



# **WORLD'S 1st "POST-FILLED"**

**FULL COLOR AUTOMOTIVE AEROSOL COLOR MATCHING SYSTEM**

**NOW YOU CAN MANUALLY MATCH THE WORLD'S COLORS. ANYTIME, ANYWHERE WITHOUT MACHINE**

**ANNUAL REPORT 2023**

**SAMURAI 2K AEROSOL LIMITED**  
(Company Registration No. 2016061668C)



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This Annual Report has been prepared by the Company and its contents have been reviewed by UOB Kay Hian Private Limited (the "Sponsor"), for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist (the "Catalist Rules").

This Annual Report has not been examined or approved by SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01- 01, Singapore 229957, telephone (65) 6590 6881.

# CORPORATE PROFILE

Samurai 2K Aerosol Limited ("Samurai 2K" or the "Company", and together with its subsidiaries, the "Group") is a leading aerosol coating specialist which focuses on high performance coating solutions for the automotive refinishing and refurbishing industry. We are principally engaged in the manufacturing, distribution and marketing of our products under our own brands.

Headquartered in Malaysia, our products are manufactured in our production facility located in Johor and are distributed in countries including Malaysia, Indonesia, Thailand, Philippines, Vietnam, Cambodia, United Kingdom, United States of America, Singapore and India.

## OUR BELIEF

We Change Aerosol, Aerosol Changes the World.

## OUR VISION

To be the world's respected innovative aerosol system provider.

## OUR MISSION

To offer the most innovative aerosol systems with the best user enjoyment and to create more job opportunities for all sprayers in the world.



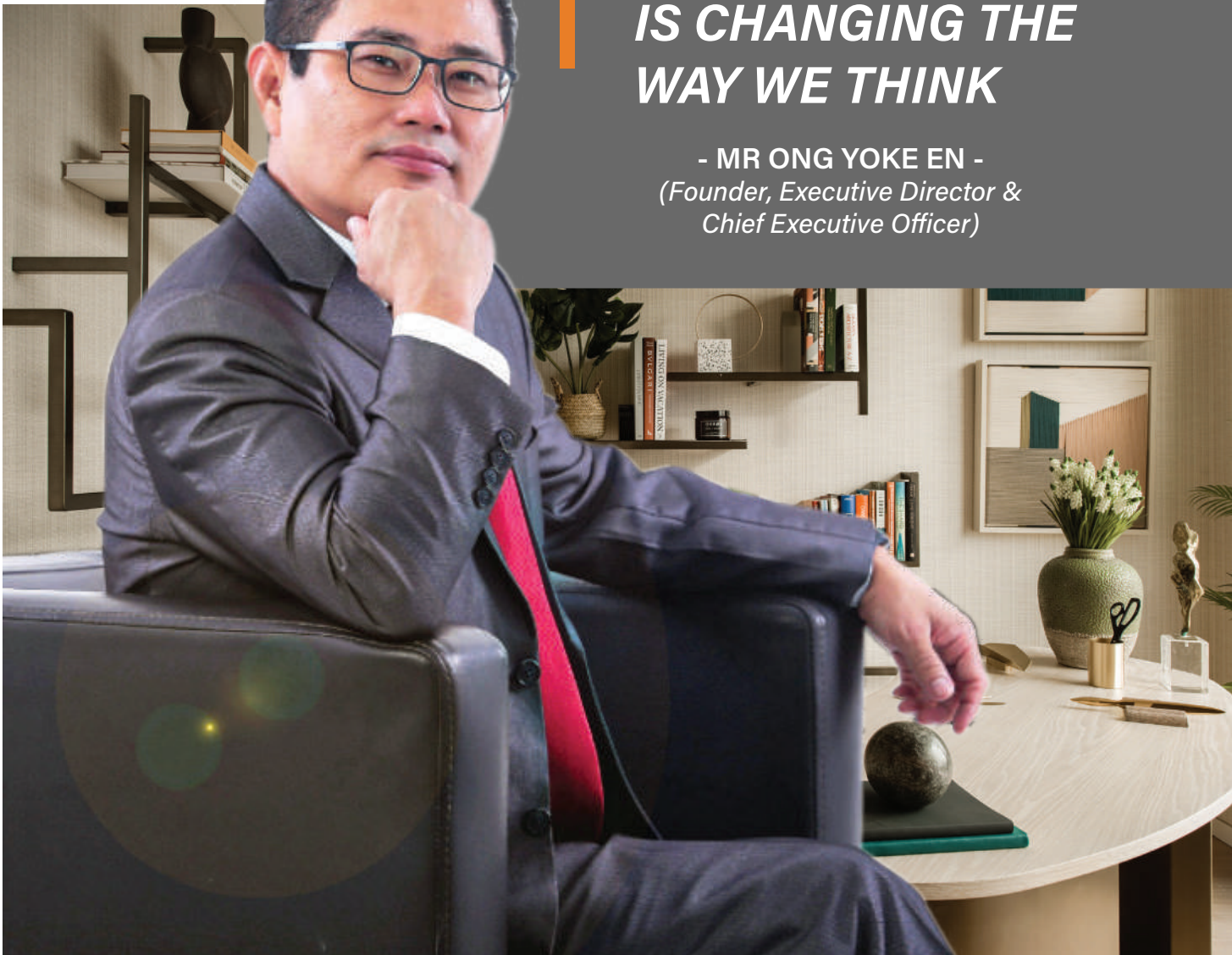


# LETTER TO SHAREHOLDER

“

***THE BIGGEST  
PART OF DIGITAL  
TRANSFORMATION  
IS CHANGING THE  
WAY WE THINK***

**- MR ONG YOKE EN -**  
*(Founder, Executive Director &  
Chief Executive Officer)*



# LETTER TO SHAREHOLDER

## DEAR SHAREHOLDERS,

On behalf of the Board, it's a privilege for me to submit the Annual Report of Samurai 2K Aerosol Limited ("Samurai 2K" or the "Company" and its subsidiaries, the "Group") for the financial year ended 31 March 2023. ("FY2023").

## RESULTS HIGHLIGHT

Even though FY2023 is regarded as a global recovery year for organizations, it was a dissimilar situation for Samurai 2K Aerosol. The revenue of Samurai 2K Aerosol recorded a significant decline by 37.8% from MYR 113.04 million in FY2022 to MYR 70.27 million in FY2023. The decline in revenue was primarily due to the drop in sale in Malaysia and Indonesia markets. Other factors include increase in raw materials, packing materials and ocean freight cost resulting in lower gross profit margin. As a result, the Group incurred a net loss of MYR 11.45 million in FY2023 compared to FY2022 wherein total profit of MYR13.12 million was recorded.

Nevertheless, if one were to observe Samurai 2K Aerosol's performance during the Covid-19 era; FY2020, FY2021 and FY2022, the Group recorded revenues of MYR63.1 million, MYR110.6 million and MYR113.04 million respectively. Therefore, the substantial decline in revenue in FY2023 can partly be attributed to the statistical effect of the Covid-19 exceptional situation high base. Additionally, substantial capital expenditure worth MYR26.12 million has been recorded due to acquisition of a four adjacent shops lots for new corporate workspace, additional expenditure for renovation of factory and acquisition of plant, machinery and software expenses. Apart from all these factors, rapid business expansion in the USA and India and our new business venture, Samurai O2O (Offline to Online) service led to incurrence of considerably huge amount of expenditure.

On a positive note, despite the financial standing reflected above, Samurai 2K Aerosol's Net Debt/Equity managed to remain in the Net Cash position. At the end of the day, in order for one to ascertain the growth rate of a company, he or she must first analyse the amount of profit that is utilized by the company for future growth. With Samurai 2K Aerosol reinvesting its profit for development and expansion of its business, its financial position may appear to be mediocre now, but it will definitely progress and the Group will harvest the fruits of its investment in the near future.

## FY2024: ROADMAP FOR FUTURE GROWTH

### INNOVATION

The crux of Samurai 2K Aerosol is its R&D Department whereby the team led by myself have been relentlessly working in order to create revolution in the world aerosol industry. With my team's consistent dedication and hardwork over the years, we have successfully launched our 2K technology which had been patented in over 36 countries. Next, with our post-filled colour-matching technology, Tintatek is undergoing final round of improvisation which is targeted to be launched at the end of year 2023. Coming up in the pipeline, we have two other inventions, Watertek, a water-based paint system without chemical solvent involved, and Mirrortek, end-product with a long-lasting reflective chrome coating, set to be launched within three years.

Our desire to innovate does not end here. As part of our R&D team continues to work towards obtaining maximum excellence of Tintatek, Watertek and Mirrortek, rest of the team are concurrently involved in new projects that would be progressively launched in coming years. For further information on our innovations and up-coming projects, please refer to page 5 of our Annual Report that features an excerpt on our 4 groundbreaking technologies.

### BUSINESS EXPANSION & CORPORATE DEVELOPMENT

As we delve into omnichannel marketing strategy and also, with the commencement of profound use of data analytics, there has been drastic increase in the number of employees especially from the digital marketing and Information Technology departments which lead to the acquisition of larger office space.

In the past, Samurai 2K Aerosol has successfully penetrated into the USA, India, Indonesia and other South East Asia markets. Now, we seek to not only expand our business to Australia, China and Europe but also to manage and subsequently strengthen our position in the existing markets. This goal can only be achieved by having an integrated personalized market approach. Keeping that in mind, our Information Technology team led by our highly experienced Chief Technology Officer has been incessantly working over the months to develop our very own Artificial Intelligence software to study customer behaviour and navigation of business culture of every particular market.

Apart from that, our online spray service has been developing in a progressive manner ever since its launch in April 2022. Currently, we provide door-to-door spray service within Johor Bahru for rims and headlamps wherein the service can be booked through Samurai Website. Along the way, quality of the spray service has improved in aspects such as expertise of the sprayers and quality of the end-products i.e. minimal cases of defects. We anticipate to expand our door-to-door spray service for rims and headlamps to Kuala Lumpur and Indonesia in the next few months.

## DIVIDEND

The Group exercises financial prudence and discipline. No dividend has been recommended for FY2023 given that the Group has recorded a loss.

## ACKNOWLEDGEMENT AND APPRECIATIONS

I would like to extend my gratitude to our employees and customers for their long-standing commitment to stand by Samurai 2K Aerosol throughout this challenging period. As quoted by Thomas Fuller, the darkest hour is always before dawn. With continuous innovations and aggressive business development, I can confidently say that the dawn is near.

## ONG YOKE EN

Founder and Chief Executive Officer





# 4 INNOVATION OF SAMURAI 2K AEROSOL LIMITED

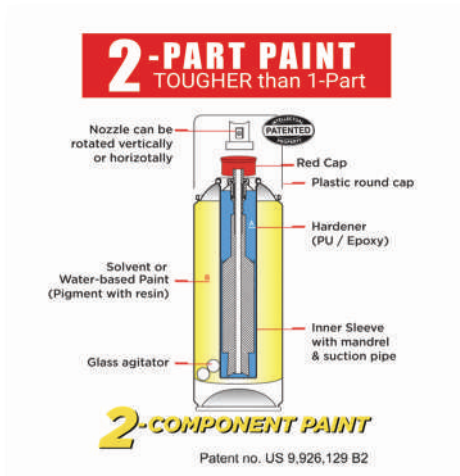
## AEROSOL PRODUCTS, REIMAGINED

Innovation has been the heart and soul of Samurai 2K Aerosol. Chief Executive Officer of the organization, Mr Ian Ong believes that generation of new ideas is only possible once marketplace and business surrounding are critically analysed, leading to business gaps in the marketplace being identified. Every business gap represents an unexplored opportunity. With that in mind, Samurai 2K Aerosol has successfully orchestrated four innovations till date namely, 2K Aerosol System, Tintatek, Mirrortek and Watertek.

### 2K AEROSOL SYSTEM

During the ideation of Samurai 2K Aerosol's first technology, one of the ultimate priority of Mr Ian Ong, was to enhance user convenience. The first gap that he identified was the fact that machines such as mechanical spray guns and air compressors are needed for vehicle spray painting and this compels end-users to visit workshops to get their vehicles painted. With 2K aerosol technology, end-users can paint their vehicles by themselves without involving complex machines.

If the integrants of this technology are carefully analysed, 2K aerosol system provides storage of two components i.e. hardener and resin in an aerosol can via a breakable inner sleeve that separates both the components. Upon inner sleeve activation when needed, it allows a proper mixture of both the components before being sprayed.



(2K Aerosol System)

An innovative design that allows the unique storage of 2 crucial paint components in a can; resin and hardener separately via a breakable metal inner sleeve.

## TINTATEK

Elevating end-users experience has been Samurai 2K Aerosol's goal which ultimately led to discovery of Tintatek, the World's first post-filled colour matching technology in the painting industry. The selling point of this technology is that it allows filling of matched paint into the aerosol can under atmospheric pressure whereby the paint will subsequently be mixed with a prefilled pressurized gas before spraying.

With this technology, end-users would no longer be required to visit workshops to get custom colour to be painted on their vehicles. By using the post-filled formulation provided by Samurai 2K Aerosol, end-users will not only be able to come up with custom colour and sparkle by themselves in accordance to their preference, but they will also be able to explore combination of colours by themselves before deciding the best custom colour that would suit their vehicles.



(Tintatek)

Allows users to create or match million of real life colors for virtually any application such as spray paint their car or home furniture.

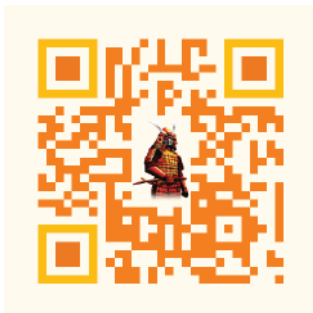
# 4 INNOVATIONS OF SAMURAI 2K AEROSOL LIMITED

## MIRRORTEK

Mirrortek was developed for end-users who are not only interested in achieving long-lasting coating but also, an enhanced aesthetic, chrome coating appearance. Generally, electroplating process is used to achieve chrome paint coating on selected metals. Keeping in mind that this would allow the end-product to be used on selective surfaces only, Samurai 2K Aerosol's R&D department employed an unconventional approach wherein electroless process was used to produce chrome effect on various surfaces i.e. plastic, metal, steel and etc.



(Mirrortek)  
Highly Reflective Mirror Coating



(Scan to view Tintatek, Watertek & Mirrortek video)

## WATERTEK

Over the years, Samurai 2K Aerosol has constantly strived to reduce environmental impact of its business, considering the nature of its industry. This commitment may appear to be challenging but it is not impossible. The fact that all products of Samurai 2K Aerosol are lead-free reflects its commitment towards environmental sustainability. Samurai 2K Aerosol's pursuit in embracing environmental sustainability doesn't end here.

During the ideation process, one of the problems that was noticed by Mr Ian Ong was the nature of aerosol products being ungreen. This led to the development of water-based paint i.e. Watertek. Watertek marks the world's first water-based paint technology with zero Volatile Organic Compounds (VOC). With zero VOC content, Watertek contributes to remarkable reduction of environmental damages and at the same time, emits hardly detectable odour.

Part of Samurai 2K Aerosol's R&D team continues to work relentlessly over the months to improve the products; Tintatek, Mirrortek and Watertek in order to achieve maximum outcome in terms of durability, chemical resistance, glossiness, weather resistance and etc. On the other hand, rest of the team, under constant guidance and supervision of Mr Ian Ong are involved in new projects that are foreseen to be launched gradually, in the near future.



(Watertek)  
Environmentally-safe water based paint technology featuring Zero VOCs (Volatile Organic Compounds)  
Fast Dry & High-Gloss



# OPERATIONS & FINANCIAL REVIEW

## REVIEW OF INCOME STATEMENT

Revenue decreased by RM42.77 million or 37.84% from RM113.04 million in FY2022 to RM70.27 million in FY2023. Overall, year-on-year sales volume decreased by 6 million cans or 35.71% from 16.8 million cans in FY2022 to 10.8 million cans in FY2023, mainly due to lower demand generally from Malaysia and Indonesia markets.

Gross profit margin decreased from 42.7% in FY2022 to 29.8% in FY2023. The decrease in the gross profit margin was mainly due to the increase of raw material, packing material and ocean freight cost.

Other income of RM1.1 million as reported in FY2023 mainly attributed by interest income.

Administrative expenses decreased by RM2.77 million mainly due to absence of performance share-based payment in FY2023 which is offset with increase in other administration cost due to business expansion generally in USA and India markets and for new business development (O2O – offline to online) .

Marketing and distribution expenses increased by RM5.07 million mainly due to increase in marketing activities generally in USA by RM0.59 million, India by RM1.16 million, Indonesia by RM2.49 million and other countries by RM0.77 million and slight increase in offline activities for new business development (O2O-offline to online) by RM0.062 million.

Net loss attributable to equity holders of the Company for FY2023 was RM11.45 million.

## REVIEW OF FINANCIAL POSITION

Non-current assets as at 31 March 2023 rose by RM22.06 million mainly due to purchase of new corporate office of RM19.33 million.

Non-current liabilities increased by RM16.06 million mainly due to additional bank borrowings by RM16.4 million for the purchase of corporate offices.

Current liabilities decreased by RM16.5 million mainly due to decrease in trade payables caused by the decrease in purchase which is in line with the decrease in sales.

## CASH FLOW STATEMENT REVIEW

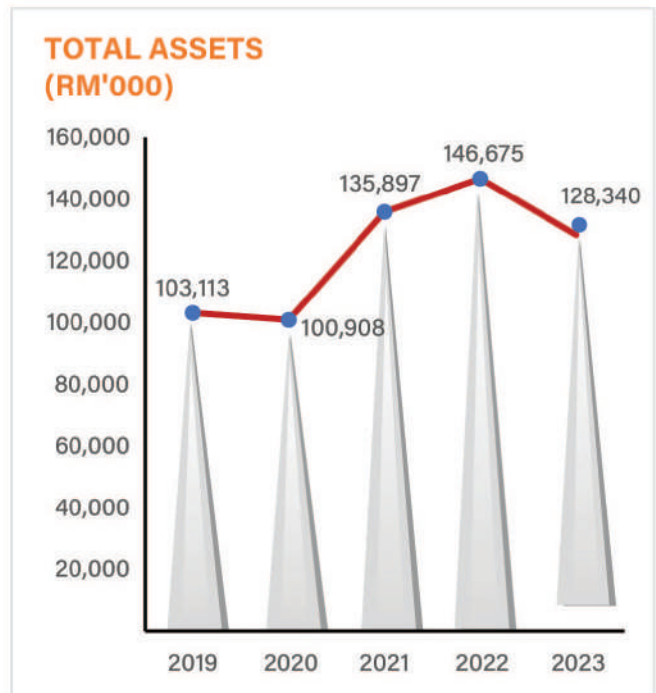
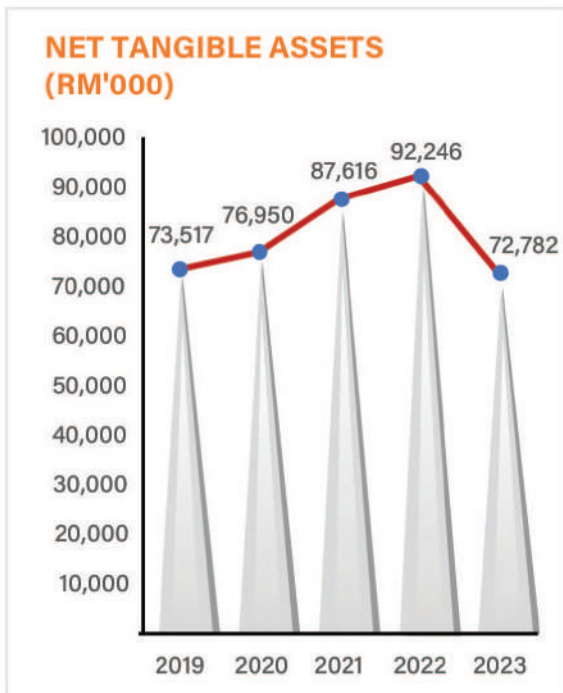
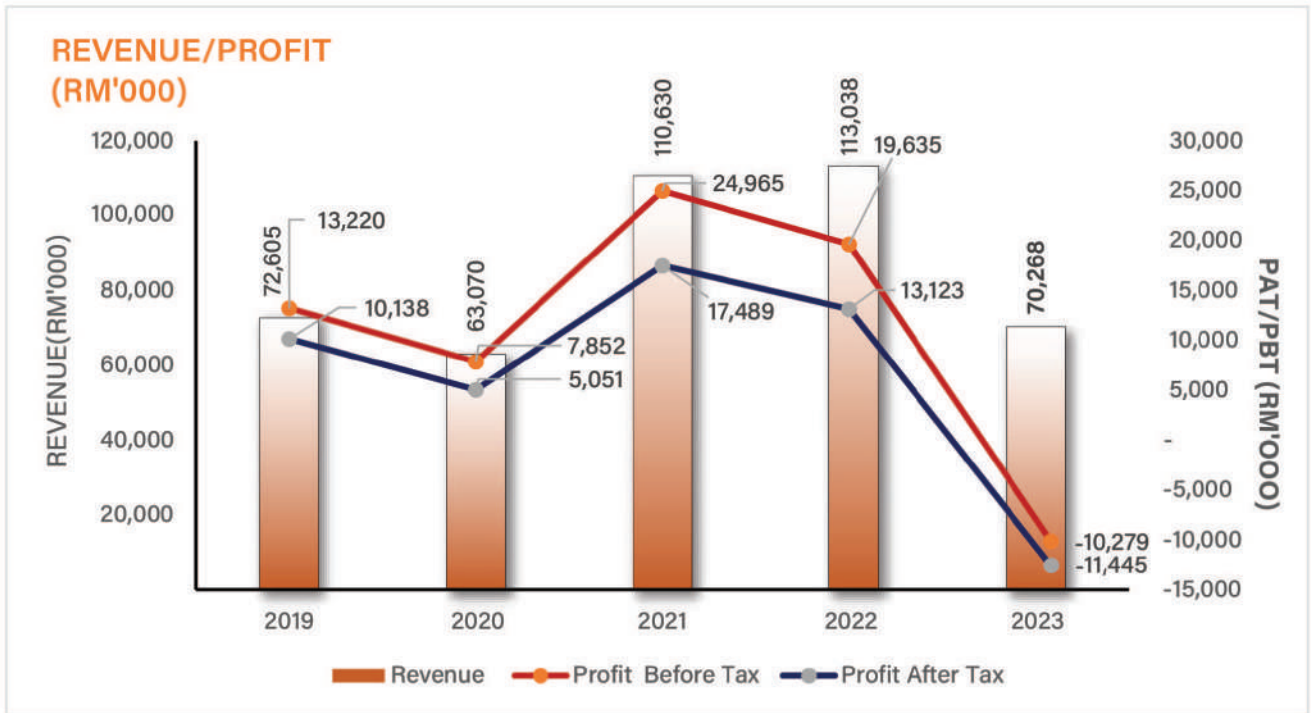
In FY2023, net cash used in operating activities amounting to RM14.88 million, mainly arising from operating cash flow before changes in working capital of RM4.27 million, changes in net working capital outflow of RM5.36 million and income tax payment of RM5.31 million.

In FY2023, we recorded a net cash outflow from investing activities of approximately RM25.12 million mainly due to purchase of new corporate office, additional cost of upgrading and renovation of factory purchase of plant and machinery and purchase of new Intelligent data software V-1.

In FY2023, we recorded a net cash generated from financing activities of approximately RM1.33 million due to drawdown of bank borrowing of RM16.40 million, offset with dividend paid amounted to RM 6.48 million, interest paid of RM1.23 million, and repayment of bank borrowing and lease liabilities amounted to RM6.36 million and RM0.88 million.

As at 31 March 2023, the Group maintained a cash and cash equivalents balance of RM33.26 million.

