

7. BUSINESS OVERVIEW (cont'd)

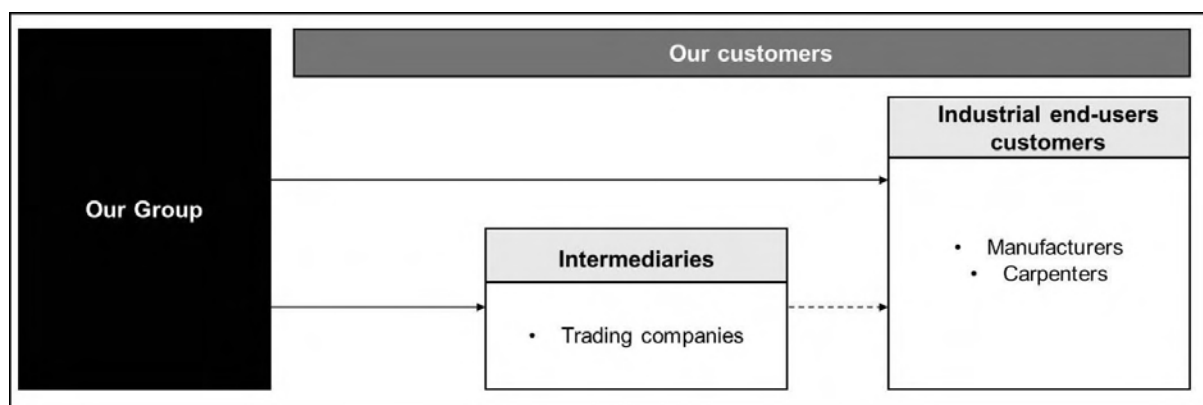
(iii) Sealants

We manufacture and sell sealants to customers for construction and renovation activities, to fill gaps, cracks, joints or openings of numerous surfaces, which include wood, concrete, marble and metal. We mainly manufacture silicone-based, acrylic-based and MS polymer-based sealants. Since the introduction of sealants into our product offerings in June 2025, we have launched 6 SKUs for sales, all of which are varied in terms of bases, colour, volume size, and/or application such as applied surface (e.g. wood, concrete, marble and metal), applied area (e.g. indoor or outdoor), and common usage (e.g. woodworking/ carpentry, roofing, bathroom fittings, windows/ doors/ walls, concrete/ metal/ plastic joints).



Our sealants are packaged and sold in cartons, each containing 24 cartridges, with capacities ranging from 280ml to 400ml or weights ranging from 350 grams to 450 grams, depending on the SKU.

7.2.2 Our customers



Notes:

- > denotes direct sales to industrial end-user customers.
- > denotes indirect sales to industrial end-user customers through intermediaries.

We mainly sell our house brand products directly to industrial end-users of our industrial adhesives, emulsion polymers and sealants. Products sold to industrial end-users directly are generally labelled under our house-brands.

7. BUSINESS OVERVIEW (cont'd)

The industrial end-user customers of our industrial adhesives consist of, but are not limited to:

Application	Industrial end-users
Paper and packaging	• Paper manufacturers • Paper box and packaging manufacturers • Cigarette manufacturers • Product label and sticker printing companies • Files and book manufacturers • Bookbinding companies • Stationery manufacturers • Food packaging manufacturers • Tissue manufacturers
Fabric lamination	• Apparel manufacturers • Textile and fabric manufacturers • Furniture manufacturers • Automotive component manufacturers
Woodworking	• Furniture manufacturers • Plywood and veneer manufacturers • Wood flooring manufacturers • Door manufacturers • Frame moulding companies • Finger joint wood-working manufacturers
Renovation and building materials	• Carpenters involved in construction and renovation works • Gypsum board manufacturers

The industrial end-users of our emulsion polymers primarily include manufacturers involved in the manufacturing of industrial adhesives, glove coatings, paints and coatings, as well as textiles and fabrics. On the other hand, the industrial end-users of our sealants are primarily carpenters involved in construction and renovation works and gypsum board manufacturers.

We also sell our products to industrial end-users indirectly through intermediaries (i.e. trading companies) for onwards sales to industrial end-users. Products sold to intermediaries are also primarily labelled under our house-brands. For our industrial adhesives, we may also sell our products to trading companies that are labelled under their brand names upon request.

For industrial adhesives and emulsion polymers, we work closely with industrial end-users to gain a comprehensive understanding of their requirements and applications of our products for direct sales, which is critical for our Group to manufacture customised industrial adhesives as well as propose the suitable emulsion polymers that are in accordance with their specific requirements and applications. Additionally, for indirect sales through intermediaries (i.e. trading companies), we may also work closely with the industrial end-users together with the respective trading companies to manufacture customised industrial adhesives as well as propose the suitable emulsion polymers, if required. For sealants, we do not customise formulations for our customers and they are generally sold as off-the-shelf products.

We primarily sell our products to local customers in Malaysia; as well as to overseas markets such as Vietnam, Thailand and Indonesia, mainly through intermediaries (i.e. trading companies). For the Financial Years/Period Under Review, sales of our products to local customers in Malaysia contributed 81.62%, 88.27%, 91.82%, 91.84%, 90.93% and 92.29% to our total revenue, respectively. Please refer to Section 7.3.2 of this Prospectus for further details on our Group's revenue segmentation by geographical market.

7. BUSINESS OVERVIEW (cont'd)**7.2.3 Our business locations**

The details of the headquarters and operating facilities of our Group are as follows:

Facilities	Ownership	Address	Built-up area (sq ft)	Date of commencement of operation	Function
Bukit Panchor HQ	Owned	No. 1744, Jalan Industri 2, Kawasan Perindustrian Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	78,276	January 2018	Headquarters, administrative office, manufacturing plant for industrial adhesives and sealants, as well as storage for finished goods.
Valdor Factory	Owned	No. 21 & 23, Lorong Seruling 2, Taman Perindustrian Valdor, Sungai Bakap, 14200 Sungai Jawi, Pulau Pinang	10,010	February 2004	Manufacturing plant for emulsion polymers.
Shah Alam Office	Rented	No. 2A Tingkat Bawah & 1, Jalan Kemuning Prima D 33/D, Taman Kemuning Utama, Seksyen 33, 40400 Shah Alam, Selangor	3,409	April 2011	Sales and marketing office as well as storage for finished goods.

7.2.4 Warranty

We do not have a formal warranty policy for our in-house manufactured industrial adhesives, emulsion polymers and sealants. However, our products typically have a shelf life of 3 months to 1 year from the date of manufacture. In cases where our customers notify us of any defects such as deformed product appearance or substandard product quality within the shelf life, we will conduct investigation on the causes of such defects. For industrial adhesives or emulsion polymers, if our investigation concludes that the issue falls under our responsibility, we will arrange for collection of the defect industrial adhesives or emulsion polymers from our customers, following which the products will be reprocessed in accordance to the agreed upon product specifications such as visual appearance, product odour, viscosity, total solid content and pH value before being redelivered to our customers. For sealants, where the responsibility for the defect lies with us, we will provide replacement products to the customer. The abovementioned practices are applicable to both our local as well as overseas customers.

Our product reprocessing activities are carried out using our machinery whereby the machining time allocated for our product reprocessing activities cannot be separately quantified. Further, raw materials used in our product reprocessing activities are not material and are expensed off as part of our cost of sales.

7. BUSINESS OVERVIEW (cont'd)**7.3 PRINCIPAL MARKETS AND SEGMENTS****7.3.1 Business segments**

For the Financial Years/Period Under Review, our Group's total revenue was mainly derived from the sales of industrial adhesives, which accounted for 83.15%, 91.19%, 95.40%, 95.54%, 92.89% and 93.04% of our total revenue respectively.

The breakdown of our Group's revenue by principal activities for the Financial Years/Period Under Review is as follows:

Product category	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Industrial adhesives	46,024	83.15	53,685	91.19	51,342	95.40	53,826	95.54
Emulsion polymers	9,328	16.85	5,187	8.81	2,476	4.60	2,512	4.46
- Manufacturing	9,328	16.85	4,517	7.67	2,160	4.01	2,512	4.46
- Trading ⁽¹⁾	-	-	670	1.14	316	0.59	-	-
Sealants	-	-	-	-	-	-	-	-
Total revenue	55,352	100.00	58,872	100.00	53,818	100.00	56,338	100.00

Product category	FYE 2025		FPE 2025		FPE 2026	
	RM'000	%	RM'000	%	RM'000	%
Industrial adhesives	48,713	92.89	20,180	93.12	22,651	93.04
Emulsion polymers	3,672	7.01	1,491	6.88	1,622	6.66
- Manufacturing	3,672	7.01	1,491	6.88	1,622	6.66
- Trading ⁽¹⁾	-	-	-	-	-	-
Sealants	54	0.10	-	-	73	0.30
Total revenue	52,439	100.00	21,671	100.00	24,346	100.00

Note:

- (1) In May 2022, our Group experienced a fire incident at our Valdor Factory which had led to a complete suspension of our manufacturing of emulsion polymers at our Valdor Factory. Consequently, we purchased emulsion polymers from third-party suppliers to meet some of our customers' orders. For the FYE 2022 and FYE 2023, the sales of emulsion polymers purchased from third-party suppliers accounted for 1.14% and 0.59% of our revenue, respectively. In the FYE 2024, FYE 2025 and FPE 2026, we did not purchase emulsion polymers from third-party suppliers for sale to our customers.

7. BUSINESS OVERVIEW (cont'd)**7.3.2 Geographical markets**

For the Financial Years/Period Under Review, our Group's principal market is in Malaysia, which accounted for 81.62%, 88.27%, 91.82%, 91.84%, 90.93% and 92.29% of our total revenue respectively.

The breakdown of our Group's revenue segmentation by geographical market is as follows:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	45,178	81.62	51,965	88.27	49,414	91.82	51,740	91.84
Overseas	10,174	18.38	6,907	11.73	4,404	8.18	4,598	8.16
- Vietnam	3,100	5.60	2,070	3.52	2,602	4.83	2,776	4.93
- Indonesia	1,472	2.66	1,857	3.15	738	1.37	735	1.30
- Thailand	2,011	3.63	1,944	3.30	609	1.13	524	0.93
- Others ⁽¹⁾	3,591	6.49	1,036	1.76	455	0.85	563	1.00
Total revenue	55,352	100.00	58,872	100.00	53,818	100.00	56,338	100.00
	FYE 2025		FPE 2025		FPE 2026			
	RM'000	%	RM'000	%	RM'000	%		
Malaysia	47,680	90.93	20,123	92.86	22,470	92.29		
Overseas	4,759	9.07	1,548	7.14	1,876	7.71		
- Vietnam	2,811	5.36	909	4.19	1,034	4.25		
- Indonesia	573	1.09	289	1.33	565	2.32		
- Thailand	529	1.01	223	1.03	167	0.69		
- Others ⁽¹⁾	846	1.61	127	0.59	110	0.45		
Total revenue	52,439	100.00	21,671	100.00	24,346	100.00		

Note:

(1) Comprise revenue from Dubai, China, Bangladesh and Singapore.

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7. BUSINESS OVERVIEW (cont'd)**7.3.3 Customer types**

For the Financial Years/Period Under Review, our Group's total revenue was mainly derived from sales to industrial end-user customers, which accounted for 79.15%, 86.24%, 82.80%, 85.72%, 89.64% and 90.14% of our total revenue respectively.

The breakdown of our Group's revenue by customer types for the Financial Years/Period Under Review is as follows:

Customer types	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Industrial end-user customers	43,811	79.15	50,769	86.24	44,559	82.80	48,292	85.72
Intermediaries	11,541	20.85	8,103	13.76	9,259	17.20	8,046	14.28
Total revenue	55,352	100.00	58,872	100.00	53,818	100.00	56,338	100.00

Customer types	FYE 2025		FPE 2025		FPE 2026	
	RM'000	%	RM'000	%	RM'000	%
Industrial end-user customers	47,005	89.64	19,617	90.52	21,946	90.14
Intermediaries	5,434	10.36	2,054	9.48	2,400	9.86
Total revenue	52,439	100.00	21,671	100.00	24,346	100.00

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7. BUSINESS OVERVIEW (cont'd)**7.4 COMPETITIVE STRENGTHS****7.4.1 We have an established history and proven growth, with 26 years of experience since commencement of our business in 2000**

We have an established history of 26 years since commencement of our business in 2000, starting with the manufacturing of general-purpose industrial adhesives. Shortly after in 2001, we began to manufacture specialised industrial adhesives with customised formulations based on our customers' specific requirements and application needs. Furthermore, we expanded our business in 2004 as we began to manufacture emulsion polymers, which are used internally as raw materials to support and facilitate our in-house manufacturing of industrial adhesives, and was subsequently made available for sale to external customers in 2018. Our in-house capability to manufacture emulsion polymers enables us to achieve faster production turnaround times, maintain greater control on the quality and consistency of raw materials, as well as to reduce our Group's manufacturing costs. It also eliminates our reliance on third-party suppliers for emulsion polymers, providing greater flexibility in expanding our business and securing orders from customers. In addition, we further expanded our product offerings in 2025 by manufacturing sealants. Our industry experience gained throughout the years has led to the expansion of our business, thus allowing us to establish ourselves as a reputable manufacturer of industrial adhesives and emulsion polymers.

The growth of our Group is also proven by the scale of our business operations which has grown throughout the years, evidenced by the expansion of our business location from Changkat Factory with an approximate built-up area of 3,000 sq ft which we subsequently expanded to 15,200 sq ft, followed by the relocation to Bukit Panchor Factory with an approximate built-up area of 47,752 sq ft, and eventually to our Bukit Panchor HQ spanning a total built-up area of approximately 78,276 sq ft which is equipped with 14 mixing and blending machines for the manufacturing of industrial adhesives, 5 auxiliary mixing and blending machines primarily used for industrial adhesive production trials and sample productions, as well as 1 production line for the manufacturing of sealants as at the LPD. We have also established our Valdor Factory, covering a total built-up area of approximately 10,010 sq ft which is equipped with 4 lines of emulsion polymerisation reactors, to house our manufacturing operations of emulsion polymers. Furthermore, we have established our Shah Alam Office to strengthen our presence in the central region of Peninsular Malaysia. We believe that our established history and proven growth have formed a solid foundation for us to continue driving the growth of our Group.

7.4.2 Our technical expertise and product knowledge enable us to manufacture customised industrial adhesives that are tailored to customers' requirements as well as emulsion polymers and sealants formulated for various industrial applications

Our manufacturing of industrial adhesives and emulsion polymers is supported by our in-house resources which include a dedicated product formulation area as well as product formulation team comprising 4 chemists and 1 lab assistant as at the LPD, who are equipped with technical expertise and knowledge on industrial adhesives and emulsion polymers. Our product formulation team is led by our Executive Director, Lee Kim Wei, who has more than 30 years of experience in the industrial adhesive and emulsion polymer industries. Further, all our chemists and lab assistant hold science degree qualifications, and have an average of approximately 7 years of working experience in the field related to chemicals.

7. BUSINESS OVERVIEW *(cont'd)*

For industrial adhesives, our in-house product formulation capabilities have enabled us to develop new formulations for products as well as improve existing products that align with our customers' requirements and expectations. For the past 5 FYEs 2021 to 2025, we sold an average of 409 SKUs of customised water-based industrial adhesives, while during the FPE 2026, we sold 357 SKUs.

For emulsion polymers, our expertise focuses on developing formulations tailored for various industrial applications. For the past 5 FYEs 2021 to 2025, we sold an average of 20 SKUs of emulsion polymers, while during the FPE 2026, we sold 17 SKUs. Additionally, through our in-house product formulation expertise, we successfully launched sealants as a new product offering in June 2025, comprising 6 SKUs.

The experience that we have accumulated over the years has enabled us to gain extensive knowledge and profound understanding of industrial adhesives and emulsion polymers in supporting and facilitating our customers' industrial applications and manufacturing activities, thereby allowing us to continue supplying our products that meet our customers' application requirements and specifications. Amongst our major customers detailed in Section 7.17 of this Prospectus, 7 out of 10 of these major customers have at least 10 years of business relationships with our Group as at the LPD. In addition, through continuous engagement with our customers, we are able to gather valuable customer feedback on our products as well as industry insights, allowing us to refine our formulation and manufacturing of our products to better serve our customers (i.e. meeting their requirements and expectations) and to maintain the competitiveness of our products and manufacturing capabilities.

7.4.3 Our products are used in a diverse spectrum of industrial applications, allowing us to serve a large customer base

Our industrial adhesives and emulsion polymers are manufactured to support and facilitate our customers' diverse spectrum of industrial applications such as paper and packaging, fabric lamination, woodworking, and renovation and building materials; as well as the manufacturing of industrial adhesives, glove coatings, paints and coatings, and textiles and fabric, respectively. Please refer to Section 7.2.1 of this Prospectus for further details on the applications of our industrial adhesives and emulsion polymers. Further, our newly launched product, sealants, are used in construction and renovation activities on various surfaces, including wood, concrete, marble and metal. Our customers are primarily industrial end-users who utilise our products in the industrial manufacturing or processing of their end-products, as well as in construction and renovation activities. Apart from providing our products to industrial end-users, we also manufacture products for intermediaries (i.e. trading companies) for onwards sales to industrial end-users, all of which are labelled under our house brands. We may also sell our industrial adhesives labelled under third-party brand names upon request. As our products have a diverse spectrum of industrial applications, we provide our products to a large customer base as industrial adhesives and emulsion polymers are indispensable in the industrial manufacturing and processing lines of many industries. For the Financial Years/Period Under Review, we sold our products to 1,115, 1,062, 1,062, 1,026, 1,146 and 867 customers, respectively.

In view of our products' diverse spectrum of industrial applications and large customer base, our Group is able to continuously expand our market reach and capture more business opportunities across the industrial manufacturing and processing lines of many industries. Further, we are able to mitigate our risk of being affected by unexpected downturns in any particular industry as the growth of our Group is not dependent on a specific industry.

7. BUSINESS OVERVIEW (cont'd)**7.4.4 The quality of our products is attested by our adherence to quality control measures and our compliance to internationally recognised standards**

Our ability to maintain consistency in the quality of our products is critical in building our customers' confidence towards us. We maintain the quality and consistency of our products by implementing in-house quality control measures throughout the formulation to manufacturing process of our products. In addition, as part of our quality control measures, we use customised third-party software systems for our manufacturing operations of industrial adhesives and emulsion polymers, whereby the software systems encompass various functions such as storing the formulations of each industrial adhesive and emulsion polymer SKUs, monitoring the weighing of raw materials and chemical products, controlling the machines to ensure accurate sequencing and proper execution of manufacturing processes of industrial adhesives and emulsion polymers, all of which allows us to achieve greater consistency, efficiency and productivity in fulfilling our customers' requirements. Further, industrial adhesives and emulsion polymers that do not meet our internal standards will be rejected during the quality control stage for reprocessing until they comply with the required standards.

Our Group is in compliance with the internationally recognised standard of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, which attest to the quality standard of our industrial adhesives and emulsion polymers as well as provide confidence to our customers. Further, by consistently providing quality products to customers, we have been able to secure recurring orders from customers. In FYE 2025, out of a total of 1,146 customers, 882 were recurring customers who had made purchases in FYE 2021, FYE 2022, FYE 2023 and/or FYE 2024.

We believe that our implementation of quality control measures and our compliance to internationally recognised standards are testaments to our technical competency and will increase our customers' confidence in our capabilities. Further, bolstering our business reputation in delivering quality products will continue to enable us to attract new customers as well as to retain existing customers, thereby driving continuous business growth of our Group.

7.4.5 Our Group has experienced Managing Director, Executive Directors and Key Senior Management

Our Managing Director, Executive Directors and Key Senior Management have accumulated years of experience in their respective fields of expertise, industrial knowledge and/or in-depth understanding of our business operations. Under their leadership, we have established our industry reputation as a manufacturer of quality industrial adhesives and emulsion polymers. The industry reputation that we have established over the years have been crucial to our Group in attracting new customers and retaining our business relationships with existing customers.

