”) to formalise the joint venture arrangement between SAC and Keshun and to set out the terms governing the management and operations of two newly incorporated companies, namely Smart CKS Manufacturing Sdn. Bhd. (“**Smart CKS Manufacturing**”) and Smart CKS Marketing Sdn. Bhd. (“**Smart CKS Marketing**”) (“**Joint Venture**”).

(Smart CKS Manufacturing and Smart CKS Marketing are collectively referred to as the “**JV Companies**”).

(SAC and Keshun are collectively referred to as the “**Parties**” and “**Party**” means either one of them.)

#### **2. INFORMATION ON KESHUN**

Keshun was incorporated in Malaysia under the Companies Act 2016 (“**Act**”) and is principally engaged in trading of building materials, subcontractor projects and engineering labour services.

Keshun is a subsidiary of Keshun International Limited, a company registered in Hong Kong. Keshun International Limited is ultimately owned by Keshun Waterproof Technologies Co., Ltd., a company publicly listed on the Shenzhen Stock Exchange.

#### **3. DETAILS OF THE JOINT VENTURE**

The Joint Venture entails a collaboration between the Parties to jointly develop, produce, and market construction chemical products for the Malaysian market, with the intention to expand internationally.

##### **3.1 INFORMATION ON SMART CKS MANUFACTURING**

Smart CKS Manufacturing was incorporated in Malaysia on 13 February 2025 under the Act and is principally engaged in the development and manufacturing of construction chemical.

As at 9 May 2025, being the latest practicable date prior to this announcement (“**LPD**”), Smart CKS Manufacturing has an issued and paid-up share capital of RM 2 comprising 2 ordinary shares. The sole director and shareholder of Smart CKS Manufacturing is Goh Chye Hin.

Pursuant to the SHA, each party will fulfill its equity commitment through a total capital injection of RM4,999,998 into Smart CKS Manufacturing via the subscription of 4,999,998 ordinary shares, with SAC contributing RM2,549,998 and Keshun contributing RM2,450,000.

Additionally, SAC will acquire the 2 ordinary shares held by Goh Chye Hin in Smart CKS Manufacturing for a purchase consideration of RM2.

The eventual shareholding of Smart CKS Manufacturing upon completion of the share transfer and capital injection is as follows:

<b>Shareholder</b>	<b>Shareholding</b>	<b>No, of Shares</b>
SAC	51%	2,550,000
Keshun	49%	2,450,000
<b>Total</b>	<b>100%</b>	<b>5,000,000</b>

The purpose of Smart CKS Manufacturing is to establish a manufacturing entity dedicated to producing construction chemical products under the CKS brand, focusing on the Malaysian market, with plans for expansion into international markets.

### **3.2 INFORMATION ON SMART CKS MARKETING**

Smart CKS Marketing was incorporated in Malaysia on 13 February 2025 under the Act and is principally engaged in trading and distribution of construction chemical products.

As at the LPD, Smart CKS Marketing has an issued and paid-up share capital of RM 2 comprising 2 ordinary shares. The sole director and shareholder of Smart CKS Marketing is Goh Chye Hin.

Pursuant to the SHA, each party will fulfill its equity commitment through a total capital injection of RM4,999,998 into Smart CKS Marketing via the subscription of 4,999,998 ordinary shares, with SAC contributing RM2,449,998 and Keshun contributing RM2,550,000.

Additionally, SAC will acquire the 2 ordinary shares held by Goh Chye Hin in Smart CKS Marketing for a purchase consideration of RM2.

The eventual shareholding of Smart CKS Marketing upon completion of the share transfer and capital injection is as follows:

<b>Shareholder</b>	<b>Shareholding</b>	<b>No. of Shares</b>
SAC	49%	2,450,000
Keshun	51%	2,550,000
<b>Total</b>	<b>100%</b>	<b>5,000,000</b>

The purpose of Smart CKS Marketing is to establish a marketing entity dedicated to promoting and distributing construction chemical products under the CKS brand. The entity also aims to build the brand recognition and strengthen the market presence of SAC and Keshun.

#### **4. SALIENT TERMS OF THE SHA**

The mutual rights and benefits of the Parties includes but not limited to: -

- (a) appoint director(s) according to the following:

The composition of the Board of each JV Company shall at all times consist of 3 Directors appointed as follows:

- (i) 2 directors shall be appointed by the majority shareholder; and
  - (ii) 1 director shall be appointed by the minority shareholders.
- (b) monitor the JV Companies' operation and financial status;
- (c) distribution of profit and/or remaining assets based on the shareholding proportion of each JV Company;
- (d) exercise of the first right refusal if any of shareholder of the JV Companies intends to disposal of its shares in accordance with the term of the SHA; and
- (e) exercise of the pre-emptive right on the new issued shares of the JV Companies in accordance with the term of the SHA.

#### **5. SOURCE OF FUNDING**

SAC intends to fund the capital injection into the JV Companies through a combination of internally generated funds and/or bank borrowings. The exact quantum and the resultant proportion of internal funds and/or bank borrowings have not been determined at this juncture.

#### **6. RATIONALE OF THE JOINT VENTURE**

The Malaysian construction chemicals industry is undergoing significant growth, fueled by rising demand in the residential, commercial, and industrial sectors, along with substantial infrastructure development. This growth is further supported by government initiatives and investment aimed at advancing urbanisation and industrialisation. The Joint Venture is intended to capitalise on these market opportunities.

Through this Joint Venture with Keshun, a leading provider of waterproofing and construction chemical solutions, SAC aims to diversify and strengthen its product portfolio, expand its presence across Malaysia, and reposition its product mix to better meet evolving market needs. The Joint Venture promotes knowledge sharing by combining SAC's local market insights with Keshun's extensive industry expertise and strong global standing. Together, the Parties aim to deliver high performance, sustainable construction chemical solutions, thereby reinforcing SAC's market position and supporting its long-term business growth.

## **7. FINANCIAL EFFECTS**

### **(a) Share Capital and Substantial Shareholders' shareholdings**

The Joint Venture will not have any effect on the existing issued and paid-up share capital and the substantial shareholders' shareholdings of SAC as the Joint Venture does not involve any issuance of new shares by SAC.

### **(b) Earnings Per Share**

The Joint Venture is not expected to have any material effect on the earnings per share of SAC Group for the financial year ending 31 December 2024.

### **(c) Net Assets Per Share and Gearing**

The Joint Venture is not expected to have a material effect on the latest audited consolidated net assets per share of our Group as at 31 December 2024, assuming the capital injection into the JV Companies had been effected on that date.

## **8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders of SAC, or persons connected with them have any direct or indirect interest in the Joint Venture.

## **9. DIRECTORS STATEMENT / RECOMMENDATION**

The Board has considered all the relevant factors in respect of the Joint Venture including but not limited to the salient terms of the SHA, is of the opinion that the Joint Venture is in the best interest of the Company.

## **10. APPROVAL REQUIRED**

The Joint Venture and the SHA do not require the approval of shareholders or any other regulatory authority.

## **11. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Joint Venture pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad is approximately 4.49%, calculated based on the total capital injection by SAC to the JV Companies, compared with the audited net assets attributable to the owners of the Group's as at 31 December 2024.

## **12. DOCUMENTS AVAILABLE FOR INSPECTION**

The SHA will be made available for inspection at the registered office of the Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia, during office hours from Monday to Friday (except for Public Holiday) for a period of 3 months from the date of this announcement. The joint press release on the SHA and Joint Venture is attached for information.

This announcement is dated 16 May 2025.