# FINANCIAL HIGHLIGHTS



# BOARD OF DIRECTORS



## MR ONG YOKE EN

*(Founder, Executive Director & Chief Executive Officer)*

Mr Ong Yoke En was appointed to our Board on 9 March 2016 and was last re-elected as Director on 23 September 2020. He has more than 20 years of diverse and strong working experience in the aerosol industry holding leadership positions in various aerosol companies in Malaysia. Mr Ong builds and leads the senior executive team and sets the strategic direction of our Group. He is also actively involved in the research and development of our Group's aerosol products and has achieved a major innovation in the production of our dual head 2K system which improves on the user friendliness of an existing technology. Mr Ong also invented our Group's single head 2K system which was awarded a gold medal at the ITEX 2016 held in Kuala Lumpur, Malaysia by the Malaysian Invention and Design Society. He was also awarded a Special Innovation Award as a recognition of the same invention by The Moroccan Union of Inventors, an affiliate of the International Federation of Investor's Associations at Toronto 2016. Mr Ong graduated from the Universiti Kebangsaan Malaysia with a Bachelor of Arts in 1993.

### Past directorships in listed companies (for last three years)

- None

### Present directorships in listed companies (other than the Company)

- None

## MR LIM SIANG KAI

*(Non-Executive Chairman and Lead Independent Director)*

Mr Lim Siang Kai was appointed to our Board on 3 October 2016 and was last re-elected as Director on 23 September 2020. Mr Lim has over 30 years of experience in securities, private and investment banking and fund management, having worked in and held various leadership roles in various banks and financial services companies since 1981. Mr. Lim holds a Bachelor of Arts degree and a Bachelor of Social Science (Hons) degree from the National University of Singapore obtained in 1980 and 1981 respectively. He also has a Master of Arts in Economics from the University of Canterbury, New Zealand, which he obtained in 1983.

### Past directorships in listed companies (for last three years)

- Joyas International Holdings Limited
- Beijing Gas Blue Sky Power Holdings Limite
- D'nonce Technology Berhadd

### Present directorships in listed companies (other than the Company)

- ISDN Holdings Limited



## MS LIM LAY YONG

*(Executive Director and Chief Operating Officer)*

Ms Lim was appointed to our Board on 3 October 2016 and was last re-elected as Director on 23 September 2020. Ms Lim has a diverse and strong working experience having served in various capacities for more than 20 years in marketing and product manufacturing. In 2001 to 2014, Ms Lim gained extensive customer relations and marketing experience in her roles of planning marketing activities including organising roadshows for the Group's aerosol products. As the COO of our Group, Ms Lim oversees daily operations of our Group, helps in designing and implementing business strategies, plans and procedures, as well as establishing policies that promote our Company's culture and vision, and managing relationships with vendors. Ms. Lim graduated from the Simon Fraser University (Canada) with a Bachelor of Science (Biochemistry) in 1994 and obtained a Graduate Diploma in Health Science (Herbal Medicine) from The University of New England (Australia) in 2007.

### Past directorships in listed companies (for last three years)

- None

### Present directorships in listed companies (other than the Company)

- None



# BOARD OF DIRECTORS



## DATO' LOH SHIN SIONG

*(Non-Executive Director)*

Dato' Loh Shin Siong was appointed to the Board on 16 December 2016 and was last re-elected as Director on 27 July 2022. He has business interests in various industries such as food and beverage and property development and operations and formulates strategies to continually raise the standards of quality and service. Dato' Loh is also responsible for the management and operations in a real estate company and gained experience in property investment and development.

### Past directorships in listed companies (for last three years)

- None

### Present directorships in listed companies (other than the Company)

- None

## DATO' CHANG CHOR CHOONG

*(Non-Executive Director)*

Dato' Chang Chor Choong was appointed to the Board on 16 December 2016 and was last re-elected as Director on 28 July 2021. Dato' Chang is currently a director at various private companies engaged in businesses across a range of industries including telecommunications, beverages and real estate development. Over years, he has gained experience in the overall management of companies and in setting directions and implementing various business strategies. Outside of his business commitments, Dato' Chang has been an advisor of Ku-Miau Temple since 2012.

### Past directorships in listed companies (for last three years)

- None

### Present directorships in listed companies (other than the Company)

- None



## MR HAU HOCK KHUN

*(Independent Director)*

Mr Hau Hock Khun was appointed to our Board on 16 December 2016 and was last re-elected as Director on 28 July 2021. Mr Hau has more than 23 years of experience in the legal industry and his practice focuses on, amongst others, banking and finance law, Islamic banking law, general corporate and commercial law, company law, conveyancing and land law, probate and administration law and intellectual property law in Malaysia. Mr Hau is currently an executive director in charge of overall management and operations in a number of private companies. Mr Hau is a member of the Bar Council of Malaysia, a member of the Chartered Institute of Arbitrators (United Kingdom) in 2009. Mr Hau graduated from Bond University, Australia with a Bachelor of Law in 1997. He later obtained a Master of Business Administration (Total Quality Management) from Newport University, USA.

### Past directorships in listed companies (for last three years)

- Kumpulan H & L High-Tech Berhad

### Present directorships in listed companies (other than the Company)

- None



## MR LIM CHONG HUAT

*(Independent Director)*

Mr Lim was appointed to our Board on 21 May 2019 and was last re-elected as Director on 27 July 2022. Mr Lim has a diverse and strong working experience for more than 20 years in the accounting and audit industry. Over the years, he has also gained experience in the overall Management and operations in a number of private accounting companies. Mr Lim is currently an Audit Principal at Milant & Associates LLP and founder of Lim CH & Associates, a certified public accounting firm providing audit services. He also set up a private limited company named CoseClinic Services Pte Ltd which took over businesses of Everich Management Services.

### Past directorships in listed companies (for last three years)

- None

### Present directorships in listed companies (other than the Company)

- Advancer Global Limited





# KEY MANAGEMENT



**MR VOON KIAN WOON**  
(General Manager (Finance))

Mr Voon Kian Woon joined our Group in September 2014. Mr Voon started his own book keeping business in 2012 where he provided bookkeeping services to small businesses in Malaysia. Currently, Mr Voon has been relocated to USA subsidiary and is in charge to oversee the business operation, preparing of financial statements and business activity reports of Samurai 2K USA. Mr Voon is currently an affiliate member of the Association of Chartered Certified Accountants ("ACCA"). He passed the professional level of the ACCA examinations in 2010. Mr Voon obtained a Bachelor of Science with First Class Honours in applied Accounting from Oxford Brookes University in 2010.

**HANIFAH BT ABDUL HAMID**  
(Financial Controller)

Ms Hanifah joined our Group in 2018 as Finance Manager where she lead the finance team and in charge of preparation of monthly reporting, consolidation, preparing tax computation and financial reporting. She was promoted to Financial Controller of the Group in January 2022. Currently, Ms Hanifah oversees and manages the Group's financial, management, accounting, treasury, taxation, and other corporate compliance matters. Ms Hanifah has 18 years of experience in accountancy. She started her career in 2004 as an Account and Admin Executive. Since then, she climbed the career ladder at Scanwolf Plastic Industries Sdn Bhd to the position of Head of Account where she oversaw all financial matters such as finance and treasury planning. Ms Hanifah graduated from University Technology of MARA (UiTM) in 2004 with a Bachelor of Accounting (Hons).



**MR PARANTAMAN E. KRISHNAN NAIDU**  
(Regional Operation Director)

Mr Parantaman E. Krishnan Naidu joined our Group in 2017 as Factory Manager in charge of monitoring and managing the whole production activities to ensure the products are meeting the specification, delivery target and company target. He was promoted to Regional Operation Director in June 2019 with responsibilities for commercial and operational excellence over South Asia countries (eg: India, Nepal, Sri Lanka, Bangladesh, and Middle East). Mr Paran has 25 years of manufacturing and safety experience and with last 15 years in middle and senior management roles mainly in Ophtalmic Industry, Electronic Management System and Aerosol Competent Safety and Health Officer. Mr Paran graduated from Universiti Kebangsaan Malaysia in Bachelor of Arts (Hons) and he also obtained Master of Business Administration (MBA) from Heriot Watt University, United Kingdom.

**MS LEE SIONG KIM**  
(General Manager Indonesia)

Ms Lee Siong Kim joined our group in 2011. Ms Lee has more than 10 years of experience in sales and marketing. She was a marketing manager at a company engaged in furniture business, where she was involved in the expansion and development of the business and development of Samurai 2K Aerosol Sdn. Bhd. as well as the overall business operations and sales performance. Currently, she oversee the business operations and sales performance of Indonesia market.



**MR DINGBO**  
(Chief Technology Officer)

Mr Dingbo joined our organization in year 2022 as Chief Technology Officer. He is responsible for key projects related to Information Technology such as development of Artificial Intelligence System, data transformation of the entire business operations (E-Management), enhancement of network security and other matters related to advancement of Information Technology of Samurai 2K Aerosol. Mr Dingbo has more than 22 years of experience in system development. In the past, he has collaborated with multinational organizations for computational and statistical related projects. He is currently a member of Institute of Electrical and Electronics Engineers ("IEEE"), Association for Computing Machinery ("ACM"), China Computer Federation Senior Professional ("CCF"), Natural Language Processing Group\Software Engineering Group\Computer Vision Group\Computer Algorithms Group. Mr Dingbo has dual Bachelor Degree in Computer Science & Technology and Mathematical Studies. He completed his Masters Degree in Mathematical and Statistics in year 2022.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr Lim Siang Kai**  
(Non-Executive Chairman & Lead Independent Director)

**Mr Ong Yoke En**  
(Founder, Executive Director & Chief Executive Officer)

**Ms Lim Lay Yong**  
(Executive Director & Chief Operating Officer)

**Dato' Loh Shin Siang**  
(Non-Executive Director)

**Dato' Chang Chor Choong**  
(Non-Executive Director)

**Mr Hau Hock Khun**  
(Independent Director)

**Mr Lim Chong Huat**  
(Independent Director)

## AUDIT AND RISK COMMITTEE

**Mr Lim Siang Kai** (Chairman)

**Mr Hau Hock Khun**

**Mr Lim Chong Huat**

## REMUNERATION COMMITTEE

**Mr Hau Hock Khun** (Chairman)

**Mr Lim Siang Kai**

**Mr Lim Chong Huat**

## NOMINATING COMMITTEE

**Mr Lim Chong Huat** (Chairman)

**Mr Hau Hock Khun**

**Mr Lim Siang Kai**

## COMPANY SECRETARIES

**Mr Tan Chee How** (FCIS)

## REGISTERED OFFICE

133, North Bridge Road,  
#08-03 Chinatown Point,  
Singapore 059413

## PRINCIPAL PLACE OF BUSINESS

### MALAYSIA

6 Jalan Dato' Yunus 1,  
Taman Perindustrian Dato Yunus Sulaiman,  
Lima Kedai,  
81120, Skudai, Johor, Malaysia.

### INDONESIA

Jl. Sunter Mas Utara, Blok H1 No 17W  
RT 021 RW 008, Sunter Jaya Sub-District, Tanjung Priok  
District, North Jakarta  
14350 Indonesia

### UNITED STATES OF AMERICA

627, Montrose Avenue  
South Plainfield  
New Jersey 07080  
United States of America

## CONTINUING SPONSOR

### UOB KAY HIAN PRIVATE LIMITED

8 Anthony Road  
#01-01  
Singapore 229957

## AUDITORS

### BAKER TILLY TFW LLP

600 North Bridge Road  
#05-01  
Parkview Square  
Singapore 188778  
Partner-in-charge: Mr Lee Chee Sum Gilbert  
(a member of the Institute of Singapore Chartered  
Accountants)  
(Date of appointment: since financial year ended 31  
March 2021)

## SHARE REGISTRAR

### BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD

1 Harbourfront Avenue  
Keppel Bay Tower  
#14-03/07, Singapore 098632

## PRINCIPAL BANKER

### OVERSEA-CHINESE BANKING CORPORATION LIMITED

65 Chulia Street OCBC Centre  
Singapore 049513



# CORPORATE ACTIVITIES

## CHRISTMAS & CHINESE NEW YEAR CELEBRATIONS; UNITING CREATIVITY AND FESTIVITY

Samurai 2K Aerosol organized a mini corporate Christmas celebration on 23rd December 2022 at our headquarters located in Johor Bahru. The venue was adorned with dazzling lights and elegantly decorated Christmas tree. The event was graced by our Chief Executive Officer, Mr Ian Ong who thanked all employees for their dedication and hardwork throughout the year. In the midst of festive atmosphere, a brief birthday celebration was held for employees whose birthdays fall in October, November and December.

Thereafter, a creative Christmas gift exchange game took place among the top management and employees, making the celebration extra memorable. The celebration ended with Christmas themed dinner being served for everyone. Samurai 2K Aerosol looks ahead to a new year fueled by the bonds formed during this joyous celebration.

On 17 February 2023, Samurai 2K Aerosol hosted a vibrant corporate event to celebrate Lunar New Year. The event was officiated by our Chief Executive Officer, Mr Ian Ong who emphasized on the importance of team work in every organization. Employees engaged in games and interactive activities as they indulge in various authentic Malaysian cuisine.

This remarkable event reflects the company's commitment to embracing culture, unity and inclusivity and most importantly, cultivating diversity within the Samurai 2K Aerosol community.



# CORPORATE SOCIAL RESPONSIBILITY

## CSR : BEACH CLEAN UP AT PERIGI ACEH BEACH, PASIR GUDANG

On 17th September 2022, staffs of Samurai 2K Aerosol Sdn. Bhd. along with employees from other governmental and private organizations such as SWCorp, Synergy Sdn Bhd took part in the beach clean up activity organized by Persatuan Skwad Alam Sekitar Bestari Malaysia, a local Environmental NGO. Perigi Aceh beach which is located at the Straits of Johor is not only well-known for fishing activities but for other attractions such as boating activities and authentic seafood.

Being a local attraction spot, the beach often ends up having loads of rubbish being littered. The clean up activity lasted for four hours and about 0.48 tonnes of rubbish were collected within a short span of time. Samurai 2K Aerosol hopes that such activity will not only spread awareness on environmental preservation to public but it would cultivate environmental sustainability among employees of Samurai 2K Aerosol.





# CORPORATE SOCIAL RESPONSIBILITY

## BLOOD DONATION CAMPAIGN

GELANG PATAH, JOHOR, 10th JANUARY 2023 - Samurai 2K Aerosol in collaboration with Sultanah Aminah Hospital, Johor Bahru organized a blood donation camp at their headquarters under the Corporate Social Responsibility (CSR) initiative. According to the CEO of Samurai 2K Aerosol, Mr Ian Ong, the company in the past, conducted many in-house CSR programmes such as school donations and beach clean-up activity with the aim not only to enhance employee engagement but at the same time, to give back to the local and global communities.

This time around, taking into consideration the worrying level of blood supply in the country, Samurai 2K Aerosol organized a blood donation camp for the very first time. Participants of the blood camp include both employees and suppliers of Samurai 2K Aerosol. Those who came forward first went for medical evaluation to ascertain whether they are fit to donate blood and within 5 hours, 28 pints of blood were collected. Mr Ian Ong added that it is uplifting to see the display of unity for a noble cause, not only by employees but also suppliers of Samurai 2K Aerosol, in line with one of the core values of the organization i.e. unity. Samurai 2K Aerosol intends to aid the national blood bank by frequently organizing such activity.





# CORPORATE GOVERNANCE REPORT

## DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND CATALIST RULES

The Board of Directors (the "Board") of Samurai 2K Aerosol Limited (the "Company" and together with its subsidiaries, the "Group") is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial year ended 31 March 2023 ("FY2023"), with specific reference made to the principles of the Code of Corporate Governance 2018 (the "Code").

The Board and Management have taken all necessary steps to align the governance framework with the recommendations of the Code, where applicable, and where deviations from the provisions of the Code, appropriate explanations are provided. This report should be read in totality, instead of being read separately under each principle of the Code.

Provision	Code Description	Company's Compliance or Explanation																								
<b>BOARD MATTERS</b>																										
	<b>The Board's Conduct of Affairs</b>																									
Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company																										
1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	<p>The Board is involved in the supervision of the management of the Group's operations. It reviews strategies, policies and financial performance and assesses key risks provided by Management as well as the adequacy of internal controls and risk management of the Group. Day-to-day management and implementation of business strategies are delegated to the Executive Directors. Each director is expected during the course of carrying out his duties, to act in good faith and to make decisions objectively at all times, as fiduciaries in the best interest of the Company.</p> <p>As at the date of this Annual Report, the Board comprises of seven (7) directors as follows:</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Designation</th> <th>Date appointed</th> </tr> </thead> <tbody> <tr> <td>Mr Lim Siang Kai</td> <td>Non-Executive Chairman and Lead Independent Director</td> <td>3 October 2016</td> </tr> <tr> <td>Mr Ong Yoke En</td> <td>Executive Director and Chief Executive Officer ("CEO")</td> <td>9 March 2016</td> </tr> <tr> <td>Ms Lim Lay Yong</td> <td>Executive Director and Chief Operating Officer ("COO")</td> <td>3 October 2016</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>Non-Executive Director</td> <td>16 December 2016</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>Non-Executive Director</td> <td>16 December 2016</td> </tr> <tr> <td>Mr Hau Hock Khun</td> <td>Independent Director</td> <td>16 December 2016</td> </tr> <tr> <td>Mr Lim Chong Huat</td> <td>Independent Director</td> <td>21 May 2019</td> </tr> </tbody> </table>	Name of Director	Designation	Date appointed	Mr Lim Siang Kai	Non-Executive Chairman and Lead Independent Director	3 October 2016	Mr Ong Yoke En	Executive Director and Chief Executive Officer ("CEO")	9 March 2016	Ms Lim Lay Yong	Executive Director and Chief Operating Officer ("COO")	3 October 2016	Dato' Loh Shin Siong	Non-Executive Director	16 December 2016	Dato' Chang Chor Choong	Non-Executive Director	16 December 2016	Mr Hau Hock Khun	Independent Director	16 December 2016	Mr Lim Chong Huat	Independent Director	21 May 2019
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# CORPORATE GOVERNANCE REPORT

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		<p>The Board's role is to:</p> <ul style="list-style-type: none"> <li>(a) provide entrepreneurial leadership, set strategic objectives and directs the strategic policies of the Group, while ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;</li> <li>(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;</li> <li>(c) review the management performance and financial performance of the Group;</li> <li>(d) identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;</li> <li>(e) set the Group's values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met; and</li> <li>(f) consider sustainability issues (e.g. environmental and social factors), as part of its strategic formulation and assume responsibility for corporate governance.</li> </ul> <p>All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Company. Where a director has a conflict of interest, or it appears that he/she might have a conflict of interest in relation to any matter, he/she must immediately disclose his/her interest at a meeting of the Directors or send a written notice to the Company containing details of his/her in the matter and the actual or potential conflict and recuse himself/herself from participating.</p>
1.2	<p>Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.</p>	<p>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.</p> <p>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's business as well as the expected duties of a director of a listed company and be provided with industry-relevant information. To obtain a better understanding of the Group's history and key milestones, business operations, strategic directions as well as relevant statutory and regulatory compliance issues, the Director will also be given the opportunity to visit the Group's operational, offices and facilities and together meet with the key management personnel. All newly appointed Directors will attend training class organised by Singapore Institute of Directors. There was no new Director appointed during the year under review.</p> <p>The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. New releases issued by the SGX-ST which are applicable to the Directors are circulated to the Board. The Directors are encouraged to attend seminars, conference and training courses that will assist them in executing their obligations and responsibilities as Directors to the Company.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
1.3	<p>The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.</p>	<p>While the Directors are generally responsible for their own individual training needs, continuous and on-going training programmes are made available to the Directors from time to time such as courses on directors' duties and responsibilities as well as seminars and talks on relevant subject fields.</p> <p>During FY2023, all Directors have attended the sustainability training course and the following training courses:</p> <ul style="list-style-type: none"> <li>i) Sustainability e-training</li> <li>ii) COURSEA – Project management</li> <li>iii) M&amp;A Course</li> <li>iv) Management system programme</li> <li>v) A PLUS BOSS training</li> <li>vi) Boss business management programme</li> <li>vii) Strategic marketing programme</li> </ul>
	<p>The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.</p>	<p>The matters which specifically require the Board's approval or guidance are those involving:</p> <ul style="list-style-type: none"> <li>• material acquisitions and disposals of assets;</li> <li>• major investments;</li> <li>• borrowings;</li> <li>• share issuances, dividends and other returns to shareholders;</li> <li>• corporate strategies and objectives;</li> <li>• Group's budget and business plans;</li> <li>• financial and management performances;</li> <li>• executive compensation;</li> <li>• internal controls and risk management;</li> <li>• financial results announcements; and</li> <li>• commitments to banking facilities granted by financial institutions.</li> </ul> <p>A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has also been adopted by the Board.</p>



# CORPORATE GOVERNANCE REPORT

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1.4	<p>Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.</p>	<p>As at the date of this report, the Board comprises seven (7) directors, three (3) of whom are Independent Directors. The Non-Executive Chairman, Mr Lim Siang Kai, is an Independent Director and not part of the management team, and as the Independent Directors make up at least one-third (1/3) of the Board, there is a strong and independent element on the Board and no individual or small group of individuals dominate the Board's decision-making process.</p> <p>The Board has delegated certain functions to the various Board committees, namely the Audit and Risk Committee ("ARC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (the "Board Committees"). Each of the Board Committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The duties, authorities and responsibilities of each Board Committee are set out in their respective terms of reference. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. As at the date of this Annual Report, the respective compositions of the Board Committees are as follows:</p> <table border="1" data-bbox="612 338 730 1496"> <thead> <tr> <th></th> <th>ARC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Lim Siang Kai</td> <td>Lim Chong Huat</td> <td>Hau Hock Khun</td> </tr> <tr> <td>Member</td> <td>Lim Chong Huat</td> <td>Lim Siang Kai</td> <td>Lim Chong Huat</td> </tr> <tr> <td>Member</td> <td>Hau Hock Khun</td> <td>Hau Hock Khun</td> <td>Lim Siang Kai</td> </tr> </tbody> </table>		ARC	NC	RC	Chairman	Lim Siang Kai	Lim Chong Huat	Hau Hock Khun	Member	Lim Chong Huat	Lim Siang Kai	Lim Chong Huat	Member	Hau Hock Khun	Hau Hock Khun	Lim Siang Kai
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1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	<p>The Board meets at least two (2) times in each financial year and as warranted by particular circumstances, as deemed appropriate by the Board members. Tele-conferencing and video conferencing at meetings is permitted under the Company's Constitution ("Constitution"). In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions.</p> <p>The number of Board and Board Committee meetings and the record of attendance of each Director during FY2023 are set out below:</p> <table border="1" data-bbox="448 344 805 1496"> <thead> <tr> <th></th> <th>Board</th> <th>ARC</th> <th>NC</th> <th>RC</th> <th>General Meeting</th> </tr> </thead> <tbody> <tr> <td><b>Number of meetings held</b></td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td><b>Name of director</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Siang Kai</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Ong Yoke En</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> <td>1</td> </tr> <tr> <td>Lim Lay Yong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> <td>1</td> </tr> <tr> <td>Hau Hock Khun</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Lim Chong Huat</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> <td>1</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> <td>-</td> </tr> </tbody> </table> <p>*By invitation</p>		Board	ARC	NC	RC	General Meeting	<b>Number of meetings held</b>	2	2	1	1	1	<b>Name of director</b>						Lim Siang Kai	2	2	1	1	1	Ong Yoke En	2	2*	1*	1*	1	Lim Lay Yong	2	2*	1*	1*	1	Hau Hock Khun	2	2	1	1	1	Lim Chong Huat	2	2	1	1	1	Dato' Loh Shin Siong	2	2*	1*	1*	1	Dato' Chang Chor Choong	2	2*	1*	1*	-
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1.6	<p>Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.</p>	<p>The following table set out the type and information provided by key management personnel to Independent Directors for FY2023:</p> <table border="1" data-bbox="268 340 472 1496"> <thead> <tr> <th data-bbox="268 591 292 712">Information</th> <th data-bbox="268 340 292 591">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="292 591 352 712">1 Board papers and half yearly financial position, including the explanation on the variances</td> <td data-bbox="292 340 352 591">Half yearly</td> </tr> <tr> <td data-bbox="352 591 376 712">2 Budget and forecast including the explanation on the variances</td> <td data-bbox="352 340 376 591">Half yearly</td> </tr> <tr> <td data-bbox="376 591 400 712">3 Report on on-going or planned corporate activity</td> <td data-bbox="376 340 400 591">Half yearly</td> </tr> <tr> <td data-bbox="400 591 424 712">4 Internal Auditors' ("IA") report</td> <td data-bbox="400 340 424 591">Yearly</td> </tr> <tr> <td data-bbox="424 591 472 712">5 Shareholding statistics</td> <td data-bbox="424 340 472 591">Yearly</td> </tr> </tbody> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>	Information	Frequency	1 Board papers and half yearly financial position, including the explanation on the variances	Half yearly	2 Budget and forecast including the explanation on the variances	Half yearly	3 Report on on-going or planned corporate activity	Half yearly	4 Internal Auditors' ("IA") report	Yearly	5 Shareholding statistics	Yearly
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1.7	<p>Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.</p>	<p>The Company Secretary and/or a representative of the Company Secretary attends all meetings of the Board and Board Committees of the Company and ensures that Board procedures are followed, and that applicable rules and regulations are complied with. The minutes of Board and Board Committees' meetings are circulated to the Board. The Company Secretary is also responsible for the proper maintenance of the records of Board and Committee meetings and records of discussions on key deliberations and decisions taken. The directors have separate and independent access to the Company Secretary. The appointment and the removal of the Company Secretary are subject to the Board's approval.</p> <p>All Directors have direct access to the Group's independent professional advisors, as and when necessary, to discharge his/her responsibilities effectively. In addition, the Directors, either individually or as a group, may seek separate independent professional advice, if necessary. The cost of all such professional advice is borne by the Company.</p>												