The table below sets out our Managing Director, Executive Directors and Key Senior Management as well as the years of relevant working experience:

Name	Designation	Years of relevant working experience
Dato' Gooi	Managing Director	35
Lee Kim Wei	Executive Director	33
Gooi Zi Jing	Executive Director	11
Eng Pek Yui	Chief Financial Officer	18
Leo Hee Seng	Director of Purebond Adhesive	39
Yew Kim Chuan	Sales Manager of GB Chemical	24

7. BUSINESS OVERVIEW (cont'd)

Please refer to Sections 5.1.2, 5.2.2 and 5.3.2 of this Prospectus for the profiles of our Managing Director, Executive Directors and Key Senior Management. Our Managing Director, Executive Directors and Key Senior Management have strong industry and functional expertise as a result of years of experience in their respective fields. Further, each of our Executive Directors and Key Senior Management takes an active, hands-on role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand our business.

7.5 FUTURE PLANS AND STRATEGIES**7.5.1 We intend to establish our physical presence and expand our sales in Vietnam**

For the past 5 FYEs 2021 to 2025 and FPE 2026, our sales to Vietnam contributed 5.60%, 3.52%, 4.83%, 4.93%, 5.36% and 4.25% to our total revenue, respectively. For FPE 2026, we sell our products to a single customer in Vietnam, namely Vietnam V-Bond Company Limited. Nevertheless, as at the LPD, we intend to pursue our previous customers in Vietnam and have also identified other potential customers in Vietnam whom we can sell our products to, who are mainly involved in the woodworking as well as paper and packaging industry. Building on our steady stream of revenue from Vietnam, as well as the growth potential of the industrial adhesives, emulsion polymers and sealants industry in Vietnam, as detailed in Section 4.10 of this Prospectus, we plan to further expand our business and strengthen our market presence by establishing a local sales office in the country ("**Vietnam Office**"), which will focus on driving additional sales in Vietnam. This expansion plan will involve:

- (i) hiring of a general manager to manage the operations of our Vietnam Office as well as 6 sales executives to carry out sales activities and to foster and maintain relationships with local customers. In addition, we intend to hire 1 administrative clerk, 1 logistic personnel and 1 account clerk to support our business operations at the Vietnam Office;
- (ii) purchase of equipment for quality control such as viscometer and oven, to carry out final inspections and/or testing prior to product delivery to customers;
- (iii) rental of storage space, on an ad-hoc basis, at a third-party shared warehouse for product storage prior to delivery to customers;
- (iv) rental of an office unit measuring approximately 65 sq m in Ho Chi Minh City, Vietnam, for the establishment of our Vietnam Office; and
- (v) engagement in various marketing activities to drive sales, including participating in trade exhibitions, industry fairs and promotional events; organising digital marketing campaigns; advertising through online and print media; and producing promotional materials such as brochures and product samples.

Our Group estimates that the total cost of this expansion plan to be approximately RM3.50 million, which will be fully funded from our IPO proceeds, comprising the associated staff costs, one-off purchase of office equipment and quality control equipment, rental of storage space at a third-party shared warehouse on an ad-hoc basis, rental of the Vietnam Office and as well as marketing expenses. Please refer to Section 4.10 of this Prospectus for further details on the breakdown of the total estimated costs and the respective utilisation timeframe for this expansion plan. We intend to establish the Vietnam Office within 6 months from the date of our Listing.

7. BUSINESS OVERVIEW *(cont'd)*

While our Group has not conducted a formal feasibility study on the viability of establishing a physical presence in Vietnam, our decision to expand our presence in Vietnam is supported by our existing experience in serving customer in Vietnam. We have been exporting our products to Vietnam and, over the years, we have regularly visited our customer in Vietnam to provide assistance in sales and gathering end-user customers' requirements for product formulation. Through these engagements, we have gained practical insights into the demand for our products, customer preferences and behaviour, as well as the business landscape in Vietnam. Such experience, together with our existing customer relationship and identification of potential customers in Vietnam, has enabled us to assess the market potential and formulate our expansion plans.

Further, the proposed establishment of the Vietnam Office does not involve setting up manufacturing operations or other capital-intensive infrastructure. The proposed operations will primarily comprise an office, ad-hoc storage space at a third-party shared warehouse, quality control equipment and a team of management, sales and administrative personnel. Accordingly, the proposed expansion involves a relatively straightforward operational set-up, which does not require significant or complex infrastructure, manufacturing capabilities or technical facilities.

The Vietnam Office will support our business expansion in the country and enable our Group to better serve and secure customers in Vietnam as we will be in close proximity to, and accessible by, local customers in Vietnam. Further, having a local presence is also expected to speed up order processing and improve logistics coordination, thus expediting product deliveries, which will in turn provide greater confidence to local customers. We believe that all of these will enable us to secure additional customers and grow our sales in Vietnam, and subsequently drive the overall growth of our business.

7.5.2 We intend to expand our manufacturing capacity for industrial adhesives and sealants by renting a new factory and purchasing new machinery and equipment to be placed at a new factory

We plan to increase our manufacturing capacity for industrial adhesives (which are our key products and main revenue generator) and sealants (which was newly introduced to our product range in June 2025) by purchasing a series of new machinery and equipment. As our Bukit Panchor HQ and Valdor Factory are fully occupied, we intend to rent a new factory located near our Bukit Panchor HQ with a built-up area of approximately 40,000 sq ft ("**New Factory**") to house these new machinery and equipment, immediately after our Listing. The rental of the New Factory is estimated to cost approximately RM80,000 per month, to which we plan to allocate RM3.00 million from the IPO proceeds to fund the rental (as well as the requisite deposits) over 36 months from the date of our Listing.

Further details of our manufacturing capacity expansion plan are as follows:

(i) Industrial adhesives

As detailed in Section 7.6.1 of this Prospectus, we recorded a utilisation rate of 86.78%, 82.85%, 85.87% and 94.07% for our industrial adhesives manufacturing operations for the past 4 FYEs 2021 to 2024 respectively. In view of the high utilisation rate, we invested in 3 additional mixing and blending machines in November 2024 to increase our manufacturing capacity. Notwithstanding that the newly added capacity contributed by the 3 new mixing and blending machines is yet to be fully utilised as evidenced by the utilisation rate of 65.13% and 72.41% in FYE 2025 and FPE 2026 respectively, we intend to continue expanding our manufacturing capacity for industrial adhesives in anticipation of continuous growth of sales in Malaysia as well as in Vietnam. The anticipated sales growth in both Malaysia and Vietnam is premised on intensified sales and marketing activities as well as our expansion plan in Vietnam detailed in Section 4.10 of this Prospectus.

7. BUSINESS OVERVIEW (cont'd)

We intend to expand our manufacturing capacity for industrial adhesives through the purchase of 4 additional mixing and blending machines for industrial adhesives. We intend to allocate RM1.00 million from the IPO proceeds for the purchase and installation of the 4 additional mixing and blending machines at our New Factory. The purchase of 4 additional mixing and blending machines for industrial adhesives with additional annual manufacturing capacity of 8,342.40 tonnes will increase our Group's total annual manufacturing capacity for industrial adhesives by approximately 35.31% to 31,971.30 tonnes from 23,628.90 tonnes.

In summary, the purchase of machinery and equipment to be installed at the New Factory will increase our Group's annual manufacturing capacity as follows:

Current annual manufacturing capacity (tonnes)⁽¹⁾	Incremental annual manufacturing capacity (tonnes)⁽²⁾	New annual manufacturing capacity (tonnes)⁽³⁾
23,628.90	8,342.40	31,971.30

Notes:

- (1) Calculated by a total manufacturing capacity of approximately 99.70 tonnes per day using 14 mixing and blending machines, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (2) Calculated by a total manufacturing capacity of approximately 35.20 tonnes per day using the 4 additional mixing and blending machines to be purchased, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (3) Calculated based on the aggregate of our current annual manufacturing capacity and the incremental annual manufacturing capacity.

We believe that the demand for industrial adhesives will continue growing in tandem with the sustained growth of the manufacturing and construction sectors, given the wide usage and broad applications of industrial adhesives in both sectors. As such, having sufficient and available manufacturing capacity will enable us to respond promptly to any business opportunities presented to us and to secure orders from customers. Further, according to the IMR Report, our Group recorded a market share of 7.59% in the industrial adhesives industry in Malaysia, in 2025. This signifies a potential for our Group to expand our market share as we grow our manufacturing capacity alongside the growth in our sales.

(ii) Sealants

As a result of our product development efforts, we successfully developed and commercialised sealants as one of our product offerings in June 2025. As at the LPD, our Bukit Panchor HQ is equipped with 1 production line of machinery and equipment for the manufacturing of sealants. As we begin to aggressively market and sell our sealants to customers, including cross-selling to existing customers of industrial adhesives, we will require additional manufacturing capacity for sealants to cater to the increased sales.

As such, we intend to allocate RM1.50 million from the IPO proceeds to purchase and install 2 additional production lines for sealants, which are made up of a series of machinery and equipment, including dispersing power mixers, hydraulic/barrel extruders, vacuum pumps and filling machines. Please refer to Section 4.10 of this Prospectus for further details of these machinery and equipment.

7. BUSINESS OVERVIEW (cont'd)

The 2 additional production lines for the manufacturing of sealants will increase our annual manufacturing capacity for sealants by 200.00% from 474.00 tonnes to 1,422.00 tonnes. In summary, the 2 additional production lines to be installed at the New Factory will increase our Group's annual manufacturing capacity as follows:

Current annual manufacturing capacity (tonnes)⁽¹⁾	Incremental annual manufacturing capacity (tonnes)⁽²⁾	New annual manufacturing capacity (tonnes)⁽³⁾
474.00	948.00	1,422.00

Notes:

- (1) Calculated by a total manufacturing capacity of approximately 2.00 tonnes per day using 1 production line, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (2) Calculated by a total manufacturing capacity of approximately 4.00 tonnes per day using the 2 additional production lines to be purchased, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (3) Calculated based on the aggregate of our current annual manufacturing capacity and the incremental annual manufacturing capacity.

While the 2 additional production lines are primarily intended for the manufacturing of sealants at our New Factory, they are also compatible for the manufacturing of industrial adhesives and may be utilised as such. Hence, if required, these 2 production lines can be utilised for the manufacturing of industrial adhesives to address urgent manufacturing demands or operational needs.

The increase in our manufacturing capacity of industrial adhesives and sealants is aligned with our plan to expand our sales and customer base both locally and overseas, which will in turn contribute to our overall business and financial growth.

7.5.3 We intend to enhance our product formulation capabilities through the purchase of testing and analytical equipment for product formulation

Our product formulation activities focus on the formulation of industrial adhesives, emulsion polymers and sealants that cater to our customers' requirement and needs. We analyse and understand our customers' requirements from various aspects, including the application of our products as well as other properties such as bond strength, bonding surface, product odour, viscosity, total solid content, pH value, curing time, flexibility and/or environmental resistance, all of which are critical for us to develop product formulations that best suit our customers' needs.

As at the LPD, our product formulation activities are carried out in-house at a dedicated product formulation area located at our Bukit Panchor HQ. As at the LPD, we are equipped with viscometer, pH meter and oven for product property tests such as (e.g. product appearance, product odour, viscosity, total solid content and pH value). To enhance our product formulation capabilities and turnaround time, we intend to allocate RM0.90 million from the IPO proceeds for the purchase of several new testing and analytical equipment, namely:

- (i) differential scanning calorimetry, for determining the transition glass temperature of emulsion polymers;

7. BUSINESS OVERVIEW (cont'd)

- (ii) universal tensile testing machine, for assessing the mechanical properties of industrial adhesives, emulsion polymers and sealants;
- (iii) particle size analyser, for measuring the particle sizes and distributions of industrial adhesives and emulsion polymers; and
- (iv) minimum film forming temperature analyser, for determining the minimum film forming temperature of industrial adhesives and emulsion polymers.

These testing and analytical equipment are dedicated to product formulation activities, functions of which are detailed in Section 4.10 of this Prospectus. We intend to purchase these equipment within 24 months from the date of our Listing, to be placed at the dedicated product formulation area in our Bukit Panchor HQ.

With enhanced product formulation capabilities, we will be able to better propose formulations to customers, supported by detailed analyses of the industrial adhesives, emulsion polymers and sealants, which enable our customers to assess the suitability and performance of our products for their intended applications. This is expected to increase customer confidence over our expertise and offerings, potentially converting to sales and eventually contributing to our business growth.

7.5.4 We intend to intensify our sales and marketing activities to grow our customer base and sales in Malaysia

As at the LPD, we secure new customers primarily through direct approach with potential customers, referrals from business associates and enquiries received via our corporate website. We intend to allocate RM0.50 million from the IPO proceeds to intensify our sales and marketing activities in Malaysia, which include:

- (i) increasing on-ground marketing campaigns, including promotional displays, signages and banners;
- (ii) participating in exhibitions such as International Architecture, Interior Design and Building Exhibition ("ARCHIDEX") and/or Asia Pacific Coatings Show ("APCS"); and
- (iii) adopting digital marketing through advertisement on the social media platforms.

These sales and marketing activities will be carried out within 24 months from the date of our Listing using the allocated IPO proceeds, by our in-house sales and marketing team, which comprises 11 employees as at the LPD. Additionally, where necessary, we may engage third-party marketing companies for certain sales and marketing activities moving forward, such as online media companies for digital marketing.

We believe that these sales and marketing initiatives will increase our brand awareness and enhance our brand recognition amongst our potential customers. Further, the participation in exhibitions will allow us to showcase our product offerings and expertise to potential customers. All of which are expected to contribute to the growth of our customer base and sales, thereby enhancing our business and financial performance.

7. BUSINESS OVERVIEW (cont'd)

7.6 OPERATIONAL CAPACITY AND UTILISATION

Our Group's annual capacity, actual output and utilisation rate are calculated based on the manufacturing capacity of industrial adhesives and sealants in our Bukit Panchor HQ, as well as emulsion polymers in our Valdor Factory.

Our Valdor Factory operations were suspended in May 2022 due to a fire incident and resumed in December 2024 upon completion of its reconstruction. Please refer to Section 7.14 of this Prospectus for further details on the fire incident at our Valdor Factory.

Prior to the fire incident, we operated 3 lines of emulsion polymerisation reactors for the manufacturing of emulsion polymers. Following the fire incident, from September 2022 to November 2024, we repurposed one of our mixing and blending machines for industrial adhesives at our Bukit Panchor HQ to temporarily facilitate the manufacturing of emulsion polymers. Concurrently, in September 2022, we also acquired one of the emulsion polymerisation reactors affected by the fire from the insurance company to be refurbished and installed at our Bukit Panchor HQ to manufacture emulsion polymers prior to restoring our emulsion polymer manufacturing operations at our Valdor Factory. Upon completion of the reconstruction of Valdor Factory in December 2024, we relocated our emulsion polymer manufacturing operations back to our Valdor Factory. We relocated the refurbished emulsion polymerisation reactor back to our Valdor Factory and acquired 3 new lines of emulsion polymerisation reactors. Concurrently, in December 2024, we converted the repurposed emulsion polymerisation reactor back to a mixing and blending machine for the manufacturing of industrial adhesives.

7.6.1 Manufacturing capacity of industrial adhesives

Our Group's manufacturing capacity, actual manufacturing output and utilisation rate of industrial adhesives in Bukit Panchor HQ for the Financial Years/Period Under Review are as follows:

	Manufacturing capacity (Tonnes)	Manufacturing output (Tonnes)	Utilisation rate (%)⁽⁷⁾
FYE 2021	16,590.00 ⁽¹⁾	14,396.01	86.78
FYE 2022	16,242.40 ⁽²⁾	13,457.58	82.85
FYE 2023	15,547.20 ⁽³⁾	13,350.19	85.87
FYE 2024	16,800.80 ⁽⁴⁾	15,805.22	94.07
FYE 2025	23,628.90 ⁽⁵⁾	15,389.13	65.13
FPE 2026	9,670.90 ⁽⁶⁾	7,002.94	72.41

Notes:

- (1) Calculated based on the total daily manufacturing capacity of approximately 70.00 tonnes per day using 11 mixing and blending machines, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (2) Calculated based on the total daily manufacturing capacity of approximately 70.00 tonnes per day using 11 mixing and blending machines, for approximately 158 working days from January 2022 to August 2022; and a daily manufacturing capacity of approximately 65.60 tonnes per day using 10 mixing and blending machines, for approximately 79 working days from September 2022 to December 2022 following the conversion of 1 of our mixing and blending machine to an emulsion polymerisation reactor to manufacture emulsion polymers in September 2022. The total number of working days in FYE 2022 was 237 days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.

7. BUSINESS OVERVIEW (cont'd)

- (3) Calculated based on the total daily manufacturing capacity of approximately 65.60 tonnes per day using 10 mixing and blending machines, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (4) Calculated based on the total daily manufacturing capacity of approximately 65.60 tonnes per day using 10 mixing and blending machines, for 238 working days in a year; a daily manufacturing capacity of approximately 4.40 tonnes per day using 1 mixing and blending machine, for approximately 20 days in December 2024 following the conversion of the repurposed emulsion polymerisation reactor back to a mixing and blending machine to manufacture industrial adhesives in December 2024; and a daily manufacturing capacity of approximately 27.50 tonnes per day using 3 additional mixing and blending machines for 40 working days from November 2024 to December 2024, following the acquisition and commissioning of these 3 additional mixing and blending machines in November 2024. The total number of working days in FYE 2024 was 238 days as it was a leap year and upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (5) Calculated based on the total daily manufacturing capacity of approximately 99.70 tonnes per day using 14 mixing and blending machines, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance, following the upgrade of 1 mixing and blending machine in January 2025, which increased our daily manufacturing capacity by 2.20 tonnes.
- (6) Calculated based on the total daily manufacturing capacity of approximately 99.70 tonnes per day using 14 mixing and blending machines, for 97 working days from January 2026 to May 2026, upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (7) Utilisation rate is computed based on actual manufacturing output divided by annual manufacturing capacity and multiplied by 100.00%.

7.6.2 Manufacturing capacity of emulsion polymers

Our Group's manufacturing capacity, actual manufacturing output and utilisation rate of emulsion polymers in Valdor Factory for the Financial Years/Period Under Review are as follows:

	Manufacturing capacity (Tonnes)	Manufacturing output (Tonnes)	Utilisation rate (%)⁽⁸⁾
FYE 2021	3,128.40 ⁽¹⁾	2,841.00	90.81
FYE 2022	1,738.00 ⁽²⁾	1,272.00	73.19
FYE 2023	2,085.60 ⁽³⁾	735.00	35.24 ⁽⁴⁾
FYE 2024	2,318.40 ⁽⁵⁾	2,291.00	98.82
FYE 2025	4,740.00 ⁽⁶⁾	2,667.00	56.27
FPE 2026	1,940.00 ⁽⁷⁾	867.00	44.69

Notes:

- (1) Calculated based on the total daily manufacturing capacity of approximately 13.20 tonnes per day using 3 emulsion polymerisation reactors, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.

