

6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

6.1.1 History and Background

Our Company was incorporated in Malaysia on 13 May 2019 under the Act as a private limited company under the name of Smart Asia Chemical Sdn Bhd. Subsequently, our Company was converted to a public limited company on 30 May 2023 and assumed our present name as Smart Asia Chemical Bhd.

Our Company is an investment holding company. Through our subsidiaries, we are principally involved in the development, manufacturing, distribution and sale of decorative paints and protective coatings for household and industrial applications. In addition, we are also involved in the development, manufacturing, distribution and sale of related products, namely colourants, and binding and coating chemicals; sale and trading of painting tools and accessories, aerosol spray paints and other related products to complement our decorative paints and protective coatings offerings. We also provide ODM services of decorative paints, protective coatings as well as binding and coating chemicals for third party brand owners.

6.1.2 Acquisitions

To facilitate our Listing, we undertook the following Acquisitions:

(a) Smart Paint (Selangor) Acquisition

On 19 June 2023, our Company entered into the Smart Paint (Selangor) SSA to acquire the entire equity interest in Smart Paint (Selangor) comprising 650,000 ordinary shares from the vendors for a total purchase consideration of RM3,771,645.00 which is to be fully satisfied by the issuance of 18,858,225 new Shares to the following vendors at an issue price of RM0.20 each:

Vendors	Shareholdings in Smart Paint (Selangor)		Purchase consideration (RM)	No. of new Shares
	No. of shares	% of share capital		
Goh Chye Hin	388,625	59.79	2,255,008.60	11,275,043
Kee Hui Lang	75,000	11.54	435,189.80	2,175,949
Chu Teck	112,500	17.31	652,784.60	3,263,923
Goh Chye Leng	59,745	9.19	346,672.20	1,733,361
Lim Kok Beng	14,130	2.17	81,989.80	409,949
Total	650,000	100.00	3,771,645.00	18,858,225

The purchase consideration for the Smart Paint (Selangor) Acquisition of RM3,771,645.00 was arrived at based on a “willing-buyer willing-seller” basis after taking into consideration the audited net assets of Smart Paint (Selangor) as at 31 December 2022 of RM3,771,645.00.

The Smart Paint (Selangor) Acquisition was completed on [●]. Thereafter, Smart Paint (Selangor) became our wholly-owned subsidiary.

(b) Smart Paints (Sabah) Acquisition

On 19 June 2023, our Company entered into the Smart Paints (Sabah) SSA to acquire the entire equity interest in Smart Paints (Sabah) comprising 250,000 ordinary shares from the vendors for a total purchase consideration of RM598,437.00 which is to be fully satisfied by the issuance of 2,992,185 new Shares to the following vendors at an issue price of RM0.20 each:

6. INFORMATION ON OUR GROUP (Cont'd)

Vendors	Shareholdings in Smart Paints (Sabah)		Purchase consideration (RM)	No. of new Shares
	No. of shares	% of share capital		
Goh Chye Hin	150,000	60.00	359,062.20	1,795,311
Kee Hui Lang	50,000	20.00	119,687.40	598,437
Wong Kui Ming	50,000	20.00	119,687.40	598,437
Total	250,000	100.00	598,437.00	2,992,185

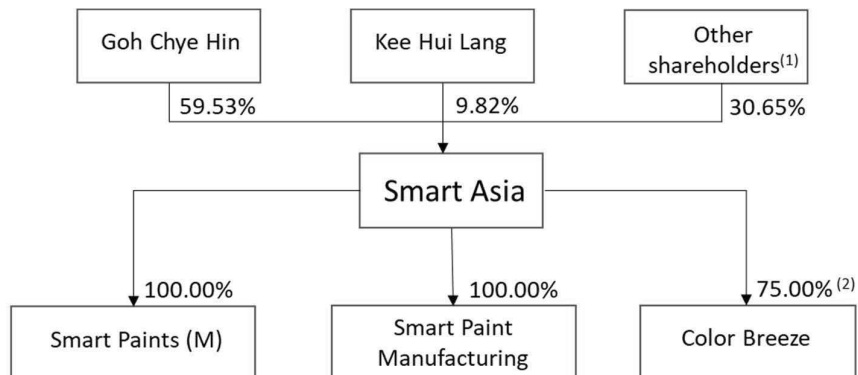
The purchase consideration for the Smart Paints (Sabah) Acquisition of RM598,437.00 was arrived at based on a “willing-buyer willing-seller” basis after taking into consideration the audited net assets of Smart Paints (Sabah) as at 31 December 2022 of RM598,437.00.