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<b>Board Composition and Guidance</b> Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.	
2.1	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.	<p>The NC had reviewed and is of the view that Mr Lim Siang Kai, Mr Lim Chong Huat and Mr Hau Hock Khun are independent. The Independent Directors had also confirmed their independence in accordance with the Code during the NC meeting held on 29 May 2023 and all the Independent Directors have provided their independence declaration.</p> <p>The Independent Directors do not have any relationship as stated in the Code that would otherwise deem any of them not to be independent.</p>
2.2	Independent directors make up a majority of the Board where the Chairman is not independent.	The Chairman of the Board is independent.
2.3	Non-executive directors make up a majority of the Board.	The majority of the Board members are non-executive directors.
2.4	The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid group think and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	<p>The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.</p> <p>The Board and NC take into account, <i>inter alia</i>, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate.</p> <p>The Board and NC are satisfied that the current Board's size and composition are appropriate for the Group. The Board and the NC are also of the view that the present Board has the appropriate mix of expertise, experience and competencies such as accounting or finance, legal, business or management experience and industry knowledge for the effective functioning of the Board.</p>



# CORPORATE GOVERNANCE REPORT

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		<p data-bbox="193 349 240 1514">The current Board composition provides a diversity of skills, experience and knowledge to the Group as follows:</p> <table border="1" data-bbox="272 383 504 1514"> <thead> <tr> <th data-bbox="277 383 325 1514">Core Competencies</th> <th data-bbox="277 763 325 987">Number of Directors</th> <th data-bbox="277 383 325 763">Proportion of Board</th> </tr> </thead> <tbody> <tr> <td data-bbox="330 383 354 1514">Accounting or finance</td> <td data-bbox="330 763 354 987">2</td> <td data-bbox="330 383 354 763">29%</td> </tr> <tr> <td data-bbox="359 383 383 1514">Business Management</td> <td data-bbox="359 763 383 987">7</td> <td data-bbox="359 383 383 763">100%</td> </tr> <tr> <td data-bbox="387 383 411 1514">Legal or corporate experience</td> <td data-bbox="387 763 411 987">3</td> <td data-bbox="387 383 411 763">43%</td> </tr> <tr> <td data-bbox="416 383 440 1514">Relevant industry knowledge or experience</td> <td data-bbox="416 763 440 987">2</td> <td data-bbox="416 383 440 763">29%</td> </tr> <tr> <td data-bbox="445 383 469 1514">Strategic planning experience</td> <td data-bbox="445 763 469 987">7</td> <td data-bbox="445 383 469 763">100%</td> </tr> <tr> <td data-bbox="474 383 497 1514">Customer based experience or knowledge</td> <td data-bbox="474 763 497 987">4</td> <td data-bbox="474 383 497 763">57%</td> </tr> </tbody> </table> <p data-bbox="536 551 560 1514">The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul data-bbox="592 371 751 1514" style="list-style-type: none"> <li data-bbox="592 371 663 1514">● The NC reviews the existing attributes and competencies of the Board at least once a year in order to determine the desired expertise or experience required to strengthen or supplement the Board; and</li> <li data-bbox="703 371 751 1514">● Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.</li> </ul> <p data-bbox="783 371 919 1514">At the recommendation of the NC, the board has adopted the board diversity policy. In terms of gender, age and ethnic diversity, the Company did not set any specific target nor timeline as it is of the view that this is largely dependent on the Company's business requirements and needs. Nonetheless, it is committed to promoting boardroom diversity, with the key objective of working towards strengthening the Board as a whole.</p> <p data-bbox="951 371 1110 1514">The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or re-appointment of incumbent directors. Taken into account the nature and scope of the Group's business and the number of board committees, the Board believes that the current size of the Board and the Board composition provide sufficient diversity without interfering with efficient decision making. The Board currently has one female representation on the Board and our core competencies are shown in the table above.</p>	Core Competencies	Number of Directors	Proportion of Board	Accounting or finance	2	29%	Business Management	7	100%	Legal or corporate experience	3	43%	Relevant industry knowledge or experience	2	29%	Strategic planning experience	7	100%	Customer based experience or knowledge	4	57%
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2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	<p>The Board, particularly the Independent Directors, which are Non-Executive Directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.</p> <p>This enables the Non-Executive Directors to constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives, and extend guidance to Management. The Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.</p> <p>The Independent Directors discuss and/or meet on a need-basis without the presence of the Management on matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors, and the chairman of such meetings provides feedback to the Board and / or chairmans as appropriate.</p> <p>The Independent Directors had met and discussed with the external and internal auditors one (1) time respectively in the absence of key management personnel in FY2023.</p>
<p><b>Chairman and Chief Executive Officer</b> Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.</p>		
3.1	The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	<p>There is a clear division of responsibilities between the Chairman and CEO, which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power. Mr Lim Siang Kai, the Non-Executive Chairman and Lead Independent Director, and Mr Ong Yoke En, the Executive Director and CEO, are not related to each other.</p>
3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	<p>The responsibilities of Mr Ong Yoke En, the Executive Director and CEO, encompass managing the day-to-day business activities of the Group, developing and executing the Group's strategies, reporting back to the Board on the performance of the Group, and providing guidance to the Group's employees. The CEO also encourages constructive communication between Management and the Board.</p>
3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	<p>Mr Lim Siang Kai, the Non-Executive Chairman and Lead Independent Director leads the Board discussion and also ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures that Directors are provided with complete, adequate and timely information. He chairs the Board meetings and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues, and promotes a culture of openness and discussion at the Board. He also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance. He encourages constructive relations within the Board and between the Board and the Management, and also ensures effective communications between the Company and its shareholders. He is the contact person for shareholders in situations where there are concerns or issues which communication through normal channels with the CEO and/or Financial Controller ("FC") has no resolved or where such communication is inappropriate. He will also take the lead in ensuring compliance with the Code.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>Board Membership</b>	Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.	
4.1	<p>The Board establishes a NC to make recommendations to the Board on relevant matters relating to:</p> <ul style="list-style-type: none"> <li>(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;</li> <li>(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;</li> <li>(c) the review of training and professional development programmes for the Board and its directors; and</li> <li>(d) the appointment and re-appointment of directors (including alternate directors, if any).</li> </ul>	<p>The NC comprises the Independent Directors, Mr Lim Siang Kai, Mr Hau Hock Khun and Mr Lim Chong Huat. The Chairman of the NC is Mr Lim Chong Huat.</p> <p>The NC holds at least one (1) meeting in each financial year. The terms of reference and the key roles of the NC include, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>(a) reviewing and approving any new employment of related persons and proposed terms of their employment;</li> <li>(b) recommending to the Board on Board appointments, including the re-nomination of the existing Directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance;</li> <li>(c) determining annually, and as and when circumstances require, whether or not a Director of the Company is independent;</li> <li>(d) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple Boards and discharging his duties towards other principal commitments;</li> <li>(e) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a director;</li> <li>(f) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value;</li> <li>(g) reviewing and approving the employment of persons related to the Directors, Executive Officers or Substantial Shareholders and the proposed terms of their employment;</li> <li>(h) reviewing the succession plans for the Executive Directors and Executive Officers; and</li> <li>(i) reviewing the training and professional development programmes for the Board.</li> </ul> <p>The NC will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value. The Board will also implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Director to the effectiveness of the Board.</p>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.2	The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.	<p>Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director of the Company. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.</p> <p>Please refer to provision 1.4 for the composition of the NC. All NC members are independent and the Lead Independent Director is a member of the NC.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																		
4.3	<p>The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.</p>	<p>The following table sets out the process for the selection and appointment of new directors:</p> <table border="1" data-bbox="237 349 687 1498"> <tr> <td data-bbox="237 349 376 1498">1</td> <td data-bbox="237 528 376 1498">Determination of selection criteria</td> <td data-bbox="237 528 376 1498">The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td> </tr> <tr> <td data-bbox="376 349 491 1498">2</td> <td data-bbox="376 528 491 1498">Search for suitable candidates</td> <td data-bbox="376 528 491 1498">The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders and may engage external search consultants where necessary.</td> </tr> <tr> <td data-bbox="491 349 604 1498">3</td> <td data-bbox="491 528 604 1498">Assessment of shortlisted candidates</td> <td data-bbox="491 528 604 1498">The NC would meet and interview the shortlisted candidates to assess their suitability.</td> </tr> <tr> <td data-bbox="604 349 687 1498">4</td> <td data-bbox="604 528 687 1498">Appointment of director</td> <td data-bbox="604 528 687 1498">The NC would recommend the selected candidate to the Board for consideration and approval.</td> </tr> </table> <p>The Board is also advised by the Sponsor on the appointment of directors as required under Catalyst Rule 226(2)(d). The following table sets out the process for the re-electing directors:</p> <table border="1" data-bbox="804 333 1083 1498"> <tr> <td data-bbox="804 333 970 1498">1.</td> <td data-bbox="804 528 970 1498">Assessment of director</td> <td data-bbox="804 528 970 1498">                     a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and                      b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.                 </td> </tr> <tr> <td data-bbox="970 333 1083 1498">2.</td> <td data-bbox="970 528 1083 1498">Re-appointment of director</td> <td data-bbox="970 528 1083 1498">Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td> </tr> </table> <p>Our Directors have no fixed term of office.</p> <p>Pursuant to the Constitution, one third (1/3) (or the number nearest to one third) of the Directors shall retire from office by rotation and be eligible for re-election at the Company's Annual General Meeting ("AGM"), at least once every three (3) years.</p> <p>The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.</p>	1	Determination of selection criteria	The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.	2	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders and may engage external search consultants where necessary.	3	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.	4	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.	1.	Assessment of director	a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.	2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.
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# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
		<p>The Company may by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.</p> <p>Pursuant to Regulation 104 of the Constitution, Mr Lim Siang Kai, Mr Ong Yoke En and Ms Lim Lay Yong will be retiring at the forthcoming AGM and are to be nominated for re-election.</p>
4.4	<p>The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.</p>	<p>Please refer to Provision 2.1 on the independence of the Independent Directors.</p>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
4.5	<p>The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitment of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.</p>	<p>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's business as well as the expected duties of a director of a listed company and be provided with industry-relevant information. To obtain a better understanding of the Group's history and key milestones, business operations, strategic directions as well as relevant statutory and regulatory compliance issues, the Director will also be given the opportunity to visit the Group's operational, offices and facilities and together meet with the key management personnel. All newly appointed Directors will attend training class organised by Singapore Institute of Directors. There was no new Director appointed during the year under review.</p> <p>The key information of the Directors, including their appointment dates and directorships held in the past three (3) years, are set out on page 9 to 10 and 16 of this annual report.</p> <p>The shareholdings of the individual directors of the Company are set out on page 53.</p> <p>Directors who are seeking re-appointment at the forthcoming AGM to be held on 28 July 2023 are stated in the Notice of AGM set out on pages 115 to 121 of this Annual Report.</p> <p>The Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director. The NC will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company. The NC would monitor and determine annually, on a case-by-case basis, whether the Directors have given sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC is of the view that it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. All Directors have declared their board memberships as and when practicable.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<p><b>Board Performance</b> Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.</p>		<p>5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.</p> <p>The NC established a process for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information and process. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.</p> <p>Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria.</p> <p>The Board and the NC believe that the financial indicators are mainly used to measure the Management's performance and hence are less applicable to the Non-Executive Directors.</p> <p>The NC had conducted the Board's performance evaluation as a whole subsequent to FY2023 together with the performance evaluation of the ARC, RC and NC. The performance criteria for the Board and Board Committees' evaluation, as determined by the NC, cover the following areas:</p> <ul style="list-style-type: none"> <li>a) Composition and Size</li> <li>b) Conduct of Meeting</li> <li>c) Effectiveness and Training</li> <li>d) Board committees</li> <li>e) Communication with Shareholders</li> <li>f) Provision of information to the Board</li> <li>g) Standards of Conduct</li> <li>h) Financial performance</li> <li>i) Board compensation</li> </ul> <p>The performance criteria for the individual director cover the following areas:</p> <ul style="list-style-type: none"> <li>a) Attendance in meetings</li> <li>b) Adequacy of preparation for meetings</li> <li>c) Participation in discussions</li> <li>d) Contribution in own specialist relevant area</li> <li>e) Area of expertise</li> </ul>

# CORPORATE GOVERNANCE REPORT

<b>Provision</b>	<b>Code Description</b>	<b>Company's Compliance or Explanation</b>
5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	<p>For FY2023, the NC had conducted the assessment via a questionnaire which is completed by each Director for the evaluation of the Board and Board Committees. The Company Secretary compiles Directors' responses into a consolidated summary report which was circulated to the Board via email. Each Director also completed a self-assessment form to assess each Director's contributions to the Board's effectiveness. The criteria for assessment include performance of principal functions and fiduciary duties, level of participation at meetings and individual attendance record.</p> <p>The NC has assessed the current Board's performance to-date and is of the view that the Board has met its performance objectives.</p> <p>For FY2023, no external facilitator has been engaged to perform the Board assessment process.</p>
<b>REMUNERATION MATTERS</b>		
<b>Procedures for Developing Remuneration Policies</b>		
Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.		
<b>Provision</b>	<b>Code Description</b>	<b>Company's Compliance or Explanation</b>
6.1	<p>The Board establishes a Remuneration Committee to review and make recommendations to the Board on:</p> <p>(a) a framework of remuneration for the Board and key management personnel; and</p> <p>(b) the specific remuneration packages for each director as well as for the key management personnel.</p>	<p>The RC comprises the Independent Directors, Mr Lim Siang Kai, Mr Hau Hock Khun and Mr Lim Chong Huat. The Chairman of the RC is Mr Hau Hock Khun.</p> <p>The terms of reference of RC include, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> <li>- reviewing and recommending to the Board, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director, the CEO and key executive of the Company; and</li> <li>- carrying out its duties in the manner that it deems expedient, subject always to any restrictions that may be imposed upon the RC by the Board from time to time.</li> </ul>
6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	Please refer to provision 1.4 for the composition of the RC. All RC members are independent.



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	<p>The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Director and key executives. The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including, but not limited to, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are reviewed by the RC. The Directors are not involved in deciding their own remuneration. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package.</p> <p>There were no termination or retirement benefits, as well as post-employment benefits granted to the Directors.</p>
6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	No remuneration consultants were engaged by the Company during FY2023.

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<p><b>Level and Mix of Remuneration</b> Principle 7. The level and structure of remuneration of the company, taking into account the strategic objectives of the company and value creation of the company.</p>		
7.1	<p>A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.</p>	<p>In reviewing and determining the remuneration packages of the Executive Directors and the Group's key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages, as so ensure that the level of remuneration is appropriate to attract, retain and motivate the Executive Directors' and key management personnel to run the Company successfully.</p> <p>The RC administers the Company's Performance Share Plan (the "PSP") and the Employee Share Option Scheme ("ESOS"), which were adopted since 16 December 2016. Further details about the PSP and ESOS are set out on pages 55 to 56 of this annual report.</p>
7.2	<p>The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.</p>	<p>The Non-Executive Directors (including the Independent Directors) do not have service agreements with the Company and accordingly do not receive any salary. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Non-Executive Directors are subject to approval by shareholders at each AGM.</p> <p>There are no contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.</p> <p>Further, Executive Directors owe fiduciary duty to the Company. The Company shall be able to avail itself to remedies against the Executive Directors in the event of the breach of fiduciary duties. Notwithstanding, the foregoing, the RC does not rule out the implementation of such contractual provision in future and will review and monitor the situation regularly.</p>
7.3	<p>Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.</p>	<p>The Company's remuneration policy is critical to attract, retain and motivate employees so as to align with the Group's long-term business strategy, objectives, values and interest as well create value for the shareholders.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																																						
8.1	<p><b>Disclosure on Remuneration</b> Principle 8: The company is transparent on its relationships between remuneration, performance and value creation.</p> <p>The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</p> <p>(a) each individual director and the CEO; and</p> <p>(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.</p>	<p>remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the procedure for setting remuneration, and the value creation.</p> <p>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2023. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</p> <p>The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on the following qualitative and quantitative components:</p> <ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. Teamwork</li> <li>3. People development</li> <li>4. Responsibilities and commitment</li> <li>5. Profitability performance of the Group, i.e., PBT of at least RM7.5 million</li> </ol> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment the Group operates in. As such, the remuneration of the Directors and key management personnel is disclosed in bands of S\$250,000.</p> <p>The breakdown for the remuneration (in percentage terms) of the Directors for FY2023 is as follows:</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Base Salary</th> <th>Bonus</th> <th>Allowance And Incentive</th> <th>Director Fees</th> <th>Company's Contribution on Employees' Provident Fund</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Below S\$250,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Siang Kai</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Hau Hock Khun</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Lim Chong Huat</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td><b>S\$250,000 – S\$500,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Lay Yong</td> <td>88%</td> <td>7%</td> <td>5%</td> <td>-</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Ong Yoke En</td> <td>83%</td> <td>7%</td> <td>9%</td> <td>-</td> <td>1%</td> <td>100%</td> </tr> </tbody> </table>	Name of Director	Base Salary	Bonus	Allowance And Incentive	Director Fees	Company's Contribution on Employees' Provident Fund	Total	<b>Below S\$250,000</b>							Lim Siang Kai	-	-	-	100%	-	100%	Hau Hock Khun	-	-	-	100%	-	100%	Lim Chong Huat	-	-	-	100%	-	100%	Dato' Loh Shin Siong	-	-	-	100%	-	100%	Dato' Chang Chor Choong	-	-	-	100%	-	100%	<b>S\$250,000 – S\$500,000</b>							Lim Lay Yong	88%	7%	5%	-	-	100%	Ong Yoke En	83%	7%	9%	-	1%	100%
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# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																																																												
		<p><b>Company's Compliance or Explanation</b></p> <p>The Directors' fees, as a lump sum, will be subject to the approval by shareholders at the forthcoming AGM.</p> <p>There were no termination or retirement benefits, as well as post-employment benefits granted to the Directors.</p> <p>During FY2023, the Group had eight (8) top key management personnel (who are not also Directors of the Company).</p> <p>The breakdown for the remuneration of the Company's key management personnel (in percentage terms) during FY2023 is as follows:</p> <table border="1" data-bbox="518 369 1034 1496"> <thead> <tr> <th>Name of Key Executive</th> <th>Base Salary</th> <th>Bonus</th> <th>Allowance and Incentive</th> <th>Company's Contribution on Employees' Provident Fund</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Below S\$250,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Voon Kian Woon</td> <td>83%</td> <td>14%</td> <td>3%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Leo Aun Foo <sup>(1)</sup></td> <td>77%</td> <td>13%</td> <td>-</td> <td>10%</td> <td>100%</td> </tr> <tr> <td>Hanifah Binti Abdul Hamid</td> <td>79%</td> <td>11%</td> <td>-</td> <td>10%</td> <td>100%</td> </tr> <tr> <td>Puah Thye Lay</td> <td>37%</td> <td>48%</td> <td>5%</td> <td>10%</td> <td>100%</td> </tr> <tr> <td>Lee Siong Kim</td> <td>66%</td> <td>22%</td> <td>2%</td> <td>10%</td> <td>100%</td> </tr> <tr> <td>Parantaman E. Krishnan Naidu</td> <td>75%</td> <td>15%</td> <td>-</td> <td>10%</td> <td>100%</td> </tr> <tr> <td>Cho Yaw Koon <sup>(1)</sup></td> <td>75%</td> <td>15%</td> <td>-</td> <td>10%</td> <td>100%</td> </tr> <tr> <td>Ding Bo</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> </tr> </tbody> </table> <p><sup>(1)</sup> During FY2023, two (2) key management personnel had resigned to pursue their own personal interests and undertakings.</p> <p>The total remuneration paid to the top eight (8) key management personnel for FY2023 was S\$681,218.</p>	Name of Key Executive	Base Salary	Bonus	Allowance and Incentive	Company's Contribution on Employees' Provident Fund	Total	<b>Below S\$250,000</b>						Voon Kian Woon	83%	14%	3%	-	100%	Leo Aun Foo <sup>(1)</sup>	77%	13%	-	10%	100%	Hanifah Binti Abdul Hamid	79%	11%	-	10%	100%	Puah Thye Lay	37%	48%	5%	10%	100%	Lee Siong Kim	66%	22%	2%	10%	100%	Parantaman E. Krishnan Naidu	75%	15%	-	10%	100%	Cho Yaw Koon <sup>(1)</sup>	75%	15%	-	10%	100%	Ding Bo	100%	-	-	-	100%
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# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation																		
8.2	<p>The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</p>	<p>Mr Ong How En, the brother of Mr Ong Yoke En, the Executive Director and CEO of the Company, is currently employed as a technical manager in the Group. The remuneration paid to him for services rendered to the Group was below S\$50,000.</p> <table border="1" data-bbox="288 344 544 1514"> <thead> <tr> <th data-bbox="288 1294 480 1514">Name</th> <th data-bbox="288 1099 480 1294">Base Salary</th> <th data-bbox="288 927 480 1099">Bonus</th> <th data-bbox="288 754 480 927">Allowance and Incentive</th> <th data-bbox="288 582 480 754">Company's Contribution on Employees' Provident Fund</th> <th data-bbox="288 344 480 582">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="480 1294 512 1514"><b>Below S\$50,000</b></td> <td data-bbox="480 1099 512 1294"></td> <td data-bbox="480 927 512 1099"></td> <td data-bbox="480 754 512 927"></td> <td data-bbox="480 582 512 754"></td> <td data-bbox="480 344 512 582"></td> </tr> <tr> <td data-bbox="512 1294 544 1514">Ong How En</td> <td data-bbox="512 1099 544 1294">64%</td> <td data-bbox="512 927 544 1099">13%</td> <td data-bbox="512 754 544 927">17%</td> <td data-bbox="512 582 544 754">6%</td> <td data-bbox="512 344 544 582">100%</td> </tr> </tbody> </table> <p>Apart from Mr Ong How En, there are no other employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company.</p>	Name	Base Salary	Bonus	Allowance and Incentive	Company's Contribution on Employees' Provident Fund	Total	<b>Below S\$50,000</b>						Ong How En	64%	13%	17%	6%	100%
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8.3	<p>The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.</p>	<p>The Company adopted the ESOS and PSP on 16 December 2016. The ESOS and PSP will provide eligible participants with an opportunity to participate in the equity of the Company so as to motivate them, to higher standards of performance through increased dedication and loyalty, and to give recognition to those who have contributed significantly to the growth and performance of the Group.</p> <p>Further details of the ESOS and PSP are set out in pages 55 to 56 of this Annual Report.</p>																		