7. BUSINESS OVERVIEW *(cont'd)*

- (2) Calculated based on the total daily manufacturing capacity of approximately 13.20 tonnes per day using 3 emulsion polymerisation reactors, for 79 days from January 2022 to April 2022 prior to the fire incident; a total daily manufacturing capacity of approximately 4.40 tonnes per day using 1 repurposed emulsion polymerisation reactor which was repurposed from one of our mixing and blending machines for industrial adhesives at our Bukit Panchor HQ to temporarily facilitate the manufacturing of emulsion polymers for 70 days from September 2022 to December 2022; and a total daily manufacturing capacity of approximately 4.40 tonnes per day using 1 refurbished emulsion polymerisation reactor which was purchased from the insurance company and was refurbished and installed at our Bukit Panchor HQ to temporarily facilitate the manufacturing of emulsion polymers for 70 days from September 2022 to December 2022. The total number of working days in FYE 2022 was 237 days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (3) Calculated based on the total daily manufacturing capacity of approximately 8.80 tonnes per day using 2 emulsion polymerisation reactors (i.e. the repurposed emulsion polymerisation reactor and refurbished emulsion polymerisation reactor), for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (4) The utilisation rate of emulsion polymers in Valdor Factory for the FYE 2023 decreased significantly due to a reduction in sales following the fire incident. During this period, our manufacturing of emulsion polymer was used to support our Group's in-house manufacturing of industrial adhesive as well as to serve existing customers' order. Please refer to Section 7.3.1 for further information on our Group's revenue breakdown by principal activities.
- (5) Calculated based on the total daily manufacturing capacity of approximately 8.80 tonnes per day using 2 emulsion polymerisation reactors (i.e. the repurposed emulsion polymerisation reactor and refurbished emulsion polymerisation reactor), for 218 working days from January 2024 to November 2024; and a total daily manufacturing capacity of approximately 20.00 tonnes per day using 4 emulsion polymerisation reactors at our Valdor Factory, including the refurbished emulsion polymerisation reactor which we have upgraded to increase its daily manufacturing capacity by 0.60 tonnes, and 3 new lines of emulsion polymerisation reactors with a daily manufacturing capacity of 5.00 tonnes each, for 20 working days in December 2024. The total number of working days in FYE 2024 was 238 days as it was a leap year and upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (6) Calculated based on the total daily manufacturing capacity of approximately 20.00 tonnes per day using 4 emulsion polymerisation reactors, for 237 working days in a year upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (7) Calculated based on the total daily manufacturing capacity of approximately 20.00 tonnes per day using 4 emulsion polymerisation reactors, for 97 working days from January 2026 to May 2026, upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (8) Utilisation rate is computed based on actual manufacturing output divided by annual manufacturing capacity and multiplied by 100.00%.

7. BUSINESS OVERVIEW *(cont'd)***7.6.3 Manufacturing capacity of sealants**

Our Group's manufacturing capacity, actual manufacturing output and utilisation rate of sealants in Bukit Panchor HQ in FYE 2025 (June to December) and FPE 2026 are as follows:

	Manufacturing capacity (Tonnes)	Manufacturing output (Tonnes)	Utilisation rate (%)⁽³⁾
FYE 2025 (June – December)	276.00 ⁽¹⁾	4.88	1.77
FPE 2026	194.00 ⁽²⁾	5.96	3.07

Notes:

- (1) Calculated based on the total daily manufacturing capacity of approximately 2.00 tonnes per day using 1 production line, for 138 working days from June 2025 to December 2025, upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (2) Calculated based on the total daily manufacturing capacity of approximately 2.00 tonnes per day using 1 production line, for 97 working days from January 2026 to May 2026, upon considering closures on public holidays and Sundays as well as closures for scheduled cleaning / maintenance.
- (3) Utilisation rate is computed based on actual manufacturing output divided by annual manufacturing capacity and multiplied by 100.00%.

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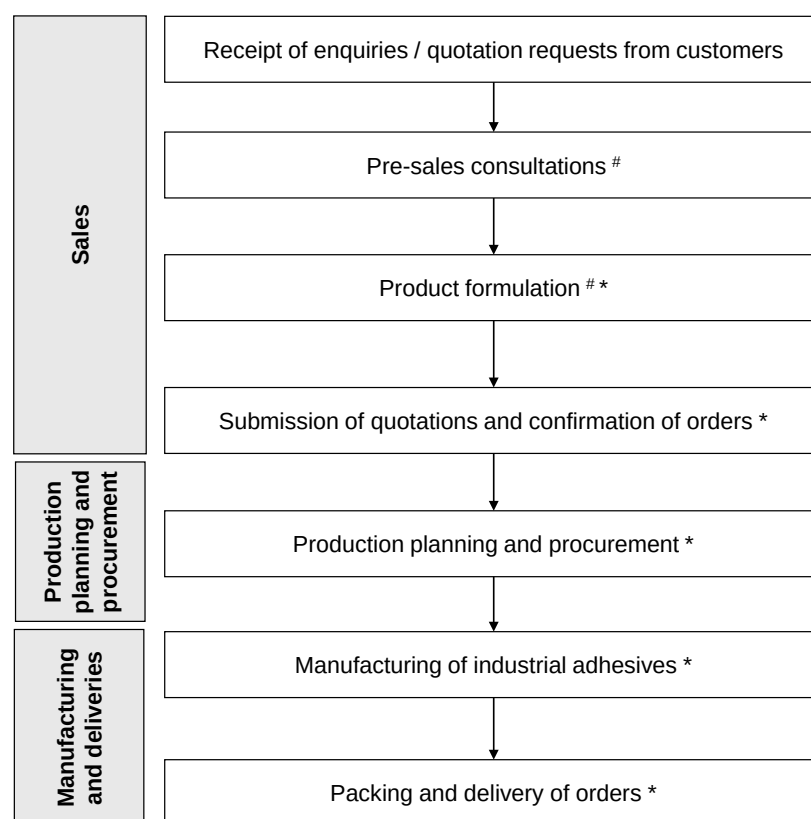
7. BUSINESS OVERVIEW (cont'd)

7.7 PROCESS FLOW

The operational process flows for the manufacturing of our main products, namely industrial adhesives and emulsion polymers, are as follows:

7.7.1 Manufacturing of industrial adhesives

The following diagram shows the operational process of our manufacturing of industrial adhesives:



Notes:

- # Indicates processes for requests involving new product formulations from customers.
- * Indicates processes where quality control checks are carried out.

Sales

Upon receiving customer enquiries for new formulations, we conduct pre-sales consultations to analyse and assess our customers' industrial applications and requirements of our industrial adhesives. This process allows us to analyse the feasibility and product requirements to ensure that we are able to fulfil our customers' specifications and needs.

Thereafter, we commence product formulation to develop new formulations based on our customers' product requirements and specifications, including producing product samples for customers' evaluations, which typically take up to a week, subject to the availability of raw materials and chemical products. During customer evaluations, we work closely with our customers and conduct various tests, including applying the industrial adhesives on our customers' products to determine the suitability of the new formulations in meeting our customers' desired needs. Based on our customers' feedback and product test results, we may adjust the formulation to align with the desired outcomes.

7. BUSINESS OVERVIEW *(cont'd)*

Once we have finalised the product formulations, we prepare quotations for our customers, taking into consideration the complexity of the product formulations, cost of raw materials and chemical products and purchase volumes. Upon acceptance of quotations, our customers will issue purchase orders to confirm the sales. Where requested by our overseas customers, local customers who may distribute our industrial adhesives to overseas markets, or where required by the regulations of the relevant overseas jurisdictions, we will submit the industrial adhesives to independent third-party laboratories for industrial product analysis. Such analysis is conducted to assess the composition, properties and quality of the products, and to obtain formal test reports demonstrating compliance with regulatory standards applicable in countries to which we export to.

For enquiries involving existing formulations, quotations are prepared based on the prevailing cost of raw materials and chemical products and purchase volumes.

Production planning and procurement

We will outline a detailed production plan prior to mass manufacturing, which sets out amongst others, the raw materials and chemical products required, formulations, production sequences as well as production schedules, taking into considerations our production capacities and resources available. We also perform inventory level assessments on a monthly basis to confirm the sufficiency of the required raw materials and chemical products in our inventory prior to procuring from our suppliers, if required. We typically maintain inventory levels of raw materials and chemical products sufficient for approximately 3 months of our production, whilst taking into consideration orders received from customers and our projected sales based on historical trend, as well as lead time required for the arrival of raw materials and chemical products at our Bukit Panchor HQ. Upon receipt of raw materials and chemical products from suppliers, raw materials and chemical products will undergo quality control checks to ensure compliance with our specifications and quantities, as well as in good conditions.

Prior to manufacturing, the required raw materials and chemical products will be retrieved from our inventory and sent to the manufacturing lines in accordance with the production plan. Additionally, we also conduct inspections and calibration on our mixing and blending machines as well as tools and accessories to be utilised as part of our quality control measures to ensure that the machinery as well as tools and accessories are in optimal conditions to produce industrial adhesives in accordance with our customers' requirements.

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7. BUSINESS OVERVIEW *(cont'd)*

Manufacturing and deliveries

We then carry out manufacturing of industrial adhesives according to our production schedules. The raw materials and chemical products required are loaded into the mixing and blending machines, where they undergo thorough mixing and blending processes, which typically take 2 to 10 hours, depending on the specific requirements of each product. Where the industrial adhesive mixtures contain raw materials and chemical products that require heating, the industrial adhesive mixtures will undergo controlled heating processes to ensure

proper dissolution to achieve the intended textures.

Following the manufacturing processes, we conduct product testing on the industrial adhesives to assess their properties (e.g. product appearance, product odour, viscosity, total solid content and pH value) to ensure that the final products meet the desired outcomes in accordance with the products' specifications. Samples from each production batch will be retained for product tracing purposes, and are disposed upon the expiry of the products' shelf life. Our industrial adhesives typically have a shelf life of 6 months to 1 year, depending on the raw materials and chemical products used.

The industrial adhesives are then filled into industrial bottles, industrial pails, packages, metal drums or IBC tanks, and are stored at the storage spaces at our Bukit Panchor HQ prior to deliveries. Thereafter, we will make the necessary logistic arrangements for the deliveries of industrial adhesives to our customers via our in-house logistics team or third-party logistics providers, according to the agreed upon schedules. Prior to delivery, all products will undergo final inspections and/or testing on amongst others, the order volume, product label, packaging conditions, viscosity, appearances and/or odours, to ensure meeting our customers' requirements.

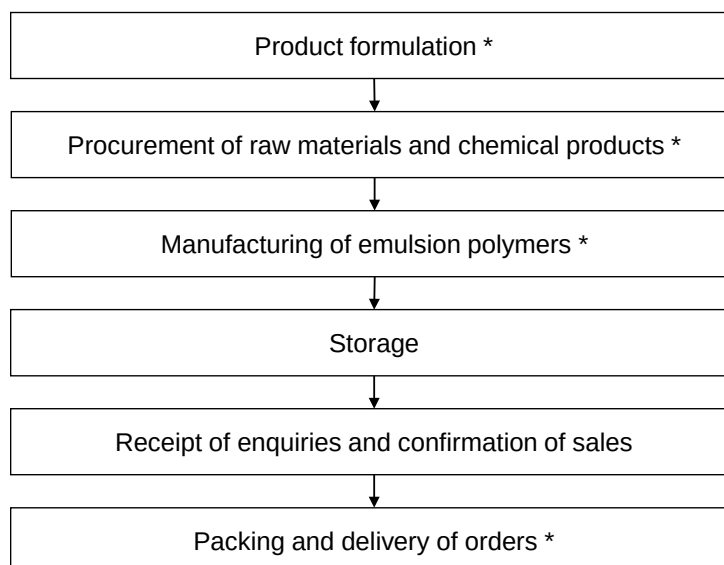
Depending on the availability of raw materials and chemical products as well as purchase volumes, the lead time from confirmation of purchase orders to product delivery generally ranges from one week to one month.

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7. BUSINESS OVERVIEW (cont'd)

7.7.3 Manufacturing of emulsion polymers

The following diagram shows the operational process of our manufacturing of emulsion polymers:



Note:

* Indicates processes where quality control checks are carried out.

Product formulation

As part of our continuous efforts in expanding our product range as well as in response to industry requirements and customer needs, we develop new formulations for emulsion polymer in various gradings, which differ in properties including bond strength, flexibility and environmental resistance to meet the specific requirements and applications for each our customer's industries that we serve, which we will subsequently manufacture and market to our customers across different industrial sectors. We will also conduct product testing on the emulsion polymers to assess their properties (e.g. product appearance, product odour, viscosity, total solid content and pH value) to determine the suitability of the new formulations in meeting their intended industrial applications. The formulation processes of emulsion polymers typically range from 3 to 6 months. Where necessary, we will submit the emulsion polymers to third-party laboratories for industrial product analysis, to assess the composition, properties and quality of the products to ensure compliance with regulatory standards applicable in countries to which we export to.

Procurement of raw materials and chemical products

We perform inventory level assessments on a monthly basis to monitor the inventory levels of our raw materials and chemical products, to which we will make necessary procurement when our inventory is running low (i.e. below the minimum inventory level) to prevent disruptions to our manufacturing operations. We typically maintain inventory levels of raw materials and chemical products sufficient for approximately 3 months of production, whilst taking into considerations of orders received from customers and our projected sales based on historical trend for both our industrial adhesives and emulsion polymers, as well as lead time required for the arrival of raw materials and chemical products at our Valdor Factory.

7. BUSINESS OVERVIEW *(cont'd)*

Upon receipt of raw materials and chemical products from suppliers, raw materials and chemical products will undergo quality control checks to ensure compliance with our specifications and quantities, as well as in proper conditions (i.e. intact packaging without leaks or cracks and within their shelf life). Prior to manufacturing, the required raw materials and chemical products will be retrieved from our inventory and sent to our manufacturing lines in accordance with pre-planned manufacturing schedules. Additionally, we also conduct inspections and calibrations on our emulsion polymerisation reactors as well as tools and accessories to be utilised as part of our quality control measures to ensure that the machinery as well as tools and accessories are in optimal conditions to produce emulsion polymers in accordance with our standard requirements.

Manufacturing of emulsion polymers



We then carry out manufacturing of emulsion polymers according to our manufacturing schedules. The raw materials and chemical products required are loaded into the emulsion polymerisation reactors, where they will first undergo thorough mixing processes to form monomer premix emulsions. Thereafter, additives are added, and the mixtures are then controlled-heated to initiate polymerisation processes for the formation of emulsion polymers. Thereafter, the mixtures are maintained at a fix temperature through controlled heating and cooling, to ensure optimal conditions for the completion of the polymerisation processes. The polymerisation processes generally range from 2 to 8 hours, depending on the specific requirements of each product.

Following the manufacturing processes, we conduct product testing on the emulsion polymers to assess their properties to ensure that the final products meet the desired outcomes in accordance with our standard specifications for each customer's industry. Samples from each production batch will be retained for product tracing purposes, and are disposed upon the expiry of the products' shelf life by being reprocessed together with raw materials and chemical products to manufacture new batches of emulsion polymers. Our emulsion polymers typically have a shelf life of 3 months to 1 year, depending on the raw materials and chemical products used.

Storage

Following the completion of the manufacturing processes, the emulsion polymers are filled into industrial pails, metal drums or IBC tanks at our Valdor Factory and are subsequently transported to our Bukit Panchor HQ for storage.

Receipt of enquiries and confirmation of sales

Upon receiving enquiries from customers, we prepare and issue quotations to customers which takes into consideration the cost of raw materials and chemical products and purchase volumes. Upon acceptance of quotations, our customers will issue purchase orders to confirm the sales.

We also send our emulsion polymers to Bukit Panchor HQ to be utilised as raw materials for our manufacturing of industrial adhesives.

7. BUSINESS OVERVIEW (cont'd)

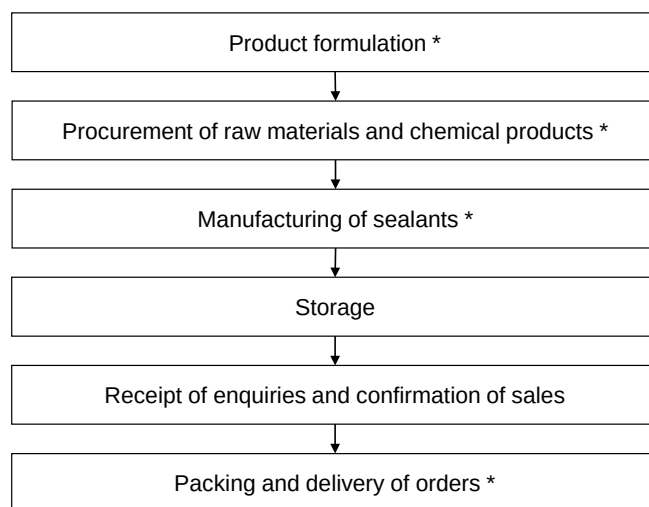
Packing and delivery of orders

Thereafter, we will make the necessary logistic arrangements for the deliveries of emulsion polymers to our customers via our in-house logistics team or third-party logistics providers, according to the agreed upon schedules. Prior to delivery, all products will undergo final inspections and/or testing on amongst others, the order volume, product label, packaging conditions, viscosity, appearances and/or odours, to ensure meeting our customers' requirements.

The lead time from confirmation of purchase orders to product delivery range from same day to 2 weeks, depending on the availability of the products in our inventory.

7.7.4 Manufacturing of sealants

The following diagram shows the operational process of our manufacturing of sealants:



Note:

* Indicates processes where quality control checks are carried out.

Product formulation

We develop new formulations for sealant in various gradings, which differ in properties including bond strength, flexibility and environmental resistance, in accordance with the general requirements for applications on different surfaces, which we will subsequently manufacture and market to our customers. We will also conduct product testing on the sealants to assess their properties (e.g. product appearance, product odour, viscosity, total solid content and pH value) to determine the suitability of the new formulations in meeting their intended applications. As we generally do not formulate customised sealants for our customers, there is no fixed timeframe or duration for our sealant formulation activities, which are carried out based on our internal plans for product expansion.

Procurement of raw materials and chemical products

We perform inventory level assessments on a monthly basis to monitor the sufficiency of raw materials and chemical products, to which we will make necessary procurement when our inventory is running low to prevent disruptions to our manufacturing operations. We typically maintain inventory levels of raw materials and chemical products sufficient for approximately 3 months of production, whilst taking into considerations of orders received from customers and our projected sales based on historical trend for our sealants, as well as lead time required for the arrival of raw materials and chemical products at our Bukit Panchar HQ.

7. BUSINESS OVERVIEW *(cont'd)*

Upon receipt of raw materials and chemical products from suppliers, raw materials and chemical products will undergo quality control checks to ensure compliance with our specifications, and quantities, as well as in good conditions. Prior to manufacturing, the required raw materials and chemical products will be retrieved from our inventory and sent to our manufacturing line in accordance with pre-planned manufacturing schedules/ the production plan. Additionally, we also conduct inspections and calibrations on our production line as well as tools and accessories to be utilised as part of our quality control measures to ensure that the machinery as well as tools and accessories are in optimal conditions to produce sealants in accordance with our standard requirements.

Manufacturing of sealants



We then carry out manufacturing of sealants according to our manufacturing schedules. Upon loading the raw materials and chemical products required into the production line, they undergo thorough mixing and blending processes which typically take 4 to 10 hours, depending on the specific requirements of each product. Where necessary, the sealant mixtures will undergo controlled heating processes to ensure proper dissolution to achieve the intended textures.

Following the manufacturing processes, we conduct product testing on the sealants to assess their properties (e.g. product appearance, product odour, viscosity, total solid content and pH value) to ensure that the final products meet the desired outcomes in accordance with the products' specifications. Samples from each production batch will be retained for product tracing purposes, and are disposed upon the expiry of the products' shelf life through certified waste management service providers. Our sealants typically have a shelf life of 3 months to 1 year, depending on the raw materials and chemical products used.

Storage

Following the completion of the manufacturing processes, the finished sealants are filled into cartridges and are packaged into cartons. These cartons are then stored at the storage spaces at our Bukit Panchar HQ.

Receipt of enquiries and confirmation of sales

Upon receiving enquiries from customers, we prepare and issue quotations to customers which takes into consideration the cost of raw materials and chemical products and purchase volumes. Upon acceptance of quotations, our customers will issue purchase orders to confirm the sales.