The Smart Paints (Sabah) Acquisition was completed on [●]. Thereafter, Smart Paints (Sabah) became our wholly-owned subsidiary.

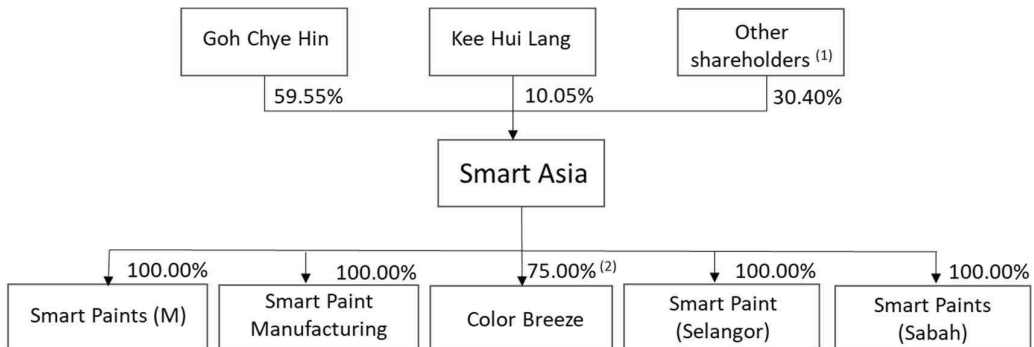
6.2 OUR SHAREHOLDERS AND GROUP STRUCTURE

Our shareholders and Group structure before the Acquisitions, after the Acquisitions and before the IPO and after the IPO are as follows:

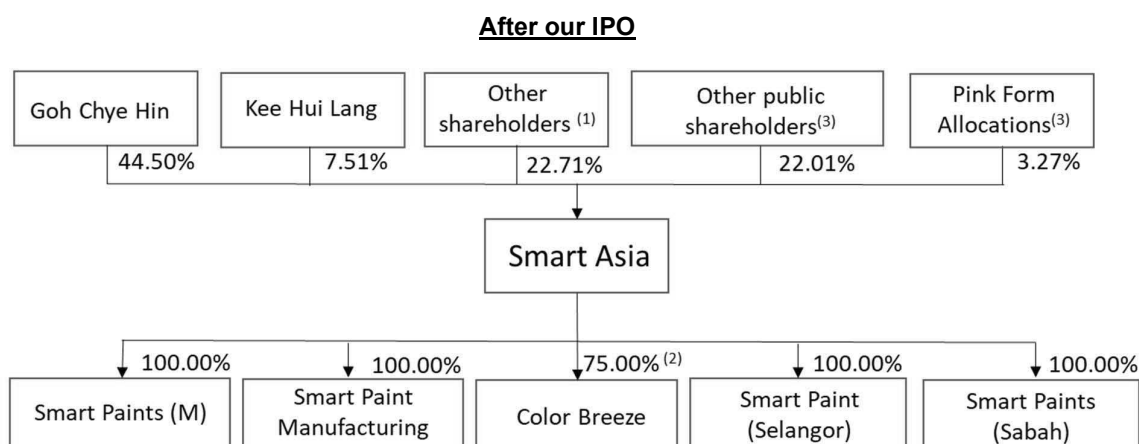
Before the Acquisitions



After Acquisitions and before our IPO



6. INFORMATION ON OUR GROUP (Cont'd)



Notes:

(1) Other shareholders consist of:

Name	Relationship with our Group/ Promoters	Shareholdings		
		Before the Acquisitions (%)	After Acquisitions and before our IPO (%)	After our IPO (%)
Teh Siew Chong	Director of Smart Paint Manufacturing	4.91	4.52	3.38
Lim Kok Beng	Non-Independent Executive Director of Smart Asia	3.44	3.31	2.48
Goh Bee Sim	<ul style="list-style-type: none"> Director of Smart Paints (M) and Smart Paint Manufacturing Cousin of Goh Chye Hin 	2.45	2.26	1.69
Goh Sim Yee	<ul style="list-style-type: none"> Employee of our Group Child of our Promoters 	1.97	1.81	1.35
Goh Ji Syuan	<ul style="list-style-type: none"> Employee of our Group Child of our Promoters 	1.97	1.81	1.35
Zhang Yinchao	Shareholder of Color Breeze	1.97	1.81	1.35
Chai Jee Choon	Business associate of the Group	1.97	1.81	1.35
Tay Poh Siew	Wife of Teh Siew Chong, director of Smart Paint Manufacturing	1.57	1.45	1.08
Won Seow Hooi	Customer of our Group	1.57	1.45	1.08
Yennie	Customer of our Group	1.18	1.09	0.81
Tin Hock Chuan	Customer of our Group	0.98	0.91	0.68
Santos Loy	Customer of our Group	0.79	0.72	0.54
Lee Kim Soon	Customer of our Group	0.69	0.64	0.47
Mah Choon Phin	Customer of our Group	0.69	0.64	0.47
Hong Kian Meng	Customer of our Group	0.59	0.55	0.41
Chen Ka Moi	Customer of our Group	0.59	0.55	0.41
Koh Kooi Soon	Brother-in-law of Kee Hui Lang	0.49	0.45	0.34
Kee Hui Cheng	Sister of Kee Hui Lang and sister-in-law of Goh Chye Hin	0.49	0.45	0.34
Tan Say How	Employee of our Group	0.39	0.36	0.27

6. INFORMATION ON OUR GROUP (Cont'd)

Goh Bee Guat	<ul style="list-style-type: none"> Customer of our Group via UA Paints & Hardware Sdn Bhd Sister of Goh Chye Hin and sister-in-law of Kee Hui Lang 	0.39	0.36	0.27
Tan Kwang Bock	Customer of our Group	0.39	0.36	0.27
Khoo Jin Huang (Qiu JinHuang)	Customer of our Group	0.39	0.36	0.27
Kee Nam Li	<ul style="list-style-type: none"> Customer of our Group via BIY Home Store (Kota Tinggi) Sdn Bhd Nephew of Kee Hui Lang 	0.39	0.36	0.27
Tan Kim Peng	Key senior management of our Group	0.39	0.36	0.27
Chu Teck	Director of Smart Paint (Selangor)	-	1.18	0.88
Wong Kui Ming	Director of Smart Paints (Sabah)	-	0.22	0.16
Goh Chye Leng	<ul style="list-style-type: none"> Customer and/ or supplier of our Group via Major Harvest Sdn Bhd, Mr. Mark Tools (M) Sdn Bhd and 1 Living Depot Sdn Bhd Brother of Goh Chye Hin and brother-in-law of Kee Hui Lang 	-	0.63	0.47

- (2) 25.00% equity interest in Color Breeze is held by Zhang Yinchao. His role as a shareholder of Color Breeze whereby our Group may also consult him for his experience in research and development of chemical materials and products when required.

Zhang Yinchao has over 22 years of experience in research and development of chemical materials and products including adhesive products, ink colourants as well as paints and coatings. He has a Bachelor in Chemistry from Sichuan University. Our Group believes that he will contribute positively to the success of Color Breeze with the technical knowledge and experience he possess. He also holds 1.97%, 1.81% and 1.35% equity interest in our Company before the Acquisitions, after the Acquisitions and before our IPO, and after our IPO, respectively.