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.		<p>The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks based on the feedback of the internal auditors and external auditors. The Board also oversees the Management in implementing the risk management and internal controls system.</p> <p>The Board is also responsible for governance of risk management and determining the Company's levels of risk tolerance and risk policies. The Board consults with the external auditors and internal auditors to determine the risk tolerance level and corresponding risk policies.</p> <p>The ARC evaluates the findings of the external and internal auditors on the Group's internal controls annually.</p> <p>Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost-effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.</p> <p>The Board has not established a specific Board Risk Committee, but for the purposes of risk management and internal controls, is assisted by the ARC and relies on internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors in carrying out its responsibility of overseeing the Company's risk management and policies.</p>
9.1	<p>The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.</p>	



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
9.2	<p>The Board requires and discloses in the company's annual report that it has received assurance from:</p> <p>(a) the CEO and the FC that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and</p> <p>(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.</p>	<p>The Board with the concurrence of the ARC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2023.</p> <p>The basis for the Board's view are as follows:</p> <ul style="list-style-type: none"> <li>• Assurance has been received from the CEO, FC and internal auditors;</li> <li>• Key management personnel regularly evaluates, monitors and reports to the ARC on material risks; and</li> <li>• Discussions were held between the ARC and auditors in the absence of the key management personnel to review and address any potential concerns.</li> </ul> <p>An external audit was performed by the independent auditors and control gaps in financial controls were highlighted to the ARC and key management personnel were properly addressed.</p> <p>The Board has obtained assurance from the CEO and FC in respect of FY2023 that:</p> <p>(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and</p> <p>(b) the Group's risk management and internal control systems are adequate and effective.</p> <p>The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Group's operations and finances.</p> <p>The Board has additionally relied on yearly review done by internal auditors' reports to ensure that the Group's risk management and internal control systems are effective and adequate.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<p><b>Audit Committee</b></p> <p>Principle 10: The Board has an Audit Committee which discharges its duties objectively.</p>	<p>The duties of the AC include:</p> <p>(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;</p> <p>(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;</p> <p>(c) reviewing the assurance from the CEO and the FC on the financial records and financial statements;</p> <p>(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;</p> <p>(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and</p>	<p>The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders. The ARC meets periodically to perform the following functions, amongst others:</p> <p>(a) assist the Board in the discharge of its responsibilities on financial reporting matters;</p> <p>(b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors; review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalyst Rules and any other statutory/regulatory requirements;</p> <p>(c) review the effectiveness and adequacy of the internal controls, including financial, operational, compliance and informational technology controls, and risk management systems and ensure coordination between the internal and external auditors, and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);</p> <p>(d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;</p> <p>(e) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;</p> <p>(f) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;</p> <p>(g) review significant financial reporting issues and judgements with the FC and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;</p> <p>(h) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the FC and the internal and external auditors, including financial, operational, compliance and information technology controls, and risk management systems via reviews carried out by IA;</p> <p>(i) monitor and review the implementation of recommendations from external and internal auditors, if any, to address any control weakness;</p> <p>(j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalyst Rules (if any);</p> <p>(k) review any potential conflicts of interests;</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<p>(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.</p>	<p>(l) review and approve all hedging policies and instruments (if any) to be implemented by the Group;</p> <p>(m) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;</p> <p>(n) review and establish procedures for receipt, retention and treatment of complaints received by our Group pertaining to, amongst others, criminal offences, involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group; and</p> <p>(o) generally to undertake such other functions and duties as may be required by statute or the Catalyst Rules, and by such amendments made thereto from time to time.</p> <p>ARC oversees the risk management functions through its Risk Management Working Group ("RMWG") in order to manage the overall risk exposure of the Group. RMWG comprised of the Executive Directors and Management team. FC who has experience in risk management is appointed to provide executive oversight and co-ordination of the Group's risk management efforts. RMWG shall assist the ARC with the matters contemplated below and shall report and make recommendations to the ARC thereon:</p> <ul style="list-style-type: none"> <li>i) conduct a risk assessment review on the Group's operation at least once in a year and shall table the risk assessment review report to ARC for review and approval in every financial year end meeting;</li> <li>ii) oversees the effectiveness of the risk management system and practices;</li> <li>iii) spearheads risk management initiatives;</li> <li>iv) reviews and monitors Group risk profile and action plans; and</li> <li>v) undertake periodic environmental review to determine if there is any possible impact on the risk profile of the Company.</li> </ul> <p>The Group has established a whistle-blowing policy, headed by the ARC's chairperson and comprising of ARC members, which provides the channel for employees of the Group or any other persons to raise and report genuine concerns about possible improprieties to the Committee members directly, in matter of financial reporting, misconduct, wrongdoing, or other malpractices relating to the Group and its officers, in good faith and in confidence. The Company is committed to ensure that any whistle-blower is protected against detrimental or unfair treatment. The whistle-blower must identify himself/herself when submitting a complaint or disclosure, where he/she will be protected from any reprisal within or from the Group as a direct consequence of the disclosure. The ARC is responsible for the oversight and monitoring of the whistle-blowing policy and ensuring that it is properly administered.</p> <p>Details of the whistle-blowing policy are given to all staff of the Group and new recruits during orientation. The staff may, in confidence, submitting a complaint or disclosure in writing to the any of ARC members via the following <a href="mailto:whistleblow@samurairpaint.jp">whistleblow@samurairpaint.jp</a>.</p> <p>There were no whistle-blowing reports received in FY2023.</p>



# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
10.2	The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	Please refer to provision 1.4 for the composition of the ARC. The ARC has at least two (2) members, including the ARC Chairman, who have the relevant accounting and related financial management expertise and experience to discharge their responsibilities. They are Mr Lim Siang Kai and Mr Lim Chong Huat. All the ARC members are independent.
10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	None of the ARC members is a former partner or director of the Company's existing auditing firm or auditing corporation (i) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and (ii) holds any financial interest in the auditing firm or auditing corporation.
10.4	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.	<p>The Company's internal audit function is outsourced to CLA Global TS Risk Advisory Pte. Ltd., a company of CLA Global TS Holdings Pte. Ltd. (formerly known as Nexia TS Risk Advisory Pte. Ltd.), that reports directly to the ARC Chairman and administratively to the CEO and FC. The internal auditors have full access to all the Company's documents, records, properties and personnel including access to the ARC. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.</p> <p>The ARC is satisfied that the IA is adequately qualified and resourced, and has the appropriate standing in the Company to discharge its duties effectively and guided by International Professional Practices Framework promulgated by The Institute of Internal Auditors.</p> <p>The ARC decides on the appointment, termination and remuneration of the outsourced internal audit function.</p> <p>The ARC has met with the external auditors and internal auditors in the absence of key management personnel in FY2023.</p>
10.5	The AC meets with the external auditors, in each case without the presence of management at least annually.	The ARC has met with the external auditors and internal auditors in the absence of key management personnel in FY2023.

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
<b>STAKEHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>Shareholders' Rights</b>		
Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.		
11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	<p>The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable shareholders to make informed decisions in respect of their investments in the Company.</p> <p>The Constitution allows all shareholders to appoint proxies to attend general meeting and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.</p>
11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.	<p>Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars posted onto the SGXNET.</p> <p>The notice of AGM, together with the annual report, is published to all shareholders at least fourteen (14) days before the scheduled AGM date. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.</p> <p>All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, are explained by the scrutineers at such general meetings.</p> <p>Every matter requiring shareholders' approval is proposed as a separate resolution. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.</p>
11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	<p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>Please refer to Provision 1.5 for the director's attendance for general meetings in FY2023.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
11.4	The Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	<p>The Constitution allows an individual Shareholder to appoint not more than two (2) proxies to attend and vote on his or her behalf at the general meetings.</p> <p>A member who is a relevant intermediaries may appoint more than two (2) proxies to attend and speak at the general meeting but each proxy must be appointed to exercise the rights attached to different shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.</p> <p>As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.</p> <p>The Company Constitution allow an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings.</p>
11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	<p>All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>All minutes of general meetings for FY2023 are made available to shareholders via SGXNET.</p>
11.6	The company has a dividend policy and communicates it to shareholders.	<p>The Company currently does not have a fixed dividend policy.</p> <p>In considering the form, frequency and amount of future dividends in respect of any particular financial year or period, the Directors will take into account the following factors:</p> <ul style="list-style-type: none"> <li>(a) the financial position, results of operations and cash flow of the Group;</li> <li>(b) the ability of the subsidiaries to make dividend payment to the Company;</li> <li>(c) the expected working capital requirements and general financing condition of the Group;</li> <li>(d) the actual and projected financial performance of the Group; and</li> <li>(e) any other factors deemed relevant by the Directors.</li> </ul> <p>In FY2023, the Board did not declared any dividends given the Group recorded a loss in the current financial year.</p>

# CORPORATE GOVERNANCE REPORT

Provision	Code Description	Company's Compliance or Explanation
	<b>Engagement with Shareholders</b> Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	
12.1	The company provides avenues for communication between the Board and all shareholders and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	The Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalyst Rules and the Companies Act. For the financial year under review, the Board was of the view that the current communication channels are sufficient and cost effective.
12.2	The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	The Company does not have an Investor Relations Policy. The Company's investor relations function is led by Financial Controller ("FC") who has the strategic management responsibility to integrate finance, accounting, corporate communication to enable effective communication between the Company and all shareholders, stakeholders, analysts and media.
12.3	The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	The Group had published the investor relation's email address through our corporate website as well as social media platforms. Shareholders may contact us at <a href="mailto:ir@samuraipaint.jp">ir@samuraipaint.jp</a> should they have any enquiries. The investor personnel will respond on the enquiries accordingly.



# CORPORATE GOVERNANCE REPORT

<b>MANAGING STAKEHOLDER RELATIONSHIPS</b>		
<b>Engagement with Stakeholders</b>		
Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.		
<b>Provision</b>	<b>Code Description</b>	
<b>Company's Compliance or Explanation</b>		
13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the Catalyst Rules and the Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group. The Company also values the feedback arising from our stakeholder engagements as it has helped strengthen the relevance of our reporting and approach to managing the Group's material issues. We believe that maintaining a close relationship with our stakeholders is crucial as they support us in addressing sustainability challenges. Therefore, to ensure that we can continuously improve, we always engage with and consult our diverse groups of stakeholders to understand their expectations. Please refer to the Sustainability Report which will be issued by July 2023 for further details on the Company's approach on stakeholder engagement.
13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Information will first be disseminated through SGXNET and where relevant, followed by news release and the Company's website. The Company will also make announcements from time to time to update investors and shareholders on developments that are of interest to them. The Company strives to supply shareholders with reliable and timely information so as to strengthen the relationship with its shareholders based on trust and accessibility. Please refer to the Sustainability Report which will be issued by July 2023 for further details on the Company's approach on stakeholder engagement.
13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website <a href="http://samurai2kaerosol.com">http://samurai2kaerosol.com</a> .

# CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES											
Catalist Rule	Rule Description										
711A and 711B	<p><b>Company's Compliance or Explanation</b></p> <p>The Company will issue its Sustainability Report for FY2023 by July 2023 and will upload it on the SGXNET.</p> <p>The Sustainability Report for FY2023 will be prepared with reference to the Global Reporting Initiative Standards and Task Force on Climate Related Financial Disclosures as well as Practice Note 7F of the Sustainability Reporting Guide under the Catalist Rules.</p> <p>The Board of Directors will review and approve the Sustainability report work plan and provide final oversight for the Sustainability report activities.</p>										
712, 715 or 716	<p>The Company confirms its compliance to the Catalist Rules 712 and 715 in the appointment of its auditors.</p>										
1204(6)	<p>The table below sets out the audit and non-audit fees paid for FY2023:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>S\$</th> </tr> </thead> <tbody> <tr> <td>Audit fees</td> <td>59,500</td> </tr> <tr> <td>Non-audit fee</td> <td></td> </tr> <tr> <td>- Tax compliance</td> <td>3,200</td> </tr> <tr> <td>- GST</td> <td>9,000</td> </tr> </tbody> </table> <p>In compliance with Rule 1204(6)(b) of the Catalist Rules, the ARC undertook the annual review of the independence and objectivity of the external auditors by reviewing the non-audit services provided and the fees paid to them. It is the opinion of the ARC, the nature and extent of non-audit services provided by the external auditors do not affect the independence and objectivity of the external auditors.</p>		S\$	Audit fees	59,500	Non-audit fee		- Tax compliance	3,200	- GST	9,000
	S\$										
Audit fees	59,500										
Non-audit fee											
- Tax compliance	3,200										
- GST	9,000										
1204(8)	<p>Material Contracts</p> <p>There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.</p>										

# CORPORATE GOVERNANCE REPORT

1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the ARC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks based on the following:</p> <ul style="list-style-type: none"> <li>• internal controls and the risk management system established by the Company;</li> <li>• work performed by the IA and EA;</li> <li>• assurance from the CEO and FC; and</li> <li>• reviews done by the various Board Committees and key management personnel.</li> </ul>
1204(10C)	ARC's comment on Internal Audit Function	<p>The ARC is satisfied that the Company's internal audit function is:</p> <ul style="list-style-type: none"> <li>• sufficiently independent to carry out its role;</li> <li>• conducted effectively as Management has provided full co-operation to enable Internal Auditors to perform its function;</li> <li>• adequately resourced to perform the work for the Group; and</li> <li>• has the appropriate standing within the Company.</li> </ul> <p>The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The Company has appointed CLA Global TS Risk Advisory Pte. Ltd. as the internal auditor to review the internal control processes of the Group. CLA Global TS Risk Advisory is a company of CLA Global TS Holdings Pte. Ltd, which is recognised as an established mid-tier accounting firm for more than twenty-five (25) years. CLA Global TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. The current engagement team assigned comprises of three (3) members and is led by Ms Pamela Chen who has more than fourteen (14) years performing audits for listed companies. The primary reporting line of the internal auditors is to the ARC. The ARC also decides on the appointment, termination and remuneration of the internal auditors.</p>
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the ARC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>The Group does not have a general mandate for IPTs. There were no disclosable interested person transactions during FY2023.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</p>
1204(21)	Non-sponsor fees	<p>No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited for FY2023.</p>

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Lim Siang Kai, Mr Ong Yoke En and Ms Lim Lay Yong are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 28 July 2023 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to rule 720(5) of the SGX-ST Catalist Rules, the information as set out in Appendix 7F relating to the above Retiring Directors to put forward for re-election at the forthcoming Annual General Meeting is disclosed below.

	MR LIM SIANG KAI	MR ONG YOKE EN	MS LIM LAY YONG
Date of Appointment	3 October 2016	9 March 2016	3 October 2016
Date of last re-appointment	23 September 2020	23 September 2020	23 September 2020
Age	67	54	53
Country of principal residence	Singapore	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, board diversity consideration and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of Nominating Committee (“NC”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lim Siang Kai for re-appointment as Independent Director of the Company. The Board has reviewed and concluded Mr Lim Siang Kai possess the experience, expertise, knowledge, and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Ong Yoke En for re-appointment as Executive Director and Chief Executive Officer of the Company. The Board has reviewed and concluded that Mr Ong Yoke En possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Ms Lim Lay Yong for re-appointment as Executive Director and Chief Operating Officer of the Company. The Board has reviewed and concluded that Ms Lim Lay Yong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. He builds and leads the senior executive team and sets the strategic direction of the Group and also involved in the research of development of new innovations and technology	Executive. She oversees daily operations, designing and implementing business strategies of the Group.
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Non-executive Chairman and Lead Independent Director	Executive Director and Chief Executive Officer	Executive Director and Chief Operating Officer
Professional qualifications	-Bachelor of Art degree and Bachelor of Social Science (Hons) degree from National University of Singapore.	Bachelor of Arts from University Kebangsaan Malaysia	-Bachelor of Science (Biochemistry) from Simon Fraser University (Canada), -Diploma in Health



# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	-Master of Arts in Economics from University of Canterbury, New Zealand		Science (Herbal Medicine) from University of New England (Australia)
Working experience and occupation(s) during the past 10 years	-5/2006-2/2017 Natural Cool Holdings Limited (Independent Director) - 5/2007-12/2021- Beijing Gas Blue Sky Power Holdings Limited (Independent Director) -12/2007- 3/2021 - Joyas International Holdings Limited (Independent Director) - 6/2019- 12/2021 D'nonce Technologies Bhd (Non-Executive Non-Independent Director) - 11/2005-Present - ISDN Holdings Limited (Independent Director)	2/2017-present Samurai 2k Aerosol Sdn Bhd (Executive Director)	6/2014-present Samurai 2K Aerosol Sdn Bhd (Executive Director)
Shareholding interest in the listed issuer and its subsidiaries	No	139,152,000 ordinary shares	45,000,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. Mr Lim Siang Kai has been the director of the Company since 2016. Other than the disclosed directorship with the Company, there are no other relationships.	Yes, Mr Ong Yoke En has been the director of the Company since 2016. Mr Ong Yoke En is also the spouse of Ms Lim Lay Yong.	Yes, Ms Lim Lay Yong has been the director of the Company since 2016. Ms Lim Lay Yong is also the spouse of Mr Ong Yoke En.
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	- Beijing Gas Blue Sky Power Holdings Limited - Joyas International Holdings Limited - D'nonce Technologies Bhd	Nil	Nil
Present	- ISDN Holdings Limited	Nil	Nil
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>			

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date he ceased to be a partner?	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c) Whether there is any unsatisfied judgement against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud of dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or	No	No	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?			
f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body,	No	No	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

permanently or temporarily enjoining him from engaging in any type of business practice or activity?			
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p>	No	No	No



# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
<b>Disclosure applicable to the appointment of Director only.</b>			
Any prior experience as a director of an issuer listed on the Exchange?  If Yes, Please provide details of prior experience	Not applicable	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable	Not applicable	Not applicable

# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Samurai 2K Aerosol Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2023.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 62 to 112 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are:

Ong Yoke En  
Lim Lay Yong  
Lim Siang Kai  
Dato' Chang Chor Choong  
Hau Hock Khun  
Dato' Loh Shin Siong  
Lim Chong Huat

## Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than as disclosed under "Share options and awards" in this statement.

## Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

	<b>Number of ordinary shares</b>	
	<b>Shareholdings registered in</b>	
	<b>the name of directors</b>	
	<b>At</b>	<b>At</b>
	<b>1.4.2022</b>	<b>31.3.2023</b>
<b>The Company</b>		
Ong Yoke En	139,152,000	139,152,000
Lim Lay Yong	45,000,000	45,000,000
Dato' Chang Chor Choong	12,750,000	12,750,000
Dato' Loh Shin Siong	12,750,000	12,750,000

# DIRECTORS' STATEMENT

## Directors' interest in shares or debentures (cont'd)

The director, Ong Yoke En, by virtue of Section 7 of the Act is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations and in the shares held by the Company in the following subsidiary not wholly owned by the Group:

	Number of ordinary shares	
	At 1.4.2022	At 31.3.2023
PT Samurai Paint	2,010	2,010

The directors' interest in the ordinary shares of the Company as at 21 April 2023 were the same as those as at 31 March 2023.

## Share options and awards

The Samurai 2K Aerosol Limited's Performance Share Plan (the "Plan") and Employee Share Option Scheme (the "Scheme") were approved and adopted by the members at the shareholders' meeting held on 16 December 2016 and will continue to remain in force until 15 December 2026, unless terminated in accordance with the rules of the Plan and Scheme. The Plan and Scheme provide for the grant of shares and share options to employees and directors of the Group.

The Plan and Scheme are administered by the Remuneration Committee of the Company, comprising of Mr Hau Hock Khun (Chairman), Mr Lim Siang Kai, and Mr Lim Chong Huat. A member of the Remuneration Committee who is also a participant of the Plan and Scheme must not be involved in its deliberation in respect of awards and options granted or to be granted to him.

The aggregate number of shares and share options which may be issued or transferred pursuant to awards granted under the Plan and Scheme on any date, when aggregated with the aggregate number of shares over which awards or options are granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day preceding that date.

On 31 May 2021, 1,618,929 share awards were granted to employees of the Group pursuant to the Plan. All the share awards granted under the Plan have vested on the date of grant.

On 31 May 2021, 1,190,000 share options were granted to employees of the Group pursuant to the Scheme.

Movement in the number of options granted by the Company under the Scheme for the Group's employees are as follows:

	No. of options under the Scheme				End of financial year
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Vested during financial year	
<b>2023</b>					
3 June 2019	345,000	—	(36,000)	—	309,000
31 May 2021	2,505,000	—	(660,000)	—	1,845,000

There were no options exercised during the financial year.

# DIRECTORS' STATEMENT

## Share options and awards (cont'd)

The details of the outstanding number of options at the end of the financial year was:

Exercise price	Grant date	Exercise period	2023
			Number of options
SGD0.305	3 June 2019	3 June 2022 to 2 June 2029	309,000
SGD0.347	31 May 2021	31 May 2024 to 30 May 2031	1,845,000

No participant has received 5% or more of the total number of shares under option available under the Scheme.

There were no options granted to directors, controlling shareholders and their associates except as disclosed below:

### No. of unissued ordinary shares of the Company under option

	Granted during financial year ended <u>31.3.2023</u>	Aggregate granted since commencement of Scheme to <u>31.3.2023</u>	Aggregate exercised since commencement of Scheme to <u>31.3.2023</u>	Aggregate outstanding as at <u>31.3.2023</u>
Ong How En <sup>(1)</sup>	–	60,000	–	60,000

<sup>(1)</sup> Brother of Mr Ong Yoke En, director and controlling shareholder, and the brother-in-law of Ms Lim Lay Yong, director. He is employed as the technical manager of Samurai 2K Aerosol Sdn. Bhd. (formerly known as Orientus Industry Sdn. Bhd.).

## Audit and Risk Committee

The members of the Audit and Risk Committee during the financial year and at the date of this statement are:

Lim Siang Kai (Chairman)  
Hau Hock Khun  
Lim Chong Huat

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Corporate Governance Report.

The Audit and Risk Committee also:

- reviewed the independence and objectivity of the independent auditor;
- reviewed the audit plan and scope of work carried out by the independent auditor and also met with the independent auditor to discuss the results of their audit and their evaluation of the system of internal accounting controls;
- reviewed the overall scope and timing of the work to be carried out by the internal auditor and also met with internal auditor to discuss the results of their internal audit procedures;
- reviewed the financial statements of the Group and the Company for the financial year ended 31 March 2023 and the independent auditor's report thereon; and
- reviewed interested person transactions.

The Audit and Risk Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.



# DIRECTORS' STATEMENT

## Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ong Yoke En  
Director

13 July 2023

Lim Lay Yong  
Director

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED

## Report on the Audit of the Financial Statements

### **Opinion**

We have audited the accompanying financial statements of Samurai 2K Aerosol Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 62 to 112, which comprise the statements of financial position of the Group and the Company as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ["SFRS(I)"] so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matter**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED

## Report on the Audit of the Financial Statements (cont'd)

### Key Audit Matter (cont'd)

#### Allowance for expected credit losses of trade receivables

As at 31 March 2023, the Group's trade receivables of RM15,261,000 (2022: RM18,448,000) represents approximately 12% (2022: 13%) of the Group's total assets.