Packing and delivery of orders

Thereafter, we will make the necessary logistic arrangements for the deliveries of sealants to our customers via our in-house logistics team or third-party logistics providers, according to the agreed upon schedules. Prior to delivery, all products will undergo final inspections on the order volume, product label and packaging conditions.

The lead time from confirmation of purchase orders to product delivery range from one week to one month, depending on the availability of the products in our inventory.

7. BUSINESS OVERVIEW (cont'd)

7.8 QUALITY CONTROL AND CERTIFICATIONS

We have adopted stringent quality control measures to ensure our business processes and products consistently meet the quality standards and requirements of our customers. Please refer to Section 7.7 of this Prospectus for details of our quality control in place throughout our business process flow. Our Group's commitment towards product quality and safety is attested by our compliance with international quality standards and we were awarded the certifications of compliance.

Through our subsidiaries, we were awarded the following ISO certifications:

Standard	Certification body	Date first awarded	Current validity period	Current scope of certification
ISO 9001:2015 Quality Management System	Global Compliance Certification ("GCC") Pty Ltd	9 February 2007	30 May 2025 – 28 June 2027	Fulfilling the requirement for quality management systems for the: - manufacturing of emulsion polymers and adhesives (for GB Chemical and GB Bond) - trading of chemical products (for Purebond Adhesive)
ISO 14001:2015 Environmental Management System	GCC Pty Ltd	29 June 2015	30 May 2025 – 28 June 2027	Fulfilling the requirement for environmental management systems for the: - manufacturing of emulsion polymers and adhesives (for GB Chemical and GB Bond) - trading of chemical products (for Purebond Adhesive)
OHSAS 18001:2007 Health & Safety Management System / ISO 45001:2018 Occupational Health & Safety Management System ⁽¹⁾	BM TRADA Certification Ltd / GCC Pty Ltd	29 June 2015	30 May 2025 – 28 June 2027	Fulfilling the requirement for occupational health and safety management systems for the: - manufacturing of emulsion polymers and adhesives (for GB Chemical and GB Bond) - trading of chemical products (for Purebond Adhesive)

Note:

- (1) OHSAS 18001:2007 Health & Safety Management System was initially awarded by BM TRADA Certification Ltd on 29 June 2015 and remained valid until 28 June 2021. Subsequently, ISO 45001:2018 Occupational Health and Safety Management System was awarded by GCC Pvt Ltd on 9 June 2021, superseding the earlier OHSAS 18001:2007 Health & Safety Management System certification obtained in 2015.

7. BUSINESS OVERVIEW *(cont'd)*

7.9 PRODUCT FORMULATION

Our product formulation activities focus on the formulation of industrial adhesives that cater to our customers' requirement and needs. We analyse and understand our customers' requirements from various aspects, including the application of our products as well as other properties such as bond strength, bonding surface, product odour, viscosity, total solid content, pH value, curing time, flexibility and environmental resistance, all of which are critical for us to customise and propose suitable formulations of industrial adhesives that best suit our customers' needs. Our product formulation activities are carried out in-house by our product formulation team, consisting of 4 chemists and 1 lab assistant as at the LPD, led by our Executive Director, Lee Kim Wei, who has approximately 33 years of working experience in the related field.

We also undertake continuous product formulation activities to enhance our existing products and propose improved formulations to better suit our existing customers. The formulation of new products and enhancement of existing products is part of our continuous effort to remain competitive in the market by constantly offering products that is in accordance with customer demands.

Additionally, in 2024, through our product formulation efforts, we successfully formulated sealants in various gradings, which differ in properties including bond strength, flexibility and environmental resistance, in accordance with the general requirements for applications on different surfaces. Subsequently, we successfully commercialised and began selling sealants under our house-brand 'dadee' in June 2025.

The product formulation expenses for sealants incurred during the FYE 2024 comprised costs associated with the setup of the dedicated product formulation area, raw materials as well as employee payroll, amounting to a total of RM0.18 million, which accounted for 0.32% of our Group's total revenue in the FYE 2024.

7.10 TECHNOLOGY USED

As at the LPD, we use the following software systems in our manufacturing operations:

Technology / software	Description
Customised third-party software systems for the control and monitoring of our manufacturing operations of industrial adhesives and emulsion polymers	Customised third-party software systems developed by a third-party software provider used to support our Group's manufacturing of industrial adhesives and emulsion polymers. The software systems encompass various functions such as storing the formulations of each industrial adhesive and emulsion polymer SKUs, monitoring the weighing of raw materials and chemical products, controlling the machines (e.g. mixing and blending machines for industrial adhesives as well as emulsion polymerisation reactors for emulsion polymers) to ensure accurate sequencing and proper execution of manufacturing processes of industrial adhesives (e.g. regulating the mixing and blending speed as well as the temperature settings during controlled heating process) and emulsion polymers (e.g. regulating the mixing speed, temperature settings during controlled heating and cooling processes as well as polymerisation process), all of which allows us to achieve greater consistency, efficiency and productivity in fulfilling our customers' requirements. The customised third-party software systems used in our manufacturing operations of industrial adhesives and emulsion polymers are purchased under a one-off licence arrangement and thus do not involve any recurring costs.

7. BUSINESS OVERVIEW (cont'd)**7.11 KEY MACHINERY AND EQUIPMENT**

As at 31 May 2026, the key machinery and equipment used in our business operations are as follows:

Type of machine	No. of units	Average useful life span (years)⁽¹⁾	Range of age (years)⁽²⁾	NBV as at 31 May 2026 (RM'000)
Auxiliary mixing and blending machines for industrial adhesive	5	10	11 to 17 ⁽³⁾	8
Mixing and blending machines for industrial adhesive	14	10	2 to 26 ⁽³⁾	489
Production line of machinery and equipment for the manufacturing of sealants	1	10	2	319
Emulsion polymerisation reactors	4	10	2 to 4	2,027
				2,843

Notes:

- (1) These machinery and equipment are given a useful life span of 10 years, which are consistent with the depreciation policy for property, plant and equipment adopted by our Group.
- (2) The range of age of machinery and equipment is computed from the year in which they commenced operations.
- (3) Notwithstanding that certain machines have exceeded their average useful life span, the machines remain in optimal conditions for manufacturing as we carry out regular maintenance works and replace any worn out parts and components to ensure continued performances.

We periodically conduct inspections and maintenance of our machinery and equipment across our manufacturing facilities and, where necessary, carry out repair works and replacement of parts and components. These measures are implemented to extend the useful life spans of our machinery and equipment as well as to maintain operational efficiency and performance.

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7. BUSINESS OVERVIEW (cont'd)**7.12 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

Our purchases comprise raw materials and chemical products such as water-based synthetic resins, monomers, additives, fillers, emulsion polymers as well as other raw materials and chemical products, which are used in the manufacturing of industrial adhesives, emulsion polymers and sealants.

The breakdown of our Group's purchases for the Financial Years/Period Under Review is as follows:

Supplies	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025		FPE 2026	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Water-based synthetic resins	21,397	61.43	29,635	70.02	19,303	67.40	16,658	60.20	13,418	56.74	6,559	59.05
Monomers	7,107	20.40	5,224	12.34	1,521	5.31	4,683	16.93	4,608	19.48	2,015	18.14
Additives	4,077	11.71	4,544	10.74	4,202	14.67	4,161	15.04	3,743	15.83	1,646	14.82
Fillers	1,772	5.09	1,712	4.05	1,608	5.61	1,870	6.76	1,629	6.89	751	6.76
Emulsion polymers ⁽¹⁾	-	-	800	1.89	1,583	5.53	-	-	-	-	-	-
Others ⁽²⁾	476	1.37	406	0.96	424	1.48	296	1.07	251	1.06	137	1.23
Total purchases	34,829	100.00	42,321	100.00	28,641	100.00	27,668	100.00	23,649	100.00	11,108	100.00

Notes:

- (1) In FYE 2022 and FYE 2023, we purchased emulsion polymers from third-party suppliers to meet some of our customers' orders, following the suspension of our manufacturing activities of emulsion polymers at our Valdor Factory due to the fire incident in May 2022. To minimise the disruptions to our business operations from the fire incident, we had also repurposed one of our auxiliary mixing and blending machines for industrial adhesives at our Bukit Panchor HQ to temporarily facilitate the manufacturing of emulsion polymers, and later acquired one of the emulsion polymerisation reactors affected by the fire from the insurance company to be refurbished and installed at our Bukit Panchor HQ to continue the manufacturing of emulsion polymers prior to restoring our emulsion polymer manufacturing operations at our Valdor Factory. These efforts had subsequently allowed us to produce sufficient emulsion polymers for internal use as well as meeting sales to external customers, hence we did not purchase emulsion polymers from third-party suppliers in FYE2024, FYE 2025 and FPE 2026. Please refer to Section 7.15 of this Prospectus for further details on interruptions to our operations arising from the fire incident at our Valdor Factory.
- (2) Comprise resins, catalysts, pH modifiers and hardeners.

7. BUSINESS OVERVIEW (cont'd)

The breakdown of our Group's purchases by country for the Financial Years/Period Under Review is as follows:

Country	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025		FPE 2026	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	18,924	54.33	21,904	51.76	13,543	47.29	11,152	40.31	8,536	36.09	3,470	31.24
China	3,994	11.47	8,175	19.32	7,131	24.90	8,247	29.81	8,965	37.91	3,681	33.14
Singapore	3,438	9.87	4,967	11.74	3,662	12.79	5,255	18.99	3,430	14.50	1,202	10.82
Korea	7,294	20.95	5,525	13.05	2,845	9.93	67	0.24	80	0.34	334	3.01
Others ⁽¹⁾	1,179	3.38	1,750	4.13	1,460	5.09	2,947	10.65	2,638	11.16	⁽²⁾ 2,421	21.79
Total purchases	34,829	100.00	42,321	100.00	28,641	100.00	27,668	100.00	23,649	100.00	11,108	100.00

Note:

- (1) Comprise Hong Kong, Thailand, Germany, United States, Vietnam and Taiwan.
- (2) There were no purchases from Vietnam and Taiwan in the FPE 2026. The breakdown of our Group's purchases by country under 'others' in FPE 2026 is as follows:-

Country	RM'000	%
Thailand	1,770	15.93
Hong Kong	345	3.10
Germany	203	1.83
United States	103	0.93
Purchases under 'others'	2,421	21.79

Our purchases comprise raw materials and chemical products which are essential for our manufacturing and sales of industrial adhesives, emulsion polymers and sealants. Our raw materials and chemical products are procured locally in Malaysia, as well as from overseas countries such as China, Singapore, Korea as well as other countries. From FYE 2021 to FYE 2025, the contribution of purchases from China to our total purchases increased from 11.47% to 37.91%, primarily due to the more favourable pricing offered by suppliers in China, which resulted in increased purchases from China.

7. BUSINESS OVERVIEW *(cont'd)*

For the Financial Years/Period Under Review, our Group did not encounter any major disruptions in the purchase of raw materials and chemical products. The raw materials and chemical products used in our operations are generally widely and readily available in the market and can be easily sourced from other suppliers.

The prices of our raw materials and chemical products are subject to price fluctuations. As such, our financial performance may be adversely impacted if we are unable to pass on any increase in cost of raw materials and chemical products to our customers. Please refer to Section 9 of this Prospectus for details of our exposure to the risk in relation to fluctuation of raw material and chemical product prices. For the Financial Years/Period Under Review, we have been able to pass on the increase in cost of raw materials and chemical products to our customers.

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7. BUSINESS OVERVIEW (cont'd)**7.13 SEASONALITY AND CYCLICALITY**

We do not experience any material seasonality or cyclicity in our business as our product demands are neither subject to seasonal fluctuations nor cyclical variations.

7.14 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for interruptions to our operations arising from the fire incident at our Valdor Factory as detailed below, our Group did not experience any material interruptions which had significantly affected our business during the past 12 months preceding LPD.

In May 2022, our Group experienced a fire incident at our Valdor Factory, a premises where our manufacturing operations of emulsion polymers are carried out. The fire incident led to a complete suspension of operation at our Valdor Factory due to severe damages caused to our machinery and facility. As at the LPD, we have received a total reimbursement amounting to RM10.92 million under our insurance policies.

While we suspended our emulsion polymer manufacturing operations for the reconstruction of our Valdor Factory, we purchased emulsion polymers from third-party suppliers in FYE 2022 and FYE 2023 to meet some of our customers' orders. Despite such efforts to mitigate impact to our sale orders, we experienced 2 order cancellations from our customers due to the fire incident, which amounted to approximately RM0.57 million in sales. Nevertheless, we subsequently resumed our business relationships with these customers and continued to secure sales from them following the temporary resumption of our emulsion polymer manufacturing operations at our Bukit Panchor HQ.

The fire incident also resulted in a substantial decline in sales as there were no assurance that we could source sufficient emulsion polymers to meet customers' demand. This in turn negatively impacted our financial performance with revenue from the sales of emulsion polymers declining from RM9.33 million in FYE 2021 to RM5.19 million in FYE 2022, RM2.48 million in FYE 2023 and RM2.51 million in FYE 2024, before recovering to RM3.67 million in FYE 2025. In FPE 2026, sales of emulsion polymers were recorded at RM1.62 million.

In order to further minimise the disruptions to our business operations from the fire incident, from September 2022 to November 2024, we repurposed one of our mixing and blending machines for industrial adhesives at our Bukit Panchor HQ to temporarily facilitate the manufacturing of emulsion polymers. Concurrently, in September 2022, we also acquired one of the emulsion polymerisation reactors affected by the fire from the insurance company to be refurbished and installed at our Bukit Panchor HQ to manufacture emulsion polymers prior to restoring our emulsion polymer manufacturing operations at our Valdor Factory.

Nonetheless, we resumed operations of our Valdor Factory in December 2024 upon completion of the reconstruction of our Valdor Factory. Following which, we have been actively engaging with previous and potential customers to promote and market our emulsion polymers.

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7. BUSINESS OVERVIEW *(cont'd)*

7.15 SALES AND MARKETING STRATEGIES

Our Group's sales and marketing team, which consists of 11 personnel as at the LPD, plans and executes sales and marketing activities, maintains relationships with existing customers, attend enquiries from potential customers and prepare new product proposals to both existing and potential customers to secure sales. Our Group's sales and marketing activities are as follows:

(i) Direct approach

We secure new customers through direct approach and contact with potential customers. Our Group keeps abreast with industry updates and trends as well as collecting market information to identify new potential customers, including local and overseas customers. Subsequently, we engage potential customers to showcase our product offerings and to explore the feasibility of our customised products for their specific needs.

Further, we actively engage with our existing customers by maintaining regular communication and following up closely with them. We stay up to date with their development plans, operational challenges and changing needs, allowing us to identify new sales opportunities and customise our products to better meet their demands and requirements. We aim to build strong relationships with our existing customers by building trust and loyalty, which can translate into repeat business and long-term business relationships.

(ii) Referral from business associates

Our Group benefits from referrals from our business associates, including satisfied existing customers such as industrial end-users and intermediaries, as well as suppliers. By maintaining good relationships and providing quality products, our business associates may recommend our products within their networks. This approach can lead to increased credibility, new business opportunities, and long-term relationships. Through our interactions with these business associates, we also gain insights into emerging trends, industry needs and potential areas for improvement, which can improve our business development and innovation efforts.

(iii) Corporate website

We have established our corporate website at www.gbchemical.com that provides comprehensive information regarding our Group. The website also encompasses detailed information about our products to introduce and market our product offerings. Any enquires received via our website will be directed to our sales team to be addressed.

The current widespread use of the Internet as a source of information enables us to cross geographical boundaries and facilitates access from any part of the world, enhancing our potential market reach and exposure.

7. BUSINESS OVERVIEW (cont'd)

7.16 MAJOR CUSTOMERS

Our Group's top 5 customers for the Financial Years/Period Under Review are as follows:

FYE 2021

Major customer	Products sold	Industrial application	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Sales (RM'000)	% of our Group's revenue
Company group A	Water-based industrial adhesives	Woodworking	Malaysia	20	3,267	5.90
Company B	Water-based industrial adhesives	Paper and packaging	Malaysia	15	2,034	3.68
Kansai Nerolac Paints (Bangladesh) Limited ⁽²⁾	Emulsion polymers	Paints and coatings	Bangladesh	5	1,977	3.57
Vietnam V-Bond Company Limited	Water-based industrial adhesives	Trading ⁽³⁾	Vietnam	9	1,933	3.49
Company C	Emulsion polymers	Industrial adhesives	Thailand	19	1,479	2.67
Sub-total					10,690	19.31
Total revenue					55,352	100.00

7. BUSINESS OVERVIEW *(cont'd)*
FYE 2022

Major customer	Products sold	Industrial application	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Sales (RM'000)	% of our Group's revenue
Company group A	Water-based industrial adhesives	Woodworking	Malaysia	20	2,935	4.98
Company B	Water-based industrial adhesives	Paper and packaging	Malaysia	15	2,912	4.95
Eltete Malaysia Sdn Bhd	Water-based industrial adhesives	Paper and packaging	Malaysia	21	1,573	2.67
Hasrat Meranti Sdn Bhd ⁽⁴⁾	Water-based industrial adhesives	Paper and packaging	Malaysia	23	1,567	2.66
Vietnam V-Bond Company Limited	Water-based industrial adhesives	Trading ⁽²⁾	Vietnam	9	1,458	2.48
Sub-total					10,445	17.74
Total revenue					58,872	100.00

FYE 2023

Major customer	Products sold	Industrial application	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Sales (RM'000)	% of our Group's revenue
Company group A	Water-based industrial adhesives	Woodworking	Malaysia	20	3,255	6.05
Vietnam V-Bond Company Limited	Water-based industrial adhesives	Trading ⁽³⁾	Vietnam	9	2,265	4.21
Dominant Enterprise Group ⁽⁵⁾	Water-based industrial adhesives	Woodworking	Malaysia	20	1,724	3.20
Hasrat Meranti Sdn Bhd ⁽⁴⁾	Water-based industrial adhesives	Paper and packaging	Malaysia	23	1,609	2.99
Company D	Water-based industrial adhesives	Trading ⁽³⁾	Malaysia	4	1,534	2.85
Sub-total					10,387	19.30
Total revenue					53,818	100.00

7. BUSINESS OVERVIEW (cont'd)
FYE 2024

Major customer	Products sold	Industrial application	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Sales (RM'000)	% of our Group's revenue
Company group A	Water-based industrial adhesives	Woodworking	Malaysia	20	5,323	9.45
Vietnam V-Bond Company Limited	Water-based industrial adhesives	Trading ⁽³⁾	Vietnam	9	2,776	4.93
Hasrat Meranti Sdn Bhd ⁽⁴⁾	Water-based industrial adhesives	Paper and packaging	Malaysia	23	1,694	3.01
Dominant Enterprise Group ⁽⁵⁾	Water-based industrial adhesives	Woodworking	Malaysia	20	1,616	2.87
Company E	Water-based industrial adhesives	Paper and packaging	Malaysia	17	1,355	2.40
Sub-total					12,764	22.66
Total revenue					56,338	100.00

FYE 2025

Major customer	Products sold	Industrial application	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Sales (RM'000)	% of our Group's revenue
Company group A	Water-based industrial adhesives	Woodworking	Malaysia	20	3,467	6.61
Vietnam V-Bond Company Limited	Water-based industrial adhesives	Trading ⁽³⁾	Vietnam	9	2,811	5.36
Dominant Enterprise Group ⁽⁵⁾	Water-based industrial adhesives	Woodworking	Malaysia	20	1,898	3.62
Hasrat Meranti Sdn Bhd ⁽⁴⁾	Water-based industrial adhesives	Paper and packaging	Malaysia	23	1,646	3.14
Company E	Water-based industrial adhesives	Paper and packaging	Malaysia	17	1,517	2.89
Sub-total					11,339	21.62
Total revenue					52,439	100.00

7. BUSINESS OVERVIEW (cont'd)

FPE 2026

Major customer	Products sold	Industrial application	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Sales (RM'000)	% of our Group's revenue
Vietnam V-Bond Company Limited	Water-based industrial adhesives	Trading ⁽³⁾	Vietnam	9	1,034	4.25
Dominant Enterprise Group ⁽⁵⁾	Water-based industrial adhesives	Woodworking	Malaysia	20	869	3.57
Hasrat Meranti Sdn Bhd ⁽⁴⁾	Water-based industrial adhesives	Paper and packaging	Malaysia	23	815	3.35
Company E	Water-based industrial adhesives	Paper and packaging	Malaysia	17	798	3.27
Company group A	Water-based industrial adhesives	Woodworking	Malaysia	20	672	2.76
				Sub-total	4,188	17.20
				Total revenue	24,346	100.00

Notes:

- (1) The length of relationship is determined based on the date of the first business transaction (as supplier) of the customers with the Group up to the LPD.
- (2) Kansai Nerolac Paints (Bangladesh) Limited is a subsidiary of Kansai Nerolac Paints Ltd, which is listed on the Bombay Stock Exchange and the National Stock Exchange of India. Further, Kansai Nerolac Paints Ltd is a subsidiary of Kansai Paint Co Ltd, a company listed on the Tokyo Stock Exchange.
- (3) These customers are intermediaries (i.e. trading companies) who purchase our products for onward sales to industrial end-users for various industrial applications.
- (4) Hasrat Meranti Sdn Bhd is a subsidiary of KYM Holdings Berhad, a company listed on Bursa Malaysia.
- (5) Dominant Enterprise Group comprises Bripanel Industries Sdn Bhd and Ecopanel Industries Sdn Bhd, both of which operate as subsidiaries of Dominant Enterprise Berhad, a company listed on Bursa Malaysia.