- (3) Collectively, the public shareholding spread is 34.64% after the IPO which consists of other shareholders (9.74%), other public shareholders (22.01%) and Pink Form Allocations (2.89%) after excluding the Promoters and directors of our Group and persons connected to the Promoters and Directors and Pre-IPO Investor.

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6.3 SHARE CAPITAL

As at the LPD, our share capital is RM55,270,084.00 comprising 276,350,420 Shares. The movements in our share capital during the Financial Years Under Review and up to the LPD are set out below:

Date of allotment / subdivision	No. of Shares allotted	Consideration/ Nature of transaction	Cumulative issued share capital	
			No. of Shares	RM
12 May 2023	N/A	N/A/	254,500,010	50,900,002
19 June 2023	21,850,410	Share split Otherwise than cash/ Allotment of Shares pursuant to the Acquisitions	276,350,420	55,270,084

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM[●] comprising 369,850,420 Shares.

6.4 INFORMATION ON OUR SUBSIDIARIES

As at the LPD, we have 5 subsidiaries, namely Smart Paint Manufacturing, Smart Paints (M), Smart Paint (Selangor), Smart Paints (Sabah) and Color Breeze.

As at the LPD, we do not have any associated companies.

Details of our subsidiaries are summarised below:

Company name	Principal activities	Date and place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest
Smart Paint Manufacturing	Manufacturing of paints, varnishes and similar coatings ink and mastics	10 January 2013 Malaysia	Malaysia	20,000,000	100%
Smart Paints (M)	Trading of paints, coatings and varnishing materials	8 January 2013 Malaysia	Malaysia	1,000,000	100%
Smart Paint (Selangor)	Trading and distribution of paints, hardware and painting accessories	11 May 2012 Malaysia	Malaysia	650,000	100%
Smart Paints (Sabah)	Trading of paints, coatings and varnishing materials	8 May 2013 Malaysia	Malaysia	250,000	100%
Color Breeze	Trading of chemical colourants and pigments	22 June 2018 Malaysia	Malaysia	1,000,000	75%

6. INFORMATION ON OUR GROUP (Cont'd)

6.4.1 Smart Paint Manufacturing

(a) Background, history and principal activities

Smart Paint Manufacturing was incorporated on 10 January 2013 in Malaysia under the Companies Act 1965 as a private limited company under its previous name, known as Bond Paints (M) Sdn Bhd, and is deemed incorporated under the Act. On 20 May 2015, the name of Bond Paints (M) Sdn Bhd was changed to Smart Paint Manufacturing.

Smart Paint Manufacturing is principally involved in the manufacturing of paints, varnishes and similar coatings ink and mastics.

(b) Share capital

As at the LPD, the issued share capital of Smart Paint Manufacturing is RM20,000,000.00 comprising 20,000,000 ordinary shares. There were no changes in the issued share capital of Smart Paint Manufacturing during the Financial Years Under Review and up to the LPD.

(c) Shareholders and directors

Smart Paint Manufacturing is our wholly-owned subsidiary.

As at the LPD, the directors of Smart Paint Manufacturing are Goh Bee Sim, Goh Chye Hin, Teh Siew Chong and Kee Hui Lang.

(d) Subsidiary, associate company and joint venture

Smart Paint Manufacturing does not have any subsidiary, associate company or joint venture.

6.4.2 Smart Paints (M)

(a) Background, history and principal activities

Smart Paints (M) was incorporated on 8 January 2013 in Malaysia under the Companies Act 1965 as a private limited company under its present name and is deemed incorporated under the Act.

Smart Paints (M) is principally involved in the trading of paints, coatings and varnishing materials.