The Group determines the expected credit losses ("ECL") of trade receivables by applying the simplified approach to recognise a loss allowance based on lifetime ECLs at the end of the reporting period. The Group determined the lifetime ECL of trade receivables by performing an ECL assessment for each debtor by considering the effects of the macroeconomic uncertainties, historical loss rate, recent payments, ongoing business relationship, creditworthiness of each debtor and their ability to repay.

As the ECL assessment of trade receivables involves significant estimates and assumptions by the Group, we have identified the allowance for ECL of trade receivables as a key audit matter.

The significant estimates and assumptions applied in the ECL assessment and details of ECL measurement are disclosed in Note 3 and Note 26(b) to the financial statements.

#### *Procedures performed by component auditor and us to address the key audit matter*

We obtained an understanding of the Group's credit policy and credit assessment procedures, including client's control to follow up on payments from customers and to monitor the credit limits, and evaluated the Group's ECL assessment for trade receivables. In testing the significant assumptions and reasonableness of the Group's ECL assessment, we tested the aging of trade receivables at the end of the reporting period on a sample basis, verified historical loss rates of major trade debtors to historical payment trends, recent payments, information relating to the Group's ongoing business relationships and performed subsequent receipt test for major trade debtors up to audit report date.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2023, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED

### Report on the Audit of the Financial Statements (cont'd)

#### *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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.

As part of an audit in accordance with SSAs, 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, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED

### *Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related safeguards.

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 current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chee Sum Gilbert.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

13 July 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 RM'000	2022 RM'000
<b>Revenue</b>	4	<b>70,268</b>	113,038
Cost of sales		<b>(49,299)</b>	(64,802)
<b>Gross profit</b>		<b>20,969</b>	48,236
Other income	5	<b>1,133</b>	1,170
Administrative expenses		<b>(17,542)</b>	(20,307)
Marketing and distribution expenses		<b>(13,607)</b>	(8,538)
Finance costs	6	<b>(1,232)</b>	(926)
<b>(Loss)/profit before tax</b>	7	<b>(10,279)</b>	19,635
Tax expense	9	<b>(1,166)</b>	(6,512)
<b>(Loss)/profit for the financial year</b>		<b>(11,445)</b>	13,123
<b>Other comprehensive loss for the financial year, net of tax:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		<b>(195)</b>	(50)
<b>Total comprehensive (loss)/income for the financial year</b>		<b>(11,640)</b>	13,073
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company		<b>(11,445)</b>	13,124
Non-controlling interest		<b>–</b>	(1)
		<b>(11,445)</b>	13,123
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company		<b>(11,639)</b>	13,079
Non-controlling interest		<b>(1)</b>	(6)
		<b>(11,640)</b>	13,073
<b>(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (RM sen per share)</b>			
Basic and diluted	10	<b>(3.42)</b>	3.93

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	11	47,820	27,821	–	–
Intangible assets	12	2,364	816	–	–
Investment in subsidiaries	13	–	–	18,363	15,658
Deferred tax assets	14	78	688	–	–
Trade and other receivables	16	4,764	3,637	–	–
<b>Total non-current assets</b>		<b>55,026</b>	<b>32,962</b>	<b>18,363</b>	<b>15,658</b>
<b>Current assets</b>					
Inventories	15	16,831	17,646	–	–
Trade and other receivables	16	17,960	22,654	33,785	47,190
Tax receivable		4,035	302	–	–
Cash and bank balances	17	34,488	73,111	1,703	4,704
<b>Total current assets</b>		<b>73,314</b>	<b>113,713</b>	<b>35,488</b>	<b>51,894</b>
<b>Total assets</b>		<b>128,340</b>	<b>146,675</b>	<b>53,851</b>	<b>67,552</b>
<b>Non-current liabilities</b>					
Borrowings	18	20,175	3,949	–	–
Deferred tax liabilities	14	1,786	1,953	–	–
Other payables	19	94	94	–	–
<b>Total non-current liabilities</b>		<b>22,055</b>	<b>5,996</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Trade and other payables	19	17,648	28,208	4,518	533
Borrowings	18	12,754	17,786	–	–
Tax payable		737	1,623	182	182
<b>Total current liabilities</b>		<b>31,139</b>	<b>47,617</b>	<b>4,700</b>	<b>715</b>
<b>Total liabilities</b>		<b>53,194</b>	<b>53,613</b>	<b>4,700</b>	<b>715</b>
<b>Net assets</b>		<b>75,146</b>	<b>93,062</b>	<b>49,151</b>	<b>66,837</b>

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

<b>Equity</b>					
Share capital	20	<b>57,165</b>	57,165	<b>57,165</b>	57,165
Treasury shares	20	<b>(64)</b>	(64)	<b>(64)</b>	(64)
Share option reserve	22	<b>651</b>	448	<b>651</b>	448
Retained earnings/(accumulated losses)		<b>27,461</b>	45,385	<b>(8,601)</b>	9,288
Currency translation reserve		<b>(489)</b>	(295)	<b>-</b>	-
Merger reserve	23	<b>(9,368)</b>	(9,368)	<b>-</b>	-
Equity attributable to equity holders of the Company		<b>75,356</b>	93,271	<b>49,151</b>	66,837
Non-controlling interest		<b>(210)</b>	(209)	<b>-</b>	-
<b>Total equity</b>		<b>75,146</b>	93,062	<b>49,151</b>	66,837

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Group	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000	Currency translation reserve RM'000	Merger reserve RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance at 1 April 2022	57,165	(64)	448	45,385	(295)	(9,368)	93,271	(209)	93,062
Dividend paid (Note 21)	–	–	–	(6,479)	–	–	(6,479)	–	(6,479)
Loss for the financial year <i>Other comprehensive loss for the financial year</i>	–	–	–	(11,445)	–	–	(11,445)	–	(11,445)
Currency translation differences arising from consolidation	–	–	–	–	(194)	–	(194)	(1)	(195)
Total comprehensive loss for the financial year	–	–	–	(11,445)	(194)	–	(11,639)	(1)	(11,640)
Employee share option scheme (Note 22)	–	–	203	–	–	–	203	–	203
<b>Balance at 31 March 2023</b>	<b>57,165</b>	<b>(64)</b>	<b>651</b>	<b>27,461</b>	<b>(489)</b>	<b>(9,368)</b>	<b>75,356</b>	<b>(210)</b>	<b>75,146</b>

Group	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000	Currency translation reserve RM'000	Merger reserve RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance at 1 April 2021	52,653	–	119	45,436	(250)	(9,368)	88,590	(203)	88,387
Profit/(loss) for the financial year <i>Other comprehensive loss for the financial year</i>	–	–	–	13,124	–	–	13,124	(1)	13,123
Currency translation differences arising from consolidation	–	–	–	–	(45)	–	(45)	(5)	(50)
Total comprehensive income/(loss) for the financial year	–	–	–	13,124	(45)	–	13,079	(6)	13,073
Issue of shares (Note 20)	4,512	–	–	–	–	–	4,512	–	4,512
Employee share option scheme (Note 22)	–	–	329	–	–	–	329	–	329
Dividend paid (Note 21)	–	–	–	(13,175)	–	–	(13,175)	–	(13,175)
Share buy-back	–	(64)	–	–	–	–	(64)	–	(64)
<b>Balance at 31 March 2022</b>	<b>57,165</b>	<b>(64)</b>	<b>448</b>	<b>45,385</b>	<b>(295)</b>	<b>(9,368)</b>	<b>93,271</b>	<b>(209)</b>	<b>93,062</b>

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
<b>Company</b>					
Balance at 1 April 2022	57,165	(64)	448	9,288	66,837
Dividend paid (Note 21)	–	–	–	(6,479)	(6,479)
Loss for the financial year	–	–	–	(11,410)	(11,410)
Employee share option scheme (Note 22)	–	–	203	–	203
<b>Balance at 31 March 2023</b>	<b>57,165</b>	<b>(64)</b>	<b>651</b>	<b>(8,601)</b>	<b>49,151</b>
Balance at 1 April 2021	52,653	–	119	10,883	63,655
Profit for the financial year	–	–	–	11,580	11,580
Issue of shares (Note 20)	4,512	–	–	–	4,512
Employee share option scheme (Note 22)	–	–	329	–	329
Dividend paid (Note 21)	–	–	–	(13,175)	(13,175)
Share buy-back	–	(64)	–	–	(64)
Balance at 31 March 2022	57,165	(64)	448	9,288	66,837

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/profit before tax	(10,279)	19,635
Adjustments for:		
Depreciation of property, plant and equipment	5,241	3,154
Amortisation of intangible assets	301	80
Loss on disposal of property, plant and equipment	–	3
Performance share plan expense	–	4,512
Employee share option expense	203	329
Interest expenses	1,232	926
Interest income	(683)	(747)
Unrealised foreign exchange gain	(287)	(285)
Operating cash flows before working capital changes	(4,272)	27,607
Changes in operating assets and liabilities		
Inventories	815	(3,729)
Receivables	4,612	(5,972)
Payables	(10,560)	4,395
Currency translation adjustments	(229)	(63)
Cash (used in)/generated from operations	(9,634)	22,238
Income tax paid	(5,311)	(6,133)
Interest received	63	80
<b>Net cash (used in)/generated from operating activities</b>	<b>(14,882)</b>	<b>16,185</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(1,849)	(125)
Proceeds from disposal of property, plant and equipment	–	34
Purchase of property, plant and equipment [Note 11(ii)]	(23,131)	(3,992)
Interest received	620	667
Deposits paid for purchase of property, plant and equipment	–	(180)
Prepayment of property, plant and equipment	–	(3,027)
Prepayment of intangible assets	(758)	–
<b>Net cash used in investing activities</b>	<b>(25,118)</b>	<b>(6,623)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(6,479)	(13,175)
Deposits pledged	(55)	(45)
Drawdown of banker's acceptance	–	1,822
Repayment of banker's acceptance	(359)	–
Drawdown of bank borrowings	16,400	–
Repayment of bank borrowings	(6,002)	(16)
Repayment of lease liabilities	(878)	(611)
Interest paid	(1,232)	(856)
Share buy-back	–	(64)
Prepayment of hire purchase agreement	(67)	–
<b>Net cash generated from/(used in) financing activities</b>	<b>1,328</b>	<b>(12,945)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(38,672)</b>	<b>(3,383)</b>
Cash and cash equivalents at beginning of the financial year	71,942	75,306
Effects of exchange rate changes on cash and cash equivalents	(6)	19
<b>Cash and cash equivalents at end of the financial year (Note 17)</b>	<b>33,264</b>	<b>71,942</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1 Corporate information

Samurai 2K Aerosol Limited (the "Company") (Co. Reg. No. 201606168C) is incorporated as a private limited company and domiciled in Singapore on 9 March 2016. It was converted into a public company limited by shares on 16 December 2016 and is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is at 133 North Bridge Road, #08-03 Chinatown Point, Singapore 059413. The principal place of business of the Company is located at No. 6, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman, Lima Kedai, 81120 Skudai, Johor, Malaysia.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 13.

### 2 Summary of significant accounting policies

#### a) Basis of preparation

The financial statements are presented in Malaysia Ringgit and are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ["SFRS(I)"]. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of 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 revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

#### *Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### a) Basis of preparation (cont'd)

##### *New and revised standards that are adopted*

In the current financial year, the Group and the Company have adopted all new and revised SFRS(I) and SFRS(I) Interpretations ["SFRS(I) INT"] that are effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

##### *New and revised standards not yet effective*

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 31 March 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

#### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. Under this method, the Company has been treated as the holding company of the subsidiaries as if the combination had occurred from the date the subsidiaries first came under the control of the same shareholders. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

Pursuant to this:

- Assets and liabilities are reflected at their existing carrying amounts;
- No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;
- No additional goodwill is recognised as a result of the combination;
- Upon the completion of the group restructuring exercise, any difference between the consideration paid by the Company and the equity "acquired" is reflected within the equity of the Group as merger reserve.

All other business combinations are accounted for using acquisition method. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### b) Basis of consolidation (cont'd)

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

#### c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

#### d) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses, if any.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the component will flow to the Group and its cost can be reliably measured. The carrying amount of the replaced component is derecognised.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

No depreciation is provided on freehold land.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### d) Property, plant and equipment (cont'd)

Depreciation of right-of-use assets is calculated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Depreciation for other items of property, plant and equipment is calculated on a straight-line basis to allocate the depreciable amounts over the estimated useful lives of the asset. The useful lives for property, plant and equipment are as follows:

	<b>Years</b>
Freehold properties	50
Leasehold properties	1 - 6
Furniture, fittings and equipment	4 - 12
Motor vehicles	8 - 10
Plant and machinery	8
Renovation	10

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Property, plant and equipment in the course of construction for production are carried at cost, less any recognised impairment loss until construction is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

#### e) Intangible assets

##### *Acquired computer software licences*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Acquired computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful life of 5 years.

##### *Patents and trademarks*

Patents and trademarks are capitalised on the basis of the cost incurred to successfully register patents and trademarks in various countries. Amortisation is calculated using the straight-line method to allocate the cost of patents and trademarks over 10 to 20 years, based on the shorter of their estimated useful lives and periods of contractual rights.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### f) Impairment of non-financial assets

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

#### g) Financial assets

##### *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

##### *Classification and measurement*

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost.

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when, and only when, its business model for managing those assets changes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### g) Financial assets (cont'd)

##### *Subsequent measurement*

##### Debt instruments

Debt instruments include cash and bank balances, trade and other receivables (excluding advance payment to suppliers, prepayments, goods and services tax receivables and tax recoverable). The Group's debt instruments are measured at amortised cost.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

##### *Impairment*

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group determined the lifetime ECL of trade receivables by performing an ECL assessment for each debtor by considering the historical loss rate, recent payments, ongoing business relationship, creditworthiness of each debtor and their ability to repay.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

##### *Offset*

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### h) Cash and cash equivalents in the consolidated statement of cash flows

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged deposits.

#### i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

#### j) Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

#### k) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

#### l) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### m) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### n) Revenue recognition

##### *Sale of aerosol spray paint*

The Group manufactures and sell aerosol spray paints. Sales is recognised when the goods have been delivered and control of the goods has been transferred to its customer. Revenue from these sales is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved. No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

##### *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

##### *Rental income*

Rental income from operating lease (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

#### o) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### ***When a Group entity is the lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### *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 rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### o) Leases (cont'd)

##### ***When a Group entity is the lessee (cont'd)***

##### *Lease liabilities (cont'd)*

The lease liabilities are presented within "borrowings" in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(f).

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient.

##### ***When a Group entity is the lessor***

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Group has no finance lease when it acts as a lessor.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss on the same basis as the lease income.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### p) Employee benefits

##### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore and the Employees' Provident Fund in Malaysia, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

##### *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

##### *Share-based compensation*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options on the date of the grant. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. Non-market vesting conditions are included in the estimation of the number of shares that are expected to vest on the vesting date. At each reporting date, the Group revises its estimates of the number of shares that are expected to vest on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the share options are exercised, the related balance previously recognised in the share option reserve and the proceeds received (net of transaction costs) are credited to the share capital account when new ordinary shares are issued. If the share options are not exercised by the expiry date, the balance in the share option reserve is transferred to retained earnings.

#### q) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

#### r) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### r) Income taxes (cont'd)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

#### s) Functional and foreign currencies

##### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Malaysia Ringgit ("RM"), which is the Company's functional currency.

##### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

##### *Translation of Group entities' financial statements*

The financial performance and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve within the equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 2 Summary of significant accounting policies (cont'd)

#### t) Dividend

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

#### u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

### 3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

#### ***Critical judgements in applying the Group's accounting policies***

##### *Functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

In view of the financial reliance of the Company on the operations of its major subsidiary in Malaysia, the management determined that RM is the functional currency of the Company.

#### ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Allowance for expected credit losses of trade receivables*

Management determines the expected credit losses ("ECL") of trade receivables by applying the simplified approach to recognise a loss allowance based on lifetime ECLs at the end of the reporting period. The Group determined the lifetime ECL of trade receivables by performing an ECL assessment for each debtor by considering the effects of the macroeconomic uncertainties, the historical loss rate, recent payments, ongoing business relationship, creditworthiness of each debtor and their ability to repay.

As the ECL assessment of trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying amount of trade receivables are disclosed in Note 26(b) and Note 16 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

#### *Key sources of estimation uncertainty (cont'd)*

##### *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. If any such indication exists, the Group estimates the recoverable amount of that asset or the cash-generating unit ("CGU") to which the asset belongs. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The carrying amount of the Group's property, plant and equipment and intangible assets at the end of the reporting period are disclosed in Note 11 and 12 respectively.

##### *Write down of inventories*

Where necessary, inventories are written down to net realisable value for estimated losses where the cost of inventories may not be recoverable. The Group estimates the write down based upon an analysis of the physical conditions of the products, product demand, anticipated selling prices and usability of the raw materials and packaging materials. Adjustments to the carrying amount of inventories may be made in future periods in the event that their carrying amounts may not be recoverable resulting from future loss events.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 15.

##### *Impairment of investment in subsidiaries*

The Company assesses at the end of each reporting period whether there are any indicators of impairment for investment in subsidiaries. Investment in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

During the financial year ended 31 March 2023, management carried out a review of the recoverable amount of one of the Company's investment in Samurai 2K USA Inc due to indications of impairment loss where the subsidiary has been persistently making losses since incorporation. The recoverable amount of the investment in subsidiary was determined based on fair value less cost to sell method. The fair value was determined as the adjusted value of assets upon disposal and realisation of liabilities. This fair value measurement is categorised as Level 3 of the fair value hierarchy. An impairment loss of RM648,000 was recognised to write down the carrying value of the investment to its recoverable amount of RMNil. Based on management's assessment, no further impairment on the Company's investments in the other subsidiaries are necessary at the end of the reporting period.

The carrying amount of investment in subsidiaries is disclosed in Note 13.

### 4 Revenue

	Group	
	2023 RM'000	2022 RM'000
<b>Timing of revenue recognition</b>		
Sale of goods - At a point in time	70,268	113,038

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 5 Other income

	Group	
	2023 RM'000	2022 RM'000
Foreign exchange gain, net	263	243
Interest income	683	747
Rental income	180	180
Other income	7	–
	<b>1,133</b>	<b>1,170</b>

### 6 Finance costs

	Group	
	2023 RM'000	2022 RM'000
Interest expenses:		
- Lease liabilities	89	51
- Term loans	541	280
- Banker's acceptance	602	525
Others	–	70
	<b>1,232</b>	<b>926</b>

### 7 (Loss)/profit before tax

	Group	
	2023 RM'000	2022 RM'000
This is arrived at after charging:		
Audit fees paid/payable to:		
- Auditor of the Company	168	171
- Other auditors*	102	81
Fees for non-audit services paid/payable to:		
- Auditor of the Company	14	40
- Other auditors	101	30
Depreciation of property, plant and equipment (Note 11)	5,241	3,154
Amortisation of intangible assets (Note 12)	301	80
Loss on disposal of property, plant and equipment	–	3
Marketing and promotional expenses	12,212	7,591
Rental expenses (Note 18)	154	137
Personnel expenses (Note 8)	15,088	18,967

\* Includes independent member firms of the Baker Tilly International network.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 8 Personnel expenses

	Group	
	2023 RM'000	2022 RM'000
<i>Key management personnel</i>		
- Salaries, bonus and other benefits	4,624	6,926
- Defined contribution plan	235	869
- Employee share option scheme	102	138
- Performance share plan	-	4,428
	4,961	12,361
<i>Other personnel</i>		
- Salaries, bonus and other benefits	9,185	5,797
- Defined contribution plan	841	534
- Employee share option scheme	101	191
- Performance share plan	-	84
	10,127	6,606
	15,088	18,967

### 9 Tax expense

	Group	
	2023 RM'000	2022 RM'000
Income tax:		
- Current year	-	6,111
- Under/(over) provision in respect of previous years	692	(117)
	692	5,994
Deferred tax (Note 14):		
- Current year	(56)	(143)
- Over provision of deferred tax in respect of previous years	530	661
	474	518
	1,166	6,512

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 9 Tax expense (cont'd)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic income tax rates applicable to (loss)/profit in the countries where the Group operates due to the following factors:

	Group	
	2023 RM'000	2022 RM'000
(Loss)/profit before tax	(10,279)	19,635
Tax at the domestic income tax rates applicable to (loss)/profit in the countries where the Group operates	(2,173)	5,025
Expenses not deductible for tax purposes	1,270	1,062
Non-taxable income	(3)	(1)
Under/(over) provision of income tax in respect of previous years	692	(117)
Over provision of deferred tax in respect of previous years	530	661
Deferred tax asset not recognised	926	–
Singapore statutory stepped income exemption	(45)	(4)
Others	(31)	(114)
	<b>1,166</b>	<b>6,512</b>

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The income tax rate applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2022: 17%) and 17% to 26% (2022: 17% to 25%) respectively for the financial year ended 31 March 2023.

### 10 (Loss)/earnings per share

The calculation of the basic (loss)/earnings and diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2023	2022
(Loss)/profit for the financial year attributable to equity holders of the Company (RM'000)	(11,445)	13,124
Weighted average number of ordinary shares ('000)	334,620	333,821
Weighted average number of ordinary shares adjusted for effect of treasury shares held ('000)	334,565	333,780
Basic and diluted (loss)/earnings per share (RM sen per share)	<b>(3.42)</b>	<b>3.93</b>

As disclosed in Note 20, every one ordinary share in the share capital of the Company were sub-divided into three ordinary shares during the financial year ended 31 March 2022. As such, the earnings per share calculation for the financial year ended 31 March 2022 had been adjusted for the increase in number of ordinary shares resulting from the share split.

As at 31 March 2023 and 31 March 2022, the Group's potential ordinary shares comprise employee share options. The computation of diluted (loss)/earnings per share does not adjust for the effects of the potential ordinary shares from employee share options as these did not have a dilutive effect on the (loss)/earnings per share calculation since the exercise price of the options exceeds the average market price of ordinary shares during the financial year.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 11 Property, plant and equipment

	Freehold land RM'000	Freehold properties RM'000	Leasehold properties RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Work- in-progress RM'000	Total RM'000
<b>Group</b>									
<b>2023</b>									
<b>Cost</b>									
At 1 April 2022	5,171	5,045	1,737	2,632	2,014	14,733	8,138	1,860	41,330
Additions	–	19,328	481	342	662	2,737	724	–	24,274
Modification of lease liabilities	–	–	951	–	–	–	–	–	951
Currency translation differences	–	–	30	5	–	3	–	–	38
At 31 March 2023	<b>5,171</b>	<b>24,373</b>	<b>3,199</b>	<b>2,979</b>	<b>2,676</b>	<b>17,473</b>	<b>8,862</b>	<b>1,860</b>	<b>66,593</b>
<b>Accumulated depreciation</b>									
At 1 April 2022	–	612	1,021	749	935	7,735	2,457	–	13,509
Depreciation charge	–	262	1,486	505	262	1,857	869	–	5,241
Currency translation differences	–	–	20	2	–	1	–	–	23
At 31 March 2023	<b>–</b>	<b>874</b>	<b>2,527</b>	<b>1,256</b>	<b>1,197</b>	<b>9,593</b>	<b>3,326</b>	<b>–</b>	<b>18,773</b>
<b>Net carrying value</b>									
At 31 March 2023	<b>5,171</b>	<b>23,499</b>	<b>672</b>	<b>1,723</b>	<b>1,479</b>	<b>7,880</b>	<b>5,536</b>	<b>1,860</b>	<b>47,820</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 11 Property, plant and equipment (cont'd)

	Freehold land RM'000	Freehold properties RM'000	Leasehold properties RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Work- in-progress RM'000	Total RM'000
<b>Group</b>									
<b>2022</b>									
<b>Cost</b>									
At 1 April 2021	5,171	5,045	1,686	1,631	2,064	13,293	6,585	1,860	37,335
Additions	–	–	129	999	–	1,440	1,553	–	4,121
Modification of lease liabilities	–	–	(76)	–	–	–	–	–	(76)
Disposals	–	–	–	–	(50)	–	–	–	(50)
Currency translation differences	–	–	(2)	2	–	–	–	–	–
At 31 March 2022	5,171	5,045	1,737	2,632	2,014	14,733	8,138	1,860	41,330
<b>Accumulated depreciation</b>									
At 1 April 2021	–	511	778	380	744	6,225	1,794	–	10,432
Depreciation charge	–	101	306	370	204	1,510	663	–	3,154
Modification of lease liabilities	–	–	(67)	–	–	–	–	–	(67)
Disposals	–	–	–	–	(13)	–	–	–	(13)
Currency translation differences	–	–	4	(1)	–	–	–	–	3
At 31 March 2022	–	612	1,021	749	935	7,735	2,457	–	13,509
<b>Net carrying value</b>									
At 31 March 2022	5,171	4,433	716	1,883	1,079	6,998	5,681	1,860	27,821

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 11 Property, plant and equipment (cont'd)

- i) Included in property, plant and equipment are right-of-use assets of RM1,964,000 (2022: RM1,503,000) (Note 18).
- ii) Net cash outflow for purchase of property, plant and equipment.