7. BUSINESS OVERVIEW *(cont'd)*

For the Financial Years/Period Under Review, our top 5 major customers contributed approximately 19.31%, 17.74%, 19.30%, 22.66%, 21.62% and 17.20% of our Group's total revenue respectively and none of the major customers contribute more than 10.00% of our Group's total revenue. As such, our Group is not dependent on any of our major customers as the revenue contribution from each of the major customers is not substantial. Our products are sold on a purchase order basis, and accordingly, the value of purchases by each customer for each year varies depending on their operational requirements and needs. Notwithstanding the changes in their rankings based on sales value, these major customers have continued to transact with our Group, including during the Financial Years/Period Under Review in which they were not ranked amongst the top 5 major customers, save for Kansai Nerolac Paints (Bangladesh) Limited, with whom we only transacted in FYE 2021 and FYE 2022; and Company D, with whom we only transacted in FYE 2022 and FYE 2023.

For the Financial Years/Period Under Review, we sold our products to 1,115, 1,062, 1,062, 1,026, 1,146 and 867 customers respectively. Out of a total of 1,146 customers in FYE 2025, 882 were recurring customers who had made purchases in FYE 2021, FYE 2022, FYE 2023 and/or FYE 2024, representing 76.96% of the total customer base, attesting our ability to secure recurring orders from customers.

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7. BUSINESS OVERVIEW (cont'd)

7.17 MAJOR SUPPLIERS

Our Group's top 5 suppliers for Financial Years/Period Under Review are as follows:

FYE 2021

Major supplier	Products purchased	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Purchases (RM'000)	% of our Group's purchases
Chang Chun Group ⁽²⁾	Water-based synthetic resins and monomers	Singapore and Malaysia	21	10,594	30.42
Wacker Group ⁽³⁾	Water-based synthetic resins	United States, Korea and Germany	17	6,756	19.40
Bondchen Company Limited	Water-based synthetic resins	Hong Kong	6	2,353	6.76
Company F	Monomer	Malaysia	5	1,778	5.10
Company G	Water-based synthetic resins	Hong Kong	11	1,586	4.55
Sub-total				23,067	66.23
Total purchases				34,829	100.00

FYE 2022

Major supplier	Products purchased	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Purchases (RM'000)	% of our Group's purchases
Chang Chun Group ⁽²⁾	Water-based synthetic resins and monomers	Singapore and Malaysia	21	16,324	38.57
Wacker Group ⁽³⁾	Water-based synthetic resins	United States, Korea and Germany	17	6,176	14.60
Bondchen Company Limited	Water-based synthetic resins	Hong Kong	6	4,220	9.97
Company G	Water-based synthetic resins	Hong Kong	11	2,408	5.69
Company D ⁽⁴⁾	Water-based synthetic resins, monomers and solvents	Malaysia	14	2,304	5.44
Sub-total				31,432	74.27
Total purchases				42,321	100.00

7. BUSINESS OVERVIEW *(cont'd)*
FYE 2023

Major supplier	Products purchased	Country	Length of relationship as at the LPD (Years)⁽¹⁾	Purchases (RM'000)	% of our Group's purchases
Chang Chun Group ⁽²⁾	Water-based synthetic resins and monomers	Singapore and Malaysia	21	7,926	27.67
Wacker Group ⁽³⁾	Water-based synthetic resins	United States, Korea and Germany	17	3,346	11.68
Bondchen Company Limited	Water-based synthetic resins	Hong Kong	6	2,987	10.43
Company D ⁽⁴⁾	Water-based synthetic resins, monomers and solvents	Malaysia	14	2,962	10.34
Company G	Water-based synthetic resins	Hong Kong	11	2,488	8.69
Sub-total				19,709	68.81
Total purchases				28,641	100.00

FYE 2024

Major supplier	Products purchased	Country	Length of relationship as at the LPD (Years)⁽¹⁾	Purchases (RM'000)	% of our Group's purchases
Chang Chun Group ⁽²⁾	Water-based synthetic resins and monomers	Singapore and Malaysia	21	8,807	31.83
Company H	Water-based synthetic resins	Hong Kong	6	4,070	14.71
Company G	Water-based synthetic resins	Hong Kong	11	3,882	14.03
Company D ⁽⁴⁾	Water-based synthetic resins, monomers, additives and solvents	Malaysia	14	928	3.36
TPI All Seasons Company Limited	Water-based synthetic resins	Thailand	2	748	2.70
Sub-total				18,435	66.63
Total purchases				27,668	100.00

7. BUSINESS OVERVIEW *(cont'd)*
FYE 2025

Major supplier	Products purchased	Country	Length of relationship as at the LPD (Years)⁽¹⁾	Purchases (RM'000)	% of our Group's purchases
Company G	Water-based synthetic resins	Hong Kong	11	5,904	24.97
Chang Chun Group ⁽²⁾	Water-based synthetic resins and monomers	Singapore and Malaysia	21	5,263	22.25
Anhui Wanwei Updated High-Tech Material Industry Co Ltd	Water-based synthetic resins	China	1	2,989	12.64
Company D ⁽⁴⁾	Water-based synthetic resins, monomers, additives and solvents	Malaysia	14	974	4.12
Caldic (MYS) Sdn Bhd	Additives	Malaysia	6 ⁽⁵⁾	743	3.14
Sub-total				15,873	67.12
Total purchases				23,649	100.00

7. BUSINESS OVERVIEW (cont'd)

FPE 2026

Major supplier	Products purchased	Country	Length of relationship as at the LPD (Years) ⁽¹⁾	Purchases (RM'000)	% of our Group's purchases
Anhui Wanwei Updated High-Tech Material Industry Co Ltd	Water-based synthetic resins	China	1	2,739	24.66
TPI All Seasons Company Limited	Water-based synthetic resins	Thailand	2	1,770	15.93
Chang Chun Group ⁽²⁾	Water-based synthetic resins and monomers	Singapore and Malaysia	21	1,219	10.97
Company G	Water-based synthetic resins	Hong Kong	11	823	7.41
Company I	Water-based synthetic resins, monomers and additives	Malaysia	6	352	3.17
Sub-total				6,903	62.14
Total purchases				11,108	100.00

Notes:

- (1) The length of relationship is determined based on the date of the first business transaction (as customer) of the suppliers with the Group up to the LPD.
- (2) Chang Chun Group comprises CCD (Singapore) Pte Ltd and Dairen Chemical (M) Sdn Bhd.
- (3) Wacker Group comprises Wacker Chemical Corporation, Wacker Chemicals Korea Inc and Wacker Chemie AG, a company listed on the Frankfurt Stock Exchange.
- (4) Company D was also among our top 5 major customers in FYE 2023, having purchased our industrial adhesives for their distribution business.
- (5) The length of relationship is calculated based on the date of the first business transaction with its predecessor, namely Caldic Malaysia Sdn Bhd, in 2020.

7. BUSINESS OVERVIEW (cont'd)

For the Financial Years/Period Under Review, our top 5 major suppliers collectively contributed approximately 66.23%, 74.27%, 68.81%, 66.63%, 67.12% and 62.14% of our Group's total purchases respectively. Products that we purchased from our top 5 major suppliers were mainly raw materials and chemical products for manufacturing of industrial adhesives and emulsion polymers. Raw materials and chemical products are purchased on a purchase order basis, and the value of purchases from each supplier for each year varies depending on our operational requirements and needs, pricing and delivery lead time, amongst others. Notwithstanding the changes in these major suppliers' rankings based on purchase value from our Group for each FYE/FPE, we have generally continued to purchase from these major suppliers, including during the Financial Years/Period Under Review in which they are not ranked amongst the top 5 major suppliers, save for Bondchen Company Limited, whom we did not make any purchases in FYE 2025 and FPE 2026; Company H, whom we did not make any purchases in FYE 2021 and FYE 2025; TPI All Seasons Company Limited, whom we did not make any purchases in FYE 2021 to 2023; and Anhui Wanwei Updated High-Tech Material Industry Co Ltd, whom we commenced purchases in FYE 2025. For the Financial Years/Period Under Review, we purchased from 66, 72, 64, 64, 67 and 58 suppliers respectively.

Key supplier with purchase contribution more than 10%

	Description
Chang Chun Group	Chang Chun Group, headquartered in Taiwan, is a privately-owned group of companies primarily involved in the manufacturing of industrial and specialty products for a wide range of applications (e.g. automotive, construction, semiconductor as well as coating and adhesives). Chang Chun Group has manufacturing facilities in Taiwan, China, Malaysia, Indonesia and Singapore. The group supplied water-based synthetic resins and monomers to our Group during the Financial Years/Period Under Review.
Wacker Group	Wacker Group, headquartered in Germany, is a publicly listed group of companies, with its parent company, Wacker Chemie AG, listed on the Frankfurt Stock Exchange. Wacker Group is primarily involved in the manufacturing of specialty products including silicone-based products, polymer-based products, specialty chemicals and life science products. Wacker Group is also involved in the provision of warehouse management solutions, life science contract manufacturing services as well as training and networking services. Wacker Group has manufacturing facilities across America, Europe and Asia. The group supplied water-based synthetic resins to our Group during the Financial Years/Period Under Review.
Bondchen Company Limited	Bondchen Company Limited, headquartered in Hong Kong, is a privately-owned company primarily involved in the supply and distribution of chemical products. The company supplied water-based synthetic resins to our Group during the Financial Years/Period Under Review.
Company D	Company D, headquartered in Pulau Pinang, Malaysia, is a privately-owned company primarily involved in the supply and distribution of chemical products as well as hardware products. The company supplied water-based synthetic resins, monomers, additives and/or solvents to our Group during the Financial Years/Period Under Review.

7. BUSINESS OVERVIEW (cont'd)

Key supplier with purchase contribution more than 10%

	Description
Company G	Company G, headquartered in Hong Kong, is a privately-owned company primarily involved in the supply and distribution of petrochemical products. The company supplied water-based synthetic resins to our Group during the Financial Years/Period Under Review.
Company H	Company H, headquartered in Pulau Pinang, Malaysia, is a privately-owned company primarily involved in the distribution and export of petrochemical products. The company supplied water-based synthetic resins to our Group during the Financial Years/Period Under Review.
Anhui Wanwei Updated High-Tech Material Industry Co Ltd	Anhui Wanwei Updated High-Tech Material Industry Co Ltd, headquartered in China, is a publicly listed company, listed on the Shanghai Stock Exchange. The company is primarily involved in the manufacturing of chemical products, building materials as well as other products. The company supplied water-based synthetic resins to our Group since FYE 2025.
TPI All Seasons Company Limited	TPI All Seasons Company Limited, headquartered in Thailand, is a subsidiary of TPI Polene Public Company Limited, a public listed company on the Stock Exchange of Thailand. The company is primarily involved in the manufacturing of plastic products, cement and petrochemical products. The company has supplied water-based synthetic resins to our Group since FYE 2024.

Chang Chun Group, being our largest supplier from FYE 2021 to 2024, contributed 30.42%, 38.57%, 27.67% and 31.83% to our Group's total purchases respectively. Subsequently in FYE 2025 and FPE 2026, Chang Chun Group became our second and third largest supplier, contributing 22.25% and 10.97% to our Group's total purchases respectively. Purchases from Chang Chun Group include water-based synthetic resins and monomers. In view of the high contribution of purchases from Chang Chun Group (albeit declining purchases in FYE 2025 and FPE 2026), we are dependent on them for the continuous supply of these products, particularly monomers as Chang Chun Group is able to consistently supply us with large volume of monomers. While we also source monomers from other suppliers such as Company D and Company I, we are not dependent on these suppliers as purchase of monomers from them are relatively small. Our Group does not enter into any long-term supply agreement or arrangement with Chang Chun Group. Should Chang Chun Group cease supplying these products, in particular monomers, to us, our business may experience temporary interruptions if we are unable to source similar products at the required volume from alternative suppliers in a timely manner. For the Financial Years/Period Under Review, we purchased monomers from 11, 9, 6, 8, 8 and 8 suppliers respectively. The fluctuation in the number of monomer suppliers for the Financial Years/Period Under Review was primarily attributable to our procurement strategy, which takes into account several factors including pricing competitiveness, readily available volume and delivery lead times. Moving forward, we will continue to review our procurement strategy and explore alternative monomer suppliers in the market. As we reduce our number of monomer suppliers thus increasing the purchases from each supplier, we hope other monomer suppliers would be able to provide us monomers at our required quantities on reliable lead times at competitive prices. Should we be able to achieve this, we may purchase monomers from these other suppliers, thereby potentially reducing our dependency on Chang Chun Group.

7. BUSINESS OVERVIEW *(cont'd)*

Our second largest supplier for the FYE 2021, FYE 2022 and FYE 2023 was Wacker Group, with purchase contribution of 19.40%, 14.60% and 11.68% to our Group's total purchases respectively. Notwithstanding that, we are not dependent on Wacker Group as the products that we source from Wacker Group are of standard specifications and are widely and readily available in the market and can be easily sourced from other suppliers with similar pricing. This is attested over the financial years as represented by the reduced purchases by our Group from Wacker Group. In addition, Wacker Group did not surface as our top 5 major suppliers in FYE 2024, FYE 2025 and FPE 2026 as we managed to source similar products from other suppliers without any interruption to our business operations.

Although our purchases from Bondchen Company Limited accounted for 10.43% of our total purchases in FYE 2023, Company D accounted for 10.34% of our total purchases in FYE 2023, Company G accounted for 14.03% and 24.97% of our total purchases in FYE 2024 and FYE 2025, Company H accounted for 14.71% of our total purchases in FYE 2024, Anhui Wanwei Updated High-Tech Material Industry Co Ltd accounted for 12.64% and 24.66% of our total purchases in FYE 2025 and FPE 2026, and TPI All Seasons Company Limited accounted for 15.93% of our total purchases in FPE 2026, we are not dependent on these suppliers as we can easily purchase these raw materials from other suppliers.

As such, save for Chang Chun Group, we are not dependent on any other suppliers as the purchases from other suppliers were either not substantial or the products purchased can be easily sourced from other local and international suppliers with similar pricing in the market.

Our purchases from suppliers are conducted on a purchase order basis. Despite the absence of long-term agreements or arrangements with our suppliers, we have not experienced any difficulties in sourcing raw materials and chemical products for the Financial Years/Period Under Review.

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7. BUSINESS OVERVIEW (cont'd)**7.18 EMPLOYEES**

The table below sets out the breakdown of our employees by business function or department as at 31 May 2026 and as at the LPD:

Business function/ Department	Permanent employees		Contract/ temporary employees	
	Local	Foreign	Local	Foreign
<u>As at 31 May 2026</u>				
Directors	3	-	-	-
Key Senior Management	3	-	-	-
Operation and production	8	-	1	30
Sales and marketing	11	-	-	-
Finance and accounting	7	-	-	-
HR and administration	5	-	1	-
Product formulation	4	-	-	-
Procurement	2	-	-	-
Logistics	7	-	1	-
Total	50	-	3	30
<u>As at the LPD</u>				
Directors	3	-	-	-
Key Senior Management	3	-	-	-
Operation and production	9	-	1	33
Sales and marketing	11	-	-	-
Finance and accounting	7	-	-	-
HR and administration	5	-	1	-
Product formulation	5	-	-	-
Procurement	2	-	-	-
Logistics	7	-	1	-
Total	52	-	3	33

As at the LPD, we have a total workforce of 88 employees, of which 55 are local employees and 33 are foreign employees. Further, we have 36 contractual employees with contract period of 1 year, which are subject to renewal upon the expiry of their respective contract periods or work permits, where applicable, at the discretion of our Group.

As at the LPD, all our foreign employees have valid working permits issued and there has been no breach of any immigration laws by our Group. None of our Group's employees, whether permanent or contractual, belong to any labour union. For the Financial Years/Period Under Review, we have not experienced any strikes or other disruptions/operational stoppage due to labour disputes.