(b) Share capital

As at the LPD, the issued share capital of Smart Paints (M) is RM1,000,000.00 comprising 1,000,000 ordinary shares. The changes in the issued share capital of Smart Paints (M) during the Financial Years Under Review up to the LPD are as follows:

Date of allotment	No. of ordinary shares allotted	Consideration	Cumulative issued share capital (RM)
22 June 2020	799,998	Cash	1,000,000

6. INFORMATION ON OUR GROUP (Cont'd)

(c) Shareholders and directors

Smart Paints (M) is our wholly-owned subsidiary.

As at the LPD, the directors of Smart Paints (M) are Goh Bee Sim, Goh Chye Hin and Kee Hui Lang.

(d) Subsidiary, associate company and joint venture

Smart Paints (M) does not have any subsidiary, associate company or joint venture.

6.4.3 Smart Paint (Selangor)

(a) Background, history and principal activities

Smart Paint (Selangor) was incorporated on 11 May 2012 in Malaysia under the Companies Act 1965 as a private limited company under its previous name, known as Ztree (M) Sdn Bhd, and is deemed incorporated under the Act. On 8 March 2016, the name of Ztree (M) Sdn Bhd was changed to Smart Paint (Selangor).

Smart Paint (Selangor) is principally involved in the trading and distribution of paints, hardware and painting accessories.

(b) Share capital

As at the LPD, the issued share capital of Smart Paint (Selangor) is RM650,000.00 comprising 650,000 ordinary shares. There were no changes in the issued share capital of Smart Paint (Selangor) during the Financial Years Under Review and up to the LPD.

(c) Shareholders and directors

Smart Paint (Selangor) is our wholly-owned subsidiary.

As at the LPD, the directors of Smart Paint (Selangor) are Chu Teck, Goh Chye Hin and Kee Hui Lang.

(d) Subsidiary, associate company and joint venture

Smart Paint (Selangor) does not have any subsidiary, associate company or joint venture.

6.4.4 Smart Paints (Sabah)

(a) Background, history and principal activities

Smart Paints (Sabah) was incorporated on 8 May 2013 in Malaysia under the Companies Act 1965 as a private limited company under its present name and is deemed incorporated under the Act.

Smart Paints (Sabah) is principally involved in the trading of paints, coatings and varnishing materials.

(b) Share capital

As at the LPD, the issued share capital of Smart Paints (Sabah) is RM250,000.00 comprising 250,000 ordinary shares. There were no changes in the issued share capital of Smart Paints (Sabah) during the Financial Years Under Review and up to the LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

(c) Shareholders and directors

Smart Paints (Sabah) is our wholly-owned subsidiary.

As at the LPD, the directors of Smart Paints (Sabah) are Goh Chye Hin, Wong Kui Ming and Kee Hui Lang.

(d) Subsidiary, associate company and joint venture

Smart Paints (Sabah) does not have any subsidiary, associate company or joint venture.

6.4.5 Color Breeze

(a) Background, history and principal activities

Color Breeze was incorporated on 22 June 2018 in Malaysia under the Act as a private limited company under its present name.

Color Breeze is principally involved in the trading of chemical colourants and pigments.

(b) Share capital

As at the LPD, the issued share capital of Color Breeze is RM1,000,000.00 comprising 1,000,000 ordinary shares. The changes in the issued share capital of Color Breeze during the Financial Years Under Review up to the LPD are as follows:

Date of allotment	No. of ordinary shares allotted	Consideration	Cumulative issued share capital (RM)
3 August 2022	900,000	Cash	1,000,000

(c) Shareholders and directors

Our Company owns 75.00% equity interest in Color Breeze and the remaining 25.00% is owned by Zhang Yinchao.

As at the LPD, the sole director of Color Breeze is Goh Chye Hin.

(d) Subsidiary, associate company and joint venture

Color Breeze does not have any subsidiary, associate company or joint venture.

6.5 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, there were no:

- (a) public take-over offers by third parties in respect of our Shares; and
- (b) public take-over offers by our Company in respect of other companies' shares.