	Group	
	2023 RM'000	2022 RM'000
Aggregate cost of property, plant and equipment acquired	24,274	4,121
Less: additions to right-of-use assets (Note 18)	(1,143)	(129)
Net cash outflow for purchase of property, plant and equipment	<b>23,131</b>	3,992

- iii) Assets pledged as security

The Group's freehold land and properties with a carrying amount of RM28,670,000 (2022: RM9,604,000) are pledged to secure the Group's borrowings (Note 18).

### 12 Intangible assets

	Group	
	2023 RM'000	2022 RM'000
Acquired computer software license [Note (a)]	2,014	442
Patents and trademarks [Note (b)]	350	374
	<b>2,364</b>	816

- a) Acquired computer software licenses

	Group	
	2023 RM'000	2022 RM'000
<b>Cost</b>		
At 1 April	1,108	985
Additions	1,844	123
At 31 March	<b>2,952</b>	1,108
<b>Amortisation</b>		
At 1 April	666	616
Amortisation charge	272	50
At 31 March	<b>938</b>	666
<b>Net carrying amount</b>		
At 31 March	<b>2,014</b>	442

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 12 Intangible assets (cont'd)

#### b) Patent and trademarks

	Group	
	2023 RM'000	2022 RM'000
<b>Cost</b>		
At 1 April	425	423
Additions	5	2
At 31 March	430	425
<b>Amortisation</b>		
At 1 April	51	21
Amortisation charge	29	30
At 31 March	80	51
<b>Net carrying amount</b>		
At 31 March	350	374

### 13 Investment in subsidiaries

	Company	
	2023 RM'000	2022 RM'000
<b>Unquoted shares, at cost</b>		
Balance at beginning of financial year	16,403	11,290
Addition due to incorporation of subsidiary	3,150	272
Addition due to share options issued to employees of its subsidiaries (Note 22)	203	329
Addition due to share awards granted to employees of its subsidiaries (Note 22)	–	4,512
	19,756	16,403
Less: Allowance for impairment loss	(1,393)	(745)
Balance at end of financial year	18,363	15,658
<b>Allowance for impairment loss</b>		
Balance at beginning of financial year	745	745
Impairment charge	648	–
Balance at end of financial year	1,393	745

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 13 Investment in subsidiaries (cont'd)

i) Details of the subsidiaries are:

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest	
			2023 %	2022 %
<i>Held by the Company</i>				
Samurai 2K Aerosol Sdn. Bhd. (Formerly known as Orientus Industry Sdn. Bhd.) <sup>(1)</sup>	Malaysia	Manufacturing and sales of aerosol spray paints and related material	100	100
PT Samurai Paint <sup>(2)</sup>	Indonesia	Dormant	67	67
Samurai 2K USA Inc <sup>(2)</sup>	United States of America	Import aerosol paint products and wholesales	100	100
Orientus Singapore Pte Ltd <sup>(3)</sup>	Singapore	Trading of aerosol spray paints and related material	100	100
Samurai 2U Sdn. Bhd. <sup>(1)</sup>	Malaysia	To carry business of E-Commerce for all type of goods	100	100
Samurai 2K India Private Limited <sup>(2)</sup>	India	Import aerosol paint products and wholesales	100 #	100 #
PT Samurai Kurobushi Indonesia <sup>(2) (4)</sup>	Indonesia	Dormant	100 ##	–

<sup>(1)</sup> Audited by independent overseas member firm of Baker Tilly International.

<sup>(2)</sup> Not required to be audited by law of country of incorporation.

<sup>(3)</sup> Audited by Baker Tilly TFW LLP, Singapore.

<sup>(4)</sup> Incorporated during the financial year ended 31 March 2023 with share capital of Indonesian Rupiah ("IDR") 10,500,000,000.

# In Samurai 2K India Private Limited, 99.9998% equity interest is held by the Company and 0.0002% equity interest is held in trust for the Company by an individual. Effectively, the Company holds 100% of the voting rights of Samurai 2K India Private Limited.

## In PT Samurai Kurobushi Indonesia, 99% equity interest is held by the Company and 1% equity interest is held in trust for the Company by an individual. Effectively, the Company holds 100% of the voting rights of PT Samurai Kurobushi Indonesia.

ii) At the end of the reporting period, there are no subsidiaries with non-controlling interests that are considered by management to be material to the Group. Accordingly, the summarised financial information of the subsidiaries is not being disclosed.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 13 Investment in subsidiaries (cont'd)

iii) During the financial year ended 31 March 2019, the Company fully impaired the cost of investment in PT Samurai Paint as there were no business plans for PT Samurai Paint. For the financial year ended 31 March 2023 and 31 March 2022, there were no changes in plans for PT Samurai Paint. Accordingly, no reversal of impairment was made.

### 14 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The movements in the deferred tax accounts are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 April	1,265	755	–	–
Tax charged to profit or loss (Note 9)	474	518	–	–
Currency translation difference	(31)	(8)	–	–
At 31 March	1,708	1,265	–	–
Representing:				
Deferred tax assets	(78)	(688)	–	–
Deferred tax liabilities	1,786	1,953	–	–
	1,708	1,265	–	–

The following are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior financial year:

	Accelerated tax depreciation RM'000	Tax losses RM'000	Total RM'000
At 1 April 2021	1,435	(680)	755
Tax charged to profit or loss	518	–	518
Currency translation difference	–	(8)	(8)
At 31 March 2022	1,953	(688)	1,265
Tax charged/(credited) to profit or loss	522	(48)	474
Currency translation difference	–	(31)	(31)
At 31 March 2023	2,475	(767)	1,708

At the reporting date, the Group has unutilised tax losses of RM7,739,000 (2022: RM3,633,000) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation to the respective countries in which companies operate. Deferred tax assets of RM78,000 (2022: RM688,000) have been recognised in respect of such losses. Unutilised tax losses of RM623,000 (2022: RM623,000) are available for carry forward until 2037 and unutilised tax losses of RM7,116,000 (2022: RM3,010,000) are available for carry forward indefinitely.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 15 Inventories

	Group	
	2023 RM'000	2022 RM'000
Raw materials	9,189	9,344
Work-in-progress	5,229	3,936
Finished goods	2,413	4,366
	<b>16,831</b>	17,646

The cost of inventories recognised as an expense in cost of sales amounted to RM38,990,000 (2022: RM56,858,000).

### 16 Trade and other receivables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
Trade receivables	–	430	–	–
Deposits	–	180	–	–
Prepayments	4,764	3,027	–	–
	<b>4,764</b>	3,637	–	–
<b>Current</b>				
Trade receivables	15,261	18,018	–	–
Advance payment to suppliers	585	1,075	–	–
Amount due from subsidiaries	–	–	41,691	32,037
Dividend receivable from subsidiary	–	–	–	15,000
Deposits	1,100	962	–	–
Other receivables	266	99	–	–
Prepayments	748	2,500	142	153
	<b>17,960</b>	22,654	<b>41,833</b>	47,190
Less: Allowance for impairment	–	–	(8,048)	–
	<b>17,960</b>	22,654	<b>33,785</b>	47,190
	<b>22,724</b>	26,291	<b>33,785</b>	47,190

Amount due from subsidiaries are interest-free, non-trade in nature, unsecured and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 17 Cash and bank balances

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash in hand and at bank	3,421	35,439	1,703	4,704
Fixed deposits	31,067	37,672	–	–
Cash and bank balances	<b>34,488</b>	73,111	<b>1,703</b>	4,704

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2023 RM'000	2022 RM'000
Cash and bank balances	34,488	73,111
Less: Pledged fixed deposits	(1,224)	(1,169)
Cash and cash equivalents	<b>33,264</b>	71,942

Fixed deposits amounting to RM1,224,000 (2022: RM1,169,000) are pledged to banks as collateral for banking facilities granted (Note 18).

### 18 Borrowings

	Repayment period	Group	
		2023 RM'000	2022 RM'000
<b>Non-current</b>			
Loan 1 - 2.1% per annum below bank Base Lend Rate ("BLR")	180 monthly instalments from August 2016	1,540	1,585
Loan 2 - 2.1% per annum below BLR	180 monthly instalments from August 2016	1,419	1,586
Loan 3 - 0.5% per annum above BLR	180 monthly instalments from August 2016	57	63
Loan 4 - 0.51% per annum above BLR	240 monthly instalments from October 2022	4,027	–
Loan 5 - 1.42% per annum above BLR	300 monthly instalments from September 2022	3,915	–
Loan 6 - 1.42% per annum above BLR	300 monthly instalments from September 2022	3,915	–
Loan 7 - 1.42% per annum above BLR	300 monthly instalments from September 2022	3,915	–
Lease liabilities		1,387	715
		<b>20,175</b>	3,949

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

18 Borrowings (cont'd)	Repayment period	Group	
		2023 RM'000	2022 RM'000
<b>Current</b>			
Loan 1 - 2.1% per annum below BLR	180 monthly instalments from August 2016	167	164
Loan 2 - 2.1% per annum below BLR	180 monthly instalments from August 2016	169	162
Loan 3 - 0.5% per annum above BLR	180 monthly instalments from August 2016	6	7
Loan 4 - 0.51% per annum above BLR	240 monthly instalments from October 2022	160	–
Loan 5 - 1.42% per annum above BLR	300 monthly instalments from September 2022	106	–
Loan 6 - 1.42% per annum above BLR	300 monthly instalments from September 2022	106	–
Loan 7 - 1.42% per annum above BLR	300 monthly instalments from September 2022	106	–
Banker's acceptance - 4.11% to 7.18% (2022: 1.40% to 3.20%) above bank Cost of Funds Rate		10,960	16,962
Lease liabilities		974	491
		<b>12,754</b>	<b>17,786</b>
		<b>32,929</b>	<b>21,735</b>

The loans and banker's acceptance are secured by:

- (i) Fixed deposits placed with the bank (Note 17);
- (ii) Freehold land and properties of the Group (Note 11);
- (iii) Corporate guarantee issued by the Company; and
- (iv) A business loan reducing term assurance covered for the joint life of the guarantors.

### Determination of fair value of borrowings (except for lease liabilities)

The carrying amounts of borrowings (except for lease liabilities) approximate their fair values at the end of the reporting period.

The fair values of the borrowings, determined from discounted cash flow analysis using the market lending rate that the directors expect would be available to the Group at the end of the reporting period, are reasonable approximation of carrying amounts as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. The fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 18 Borrowings (cont'd)

#### Lease liabilities

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

- i) The Group leases various warehouses and motor vehicles from non-related parties. The leases have an average tenure of between three to six years.
- ii) The Group leases hostels for employees with contractual tenure of less than one year.

The maturity analysis of the lease liabilities is disclosed in Note 26(b).

#### *Carrying amount of right-of-use assets*

	Group	
	2023 RM'000	2022 RM'000
<u>Classified within property, plant and equipment</u>		
Leasehold properties	672	716
Motor vehicles	1,292	787
	1,964	1,503

#### *Additions to right-of-use assets*

	Group	
	2023 RM'000	2022 RM'000
Leasehold properties	481	129
Motor vehicles	662	–
	1,143	129

#### *Amount recognised in profit or loss*

	Group	
	2023 RM'000	2022 RM'000
<u>Depreciation charge for the financial year</u>		
Leasehold properties	1,486	306
Motor vehicles	157	174
	1,643	480

#### Lease expense not included in the measurement of lease liabilities

Lease expense - short-term leases	91	35
Variable lease payments which do not depends on an index or rate	63	102
<b>Total (Note 7)</b>	<b>154</b>	<b>137</b>
Interest expense on lease liabilities	<b>89</b>	<b>51</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 18 Borrowings (cont'd)

#### Lease liabilities (cont'd)

#### *Amount recognised in profit or loss (cont'd)*

Total cash flows for leases amounted to RM1,188,000 (2022: RM799,000).

#### *Future cash outflow which are not capitalised in lease liabilities*

#### Variable lease payments

The lease of a warehouse contains variable lease payments that is based on a percentage of the expenses incurred by the landlord in connection with the operation, ownership, management, repair or maintenance of the building. Overall, the variable payments constitute up to 5.6% (2022: 12.8%) of the Group's entire lease payments. These variable lease payments are recognised in profit or loss when incurred.

#### Extension options

The lease of a warehouse contains an extension option, for which the related lease payments had not been included in the lease liabilities as the Group is not reasonably certain to extend the lease. This lease is used to maximise operational flexibility in terms of managing the asset used in the Group's operations.

#### Reconciliation movement of liabilities to cash flow arising from financing activities:

	Lease liabilities RM'000	Bank borrowings RM'000	Total RM'000
Balance at 1 April 2021	1,694	18,723	20,417
Changes from financing cash flows:			
- Proceeds	–	1,822	1,822
- Repayments	(611)	(16)	(627)
- Interest paid	(51)	(805)	(856)
Non-cash changes:			
- Interest expense	51	805	856
- Lease termination	(9)	–	(9)
- Additions of new leases	129	–	129
- Currency translation differences	3	–	3
Balance at 31 March 2022	1,206	20,529	21,735
Changes from financing cash flows:			
- Proceeds	–	16,400	16,400
- Repayments	(878)	(6,361)	(7,239)
- Interest paid	(89)	(1,143)	(1,232)
Non-cash changes:			
- Interest expense	89	1,143	1,232
- Additions of new leases	1,076	–	1,076
- Modification of leases	951	–	951
- Currency translation differences	6	–	6
<b>Balance at 31 March 2023</b>	<b>2,361</b>	<b>30,568</b>	<b>32,929</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 19 Trade and other payables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Current</i>				
Trade payables				
- Third parties	13,161	24,709	-	-
Other payables				
- Third parties	305	223	261	-
Accrued expenses	4,182	3,276	1,066	273
Amount due to a subsidiaries	-	-	3,191	260
	<b>17,648</b>	<b>28,208</b>	<b>4,518</b>	<b>533</b>
<i>Non-current</i>				
Other payables	94	94	-	-

Amount due to a subsidiaries is interest-free, non-trade in nature, unsecured and repayable on demand.

Included within accrued expenses are accrued payroll costs relating to the key management personnel amounting to RM3,458,000 (2022: RM2,657,000) for the Group and RM802,000 (2022: RMNil) for the Company.

### 20 Share capital

	2023		2022	
	No. of shares '000	RM'000	No. of shares '000	RM'000
<b>Group and Company</b>				
<b>Ordinary shares</b>				
At 1 April	334,620	57,165	109,921	52,653
Issuance of shares pursuant to the share awards (Note 22)	-	-	1,619	4,512
Share split <sup>(1)</sup>	-	-	223,080	-
At 31 March	<b>334,620</b>	<b>57,165</b>	<b>334,620</b>	<b>57,165</b>
<b>Treasury shares</b>				
At 1 April	55	64	-	-
Share buy-back	-	-	55	64
At 31 March	<b>55</b>	<b>64</b>	<b>55</b>	<b>64</b>

<sup>(1)</sup> On 25 June 2021, every one existing ordinary share in the capital of the Company were sub-divided into three ordinary shares.

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 21 Dividends

	Group and Company	
	2023	2022
	RM'000	RM'000
Interim exempt dividend of SGD0.002 per share paid in respect of the financial year ended 31 March 2022	–	2,066
Special exempt dividend of SGD0.004 per share paid in respect of the financial year ended 31 March 2022	–	4,133
Final exempt dividend of SGD0.00667 per share paid in respect of the financial year ended 31 March 2021	–	6,976
Final exempt dividend of SGD0.002 per share paid in respect of the financial year ended 31 March 2022	2,160	–
Special exempt dividend of SGD0.004 per share paid in respect of the financial year ended 31 March 2022	4,319	–
	<b>6,479</b>	<b>13,175</b>

### 22 Share option reserve

The Samurai 2K Aerosol Limited's Performance Share Plan (the "Plan") and Employee Share Option Scheme (the "Scheme") were approved and adopted by the members at the shareholders' meeting held on 16 December 2016 and will continue to remain in force until 15 December 2026, unless terminated in accordance with the rules of the Plan and Scheme. The Plan and Scheme provide for the grant of shares and share options to employees and directors of the Group.

The Plan and Scheme are administered by the Remuneration Committee of the Company, comprising of Mr Hau Hock Khun (Chairman), Mr Lim Siang Kai and Mr Lim Chong Huat. A member of the Remuneration Committee who is also a participant of the Plan and Scheme must not be involved in its deliberation in respect of awards and options granted or to be granted to him.

The aggregate number of shares and share options which may be issued or transferred pursuant to awards granted under the Plan and Scheme on any date, when aggregated with the aggregate number of shares over which awards and options are granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day preceding that date.

#### *Scheme*

The aggregate number of shares issued and issuable in respect of all options granted under the Scheme available to the controlling shareholders and their associates shall not exceed 25% of the total number of shares available under the Scheme.

The aggregate number of shares issued and issuable in respect of all options granted under the Scheme available to each controlling shareholder or his associates shall not exceed 10% of the total number of shares available under the Scheme.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 100 shares or any multiple thereof), at any time, by a participant after the first anniversary of the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier and later date as may be determined by the Remuneration Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 22 Share option reserve (cont'd)

#### *Scheme (cont'd)*

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 100 shares or any multiple thereof), at any time, by a participant after the second anniversary from the offer date of that option, provided always that the options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier and later date as may be determined by the Remuneration Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

An option shall, to the extent unexercised, immediately lapse and become null and void and a participant shall have no claim against the Company:

- subject to the rules of the Schemes, upon the participant ceasing to be in employment of the Company or any of the companies within the Group for any reason whatsoever;
- upon the bankruptcy of the participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such option; or
- in the event of misconduct on the part of the participant, as determined by the Remuneration Committee.

Movement in the number of options granted by the Company under the Scheme for the Group's employees are as follows:

← No. of options under the Scheme →						
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Modification during financial year*	Vested during financial year	End of financial year
<b>2023</b>						
3 June 2019	345,000	–	(36,000)	–	–	309,000
31 May 2021	2,505,000	–	(660,000)	–	–	1,845,000
<b>2022</b>						
3 June 2019	164,000	–	(49,000)	230,000	–	345,000
31 May 2021	–	1,190,000	(355,000)	1,670,000	–	2,505,000

\* Pursuant to the share split exercise in 2021 (Note 20), the number of outstanding unexercised options were adjusted on the basis that one option will be split into three options.

On 31 May 2021, 1,190,000 share options were granted to employees of the Group pursuant to the Scheme.

The details of the outstanding number of options at the end of the reporting period was:

Exercise price <sup>(1)</sup>	Grant date	Exercise period
SGD0.305	3 June 2019	3 June 2022 to 2 June 2029
SGD0.347	31 May 2021	31 May 2024 to 30 May 2031

(1) Based on the new exercise price after the share split exercise (Note 20).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 22 Share option reserve (cont'd)

#### *Scheme (cont'd)*

The share options outstanding as at the end of the financial year have a remaining contractual life of 6.17 to 8.16 (2022: 7.17 to 9.16) years.

The fair value of each option granted on 3 June 2019 ("FY2020 Grant") and 31 May 2021 ("FY2022 Grant") was RM0.40 and RM0.47 respectively. The estimate of the fair value of each option issued on grant date was based on the Binomial Options Pricing model. In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for these options, the calculation takes into consideration factors like behavioural considerations and non-transferability of the options granted.

The Binomial Options Pricing model used the following assumptions:

	FY2020 Grant	FY2022 Grant
Underlying share price (SGD)	0.910	1.070
Exercise price (SGD)	0.916	1.042
Dividend yield expected	0.50%	0.97%
Risk-free annual interest rates	1.96%	1.05%
Expected life	6.5 years	6.5 years
Expected volatility	43.31%	45.01%

Expected volatility was determined by calculating the historical volatility of the Company's share price from date of initial public offering to the grant date which was compared against the historical volatility range of the comparable companies for the period of 6.5 years prior to the valuation date. The expected lives used in the model have been adjusted, based on management best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

#### *Plan*

On 31 May 2021, the Company granted 1,618,929 shares awards to employees of the Group pursuant to the Plan. The share awards have been vested on the date of grant and is under moratorium against any disposal or sales/or other dealings in the share as follow:

- (i) Tranche 1: 33% of the shares after 1 year from the date of grant (i.e.: 30 May 2022)
- (ii) Tranche 2: 33% of the shares after 2 years from the date of grant (i.e.: 30 May 2023)
- (iii) Tranche 3: Balance 34% of the shares after 3 years from the date of grant (i.e.: 30 May 2024)

The estimate of the fair value of each share awards on the grant date was based on the Finnerty Put Option model, which takes into consideration the restrictions on the transferability of the shares.

The Finnerty Put Option model used the following key assumptions:

	Share awards
Underlying share price (SGD)	1.070
Dividend yield expected	0.97%
Risk-free annual interest rates	0.33% - 0.51%
Annualised volatility	41.40% - 64.30%

In 2022, personnel expenses amounted to RM4,512,000 based on the fair value of the share awards have been recognised in the Group's profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 23 Merger reserve

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control.

### 24 Contingent liabilities

The Company has provided corporate guarantees of RM55,931,000 (2022: RM39,531,000) to banks for bank borrowings of RM30,568,000 (2022: RM20,529,000) drawn down by its subsidiary at the end of reporting period.

### 25 Capital commitments

Capital commitments not provided for in the financial statements:

	Group	
	2023 RM'000	2022 RM'000
Capital commitment in respect of property, plant and equipment	–	22,216

### 26 Financial instruments

#### a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Financial assets</i>				
Financial assets at amortised cost	50,849	92,701	35,346	51,741
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	50,616	49,943	4,518	533

#### b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the Group and the Company manage and measure financial risks.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Foreign currency risk*

The Group and the Company have currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The foreign currencies giving rise to this risk are primarily the United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Singapore Dollar ("SGD"), British Pound Sterling ("GBP") and Indian Rupee ("INR").

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at a level that is deemed acceptable by management.