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7. BUSINESS OVERVIEW (cont'd)

7.19 INTELLECTUAL PROPERTY RIGHTS

Save for the registered trademarks/ applications for registration as disclosed below, our Group does not have any trademarks, registrations, applications for registration and other intellectual property rights as at the LPD:

Registered owner	Trademark	Issuing Authority	Trademark Number	Class/ Description	Status/ Period	Validity
GB Chemical		MyIPO	03010507	1/ Industrial chemicals, colour brightening chemicals for industrial purposes, bleaching chemical, oil bleaching chemicals, organic bleaching chemicals, wax bleaching chemicals, bleaching preparations (decolorants) for industrial purposes, chemical preparations for the manufacture of paints, adhesives for industrial purposes, adhesive for paperhanging, adhesives for wall tiles, glue for industrial purposes, gluten (glue) other than stationery or household purposes, tragacanth gum for use in manufactures, gum arabic for industrial purposes, gum solvents, adhesives gums other than for stationery or household purposes, acrylic resins, acidulated water for recharging batteries, anti-frothing solutions for batteries, liquid for removing sulphates from batteries, salts for galvanic batteries, silicates, silicon and silicones; All included in class 1.	<u>Status</u> Registered	<u>Validity Period</u> 21 June 2006 until 19 August 2033
GB Chemical		MyIPO	2017065696	35/ Distribution of goods (not being transport services) and wholesale of goods; Retailing of goods (by any means); Stock and station agencies (buying and selling of goods); Wholesaling of goods (by any means); All included in Class 35.	<u>Status</u> Registered	<u>Validity Period</u> 21 May 2018 until 15 August 2027

7. BUSINESS OVERVIEW (cont'd)

Registered owner	Trademark	Issuing Authority	Trademark Number	Class/ Description	Status/ Period	Validity
GB Chemical		MyIPO	TM2024020863	1/ Adhesive substances for use in industry; Adhesives for applying wall coverings; Adhesives for floor, ceiling and wall tiles; Adhesives for use in the construction industry; Adhesives for use in the manufacture of furniture; Glues and adhesives for industrial purposes; Gums [adhesives], other than for stationery or household purposes; Plastic adhesives for industrial purposes; Roofing adhesives; Rubber based cements [adhesives] for industrial purposes; Synthetic resin adhesives for industrial purposes; Chemical preparations which penetrate through walls, floors and ceilings used for fire prevention in buildings; Surface-active compounds; Chemical compositions for waterproofing; Glazing putty; Agglutinants for mortar; Cement plasticisers; Cement preservatives, except paints and oils; Polymer coatings other than for paints; Chemical sealants for the sealing of surfaces.	<u>Status</u> Registered	<u>Validity Period</u> 16 July 2025 until 15 July 2034

7. BUSINESS OVERVIEW (cont'd)

Registered owner	Trademark	Issuing Authority	Trademark Number	Class/ Description	Status/ Period	Validity
Purebond Adhesive		MyIPO	TM2025021346	1/ Adhesive substances for use in industry; Adhesives for applying wall coverings; Adhesives for floor, ceiling and wall tiles; Adhesives for use in the construction industry; Adhesives for use in the manufacture of furniture; Glues and adhesives for industrial purposes; Gums (adhesives) for industrial purposes; Gums (adhesives), other than for stationery or household purposes; Plastic adhesives for industrial purposes; Putties and other paste fillers; Roofing adhesives; Rubber based cements (adhesives) for industrial purposes; Synthetic resin adhesives for industrial purposes; Chemical preparations which penetrate through walls, floors and ceilings used for fire prevention in buildings; Surface-active compounds; Surface-active chemical agents; Chemical compositions for waterproofing; Chemical resins; Glazing putty; Agglutinants for mortar; Cement plasticisers; Cement preservatives, except paints and oils; Cement-waterproofing chemicals, except paints; Polymer coatings other than for paints; Chemical sealants for the sealing of surfaces.	<u>Status</u> Provisional refusal (Objected) ⁽¹⁾⁽²⁾	<u>Validity Period</u> Not applicable

Notes:

- (1) The application for registration of the trademark has been provisionally refused (objected) by MyIPO, among others, that the trademark (i) has no distinctive features; (ii) consist of signs or indications commonly used in trade to describe the quality of the goods; and (iii) is similar to an earlier registered trademark which covers identical or similar goods or services. On 5 January 2026, our Group had submitted an application to appeal against such refusal and instructed our intellectual property agent to proceed with the necessary appeal process. The appeal process is envisaged to take approximately 18 months for a decision to be obtained.

7. BUSINESS OVERVIEW *(cont'd)*

- (2) In the event that the appeal for registration of the trademark with the MyIPO is unsuccessful, our Group does not foresee any material impact to our Group's business operations and financial performance. However, our rights to the trademarks will not be protected under the Trademarks Act 2019, and we may not be able to prevent misuse of the trademarks or initiate infringement actions under the Trademarks Act 2019. Nonetheless, our Group will still enforce our rights to the trademarks through common law such as passing off actions if there are cases of misuse of our trademark.

Notwithstanding the foregoing, we are not dependent on these trademarks as the absence of registration of these trademarks does not restrict our Group's ability to carry on our business operations.

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7. BUSINESS OVERVIEW *(cont'd)*

7.20 GOVERNING LAWS AND REGULATIONS

Our business operations in Malaysia are regulated and governed by laws and regulations in Malaysia. The overview of the regulatory requirements governing our Group which are material to our business operations are summarized below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to and is only intended to provide general information to investors.

Governing laws and regulations relating to Malaysia

7.20.1 Industrial Co-ordination Act, 1975 (“ICA”)

Under the ICA, any person engaging in manufacturing activity shall obtain a manufacturing licence. The ICA defines manufacturing activity as the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade.

Any person who fails to comply with such requirement is guilty of an offence and is liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000.00 for every day during which such default continues.

Notwithstanding the above, manufacturing companies with shareholders' funds of less than RM2,500,000.00 and with less than 75 full-time paid employees, are exempted from the licensing requirement.

Valdor Factory

GB Bond's shareholders' fund had exceeded RM2,500,000.00 in 2019. However, due to a misinterpretation that the threshold is based on the company's share capital instead of shareholders' funds, GB Bond had continued its manufacturing activities in Valdor Factory until the fire incident in May 2022. GB Bond had rectified this by obtaining a manufacturing licence on 22 November 2024 to produce emulsion polymer and adhesives in Valdor Factory.

Bukit Panchor HQ

After the fire incident which rendered the Valdor Factory inoperable, GB Chemical allocated a portion of its machineries in Bukit Panchor HQ for the production of emulsion polymer, in order to meet customers' orders. However, this was not in compliance with the terms of the manufacturing licence for Bukit Panchor which specified for the production of industrial adhesives only. This took place from August 2022 to December 2024 (“**Construction Period**”) while the Valdor Factory was under construction. Under Section 7A of the ICA, manufacturers are prohibited from manufacturing any product other than those specified in the manufacturing licence without the prior approval of a MITI licensing officer.

After obtaining the manufacturing licence in November 2024 and the certificate of completion and compliance in December 2024 for our Valdor Factory, we recommenced our emulsion polymer production line at our Valdor Factory and ceased the production of emulsion polymer in our Bukit Panchor HQ.

During the Construction Period, the production of emulsion polymer in Bukit Panchor HQ contributed RM2.17 million, RM2.48 million and RM2.50 million to our Group's revenue for FYE 2022, FYE 2023 and FYE 2024 respectively.

7. BUSINESS OVERVIEW (cont'd)

As GB Chemical had manufactured a product that is not specified in our manufacturing licence during the Construction Period, MITI may find that we were in non-compliance with a condition imposed on our manufacturing licence and revoke that licence. MITI has the discretion to call upon us to show due cause why our licence should not be revoked before exercising its revocation powers. Further, if MITI is satisfied that our past non-compliance was due to some cause beyond our control and there is reasonable prospect of the non-compliance being remedied, MITI may withhold or suspend the revocation.

As at the LPD, we have not received any enquiries, notices, penalties or compounds from MITI for the abovementioned past non-compliances with the ICA.

To prevent the occurrence of regulatory non-compliance such as the aforementioned in the future, our Group has in place the following measures:

- (a) our Group has established policies and procedures which outlines the processes and responsibilities necessary to monitor, evaluate, and maintain compliance across our Group's operations. These policies and procedures include a monitoring checklist which has been assigned to our Human Resource and Administration department. The checklist comprises a list of relevant laws, regulations, rules and requirements for our business operations and premises including their respective expiry dates, to ensure timely monitoring and submission of renewal applications for licences, permits, certificates, and trademarks; and
- (b) our Group will also as part of the compliance policies and procedures keep abreast with any latest development on rules and regulations governing our Group's business operations to ensure continuous compliance, and seek professional advice and assistance whenever necessary.

We are of the view that these past non-compliances will not have a material adverse impact on our Group's business operations and financial condition as:

- (i) As at LPD, there were no further actions taken or notice imposed by MITI on the said non-compliances after being informed on the same. We have on 15 August 2025 formally written to MIDA (being an agency under MITI in charge of the promotion and coordination of industrial development in Malaysia) to seek their confirmation on whether enforcement actions will be taken against past and rectified non-compliances. MIDA has on 22 September 2025, via electronic mail confirmed that it would be redundant to raise past non-compliances and advised that GB Chemical and GB Bond adhere with the manufacturing licence conditions hereafter;
- (ii) The non-compliance relating to the manufacturing licence of Bukit Panchor HQ has ceased upon the re-operation of our Valdor Factory; and
- (iii) We have taken the necessary actions to ensure future compliance as stated above.

Please refer to Section 7.21 of this Prospectus for further details of our manufacturing licences.

7.20.2 Street, Drainage and Building Act 1974 ("SDBA")

Pursuant to Subsection 70(1) of the SDBA, no person shall erect any building without the prior written permission of the local authority and pursuant to paragraph 70(16)(f) of the SDBA, departure from any plan or specification approved by the local authority in respect of a building is deemed as erection of a new building.

Any person who fails to comply with such provision commits an offence and shall upon conviction, be liable to a fine not exceeding RM50,000 or imprisonment for a term not exceeding 3 years or to both and a further fine of RM1,000 for every day during which the offence is continued after conviction.

7. BUSINESS OVERVIEW *(cont'd)*Bukit Panchor HQ

We have been operating in Bukit Panchor HQ since 2018 after we bought the Bukit Panchor HQ from the previous owner. At that point of time, Bukit Panchor HQ comprises two factory buildings, with each factory building having its own CFO. Factory 1 and a portion of the warehouse held a valid CFO dated 17 November 1997 while factory 2 and another portion of the warehouse held a valid CFO dated 19 January 2007 respectively. During the period of our operation, we have constructed a car park shed and a storage shed without the prior written permission from Seberang Perai City Council. We were under the misconception that the construction of the car park shed, and storage shed were not considered as an erection of new buildings.

We appointed an architect to make applications to the Seberang Perai City Council to rectify this non-compliance. On 2 July 2025, the Seberang Perai City Council responded to our architect and instructed us to comply with certain technical requirements including among others, the allocation of sufficient parking lots. On 15 July 2025, our architect replied Seberang Perai City Council and informed them that we are unable to comply with the parking lot allocation requirements due to the space constraint in our Bukit Panchor HQ. The Seberang Perai City Council had on 24 July 2025 requested us to pay monetary contribution amounting to RM29,952.00 as compensation due to our non-fulfilment of the parking lot allocation requirement. We had made full payment for the said amount on 30 July 2025.

We obtained a revised CCC for our Bukit Panchor HQ dated 6 October 2025 based on the revised building plan which includes the car park shed and storage shed. As such, the non-compliance has been rectified.

Valdor Factory

As the fire incident had destroyed our Valdor Factory, we reconstructed it and obtained a CCC for it on 23 December 2024. This is the first CCC obtained for Valdor Factory after the fire incident and thereafter we commenced operation of the Valdor Factory. However, the CCC was issued based on a building plan drawn for 2 adjoining units of single storey factory with existing double storey office. The actual on-site condition of Valdor Factory consists of 2 adjoining units of single storey semi-detached factory.

In order to rectify the deviations between the on-site condition and building plan, our appointed architect applied for new approval based on a revised building plan in order to comply with SDBA. We obtained approval for the revised building plan on 11 September 2025 and we subsequently obtained the revised CCC based on the new building plan on 6 November 2025. As such, the non-compliance has ceased to exist.

As at the LPD, we have not received any enquiries, notices, penalties or compounds from Seberang Perai City Council for the abovementioned past non-compliances.

To prevent the occurrence of regulatory non-compliance such as the aforementioned in the future, our Group has in place the following measures:

- (a) our Group has established policies and procedures which outlines the processes and responsibilities necessary to monitor, evaluate, and maintain compliance across our Group's operations. The Human Resource and Administration policies and procedures also include a monitoring checklist for the Human Resource and Administration department which consist of a list of relevant laws, regulations, rules and requirements for its business operations and premises with dates of expiry to monitor and submit renewal applications on a timely basis; and
- (b) our Group will also as part of the compliance policies and procedures keep abreast with any latest development on rules and regulations governing our Group's business operations to ensure continuous compliance, and seek professional advice and assistance whenever necessary.

7. BUSINESS OVERVIEW (cont'd)

We are of the view that the non-compliance of the SDBA will not have a material adverse impact on our Group's business operations and financial condition as:

- (i) the non-compliances have ceased to exist as revised CCC have been issued for Bukit Panchor HQ and Valdor Factory and the respective building plans which were amended to reflect the existing on-site conditions, were approved by Seberang Perai City Council; and
- (ii) we have taken the necessary actions to ensure future compliance as stated above.

7.20.3 Occupational Safety and Health Act, 1994 ("OSHA")

Certificate of Fitness

With effect from 1 June 2024, the Factories and Machinery Act, 1967 ("**FMA**") has been repealed and the matters previously governed thereunder has been integrated into the OSHA. Any registration made or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the FMA 1967 shall, be dealt with under the OSHA and its subsidiary legislations.

Pursuant to the OSHA, any person who operates or causes or permits any machinery to be operated must also ensure that, where required, the machinery used or operated has a valid certificate of fitness, failing which such person will be guilty of an offence and will, on conviction, be liable to a fine not exceeding RM100,000.00 or to imprisonment for a term not exceeding 1 year or to both. Thereafter, an officer under OSHA shall immediately serve a written notice prohibiting the operation of the machinery until a certificate of fitness is issued. If such prohibition is not complied with by any person, it shall be an offence and on conviction, such person shall be liable to a fine not exceeding RM500,000.00 or to imprisonment for a term not exceeding 2 years or to both.

As at the LPD, our Group holds and maintains certificate of fitness issued by DOSH for the relevant machineries owned by the Group. Please refer to Section 7.21 of this Prospectus for further details and particulars.

Occupational Safety and Health Coordinator

Under OSHA, an employer having 5 or more employees at their place of work must appoint 1 of its employees to act as an occupational safety and health coordinator ("**OSH Coordinator**"). If an employer contravenes this requirement, he shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 6 months or to both.

As at the LPD, we have appointed 4 of our employees to act as our Group's OSH Coordinator and they are all certified as competent to act as OSH Coordinator and are registered as OSH Coordinator with DOSH.

Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013 ("**OSH Regulations 2013**")

Pursuant to subregulation 4(2) of the OSH Regulations 2013, a principal supplier is required to classify a chemical in accordance with the physical, health and environmental hazard of the chemical as specified in Part 2 of the Industry Code of Practice on Chemical Classification and Hazard Communication issued by DOSH.

A principal supplier who contravenes subregulation 4(2) commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000.00 or to imprisonment for a term not exceeding 1 year or to both and, in the case of continuing offence, to a fine not exceeding RM1,000.00 for every day or part of the day during which the offence continues after conviction.

7. BUSINESS OVERVIEW (cont'd)

Subregulation 14(1) of the OSH Regulations 2013 requires an importer or a manufacturer to prepare an inventory of hazardous chemicals on each hazardous chemical imported or supplied in a quantity of 1 metric tonne and above per year for each calendar year. Subregulation 14(2) requires for such inventory for each calendar year to be submitted to DOSH not later than 31 March of the following year.

A importer or manufacturer who contravenes subregulation 14(1) or 14(2) commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000.00 or to imprisonment for a term not exceeding 1 year or to both and, in the case of continuing offence, to a fine not exceeding RM1,000.00 for every day or part of the day during which the offence continues after conviction.

On 17 April 2024, the Magistrate Court of Jawi, Pulau Pinang found GB Chemical guilty of 2 offences under subregulations 4(2) and 14(2) of the OSH Regulations and imposed a fine of RM3,000.00 for each offence. GB Chemical paid the total fine of RM6,000.00 on the same day.

Thereafter, we appointed a chemist to oversee and monitor compliance with the OSH Regulations 2013 and the Industry Code of Practice on Chemicals Classification and Hazard Communication issued by DOSH.

Occupational Safety and Health (Control of Industrial Major Accident Hazards) Regulations 1996 (“OSH Regulations 1996”)

Subregulation 7(1) of the OSH Regulations 1996 requires a manufacturer to identify an industrial activity within his control and submit to DOSH the Notification of Industry Activity Form within a specified timeframe. Thereafter, DOSH may determine if the identified industrial activity is a major hazard installation or not.

Pursuant to subregulation 24(1) of the OSH Regulations 1996, a manufacturer who commits an offence against any of the provisions of the OSH Regulations 1996 for which no corresponding penalty is provided by the OSHA shall, on conviction, be liable to a fine not exceeding RM50,000.00 or to a term of imprisonment not exceeding 2 years or to both.

On 22 April 2025, the Sessions Court of Butterworth, Pulau Pinang found GB Bond guilty of an offence against paragraph 7(1)(b)(i) of the OSH Regulations 1996 which required GB Bond to submit the said Notification of Industry Activity Form to DOSH within 3 months after the commencement of the OSH Regulations 1996. GB Bond was imposed a fine of RM16,000.00 which was paid on the same day.

Steps taken by our Group

To ensure compliance with OSHA and all regulations thereunder, our Group has in place the following measures:

- (a) we will continuously assess compliance with OSHA and all regulations thereunder through scheduled reviews and inspections to be conducted by the Safety Committee. The outcomes of these assessments will be compiled and monitored by our Group Human Resource and Administration department to ensure timely rectification of any non-conformities and incompliances across our Group’s operation;
- (b) our Group has established policies and procedures which outlines the processes and responsibilities necessary to monitor, evaluate, and maintain compliance across our Group’s operations. These policies and procedures include a monitoring checklist which has been assigned to our Human Resource and Administration department; and
- (c) Our key senior management will participate in relevant external training and seminars covering areas pertinent to our business and compliance with occupational safety requirements, which is intended to keep them informed of industry developments and best practices in maintaining a safe working environment.

7. BUSINESS OVERVIEW *(cont'd)*

We are of the view that the past non-compliances with OSH Regulations 2013 and OSH Regulations 1996 will not have a material adverse impact on our Group's business operations and financial condition as:

- (i) we have paid the fines mentioned above and there was no further follow-up from DOSH on this matter; and
- (ii) we have taken the necessary actions to ensure future compliance as stated above.

7.20.4 Fire Services Act 1988 and Fire Services (Designated Premises) (Amendment) Order 2020 (collectively, "FSA")

The FSA provides for the effective and efficient functioning of the Fire and Rescue Department of Malaysia, for the protection of persons and property from fire risks or emergencies. The FSA provides, among others, that a fire certificate be issued only after the designated premises have been inspected and the Fire and Rescue Department of Malaysia is satisfied that there exists adequate fire-fighting equipment or fire safety installation in relation to the use of the designated premises.

Where there is no fire certificate in force, the owners of such premises may be subject to a fine of up to RM50,000.00 and/or imprisonment of up to 5 years or to both.

Our Group maintains and holds a valid fire certificate for our Bukit Panchor HQ. Our Valdor Factory on the other hand is not required to obtain a fire certificate, as it does not fall in the category of designated premise under the FSA.

Please refer to Section 7.21 of this Prospectus for further details and particulars of our fire certificate.

7.20.5 Employees' Minimum Standards of Housing, Accommodations and Amenities Act, 1990 ("EMSA")

The EMSA prescribes for the minimum standards of housing, nurseries and accommodation for employees as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

Pursuant to the EMSA regulations, employers are required to provide accommodation to foreign employees with a Visit Pass (Temporary Employment) issued under Regulation 11 of the Immigration Regulations 1963.

Under the EMSA, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation ("COA"). Any employer who contravenes this provision commits an offence and if convicted, be liable to a fine not exceeding RM50,000.00.

Prior to April 2025, we provided accommodation for our foreign employees at a single storey housing situated on the Changkat Land beside the Changkat Factory ("**Changkat Premise**"). We had obtained a COA for the Changkat Premise where accommodation was provided for 30 foreign employees. However, we had housed 11 foreign employees in a separate area within the Changkat Factory that did not have a COA since April 2023. The Changkat Land where Changkat Premise and the Changkat Factory were built on, is owned by GB Plas Sdn Bhd (a company in which the brother of Dato' Gooi is a director and shareholder), and we temporarily rented the space via a tenancy agreement.

In April 2025, we rectified this non-compliance by relocating all our foreign employees to the current Foreign Workers Accommodation located at No. 46, Jalan Perindustrian Nibong Tebal 1, Taman Perindustrian Nibong Tebal, 14300 Nibong Tebal, Pulau Pinang which is issued with a COA held by GB Chemical as the employer.

7. BUSINESS OVERVIEW (cont'd)

As at the LPD, none of our foreign employees are staying at accommodations which have not been issued with a COA. As at the LPD, there were no fines and penalties imposed on this non-compliance incident.

Steps taken by our Group

To prevent the occurrence of regulatory non-compliance such as the aforementioned in the future, our Group has in place the following measures:

- (a) our Group's Human Resource and Administration department will be monitoring that all accommodation provided by us have been issued with COA;
- (b) our Group has established policies and procedures which outlines the processes and responsibilities necessary to monitor, evaluate, and maintain compliance across our Group's operations. These policies and procedures includes a monitoring checklist which has been assigned to our Human Resource and Administration department. The checklist comprises a list of relevant laws, regulations, rules and requirements for our business operations and premises including their respective expiry dates, to ensure timely monitoring and submission of renewal applications for licences, permits, certificates, and trademarks; and
- (c) our Group will also, as part of the compliance policies and procedures, keep abreast with any latest development on rules and regulations governing our Group's business operations to ensure continuous compliance, and seek professional advice and assistance whenever necessary.

We are of the view that these past non-compliances on the EMSA will not have a material adverse impact on our Group's business operations and financial condition as:

- (i) the non-compliance has ceased to exist by relocating all our foreign employees to the Foreign Workers Accommodation which has been issued with a COA; and
- (ii) we have taken the necessary actions to ensure future compliance as stated above.

Please refer to Section 7.21 of this Prospectus for further details of our COA.

7.20.6 Immigration Act 1959/63 ("Immigration Act") and Immigration Regulations 1963 (Immigration Regulations")

Section 55B of the Immigration Act provides that any person who employs a foreigner who has no valid pass shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000.00 or to imprisonment for a term not exceeding 12 months or to both for each such employee.

Regulation 11 of the Immigration Regulations allows for a visit pass to be issued to a foreigner on temporary employment, and such pass is issued subject to the conditions stated therein. Such conditions include work location for the foreign employee, and the employee and the employer are expected to comply with the stipulated conditions.

The work location stated in the visit pass for 3 of our foreign employees were registered differently from their actual work location. 2 of these employees had registered to work in our previous Changkat Factory and the other remaining 1 in Valdor Factory. All 3 of them were supposed to be working in Bukit Panchor HQ.

Pursuant to Section 55B(2) of the Immigration Act, a pass lawfully issued shall cease to be a valid pass when any of its terms and conditions is contravened. As the work location for these 3 foreign employees differs from the work location set out in their visit pass, the terms and condition of these visit passes may be deemed as breached and may have ceased to be valid.

7. BUSINESS OVERVIEW (cont'd)

We met and consulted officers from Immigration Department of Malaysia to seek their advice and on 15 August 2025, we submitted applications to the Immigration Department of Malaysia to change the work location address in the visit passes of the said 3 foreign employees. During the same meeting, we had received a written acknowledgement by the officer that the said employees can continue to work at Bukit Panchor HQ pending issuance of the amended visit pass. On 19 May 2026, the amended visit passes have been issued for these 3 foreign employees bearing the amended work location address at Bukit Panchor HQ.

As at LPD, there were no fines and penalties imposed on us in relation to this non-compliance incident.

To prevent the occurrence of regulatory non-compliance such as the aforementioned in the future, our Group has in place the following measures:

- (a) our Group's Human Resource and Administration department will be monitoring the status and conditions of all passes for our foreign employees.
- (b) our Group has established policies and procedures which outlines the processes and responsibilities necessary to monitor, evaluate, and maintain compliance across our Group's operations. These policies and procedures include a monitoring checklist which has been assigned to our Human Resource and Administration department. The checklist comprises a list of relevant laws, regulations, rules and requirements for our business operations and premises including their respective expiry dates, to ensure timely monitoring and submission of renewal applications for licences, permits, certificates, and trademarks.

We are of the view that the past non-compliances on the work location for the foreign employees will not have a material adverse impact on our Group's business operations and financial condition as:

- (i) the non-compliance had ceased to exist as the amended visit passes have been issued on 19 May 2026 bearing the amended work location address at Bukit Panchor HQ; and
- (ii) we have taken the necessary actions to ensure future compliance as stated above.

7.20.7 Environmental Quality Act 1974 ("EQA") & Environmental Quality (Scheduled Wastes) Regulations 2005 ("EQ Regulations 2005")

The EQA regulates, amongst others, the level of pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without licence, prohibits the discharge of oil and wastes into Malaysian waters.

The EQ Regulations 2005 is a subsidiary legislation made under the EQA which imposes on waste generator of the premises an obligation to record, store, label, treat and dispose scheduled waste in accordance with the EQ Regulations 2005. Any person who contravenes the EQ Regulations 2005 commits an offence and may be subject to a compound not exceeding RM2,000.00.

Pursuant to Section 34B(1) of the EQA, no person shall, without any prior written approval of the Director General of Environmental Quality, place, deposit or dispose of any scheduled wastes, except at prescribed premises.

GB Chemical had received 5 compounds from the Department of Environment Penang, amounting to RM10,000.00, following an inspection on 2 November 2021. During the inspection, the officer found GB Chemical in violation of the following provisions of the EQ Regulations 2005:

7. BUSINESS OVERVIEW (cont'd)

- (i) Regulation 3 (Notification of the generation of scheduled wastes);
- (ii) Regulation 9(3) & (4) (Storage of scheduled wastes); and
- (iii) Regulation 10(1) & (2) (Labelling of scheduled wastes).

Our Group has paid the compounds in full on 10 November 2021.

Steps taken by our Group

To prevent the occurrence of regulatory non-compliance such as the aforementioned in the future, our Group has in place the following measures:

- (a) our Group's Human Resource and Administration department will be monitoring the status, storage, labelling and disposal of scheduled wastes generated by the production.
- (b) our Group has established policies and procedures which outlines the processes and responsibilities necessary to monitor, evaluate, and maintain compliance across our Group's operations. These policies and procedures include a monitoring checklist which has been assigned to our Human Resource and Administration department. The checklist comprises a list of relevant laws, regulations, rules and requirements for our business operations and premises including their respective expiry dates, to ensure timely monitoring and submission of renewal applications for licences, permits, certificates, and trademarks.

We are of the view that the past non-compliances on the scheduled wastes will not have a material adverse impact on our Group's business operations and financial condition as:

- (i) the non-compliance had ceased to exist as our Group had then subsequently appointed scheduled waste contractors for the transport and disposal of the scheduled waste as set out below; and
- (ii) we have taken the necessary actions to ensure future compliance as stated above.

Our operations in Bukit Panchor HQ and Valdor Factory generate wastes that are classified as scheduled waste under the EQ Regulations 2005, which are listed in the following table:

Code	Description
SW204	Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium
SW303	Adhesive or glue waste containing organic solvents excluding solid polymeric materials
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes

During the Financial Years/Period Under Review, we have engaged the following service providers to transport and dispose of the scheduled wastes as listed above:

- Alam Aliran Kualiti (M) Sdn Bhd
- Kumaran & Company Sdn Bhd
- Pentas Flora (Penang) Sdn Bhd

7. BUSINESS OVERVIEW *(cont'd)*

All aforementioned service providers are duly licensed by the Department of Environment. The engagement of these service providers is on an ad hoc basis, with services rendered based on issued purchase orders and/or invoices, and the Group has not entered into any long-term service agreements or formal appointment letters with such service providers.

7.20.8 Local Government Act, 1976 (“LGA”)

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason for it.

Our Group’s business falls under the jurisdiction of the Seberang Perai City Council. The relevant by-laws governing the conduct of our Group’s business is the Licensing Payment (Seberang Perai City Council) By-Laws 1980 and the Licensing of Advertisements (Seberang Perai City Council) By-Laws 2001.

These by-laws stipulate that it is an offence for a person to operate any scheduled business activity without a valid licence issued by the Seberang Perai City Council. It further stipulates that the no person shall exhibit or cause or permit to be exhibited any advertisement without a licence issued by the Seberang Perai City Council. Any contravention of these by-laws is an offence and if convicted, such person may be liable to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 1 year or to both.

Our Group holds and maintains a valid business premise licences and signboard licences for our Bukit Panchor HQ and Valdor Factory. Please refer to Section 7.21 of this Prospectus for further details and particulars.

Save as disclosed above, our Group complies with all relevant regulatory requirements governing our Group’s business operations.

7.20.9 Trademarks Act 2019

The Trademarks Act 2019 provides for the registration of trademarks in relation to goods and services and to implement the relevant treaties and for other connected matters. A trademark is defined under Section 3 of the Trademarks Act 2019 as any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings. A sign may constitute a trademark even though it is used in relation to a service ancillary to the trade or business of an undertaking and whether or not the service is provided for money or money’s worth. A registered trademark shall be a property right obtained by the registration of trademark under the Trademarks Act 2019 and a registered proprietor of the trademark has the rights and remedies provided under the Trademarks Act 2019. The registration of a trademark shall be for a period of ten (10) years and may be renewed for a further period of ten (10) years in accordance with the Trademarks Act 2019. Please refer to Section 7.19 of this Prospectus for information relating to the material trademarks and other intellectual property rights of our Group.

As at LPD, we have three registered trademarks registered with MyIPO. In addition, we are currently appealing for one of our trademarks (TM2025021346) which has been provisionally refused by MYIPO. In the event if we are unsuccessful for such appeal, we do not expect any material impact on the business operations or financial performance of our Group. However, our rights to the said trademark will not be formally protected under the Trademarks Act 2019, and we may be unable to prevent unauthorized use of the trademarks or initiate infringement proceedings under the Trademarks Act 2019. Nevertheless, we retain the ability to enforce its rights through common law remedies, such as actions for passing off.

7. BUSINESS OVERVIEW *(cont'd)*

Separately, if any of our trademark infringe the rights of a third party, we may incur significant costs to defend against such claims by third parties or to enforce the intellectual property rights that we use, and there can be no assurance that we would prevail in any such proceedings. Such proceedings, including litigation, may result in a diversion of our resources and may lead to counterclaims or claims from other parties against us, which could have a material adverse effect on our business, prospects and financial performance. During the Financial Years/Period Under Review up to LPD, we have not been subjected to any claims relating to breach of third party's intellectual property rights. However, there is no assurance that this will not occur in the future.

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7. BUSINESS OVERVIEW (cont'd)

7.21 MATERIAL LICENCES, PERMITS AND APPROVALS

Save as disclosed below, there are no other major approvals, major licenses and permits which would materially affect the business or our operations as at the LPD:

Issuing Authority	Company	Description of approval / license / permit	Licence / Reference No. / Validity Period	Major conditions imposed	Status of compliance
MITI	GB Chemical	Manufacturing licence pursuant to the ICA	<u>Licence / Serial No.</u> A022382 / A037887	(a) The sale of shares in this company must be notified to MITI and MIDA.	Complied
		Premise: Bukit Panchor HQ	<u>Effective Date</u> 19 March 2020	(b) GB Chemical shall train Malaysians so that technology and expertise can be transferred to all levels of the workforce.	Noted
		Product: Industrial Adhesives	<u>Expiry Date</u> N/A	(c) GB Chemical shall comply with the Capital Investment Per Employee Ratio (CIPE) requirement of at least RM140,000.00.	Complied
				(d) GB Chemical shall take initiative to ensure that 80% of its total full-time workforce consist of Malaysian. The employment of foreigners (including outsourced workers) shall be subject to current policy. Flexibility is given for the compliance of this condition until the full implementation of the Multi-Tier Levy Mechanism ("MTLM"). ⁽¹⁾	To be complied
				(e) GB Chemical shall submit information on investment performance and project implementation under the ICA and the MIDA Act, 1965 when required by MIDA.	Complied

7. BUSINESS OVERVIEW *(cont'd)*

Issuing Authority	Company	Description of approval / license / permit	Licence / Reference No. / Validity Period	Major conditions imposed	Status of compliance
				(f) GB Chemical shall implement its projects as approved and in accordance with the laws and other regulations in Malaysia.	Noted
MITI	GB Chemical	Manufacturing licence pursuant to the ICA	<u>Licence / Serial No.</u> A022382/ A043857	(a) The sale of shares in this company must be notified to MITI and MIDA.	Complied
		Premise: Bukit Panchor HQ	<u>Effective Date</u> 11 April 2025	(b) GB Chemical shall train Malaysians so that technology and expertise can be transferred to all levels of the workforce.	Noted
		Product: Sealant	<u>Expiry Date</u> N/A	(c) GB Chemical shall comply with the Capital Investment Per Employee Ratio (CIPE) requirement of at least RM140,000.00.	Complied
				(d) GB Chemical shall take initiative to ensure that 80% of its total full-time workforce consist of Malaysian. The employment of foreigners (including outsourced workers) shall be subject to current policy. Flexibility is given for the compliance of this condition until the full implementation of the MTLM. ⁽¹⁾	To be complied
				(e) GB Chemical shall submit information on investment performance and project implementation under the ICA and the MIDA Act, 1965 when required by MIDA.	Complied

7. BUSINESS OVERVIEW *(cont'd)*

Issuing Authority	Company	Description of approval / license / permit	Licence / Reference No. / Validity Period	Major conditions imposed	Status of compliance
				(f) GB Chemical shall implement its projects as approved and comply with all regulations and provisions under the ICA and laws and in accordance with the other laws and regulations in Malaysia.	Noted
MITI	GB Bond	Manufacturing licence pursuant to the ICA	<u>Licence / Serial No.</u> A026343 / A043444	(a) The sale of shares in this company must be notified to MITI and MIDA.	Complied
		Premise: Valdor Factory	<u>Effective Date</u> 22 November 2024	(b) GB Bond shall train Malaysians so that technology and expertise can be transferred to all levels of the workforce.	Noted
		Products: Emulsion polymer and adhesives	<u>Expiry Date</u> N/A	(c) GB Bond shall comply with the Capital Investment Per Employee Ratio (CIPE) requirement of at least RM140,000.00.	Complied
				(d) GB Bond's total full-time workforce must consist of at least 80% Malaysians. The employment of foreigners (including outsourced workers) is subject to current policy.	Complied
				(e) GB Bond shall submit information on investment performance and project implementation under the ICA and the MIDA Act, 1965 when required by MIDA.	Complied
				(f) GB Bond shall implement its projects as approved and in accordance with the laws and other regulations in Malaysia.	Noted

7. BUSINESS OVERVIEW *(cont'd)*

Issuing Authority	Company	Description of approval / license / permit	Licence / Reference No. / Validity Period	Major conditions imposed	Status of compliance
Seberang Perai Council	GB Bond City	Business premise licence for: (i) manufacturing chemicals – glue emulsion; (ii) manufacturing acid, solvent and adhesive; (iii) storing goods; and (iv) signboard. Premise: Valdor Factory	<u>Licence / Reference No.</u> PRI/02/20221219/04 09 <u>Approval Date</u> 1 June 2006 <u>Issuance Date</u> 18 November 2025 <u>Expiry Date</u> 31 December 2026	None	Not applicable
Seberang Perai Council	GB Bond City	Business premise licence for: (i) storage of chemicals (emulsion) ⁽²⁾ ; (ii) administrative office; and (iii) signboard. Premise: Bukit Panchor HQ	<u>Licence / Reference No.</u> PRI/01/20250204/45 68 <u>Approval Date</u> 3 February 2025 <u>Issuance Date</u> 18 November 2025 <u>Expiry Date</u> 31 December 2026	None	Not applicable

7. BUSINESS OVERVIEW *(cont'd)*

<u>Issuing Authority</u>	<u>Company</u>	<u>Description of approval / license / permit</u>	<u>Licence / Reference No. / Validity Period</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
Seberang Perai Council	GB Chemical City	Business premise licence for: (i) manufacturing glue and glue adhesive; (ii) manufacturing adhesive tape and sealant (iii) storing goods; (iv) administrative office; and (v) signboard. Premise: Bukit Panchor HQ	<u>Licence / Reference No.</u> PRI/02/20221219/9735 <u>Approval Date</u> 24 January 1998 <u>Issuance Date</u> 18 November 2025 <u>Expiry Date</u> 31 December 2026	None	Not applicable
Seberang Perai Council	Purebond Adhesive City	Business premise licence for: (i) administrative office; and (ii) signboard. Premise: Bukit Panchor HQ	<u>Licence / Reference No.</u> PRI/01/20250617/0606 <u>Approval Date</u> 13 June 2025 <u>Issuance Date</u> 18 November 2025 <u>Expiry Date</u> 31 December 2026	None	Not applicable

7. BUSINESS OVERVIEW (cont'd)

<u>Issuing Authority</u>	<u>Company</u>	<u>Description of approval / license / permit</u>	<u>Licence / Reference No. / Validity Period</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
Shah Alam City Council	Purebond Adhesive	Business premise licence, where description of licence includes: (i) Wholesale / Supply / Sale (Liquid Glue/Glue/Tape) (ii) Business Office < 150 Square Meters (iii) Store	<u>Licence / Reference No.</u> L033123020240001 /MBSA.LSN.700-3/3/1244 <u>Effective Date</u> 8 September 2025 <u>Expiry Date</u> 30 September 2027	None	Not applicable
Department of Labour Peninsular Malaysia, Ministry of Human Resources	GB Chemical	Certificate for Accommodation for the Foreign Workers Accommodation	<u>Certificate No.</u> AC/10700/2025/0367 <u>Effective Date</u> 23 April 2025 <u>Expiry Date</u> 23 April 2028	GB Chemical is required to comply with the following conditions: (a) Maximum number of employees to be housed in this accommodation is 44 persons; (b) Conditions under the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020; (c) Rent or charge for this accommodation is RM100 for every employee; (d) Report on employee's stay in the accommodation within 30 days from the first day of stay; (e) Report on the closure of this accommodation at least 30 days before the date of closing; (f) Display this Certificate of Accommodation on the outer walls of the accommodation which is suitable and easy to view.	Complied Complied Noted Complied Noted Complied

7. BUSINESS OVERVIEW *(cont'd)*

<u>Issuing Authority</u>	<u>Company</u>	<u>Description of approval / license / permit</u>	<u>Licence / Reference No. / Validity Period</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
DOSH	GB Bond	Certificate of fitness (Pressure Vessel) Premise: Valdor Factory	<u>Registration No.</u> PP-PMT-153468 <u>Effective Date</u> 26 August 2025 <u>Expiry Date</u> 25 November 2026	None	Not applicable
DOSH	GB Bond	Certificate of fitness (Steam Boiler) Premise: Valdor Factory	<u>Registration No.</u> PP-PMD-80754 <u>Issuance Date</u> 20 April 2026 <u>Expiry Date</u> 12 July 2027	None	Not applicable
DOSH	GB Chemical	Certificate of fitness (Steam Boiler) Premise: Bukit Panchor HQ	<u>Registration No.</u> PP-PMD-80218 <u>Issuance Date</u> 13 May 2025 <u>Expiry Date</u> 27 July 2026 ⁽³⁾	None	Not applicable

7. BUSINESS OVERVIEW *(cont'd)*

<u>Issuing Authority</u>	<u>Company</u>	<u>Description of approval / license / permit</u>	<u>Licence / Reference No. / Validity Period</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
DOSH	GB Chemical	Certificate of fitness (Steam Boiler) Premise: Bukit Panchor HQ	<u>Registration No.</u> PP-PMD-80738 <u>Issuance Date</u> 13 November 2025 <u>Expiry Date</u> 12 February 2027	None	Not applicable
DOSH	GB Chemical	Certificate of Fitness (Pressure Vessel) Premise: Bukit Panchor HQ	<u>Registration No.</u> PP-PMT-108559 <u>Issuance Date</u> 28 July 2026 <u>Expiry Date</u> 27 October 2027	None	Not applicable
Fire and Rescue Department	GB Chemical	Fire certificate for Bukit Panchor HQ	<u>Licence / Reference No.</u> JBPM: PP/7/413/2025 <u>Effective Date</u> 31 October 2025 <u>Expiry Date</u> 30 October 2026 ⁽⁴⁾	None	Not applicable

7. BUSINESS OVERVIEW *(cont'd)*

Notes:

- (1) Based on the 13th Malaysia Plan tabled on 31 July 2025, MTLM is to be implemented in 2026. However, as at the LPD, there has been no further announcement in relation to the implementation of the MLTM. As at the LPD, GB Chemical has 54.17% local employees and GB Chemical will continue to take initiative to hire more local employees. This includes publishing recruitment advertisements more frequently on websites and newspaper to hire local workers as well as benchmarking wages and benefits, improving work environment and offering career development opportunities to improve employee retention. Notwithstanding that, if upon implementation of the MTLM and GB Chemical is still unable to comply with this condition, MITI may take action by issuing warnings, imposing penalties, suspending and/or revoking this manufacturing licence. In the unlikely event that our licence is revoked by MITI due to non-compliance of this condition, our business operations and financial performance may be adversely impacted as GB Chemical is not allowed to carry out manufacturing activities without this licence. Please refer to Section 9.1.6 of this Prospectus for the risk on our dependency on various licences, permits and approvals issued by relevant authorities to operate our business.
- (2) There are no restrictions imposed by Seberang Perai City Council on this business premise licence on the quantity, volume or weight of chemicals that may be stored at this premise.
- (3) The renewal process for this certificate of fitness has not been initiated as the steam boiler is undergoing maintenance works and has been temporarily taken out of operation. Upon completion of the maintenance works, which is expected in 3rd quarter of FYE 2026, we will submit an application to apply for the certificate of fitness which we expect to receive in the 4th quarter of FYE 2026. There is no impact on our operations as we will be using other steam boilers in Bukit Panchor HQ.
- (4) Pursuant to the Fire Services (Fire Certificate) Regulations 2001, the application for the renewal of a fire certificate shall be made not less than 30 days before the date of expiry of the certificate. Our Group will submit the application for renewal to the Fire and Rescue Department in September 2026.