At the end of the reporting period, the Group and the Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

	USD RM'000	IDR RM'000	SGD RM'000	GBP RM'000	INR RM'000
<b>Group</b>					
<b>2023</b>					
<i>Financial assets</i>					
Trade and other receivables	2,832	10,657	–	159	–
Cash and bank balances	88	–	1,946	55	348
	2,920	10,657	1,946	214	348
<i>Financial liabilities</i>					
Trade and other payables	(363)	–	(1,310)	–	(1,933)
<b>Net financial assets/(liabilities) denominated in foreign currencies</b>					
	<b>2,557</b>	<b>10,657</b>	<b>636</b>	<b>214</b>	<b>(1,585)</b>
<b>2022</b>					
<i>Financial assets</i>					
Trade and other receivables	1,509	15,326	–	–	161
Cash and bank balances	6,031	11	3,403	–	274
	7,540	15,337	3,403	–	435
<i>Financial liabilities</i>					
Trade and other payables	(773)	(60)	–	–	–
<b>Net financial assets denominated in foreign currencies</b>					
	<b>6,767</b>	<b>15,277</b>	<b>3,403</b>	<b>–</b>	<b>435</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### Foreign currency risk (cont'd)

	USD RM'000	SGD RM'000	IDR RM'000
<b>Company</b>			
<b>2023</b>			
<i>Financial assets</i>			
Trade and other receivables	11	–	–
Cash and bank balances	2	1,701	–
	13	1,701	–
<i>Financial liabilities</i>			
Trade and other payables	–	(1,310)	(3,150)
<b>Net financial assets/(liabilities) denominated in foreign currencies</b>	<b>13</b>	<b>391</b>	<b>(3,150)</b>
<b>2022</b>			
<i>Financial assets</i>			
Trade and other receivables	5,466	–	–
Cash and bank balances	1,675	3,029	–
	7,141	3,029	–
<i>Financial liabilities</i>			
Trade and other payables	(260)	–	–
<b>Net financial assets denominated in foreign currencies</b>	<b>6,881</b>	<b>3,029</b>	<b>–</b>

The following table demonstrates the sensitivity to a reasonably possible change in the USD, IDR, SGD, GBP and INR exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's profit after tax:

	Group increase/(decrease) in profit after tax	
	2023 RM'000	2022 RM'000
USD/RM		
- strengthened 10% (2022: 10%)	164	597
- weakened 10% (2022: 10%)	(164)	(597)
IDR/RM		
- strengthened 10% (2022: 10%)	810	1,161
- weakened 10% (2022: 10%)	(810)	(1,161)
SGD/RM		
- strengthened 10% (2022: 10%)	52	278
- weakened 10% (2022: 10%)	(52)	(278)
GBP/RM		
- strengthened 10% (2022: 10%)	16	33
- weakened 10% (2022: 10%)	(16)	(33)
INR/RM		
- strengthened 10% (2022: Nil)	(117)	–
- weakened 10% (2022: Nil)	117	–

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Foreign currency risk (cont'd)*

##### **Company**

If the SGD exchange rate against RM strengthened/weakened by 10%, with all other variables held constant, the Company's profit after tax will be higher/lower by RM32,000 (2022: RM251,000). If the USD exchange rate against RM strengthened/weakened by 10%, with all other variables held constant, the Company's profit after tax will be higher/lower by RM1,000 (2022: RM571,000). If the IDR exchange rate against RM strengthened/weakened by 10%, with all other variables held constant, the Company's profit after tax will be lower/higher by RM261,000 (2022: RMNil).

The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group's and the Company's profit after tax is not significant.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings and deposits placed with the financial institutions at variable rates. Borrowings and deposits at variable rates expose the Group and the Company to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). The Group and the Company do not utilise derivatives to mitigate its interest rate risk.

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in RM. If the RM interest rates increase/decrease by 50 (2022: 50) basis points with all other variables including tax rate being held constant, the loss after tax of the Group will be higher/lower by RM116,000 (2022: RM78,000) as a result of higher/lower interest expense on these borrowings.

##### *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group has credit policies in place and the exposure to credit risk is monitored on an on-going basis by the management. The Group's exposure to credit risk arises primarily from trade and other receivables. Cash and bank balances are placed with banks with high credit-ratings.

The Group does not have significant credit risk except that the Group's trade receivables comprise 3 debtors (2022: 3 debtors) that collectively represented 86% (2022: 85%) of the trade receivables. The Company has no significant concentration of credit risks except for the amount due from subsidiaries as disclosed in Note 16.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

##### *Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

##### *Significant increase in credit risk (cont'd)*

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### *Definition of default*

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *Credit-impaired financial assets*

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 such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

	<b>Amount due from subsidiaries RM'000</b>
<b>Company</b>	
Balance at 1 April 2022	–
Loss allowance measured:	
Lifetime ECL	
- Significant increase in credit risk	8,048
Balance at 31 March 2023	<b>8,048</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

##### *Trade receivables*

The Group applies the simplified approach to measure the expected credit loss ("ECL") allowance for trade receivables.

The Group determined the lifetime ECL of trade receivables by performing an ECL assessment for each debtor by considering the effects of the macroeconomic uncertainties historical loss rate, recent payments, ongoing business relationship, creditworthiness of each debtor and their ability to repay. Management assessed that there is immaterial loss allowance relating to trade receivables.

##### *Financial assets at amortised cost*

<b>2023 Group</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net carrying amount RM'000</b>
Trade receivables	Lifetime ECL	15,261	–	15,261
Deposits	Not applicable (Exposure limited)	1,100	–	1,100
Cash and bank balances	Not applicable (Exposure limited)	34,488	–	34,488
<b>2023 Company</b>				
Amount due from subsidiaries	12-month ECL	33,643	–	33,643
Amount due from subsidiary	Lifetime ECL	8,048	(8,048)	–
Cash and bank balances	Not applicable (Exposure limited)	1,703	–	1,703

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

##### *Financial assets at amortised cost (cont'd)*

2022 Group	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Trade receivables	Lifetime ECL	18,448	–	18,448
Deposits	Not applicable (Exposure limited)	1,142	–	1,142
Cash and bank balances	Not applicable (Exposure limited)	73,111	–	73,111
2022 Company				
Amount due from subsidiaries	12-month ECL	26,571	–	26,571
Amount due from subsidiary	Lifetime ECL	5,466	–	5,466
Dividend receivable from subsidiary	12-month ECL	15,000	–	15,000
Cash and bank balances	Not applicable (Exposure limited)	4,704	–	4,704

##### *Amount due from subsidiaries*

For the amount due from subsidiaries where impairment loss allowance is measured using 12-month ECL, the Company assessed the latest performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant at the end of the reporting period.

For amount due from subsidiary at lifetime ECL as at 31 March 2023, the Company assessed the latest performance and financial position of the subsidiary, adjusted for the future outlook of the industry in which the counterparty operates in, and concluded that the measurement of the impairment loss allowance using lifetime ECL is appropriate.

For amount due from subsidiary at lifetime ECL as at 31 March 2022, the Company assessed the latest performance and financial position of the subsidiary, adjusted for the future outlook of the industry in which the counterparty operates in. In addition, another subsidiary of the Group has undertaken to repay the amount due from subsidiary as at 31 March 2022. The Company had assessed that the loss given default is immaterial.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Credit risk (cont'd)*

##### *Financial guarantee*

The Company has issued financial guarantees of RM55,931,000 (2022: RM39,531,000) to banks for bank borrowings of RM30,568,000 (2022: RM20,529,000) drawn down by its subsidiary at the end of reporting period. These guarantees are subject to the impairment requirements of SFRS(I) 9 *Financial Instruments*. The Company has assessed that its subsidiary has strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

##### *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. 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 credit facilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 18).

The table below shows the contractual expiry by the maturity of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	<b>Repayable on demand or within 1 year RM'000</b>	<b>Within 2 to 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b>2023</b>				
Trade and other payables	17,648	–	–	17,648
Borrowings	12,436	5,905	19,817	38,158
Lease liabilities	1,066	1,450	–	2,516
	<b>31,150</b>	<b>7,355</b>	<b>19,817</b>	<b>58,322</b>
<b>2022</b>				
Trade and other payables	28,208	–	–	28,208
Borrowings	17,431	1,879	1,902	21,212
Lease liabilities	505	752	1	1,258
	<b>46,144</b>	<b>2,631</b>	<b>1,903</b>	<b>50,678</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26 Financial instruments (cont'd)

#### b) Financial risk management (cont'd)

##### *Liquidity risk (cont'd)*

The table below shows the contractual expiry by the maturity of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations (cont'd):

	<b>Repayable on demand or within 1 year RM'000</b>	<b>Within 2 to 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Company</b>				
<b>2023</b>				
Trade and other payables	4,518	–	–	4,518
Financial guarantee contracts*	30,568	–	–	30,568
	<b>35,086</b>	<b>–</b>	<b>–</b>	<b>35,086</b>
<b>2022</b>				
Trade and other payables	533	–	–	533
Financial guarantee contracts*	20,529	–	–	20,529
	<b>21,062</b>	<b>–</b>	<b>–</b>	<b>21,062</b>

\* At the end of the reporting period, the maximum exposure of the Company in respect of the intragroup financial guarantee (Note 24) based on facilities drawn down by the subsidiary is RM30,568,000 (2022: RM20,529,000). The Company does not consider it probable that a claim will be made against the Company under intragroup financial guarantee.

### 27 Fair values of assets and liabilities

#### *Fair value hierarchy*

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- (iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 March 2023 and 31 March 2022.

The carrying amounts of financial assets and liabilities (except for lease liabilities) are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period.

At the end of the reporting period, the Group and the Company do not have any financial instruments carried at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 28 Segment information

For management purposes, the Group is organised into business units based on its products, and have three operating segments as follows:

- The paint - standard segment includes standard colour aerosol spray paint products.
- The paint - premium segment includes fluorescent, candy and metallic colour aerosol spray paint products, high temperature aerosol spray paint products, primer products, epoxy products, 2K products and multi-colour one aerosol spray paint.
- The maintenance and others segment includes cosmetic products such as metal and paint polish and maintenance products such as engine degreaser, chain oil, carburetor and gasket cleaner.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances for each segment.

The segment information provided to management for the reportable segments are as follows:

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
<b>2023</b>				
<b>Segment revenue</b>				
Sales to external customers	42,154	27,678	436	70,268
<b>Segment loss</b>	(5,837)	(3,833)	(60)	(9,730)
<b>Other segment information</b>				
Depreciation of property, plant and equipment	3,755	1,457	29	5,241
Amortisation of intangible assets	180	119	2	301
<b>Segment assets</b>	55,887	36,695	578	93,160
Unallocated assets				
- Deferred tax assets				78
- Fixed deposits				31,067
- Tax recoverable				4,035
Total assets				128,340
<b>Segment assets include:</b>				
Additions to non-current assets	15,672	10,289	162	26,123
<b>Segment liabilities</b>	12,060	7,918	125	20,103
Unallocated liabilities				
- Deferred tax liabilities				1,786
- Borrowings (excluding lease liabilities)				30,568
- Tax payable				737
Total liabilities				53,194

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 28 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows (cont'd):

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
2022				
Segment revenue				
Sales to external customers	65,527	46,953	558	113,038
Segment profit	11,486	8,230	98	19,814
Other segment information				
Depreciation of property, plant and equipment	1,989	1,151	14	3,154
Amortisation of intangible assets	46	33	1	80
Performance share plan expenses	2,616	1,874	22	4,512
Segment assets	62,614	44,866	533	108,013
Unallocated assets				
- Deferred tax assets				688
- Fixed deposits				37,672
- Tax recoverable				302
Total assets				146,675
Segment assets include:				
Additions to non-current assets	2,461	1,764	21	4,246
Segment liabilities	17,106	12,257	145	29,508
Unallocated liabilities				
- Deferred tax liabilities				1,953
- Borrowings (excluding lease liabilities)				20,529
- Tax payable				1,623
Total liabilities				53,613

### Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated statement of profit or loss and other comprehensive income. Interest income and finance costs are not allocated to segments as Group's financing is managed on a Group basis.

A reconciliation of segment profit to the consolidated (loss)/profit before tax is as follows:

	Group	
	2023 RM'000	2022 RM'000
Segment (loss)/profit	(9,730)	19,814
Interest income	683	747
Finance costs	(1,232)	(926)
(Loss)/profit before tax	(10,279)	19,635

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 28 Segment information (cont'd)

#### Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred tax assets, tax recoverable and fixed deposits which are classified as unallocated assets.

#### Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities, tax payable and borrowings (excluding lease liabilities). These liabilities are classified as unallocated liabilities.

#### Geographical information

Revenue and non-current assets (excluding deferred tax assets) information based on the geographical location of customers and assets respectively are as follows:

	Group			
	Sales to external customers		Non-current assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	23,862	53,731	54,865	31,993
Indonesia	27,658	34,956	–	–
Others	18,748	24,351	83	281
	<b>70,268</b>	113,038	<b>54,948</b>	32,274

Non-current assets information presented above are non-current assets as presented on the consolidated statements of financial position excluding deferred tax assets.

#### Information about major customers

Revenue from 2 (2022: 3) customers who individually contributed 10% or more of the Group's revenue which are attributable to the paint-standard, paint-premium and maintenance and others segments are as detailed below:

	Group	
	2023 RM'000	2022 RM'000
Customer 1 (Paint-Standard and Paint-Premium)	14,279	16,968
Customer 2 (Paint-Standard and Paint-Premium)	–	28,340
Customer 3 (Paint-Standard and Paint-Premium)	18,549	23,836

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 29 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy-back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of its total equity and borrowings and the Group's overall strategy remains unchanged during the financial years ended 31 March 2023 and 31 March 2022.

### 30 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors dated 13 July 2023.



# STATISTIC OF SHAREHOLDINGS

AS AT 27 JUNE 2023

NUMBER OF ISSUED SHARES (INCLUDING TREASURY SHARES)	: 334,619,787
NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	: 334,564,787
ISSUED AND FULLY PAID-UP CAPITAL	: S\$19,732,622
CLASS OF SHARES	: Ordinary Shares
NUMBER / PERCENTAGE OF TREASURY SHARES	: 55,000 (0.0164%)
NUMBER / PERCENTAGE OF SUBSIDIARY HOLDINGS	: Nil
VOTING RIGHTS	: 1 vote for each Ordinary Share held

## DISTRIBUTION OF SHAREHOLDINGS

<u>SIZE OF SHAREHOLDINGS</u>	<u>NO. OF SHAREHOLDERS</u>	<u>%</u>	<u>NO. OF SHARES</u>	<u>%</u>
1 - 99	0	0.00	0	0.00
100 - 1,000	8	3.30	3,300	0.00
1,001 - 10,000	30	12.40	187,700	0.06
10,001 - 1,000,000	174	71.90	26,923,685	8.04
1,000,001 AND ABOVE	30	12.40	307,505,102	91.90
<b>TOTAL</b>	<b>242</b>	<b>100.00</b>	<b>334,619,787</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

<u>NO.</u>	<u>NAME</u>	<u>NO. OF SHARES</u>	<u>%</u>
1	ONG YOKE EN	139,152,000	41.59
2	LIM LAY YONG	45,000,000	13.45
3	CHANG CHOR CHOONG	12,750,000	3.81
4	LOH SHIN SIONG	12,750,000	3.81
5	UOB KAY HIAN PRIVATE LIMITED	10,659,300	3.19
6	OCBC SECURITIES PRIVATE LIMITED	10,129,100	3.03
7	KONG HEE SIONG	7,984,800	2.39
8	ONG YICK SING	7,344,000	2.19
9	CHAI FOOK CHOY	7,329,600	2.19
10	PANG HANG HIN	6,069,800	1.81
11	ONG HOW EN	6,024,000	1.80
12	PHILLIP SECURITIES PTE LTD	6,020,200	1.80
13	LEE SIONG KIM	4,453,902	1.33
14	ONG YOKE HOI	3,924,000	1.17
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,179,000	0.95
16	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	2,976,000	0.89
17	TAY WUU YEAN	2,783,000	0.83
18	DBS NOMINEES (PRIVATE) LIMITED	2,367,800	0.71
19	CITIBANK NOMINEES SINGAPORE PTE LTD	2,187,000	0.65
20	IFAST FINANCIAL PTE. LTD.	1,540,100	0.46
<b>TOTAL</b>		<b>294,623,602</b>	<b>88.05</b>

# STATISTIC OF SHAREHOLDINGS

AS AT 27 JUNE 2023

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Shareholdings registered in the name of the substantial shareholder	Shareholdings in which the substantial shareholder are deemed to be interested	Total	Percentage of issued shares
ONG YOKE EN	139,152,000	–	139,152,000	41.59
LIM LAY YONG	45,000,000	–	45,000,000	13.45

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 34.36% of the total number of issued shares (excluding treasury shares) in the capital of the Company are held in the hands of the public as at 27 June 2023. Rule 723 of the Catalist Rules has therefore been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Samurai 2K Aerosol Limited the (“Company”) will be held physically at Bridge Room, Level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 on Friday, 28 July 2023 at 2.00 p.m. for the purpose of transacting the following businesses:

## As Ordinary Business:

1. To receive and adopt the Directors’ Report and Audited Accounts for the financial year ended 31 March 2023 and the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors retiring pursuant to the Company’s Articles of Association:
 

Mr Ong Yoke En	(Regulation 98)(See Explanatory Note 1)	<b>(Resolution 2)</b>
Ms Lim Lay Yong	(Regulation 98) (See Explanatory Note 2)	<b>(Resolution 3)</b>
Mr Lim Siang Kai	(Regulation 98) (See Explanatory Note 3)	<b>(Resolution 4)</b>
3. To approve the payment of Directors’ Fees of RM312,150 for the financial year ending 31 March 2024, to be paid quarterly in arrears. **(Resolution 5)**
4. To re-appoint Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business which may properly be transacted at an annual general meeting.

## As Special Business:

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 6. GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES IN THE CAPITAL OF THE COMPANY

“That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Companies Act”) and Rule 806 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”), authority be and is hereby given to the Directors of the Company to:

- (A) (i) allot and issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:
  - (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as at the time of passing of this Resolution);

# NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above on a pro-rata basis, the percentage of the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules as amended from time to time (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.”

**(See Explanatory Note 4)**

**(Resolution 7)**

## 7. AUTHORITY TO ISSUE SHARES UNDER THE PERFORMANCE SHARE PLAN

That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Performance Share Plan (the “Plan”), provided that the aggregate number of ordinary shares to be issued pursuant to the Plan and any other share based incentive schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time, as determined in accordance with the provisions of the Plan.

**(See Explanatory Note 5)**

**(Resolution 8)**

## 8. AUTHORITY TO ISSUE SHARES UNDER THE EMPLOYEE SHARE OPTION SCHEME

That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Employee Share Option Scheme (the “Scheme”), and, pursuant to Section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme and any other share based incentive schemes of the Company shall not exceed fifteen percent (15%) of the issued share capital of the Company excluding treasury shares of the Company from time to time, as determined in accordance with the provisions of the Scheme.

**(See Explanatory Note 6)**

**(Resolution 9)**

## 9. RENEWAL OF SHARE BUY BACK MANDATE

That:

- (a) for the purposes of the Catalist Rules and Companies Act 1967 of Singapore (the “Act”), the exercise by the Directors of the Company of all the powers of the Company to use Funds (as defined hereinafter) to purchase or otherwise acquire the ordinary shares in the capital of the Company (“Shares”) not exceeding in aggregate the Maximum Limit (as defined hereinafter), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined hereinafter), whether by way of:

# NOTICE OF ANNUAL GENERAL MEETING

(i) on-market purchases (each an “On-Market Purchase”) on the Singapore Exchange Securities Trading Limited (“SGX-ST”); and/or

(ii) off-market purchases (each an “Off-Market Purchase”) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit based on the requirements of Section 76C of the Act,

and in accordance with all other laws and regulations of Singapore and the listing rules of the SGX - ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Purchase Mandate”);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next annual general meeting of the Company is held or required by the law to be held;
- (ii) the date on which the share purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is revoked or varied;

(c) in this Resolution:

“**Funds**” means internal sources of funds of the Company. Illustrations of the financial impact of the use of Funds are set out in the Appendix;

“**Maximum Limit**” means that number of Shares representing ten per cent. (10%) of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

“**Relevant Period**” means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held or the date on which the share purchases are carried out to the full extent of the Share Purchase Mandate or the date the said mandate is revoked or varied by the Company in a general meeting, whichever is the earlier, after the date of this Resolution;

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price. where:

“Average Closing Price” means the average of the closing market prices of a share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the On-Market Purchase, or as the case may be, the date of the making of the offer pursuant to the off-market purchase and deemed to be adjusted for any corporate action that occurs after the relevant five (5) market days period;

“**Date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.”

# NOTICE OF ANNUAL GENERAL MEETING

(See Explanatory Note 7)

(Resolution 10)

By Order of the Board

Ong Yoke En  
Executive Director and Chief Executive Officer  
Singapore 13 July 2023

## Explanatory Notes:

1. Mr Ong Yoke En, upon re-election as a Director of the Company, will remain as the Executive Director and Chief Executive Officer of the Company.
2. Ms Lim Lay Yong, upon re-election as a Director of the Company, will remain as the Executive Director and Chief Operating Officer of the Company.
3. Mr Lim Siang Kai, upon re-election as a Director of the Company, will remain as the Chairman of the Audit and Risk Committee and a member of the Nominating Committee and Remuneration Committee. Mr Lim Siang Kai is a Lead Independent Director of the Company. The Board considers Mr Lim Siang Kai to be independent pursuant to Rule 704(7) of the Catalist Rules.
4. The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed one hundred percent (100%) of the total issued Shares excluding treasury shares of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total issued Shares excluding treasury shares at the time of passing of this Resolution.
5. The Ordinary Resolution 8 proposed in item 7 above, is to authorise the Directors to allot and issue shares on the vesting of awards under the Plan.
6. The Ordinary Resolution 9 proposed in item 8 above, is to authorise the Directors to officer and grant options under the Scheme and to allot and issue shares pursuant to the exercise of such options under the Scheme.
7. The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued shares from time to time subject to and in accordance with the guidelines set out in the "Appendix" section in the Company's Annual Report. The authority will expire at the next AGM of the Company or the date by which the share purchases are carried out to the full extend mandated or the date on which the authority contained in the Share Purchase mandate is revoked or varied, whichever is earlier, unless previously revoked or waived at a general meeting.



# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

- (1) The members of the Company are invited to attend physically at the Annual General Meeting (the "Meeting" or "AGM"). There will be no option for shareholders to participate virtually. The Annual Report for the financial year ended 31 March 2023, the Appendix dated 13 July 2023 in relation to the proposed renewal of the Share Buyback Mandate, Notice and proxy form have been made available on the SGX website at <https://www.sgx.com/securities/company-announcements> and may be accessed at the Company's website at [www.samurai2kaerosol.com](http://www.samurai2kaerosol.com). Printed copies of this Notice of AGM and the accompanying Proxy Form will be sent to members via post. Printed copies of the Annual Report will not be sent to members. A member who wishes to obtain a printed copy of the Annual Report should request the same via email to [hanifah@samurairpaint.jp](mailto:hanifah@samurairpaint.jp) no later than 5.00 p.m. on 18 July 2023.
- (2) Members, please bring along your NRIC/passport to enable the Company to verify your identity when you attend the AGM physically.
- (3) Arrangements for participation in the AGM physically

Members (including CPFIS and SRS investors) may participate in the AGM by:

- (a) Attending the AGM in person;
- (b) Submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or
- (c) Voting at the AGM (1) by themselves personally; or (2) through their duly appointed proxy(ies).

CPFIS and SRS investors who wish to appoint the Chairman of the Meeting (and not third proxy(ies)) as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes. Please see item 7 below for details.

In the event members encountered Covid-19 like symptoms prior to the AGM, members are strongly encouraged to exercise social responsibility to rest at home or follow medical practitioner's advice and consider appoint a proxy (ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

- (4) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (5) For any member who acts as a relevant intermediary pursuant to Section 181(6) of the Companies Act 1967 who is either:
  - (a) A banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
  - (b) A capital markets licence holder which provides custodial services for securities under the Securities and Futures Act 2021 and holds shares in that capacity; and
  - (c) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investor,

you are entitled to appoint one or more proxies to attend, speak and vote at the AGM. The proxy needs not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the relevant intermediary to the Company, the Company may have the sole discretion to disallow the said proxy to participate the AGM.

- (6) Where a member appoints more than one proxy, the member shall specify the proportion of his/her Shares to be represented by each proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of Shares entered against his/her name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
- (7) CPF/SRS Investors who hold Shares through CPF Agent Banks/SRS Operators:
  - (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 18 July 2023.

# NOTICE OF ANNUAL GENERAL MEETING

- (8) The instrument appointing a proxy or proxies must be deposited together with the power of attorney (if any) under which it is signed or a notarially certified or copy thereof:
- (a) if sent by post, be received at the office of the Company's Share Register in Singapore, Boardroom Corporate & Advisory Pte Ltd, either by hand at 1 Harbourfront Avenue Keppel Bay Tower #14 -07 Singapore 098632; or
  - (b) if submitted by email, be received by Samurai 2K Aerosol Limited at [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com)

not less than seventy-two (72) hours before the time appointed for the AGM in accordance with the instructions stated herein.

A member who wishes to submit an instrument of proxy must, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. The Company shall be entitled to and will treat any valid instrument appointing a proxy as valid instrument for the member's proxy to attend, speak and vote at the AGM.

- (9) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall if required by law, be duly stamped and must be lodged with the instrument.
- (10) A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporation) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific instruction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the Chairman of the AGM will vote or abstain from voting at his discretion.
- (11) In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask question relating to the items on the agenda of the AGM by:
- (a) submitting questions via mail to the Company's registered office at 133, North Bridge Road, #08-03 Chinatown Point, Singapore 059413;
  - (b) email to [agm@samurai2kaerosol.com](mailto:agm@samurai2kaerosol.com); or
  - (c) if a member is attending the AGM in person, live at the AGM.
- (12) All questions being submitted ahead of the AGM must be submitted by no later than 2.00 p.m. on 20 July 2023. When submitting the questions via mail or email, please provide the Company with the following details for verification purposes:
- (a) Full name;
  - (b) NRIC number;
  - (c) Current residential address;
  - (d) Contact number; and
  - (e) Number of shares held.

Please also indicate the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

Please note that the Company will address substantial and relevant questions relating to the resolution to be tabled for approval by 21 July 2023 ("Responses to Q&A"). The Company endeavours to address (i) subsequent clarifications sought, (ii) follow-up questions, or (iii) subsequent substantial and relevant questions which are received after its Responses to Q&A at the AGM itself. Where substantially similar questions are received, we will consolidate such questions and consequently not all questions may be individually addressed.

The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet.

- (13) The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from

# NOTICE OF ANNUAL GENERAL MEETING

the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

- (14) The appointment of a proxy or proxies shall not preclude a shareholder from attending and voting in person at the AGM. If a shareholder attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.

## Personal Data Privacy

By submitting a proxy form 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 the 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 discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data 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.

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# SAMURAI 2K AEROSOL LIMITED

Company No. 201606168C  
(Incorporated in the Republic of Singapore)

## ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. A relevant intermediary may appoint more than two (2) proxies to attend the AGM and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their Central Provident Fund ("CPF") and/or Supplementary Retirement Scheme ("SRS") monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPFIS and SRS investors should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies. CPFIS and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00p.m on 18 July 2023.
3. Please read the notes to this Proxy Form.

I/We, \_\_\_\_\_ (Name) NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of SAMURAI 2K AEROSOL LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Meeting as \*my/our proxy/proxies to vote for \*me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held on Friday, 28 July 2023 at 2.00p.m at Bridge Room, Level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404. and at any adjournment thereof. \*I/We direct \*my/our proxy/proxies to vote on the business before the AGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the AGM and at any adjournment thereof. All resolutions put to vote at the AGM shall be decided by poll.

**Note: Please indicate with an "X" or number of votes in the space provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of AGM. In the absence of specific directions or in the event of any item arising not summarized below, the proxy/proxies may vote or abstain as \*he/she may think fit.**

No.	Resolutions relating to:	For	Against	Abstain
1.	Adoption of the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 March 2023 together with the Directors' Statement and Independent Auditors' Report			
2.	Re-election of Mr Ong Yoke En as a Director			
3.	Re-election of Ms Lim Lay Yong as a Director			
4.	Re-election of Mr Lim Siang Kai as a Director			
5.	Approval of the payment of Directors' Fees of RM312,150 for the financial year ending 31 March 2024			
6.	Re-appointment of Baker Tilly TFW LLP as Auditors			
7.	Authority to allot and issue new shares under Section 161 of the Companies Act			
8.	Authority to allot and issue shares under the Performance Share Plan			
9.	Authority to allot and issues shares under the Employee Share Option Scheme			
10.	Renewal of Share Buy-Back Mandate			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Signature(s) of Shareholder(s) or  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

### TOTAL NUMBER OF SHARES IN:

- |                         |  |
|-------------------------|--|
| (a) CDP Register        |  |
| (b) Register of Members |  |

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the proxy form. If not proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of Shares entered against his/her name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid. A proxy needs not be a member of the Company.
3. A member can appoint the Chairman of the AGM as his/her proxy but this is not mandatory. If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporation) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the Chairman of the AGM will vote or abstain from voting at his discretion.
4. Pursuant to Section 181 of the Companies Act 1967, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Relevant intermediary is either:
  - (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
  - (ii) a capital market service licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or
  - (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors.
5. The duly completed instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be
  - (a) deposited at the office of the Company's Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte Ltd, either by hand at 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632 or by post at 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632; or
  - (b) if submitted by email, be received by Samurai 2K Aerosol Limited at srs.teamc@boardroomlimited.com not less than seventy-two (72) hours before the time appointed for the AGM in accordance with the instructions stated herein.
6. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the AGM.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company.
10. The appointment of a proxy or proxies shall not preclude a shareholder from attending and voting in person at the AGM. If a shareholder attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.

**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 AGM.



# APPENDIX



**SAMURAI 2K AEROSOL LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number 201606168C)

## SUMMARY SHEET FOR SHARE PURCHASE MANDATE

The Sponsor and the SGX-ST assume no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix. If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

Samurai 2K Aerosol Limited (the “**Company**”) maintains its accounts and publishes its financial statements in RM. This Appendix contains conversion of certain S\$ amounts into RM (or *vice versa*) at specified rates solely for the convenience of the reader. Unless otherwise indicated, the financial figures in this Appendix are converted on the basis of S\$1 = RM3.46. However, such conversion should not be construed as representing that the RM amounts have been or could be converted into S\$ amounts, or *vice versa*, at those or any other rates.

### 1. Shares Purchased In The Previous Twelve Months

The Company has not made any share purchases in the last 12 months immediately preceding 27 June 2023 (the “**Latest Practicable Date**”).

### 2. Proposed Renewal Of The Share Purchase Mandate

This ordinary resolution if passed at the forthcoming annual general meeting of the Company (“**2023 AGM**”), will renew the share purchase mandate (the “**Share Purchase Mandate**”) approved by the shareholders of the Company from the date of the 2023 AGM and expiring on the earliest of the date the next annual general meeting of the Company is held or is required by law to be held, the date on which the share purchases are carried out to the full extent of the Share Purchase Mandate or the date the said mandate is revoked or varied by the Company in a general meeting (the “**Relevant Period**”) (the “**Share Purchase Renewal Resolution**”).

### 3. Rationale for the Share Purchase Mandate

The Share Purchase Mandate authorising the Company to purchase or acquire its ordinary shares in the capital of the Company (“**Shares**”) would give the Company the flexibility to undertake share purchases or acquisitions up to the limit described in Section 4 below at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The rationale for the Share Purchase Mandate includes the following:

- (a) The Share Purchase Mandate would provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements and investment needs to its Shareholders in an expedient and cost-efficient manner.
- (b) The purchase or acquisition of Shares under the Share Purchase Mandate is one of the ways in which the return on equity of the Company may be enhanced, thereby increasing Shareholders’ value.

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- (c) The Share Purchase Mandate will allow the Directors to exercise greater control over the Company's share capital structure, dividend policy and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.
- (d) The purchase or acquisition of Shares under the Share Purchase Mandate will help to mitigate short-term share price volatility by stabilising the supply and demand of issued Shares and offset the effects of short-term share price speculation, thereby supporting the fundamental value of the issued Shares and bolstering Shareholders' confidence.
- (e) The Share Purchase Mandate will allow the Directors to effectively manage and minimise any dilution impact associated with any share-based incentive scheme of the Company.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity of Shares or the financial position of the Company and the Group or result in the Company being delisted. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

## 4. Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, are summarised below:

### (a) *Maximum Number of Shares*

The Company may purchase only Shares which are issued and fully paid-up. The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the annual general meeting ("**AGM**") at which the resolution authorising the Share Purchase Mandate is passed (the "**Approval Date**"), unless the Company has thereafter, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding treasury shares and subsidiary holdings).

**For illustrative purposes only**, based on the issued share capital of the Company as at the Latest Practicable Date of 334,564,787 Shares (excluding treasury shares or subsidiary holdings), and assuming that no new Shares are issued on or prior to the date of the AGM, not more than 33,456,478 Shares, representing 10% of the issued Shares as at that date, may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

**While the Share Purchase Mandate would authorise the purchase or acquisition of Shares up to the 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out up to the full 10% limit as authorised, or at all. In particular, no purchase or acquisition of Shares would be made in circumstances which would have or may have a material adverse effect on the float, liquidity or orderly trading of the Shares and/or financial position of the Group.**

### (b) *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or is required by law to be held;
- (ii) the date on which the purchase or acquisition of Shares have been carried out to the full extent of the Share Purchase Mandate; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in a general meeting.

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The authority conferred on the Directors by the Share Purchase Mandate to purchase or acquire Shares may be renewed at the next annual general meeting or at an extraordinary general meeting of the Company to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares made pursuant to the Share Purchase Mandate during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

(c) *Manner of Purchase or Acquisition of Shares*

Purchases or acquisitions of Shares may be made on the SGX-ST ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C(6) of the Companies Act) ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisitions of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Catalyst Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:
  - (aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;
  - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Catalyst Rules provide that, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders, which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed share purchase or acquisition;
- (iv) the consequences, if any, of share purchases or acquisitions by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the share purchase or acquisition, if made, could affect the listing of the Shares on the SGX-ST;
- (vi) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases or acquisitions; and

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(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) *Maximum Purchase Price*

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for the Shares must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five Market Days on which transactions in Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## 5. Status of Purchased or Acquired Shares

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation), unless such Share is held by the Company as a treasury share. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, as the Directors deem fit in the interests of the Company at that time.

(a) *Cancelled Shares*

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of such purchased Shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and not held as treasury shares.

(b) *Treasury Shares*

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Companies Act are summarised below:

(i) *Maximum Holdings*

The aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act before the end of the period of six months beginning with the day on which that contravention occurs, or such further period as the Registrar may allow.

(ii) *Voting and Other Rights*

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of

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such a right is void. In particular, the Company will not have the right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of the treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed, so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

### (iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (aa) sell the treasury shares for cash;
- (ab) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (ac) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (ad) cancel the treasury shares; or
- (ae) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the Catalist before and after the usage, and the value of the treasury shares if they are used for a sale or transfer or cancelled.

## 6. Source of Funds

The Companies Act permits the Company to purchase or acquire its Shares out of capital or distributable profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of payment for the Shares purchased or acquired, the following conditions are satisfied:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if:
  - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or external borrowings, or a combination of internal resources and external borrowings, to finance the purchase or acquisition of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external borrowing, the Directors will consider particularly the prevailing gearing level of the Company and the costs of such financing.

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## 7. Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Purchase Mandate on the net tangible asset value or earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases.

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

For illustrative purposes only and on the basis of the following assumptions:

- (a) that the purchase or acquisition by the Company of Shares was made on 1 April 2022
- (b) that (i) in the case of the purchase or acquisition of Shares made entirely out of capital, the Company purchased or acquired 16,728,239 Shares, representing 5% of its issued Shares (excluding treasury shares and subsidiary holdings) as at 31 March 2023, and (ii) in the case of the purchase or acquisition of Shares made entirely out of profits, the Company purchased or acquired 1,672,823 Shares, representing 0.50% of its issued Shares (excluding treasury shares and subsidiary holdings) as at 31 March 2023;
- (c) that (i) in the case of Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S\$0.16464 for each Share (being 105% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), and (ii) in the case of Off-Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S\$0.18816 for each Share (being 120% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date)
- (d) that the purchase or acquisition of Shares by the Company was financed entirely using its internal sources of funds and required funds amounting to:
  - (i) in the case of Market Purchases made entirely out of capital, S\$2,754,137.27 (equivalent to RM9,529,314.95);
  - (ii) in the case of Off-Market Purchases made entirely out of capital, S\$3,147,585.45 (equivalent to RM10,890,645.66);
  - (iii) in the case of Market Purchases made entirely out of profits, S\$275,413.58 (equivalent to RM952,930.98); and
  - (iv) in the case of Off-Market Purchases made entirely out of profits, S\$314,758.38 (equivalent to RM1,089,063.98).
- (e) the transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Purchase Mandate are insignificant and have not been taken into account in computing the financial effects. The financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for FY2023, are set out below.



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## Scenario 1

**Purchase or acquisition of 16,728,239 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and held as treasury shares**

	Before Share Purchase	Group		Before Share Purchase	Company	
		After Share Purchase	Off-Market Purchase		After Share Purchase	Off-Market Purchase
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 March 2023</b>						
Share capital	57,165	57,165	57,165	57,165	57,165	57,165
Reserves	(9,206)	(9,206)	(9,206)	651	651	651
Retained earnings	27,461	27,461	27,461	(8,601)	(8,601)	(8,601)
Treasury shares	(64)	(9,593)	(10,955)	(64)	(9,593)	(10,955)
Non-controlling interest	(210)	(210)	(210)	-	-	-
Total shareholders' equity	75,146	65,617	64,255	49,151	39,622	38,260
Net tangible assets	72,782	63,253	61,891	49,151	39,622	38,260
Current assets	73,314	63,785	62,423	35,488	25,959	24,597
Current liabilities	31,139	31,139	31,139	4,700	4,700	4,700
Total borrowings	32,929	32,929	32,929	-	-	-
Number of Shares <sup>(1)</sup> ('000)	334,565	317,837	317,837	334,565	317,837	317,837
Weighted average number of Shares <sup>(1)</sup> ('000)	334,565	317,837	317,837	334,565	317,837	317,837
<b>Financial Ratios</b>						
Net tangible assets per Share <sup>(2)</sup> (sen)	21.75	19.90	19.47	14.69	12.47	12.04
Earnings per Share (sen)	(3.42)	(3.60)	(3.60)	(3.41)	(3.59)	(3.59)
Gearing ratio <sup>(3)</sup> (times)	0.44	0.50	0.51	-	-	-
Current ratio <sup>(4)</sup> (times)	2.35	2.05	2.00	7.55	5.52	5.23

### Notes:

- (1) Excluding treasury shares.
- (2) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares (excluding treasury shares).
- (3) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (4) Current ratio equals current assets divided by current liabilities.

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## Scenario 2

**Purchase or acquisition of 1,672,823 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of profits and held as treasury shares**

	Before Share Purchase	Group		Before Share Purchase	Company	
		After Share Purchase Market Purchase	Off-Market Purchase		After Share Purchase Market Purchase	Off-Market Purchase
As at 31 March 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	57,165	57,165	57,165	57,165	57,165	57,165
Reserves	(9,206)	(9,206)	(9,206)	651	651	651
Retained earnings	27,461	27,461	27,461	(8,601)	(8,601)	(8,601)
Treasury shares	(64)	(1,017)	(1,153)	(64)	(1,017)	(1,153)
Non-controlling interest	(210)	(210)	(210)	-	-	-
Total shareholders' equity	75,146	74,193	74,057	49,151	48,198	48,062
Net tangible assets	72,782	71,829	71,693	49,151	48,198	48,062
Current assets	73,314	72,361	72,225	35,488	34,535	34,399
Current liabilities	31,139	31,139	31,139	4,700	4,700	4,700
Total borrowings	32,929	32,929	32,929	-	-	-
Number of Shares <sup>(1)</sup> ('000)	334,565	332,892	332,892	334,565	332,892	332,892
Weighted average number of Shares <sup>(1)</sup> ('000)	334,565	332,892	332,892	334,565	332,892	332,892
<b>Financial Ratios</b>						
Net tangible assets per Share <sup>(2)</sup> (sen)	21.75	21.58	21.54	14.69	14.48	14.44
Earnings per Share (sen)	(3.42)	(3.44)	(3.44)	(3.41)	(3.43)	(3.43)
Gearing ratio <sup>(3)</sup> (times)	0.44	0.44	0.44	-	-	-
Current ratio <sup>(4)</sup> (times)	2.35	2.32	2.32	7.55	7.35	7.32

### Notes:

- (1) Excluding treasury shares.
- (2) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares (excluding treasury shares).
- (3) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (4) Current ratio equals current assets divided by current liabilities.

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## Scenario 3

**Purchase or acquisition of 16,728,239 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and cancelled**

	Before Share Purchase	Group		Before Share Purchase	Company	
		After Share Purchase	Off-Market Purchase		After Share Purchase	Off-Market Purchase
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 March 2023</b>						
Share capital	57,165	47,636	46,274	57,165	47,636	46,274
Reserves	(9,206)	(9,206)	(9,206)	651	651	651
Retained earnings	27,461	27,461	27,461	(8,601)	(8,601)	(8,601)
Treasury shares	(64)	(64)	(64)	(64)	(64)	(64)
Non-controlling interest	(210)	(210)	(210)	-	-	-
Total shareholders' equity	75,146	65,617	64,255	49,151	39,622	38,260
Net tangible assets	72,782	63,253	61,891	49,151	39,622	38,260
Current assets	73,314	63,785	62,423	35,488	25,959	24,597
Current liabilities	31,139	31,139	31,139	4,700	4,700	4,700
Total borrowings	32,929	32,929	32,929	-	-	-
Number of Shares <sup>(1)</sup> ('000)	334,565	317,837	317,837	334,565	317,837	317,837
Weighted average number of Shares <sup>(1)</sup> ('000)	334,565	317,837	317,837	333,565	317,837	317,837
<b>Financial Ratios</b>						
Net tangible assets per Share <sup>(2)</sup> (sen)	21.75	19.90	19.47	14.69	12.47	12.04
Earnings per Share (sen)	(3.42)	(3.60)	(3.60)	(3.41)	(3.59)	(3.59)
Gearing ratio <sup>(3)</sup> (times)	0.44	0.50	0.51	-	-	-
Current ratio <sup>(4)</sup> (times)	2.35	2.05	2.00	7.55	5.52	5.23

### Notes:

- (1) Excluding treasury shares.
- (2) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares (excluding treasury shares).
- (3) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (4) Current ratio equals current assets divided by current liabilities.

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## Scenario 4

**Purchase or acquisition of 1,672,823 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of profits and cancelled**

	Before Share Purchase	Group		Before Share Purchase	Company	
		After Share Purchase Market Purchase	Off-Market Purchase		After Share Purchase Market Purchase	Off-Market Purchase
As at 31 March 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	57,165	57,165	57,165	57,165	57,165	57,165
Reserves	(9,206)	(9,206)	(9,206)	651	651	651
Retained earnings	27,461	26,508	26,372	(8,601)	(9,554)	(9,690)
Treasury shares	(64)	(64)	(64)	(64)	(64)	(64)
Non-controlling interest	(210)	(210)	(210)	-	-	-
Total shareholders' equity	75,146	74,193	74,057	49,151	48,198	48,062
Net tangible assets	72,782	71,829	71,693	49,151	48,198	48,062
Current assets	73,314	72,361	72,225	35,488	34,535	34,399
Current liabilities	31,139	31,139	31,139	4,700	4,700	4,700
Total borrowings	32,929	32,929	32,929	-	-	-
Number of Shares <sup>(1)</sup> ('000)	334,565	332,892	332,892	334,565	332,892	332,892
Weighted average number of Shares <sup>(1)</sup> ('000)	334,565	332,892	332,892	334,565	332,892	332,892
<b>Financial Ratios</b>						
Net tangible assets per Share <sup>(2)</sup> (sen)	21.75	21.58	21.54	14.69	14.48	14.44
Earnings per Share (sen)	(3.42)	(3.44)	(3.44)	(3.41)	(3.43)	(3.43)
Gearing ratio <sup>(3)</sup> (times)	0.44	0.44	0.44	-	-	-
Current ratio <sup>(4)</sup> (times)	2.35	2.32	2.32	7.55	7.35	7.32

### Notes:

- (1) Excluding treasury shares.
- (2) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares (excluding treasury shares).
- (3) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (4) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2023 audited numbers and is not necessarily reflective of the future financial performance of the Company and the Group. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not purchase or acquire or be able to purchase or acquire 10% of the issued Shares in full. In addition, the Company may cancel all or part of the Shares purchased, or hold all or part of the Shares purchased in treasury.

# APPENDIX

## 8. Catalyst Rules

Under the Catalyst Rules, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 4(d) of this Circular, conforms to this restriction.

The Catalyst Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Catalyst Rules.

While the Catalyst Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalyst Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one month before the announcement of the Company’s half-year and full-year financial statements.

## 9. Listing Status on the SGX-ST

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10% of its issued Shares (excluding preference shares, convertible equity securities and treasury shares) are in the hands of the public. The “public”, as defined in the Catalyst Rules, are persons other than the Directors, Chief Executive Officer, substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Catalyst Rules) of such persons. Please ensure that the public float is consistent with the statistics of shareholdings.

As at the Latest Practicable Date, there were approximately 114,964,787 issued Shares in the hands of the public (as defined above), representing approximately 34.36% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 81,508,309 Shares, representing approximately 27.07% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company has 55,000 treasury shares and did not have any preference shares. As at the Latest Practicable Date, the Company has granted 309,000 and 1,845,000 employees share options (“ESOS”) expiring on 2 June 2029 and 30 May 2031 respectively to selected employees which will entitle them to subscribe for a total of 2,154,000 new shares of the Company.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:

- (a) affecting adversely the listing status of the Shares on the SGX-ST;
- (b) causing market illiquidity; or
- (c) affecting adversely the orderly trading of Shares.

# APPENDIX

## 10. Tax Implications

When a company purchases its own shares using its distributed profits or contributed capital, it will be regarded as any other disposal of shares by the shareholders from whom the shares are acquired.

For income tax purposes, whether or not the proceeds received by the Shareholders are taxable in the hands of the Shareholders who sell their Shares to the Company for which the purchases were made out of distributed profits or contributed capital will depend on whether such proceeds are receipts of an income or capital nature.

**Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.**

## 11. Implications of Take-over Code

### 11.1 Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 ("**TOC Appendix 2**") of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (b) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

### 11.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert: (i) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts; and (ii) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.



# APPENDIX

## 11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Mr Ong Yoke En (Executive Director and Chief Executive Officer of the Company), Ms Lim Lay Yong (Executive Director and Chief Operating Officer of the Company, and wife of Mr Ong Yoke En), Mr Ong How En (brother of Mr Ong Yoke En) and Ms Ong Yoke Hoi (sister of Mr Ong Yoke En), who are deemed to be acting in concert with each other, collectively held 58.01% of the issued Shares. They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

**Shareholders who are in any doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.**

## 12. Reporting Requirements

Within 30 days of the passing of the Shareholders' resolution to approve the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar.

The Directors shall lodge with the Registrar a notice of Share purchase within 30 days of a Share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profit or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

## 13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% of Issued Share Capital <sup>(1)</sup>	Number of Shares	% of Issued Share Capital <sup>(1)</sup>
<b>Directors</b>				
Ong Yoke En	139,152,000	41.59	-	-
Lim Lay Yong	45,000,000	13.45	-	-
Dato' Chang Chor Choong	12,750,000	3.81	-	-
Dato' Loh Shin Siong	12,750,000	3.81	-	-
Lim Siang Kai	-	-	-	-
Hau Hock Khun	-	-	-	-
Lim Chong Huat	-	-	-	-
<b>Substantial Shareholders (other than Directors)</b>	-	-	-	-

Note:

(1) Based on the total number of issued Shares as at the Latest Practicable Date, comprising 334,564,787 Shares (excluding treasury shares and subsidiary holdings).

# APPENDIX

## 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

## 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 133 North Bridge Road, #08-03 Chinatown Point, Singapore 059413, during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for FY2023.



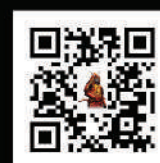
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