Up to the LPD, our Group has not encountered any difficulties in renewing or obtaining approval (where applicable) for the aforementioned major approvals, licences and permits.

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7. BUSINESS OVERVIEW (cont'd)

7.22 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

Our Group is committed to embed ESG considerations into our business operations and strategic planning. As part of our value creation strategy, we recognize the importance of sustainability in driving long-term business resilience, stakeholder trust, and regulatory compliance. We intend to progressively align our sustainability reporting and practices with Bursa Securities' Sustainability Reporting Guidelines.

The roles and responsibilities of our governance structure for sustainability matters are set out below:

Board

- (i) Sets the overall sustainability values and strategies of our Group;
- (ii) Oversees, implements and monitors compliance with our Business Ethics and Code of Conduct and reviews the Code on a periodic basis;
- (iii) Reviews our Sustainability Policy and Framework;
- (iv) Approves sustainability targets proposed by Head of Departments;
- (v) Reviews and approves the progress of the sustainability targets reported; and
- (vi) Approves sustainability disclosures.

Head of Departments

- (i) Identifies ESG risks and opportunities relevant to our Group's business operations;
- (ii) Proposes short, medium and long term quantifiable sustainability targets to our Board for approval on an annual basis;
- (iii) Coordinates and implements the approved sustainability targets in the daily operations of our Group; and
- (iv) Monitors and reports the progress of the approved sustainability targets to our Board on an annual basis.

(i) Environmental

We acknowledge the importance of safeguarding the environment and are dedicated to adopt environmentally friendly practices to minimise damage to the environment, which include:

(a) Climate Resilience and Greenhouse Gas ("GHG") Emissions Management

As industries worldwide transition towards sustainable manufacturing practices, we are proactively embracing the role in contributing to a low-carbon future. We focus on water-based, low volatile organic ("low-VOC") adhesives, sealants and polymer demonstrate commitment to reducing environmental impacts while maintaining product performance. We have developed the GHG Report in accordance with two internationally recognized standards: ISO 14064-1 and the GHG Protocol Corporate Accounting and Reporting Standard to reflect our Group's commitment to transparency, accountability, and continuous improvement. The reporting period covers from 1 January 2023 to 31 May 2026. The boundary of reporting is limited to Scope 1 and Scope 2 emissions as below:

7. BUSINESS OVERVIEW (cont'd)**Scope 1: Stationary fuel combustion, car fuel use and fugitive release**

Table 1: Total Emission from Fuel Usage				
Fuel Type	Usage (Litres)	Total kg of CO₂eq	Total Revenue (RM'000)	Total kg of CO₂eq / Total Revenue
FYE 2023				
Petrol	12,712.27	26,695.76	53,818	9.16
Diesel	185,820.40	466,409.20		
Total		493,104.96	53,818	
FYE 2024				
Petrol	15,192.85	31,904.99	56,338	8.42
Diesel	176,337.52	442,607.18		
Total		474,512.17	56,338	
FYE 2025				
Petrol	11,839.48	24,862.92	52,439	7.60
Diesel	148,890.57	373,715.32		
Total		398,578.24	52,439	
FPE 2026				
Petrol	3,424.25	7,190.92	24,346	5.65
Diesel	51,959.75	130,418.97		
Total		137,609.89	24,346	

Note: All diesel consumed by our Group's forklifts is directly drawn from the diesel stock maintained in our Group's lorries, and therefore the fuel usage has been accounted for within our Group's overall diesel consumption records.

Table 2: Fugitive Releases: Refrigerants gases consumption				
FYE/FPE	No. of Premise	Total kg of CO₂eq	Total Revenue (RM'000)	Total kg of CO₂eq / Total Revenue
2023	4	32,624.00	53,818	0.61
2024	4	15,073.15	56,338	0.27
2025	5	14,333.80	52,439	0.27
2026	5	10,004.80	24,346	0.41
Total		72,035.75	186,941	1.56

Scope 2: We are not utilizing other forms of imported energy such as steam, heat, or chilled water, electricity remains the only contributor to Scope 2 emissions.

Table 1: Electricity Consumption					
FYE/ FPE	No. of Premise	Usage (kWh)	Total kg of CO₂eq	Total Revenue (RM'000)	Total kg of CO₂eq / Total Revenue
2023	4	1,033,069	799,595	53,818	14.86
2024	4	1,033,069	799,595	56,338	14.19
2025	5	906,819	701,878	52,439	13.38
2026	5	389,151	301,202	24,346	12.37
Total			2,602,270	186,941	54.80

7. BUSINESS OVERVIEW (cont'd)

From the tables above, it is shown that our overall GHG emissions under Scope 1 and Scope 2 have demonstrated a consistent declining trend from FYE 2023 through FPE 2026, reflecting our Group's continuous efforts to enhance operational efficiency and reduce our carbon footprint.

Scope 1 – Fuel Combustion and Fugitive Releases

Emissions arising from fuel combustion recorded a marginal reduction of approximately 3.8%, decreasing from 493,105 kg CO₂e in FYE 2023 to 474,512 kg CO₂e in FYE 2024 followed by a further significant reduction of approximately 16.0% to 398,578 kg CO₂e in FYE 2025. This improvement was primarily attributed to optimized diesel consumption and improved fuel management practices. For the FPE 2026, total emissions amounted to 137,610 kg CO₂e, which, when annualized, continues to reflect a downward trend.

Emissions from fugitive releases, also declined substantially from 32,624 kg CO₂e in FYE 2023 to 15,073 kg CO₂e in FYE 2024, followed by a further reduction of approximately 4.9% to 14,333 kg CO₂e in FYE 2025, followed by a further significant reduction of approximately 30.2% to 10,004.8 kg CO₂e in FPE 2026. This indicates improved preventive maintenance of refrigerants with lower global warming potential. As of FPE 2026, fugitive emissions were recorded at 10,005 kg CO₂e, supporting the overall emission reduction.

Scope 2 – Electricity Consumption

Following a stable emission level between FYE 2023 and FYE 2024, emissions recorded a reduction of approximately 12.2% in FYE 2025, decreasing from 799,595 kg CO₂e to 701,878 kg CO₂e. A notable reduction was observed in FPE 2026, where emissions for the period up to May decreased to 301,202 kg CO₂e, following the successful commissioning of the solar system in January 2025. The newly installed solar energy system generated 332,396 kWh within the FPE 2026, effectively offsetting a substantial portion of electricity drawn from the national grid.

(b) Green Energy

In December 2024, we successfully completed the installation of a solar energy system, which was officially commissioned in January 2025. The project marks a significant milestone in our ongoing journey toward sustainability and responsible energy management. By incorporating the latest N-type solar panel technology, the system can achieve efficiencies of up to 22%, placing it among the most advanced solutions currently available in the renewable energy market.

The solar installation covers a total area of 25m² and is designed to generate approximately 2,800-3,000 kWh of clean electricity every month. This renewable energy output reduces our reliance on conventional power sources and contributes directly to lowering our overall carbon footprint. Over its lifetime, the system will offset a substantial amount of greenhouse gas emissions, reinforcing our role in advancing climate action.

Table 1: Total Energy Yield (kWh) from Solar Panel for FPE 2026				
Premise	Total Yield (kWh)	Total kg of CO₂eq	Total Revenue (RM'000)	Total kg of CO₂eq / Total Revenue
Bukit Panchor HQ	332,396	Nil	24,346	Nil

7. BUSINESS OVERVIEW (cont'd)

Table 2: Scope 2 Emission (market-based) for FPE 2026						
Premise	TNB Usage (kWh)	Total Yield (kWh)	Total Usage (kWh)	Total kg of CO₂eq	Total Revenue (RM'000)	Total kg of CO₂eq / Total Revenue
Bukit Panchor HQ	261,265	332,396	593,661	459,494	24,346	18.87

Table 3: Scope 2 Emission (location-based) for FPE 2026					
Premise	TNB Usage (kWh)	Total Usage (kWh)	Total kg of CO₂eq	Total Revenue (RM'000)	Total kg of CO₂eq / Total Revenue
Bukit Panchor HQ	261,265	261,265	202,219	24,346	8.31

In relation to total revenue, our Group's carbon intensity (kg CO₂e/RM'000 revenue) has continued to improve across the reporting periods. This indicates that our Group's emissions per unit of economic output have decreased, underscoring enhanced energy efficiency and sustainable growth.

Overall, our Group has achieved a progressive reduction in total carbon emissions from FYE 2023 to FPE 2026, mainly driven by fuel efficiency initiatives, improved refrigerant management, and the integration of renewable energy sources.

The GHG emission has been assessed based on 2 internationally recognised standard: ISO 14064-1 and GHG Protocol Corporate Accounting and Reporting Standard. Based on the assessment carried out, the majority of our Group's GHG emission arises from Category 2 under ISO 14064-1, namely indirect GHG emission from imported energy which primarily comprise emissions arising from electricity consumed by the factories and offices of our Group. This category accounted for approximately 68% of our Group's total GHG emissions. As part of our Group's efforts to reduce reliance on electricity from conventional sources and lower the carbon emissions, our Group has installed a solar energy system at Bukit Panchor HQ.

The remaining approximately 32% of our Group's GHG emissions are categorised under Category 1 of ISO 14064-1, namely direct GHG emissions from GHG sources that are owned or controlled by the Group. These emissions primarily arise from mobile combustion sources, including the use of forklifts, lorries and other vehicles.

Premised on the above, our Group does not have any direct GHG emission from stationary combustion from the manufacturing process, as our operations do not generate process-related gas emissions. Instead, the GHG emissions primarily arise from electricity consumption from the factories and offices, as well as fuel consumption and refrigerants, both of which have shown a consistent downward trend from FYE 2023 to FPE 2026. Despite being part of the manufacturing sector, which generally exhibits higher emission levels, our Group is considered to have reasonably low carbon emission.

Furthermore, our Group's commitment to advancing its low-carbon transition pathway by the installation of a solar energy system, which has contributed significantly to reducing overall emissions. This reinforces our Group's standing as a low carbon emission company within the manufacturing category.

7. BUSINESS OVERVIEW (cont'd)

Moving forward, the Group will continue to monitor its GHG emissions on a regular basis, implement efficiency initiatives, and adopt mitigation measures with the aim of progressively reducing its emission intensity over the years. Through these efforts, our Group seeks to contribute towards global climate action while supporting long-term sustainable growth.

(ii) Social

We are dedicated to serving the interest of our stakeholders. Our efforts include:

(a) Ensuring occupational, safety and health

We are dedicated to ensuring a secure and healthy environment, prioritizing the well-being of all employees, contractors and stakeholders in compliance with the legal requirements outlined in the OHSA. We pledge to:

- (i) establish comprehensive safety protocols and procedures in line with relevant legal and industry standards;
- (ii) allocate resources and provide ongoing training for occupational safety, health, and environmental activities, fostering a secure and conducive work environment with clear protocols for healthy work practices;
- (iii) foster continuous improvement through monitoring, reporting, and reviewing safety performance, while actively engaging employees and site personnel in safety awareness initiatives;
- (iv) ensure all site workers receive regular safety training and maintain valid certifications; and
- (v) strive to maintain a zero-incident record for major injuries and accidents at all project sites.

As at the LPD, there were no safety issues or incidents relating to safety / health that have occurred in the past.

(b) Promoting diversity and equality

We support equal opportunity and career development regardless of race and gender, as reflected in the diversity of our Board and workforce.

Our Board comprises of 7 Directors of which 4 are male Directors and 3 are female Directors.

To demonstrate our efforts in embracing diversity in our workforce, the statistics on the workforce composition as at the LPD are as below:

Approximately, our total employees comprise 68 males and 20 females. In terms of race/ethnic diversity, we have 16 Malay employees and 35 Chinese employees and 4 Indian employees. These groups represent approximation of 18.18%, 39.77%, and 4.55% of our total workforce, respectively. In addition, there are 33 foreign employees representing approximation of 37.5% in our production department.

(c) Promoting personal development

We aim to continuously develop our employees through internal and external training and seminars to enhance their competencies in performing their daily tasks. In FYE 2023, a total of 33 training courses were implemented, with approximately

7. BUSINESS OVERVIEW (cont'd)

RM25,458.00 incurred in training costs. In FYE 2024, a total of 36 training courses were implemented, with approximately RM46,137.30 incurred in training costs. In FYE 2025, up to the LPD, a total of 22 training courses were implemented, with approximately RM52,724.00 incurred in training costs. In FPE 2026, up to the LPD, a total of 2 training courses were implemented, with approximately RM1,296.00 incurred in training costs. Moving forward, we are committed to the technical upskilling of our employees with an emphasis on practical components and exposure to industry training.

We encourage our employees to attend training and educational programs / courses aimed at keeping them updated on the latest developments and enhancing their skills sets in their respective fields. These programs may be recommended by managers or proposed by employees, subject to approval from respective Head of Departments. By supporting our employees' professional development, we are enhancing their performance and productivity, while increasing their value and future marketability.

The training courses attended by our employees from the FYE 2025 to FPE 2026 (up to the LPD) are as below:

No.	Training Course
1	Kursus Penyelarasan Keselamatan & Kesihatan (OSH-Coordinator)
2	E-Invoicing Practical Workshop (Hands on Implementation and Mastering MyInvoices Portal)
3	Taxpod Masterclass 2.0
4	E-Invoice Strategy 15.0 (Mandarin) revision class
5	Enhancing Sustainable Impact through Materiality Data Optimization in ESG Performance (in house)
6	Safe Forklift Driving (Foundation/refresher training) (in house)
7	Seminar - Badan Peneraju Industri (ILB) Bidang Kebombaan tahun 2025
8	EA1955, Termination & Dismissal & A Complete Guide to DI process
9	Advanced Purchasing Strategies & Planning
10	Chemical Management and Spillage Control (in house)
11	Seminar KKP bagi Sektor Robotik (special invitation by JKKP Putrajaya)
12	Briefing "Pencegahan Rasuah di tempat kerja" by SPRM, Penang
13	Certified CePIETSO(PCP)
14	Bengkel Hands-on Sistem E-SWIS V2 & Pengurusan Buangan Terjadual yang Mampan – P.Pinang tahun 2025
15	Service Tax : Professional Guide for Construction, Rental & Leasing Services
16	Occupational Safety and Health Coordinator (OSH-Coordinator)
17	Webinar: FW e Quota
18	Webinar: Memperkasakan Peranan OSH-Coordinator
19	Seminar: Are you prepared for Stamp Duty Self-Assessment System
20	Tax Talks & Fiscal Shocks: Budget 2026 for Business Leader (webinar)
21	OSHA Awareness Webinar
22	E-Invoicing Practical Workshop
23	Electrical Safety Based on NFPA 7E
24	Employer's Tax Obligation

In addition, we retain skilled employees and attract new talents through providing continuous training and rewarding employees with competitive remuneration packages.

7. BUSINESS OVERVIEW (cont'd)**Social Performance Metric from FYE 2023 to FPE 2026 (up to the LPD)**

Metric	Unit	FYE 2023	FYE 2024	FYE 2025	FPE 2026 (up to the LPD)
Total Workforce	Employees	86	90	88	88
Female Employees	%	22.09	21.11	22.73	22.73
Female in Management	%	3.49	3.33	3.41	3.41
Occupational Injuries (LTI)	Number	0	0	0	0
Average Training Hours/Employee	Hours	27.58	40.24	30.15	7.00

(iii) Governance

We conduct our business ethically and in compliance with all applicable laws and regulations in Malaysia. We have:

(a) Inculcate good corporate governance practices in line with the principles and practices of corporate governance as set out in the MCCG

In line with the MCCG, our Group has implemented 21 out of 45 recommended practices under MCCG including, amongst others:

- (i) implemented Practice 5.2 of the MCCG ensuring that at least half of our Board shall comprise independent directors. Currently, 4 out of 7 Directors are independent directors;
- (ii) followed Practice 5.9 of the MCCG, with our Board comprising at least 30% female directors. At present, 3 out of our 7 Directors are female; and
- (iii) applied Step Up Practice 9.4 of the MCCG ensuring that our Audit and Risk Management Committee comprises solely independent directors.

The remaining 24 practices will be scheduled for adoption progressively following our Listing. Post Listing, our Board will provide an overview in our Group's annual report on the application of the principles and best practices set out in the MCCG pursuant to Rule 15.25 of the Listing Requirements.

(b) Established the following policies and guidelines

- (i) a formal organizational structure with clear lines of reporting to our Board and Key Senior Management, including defined lines of accountability and limits of authority in Discretionary Authority Limit;
- (ii) Anti-bribery and Anti-Corruption Policy and Whistleblowing Policy to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Whistleblower Protection Act 2010;
- (iii) Code of conduct and ethics in compliance with MCCG for promoting and upholding integrity and ethical business behavior; and
- (iv) A Privacy Notice that complies with the Personal Data Protection Act 2010 ensuring the protection of personal data obtained from our customers, suppliers, service providers and/or employees.

Governance Performance Metric from FYE 2023 to FPE 2026 (up to the LPD)

7. BUSINESS OVERVIEW *(cont'd)*

Metric	Unit	FYE 2023	FYE 2024	FYE 2025	FPE 2026 (up to the LPD)
Independent Directors	%	Nil	Nil	57%	57%
Female Directors	%	Nil	Nil	42%	42%
Board ESG Training Hours (Average)	Hours				

In line with our commitment to long-term value creation and responsible business conduct, our Group will continue to strengthen our ESG framework as an integral part of our operations. We view ESG not only as a compliance requirement, but as a strategic imperative that supports operational efficiency, stakeholder confidence, and sustainable growth. Moving forward, we aim to enhance our ESG disclosures, performance monitoring, and stakeholder engagement in alignment with recognised standards and evolving best practices. Through these efforts, we aspire to build a resilient organization that contributes meaningfully to the economy, environment, and society.

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7. BUSINESS OVERVIEW (cont'd)

7.23 MATERIAL PROPERTIES

7.23.1 Properties owned by our Group

A summary of the properties owned by our Group as at the LPD are as follows:

Postal Address	Description of property/ Existing use/ Tenure (if any)/ Category of land use	Registered owner	Land area/ Built-up area (sq ft)	Date of purchase/ Date of CFO/CCC	Encumbrance
(i) Bukit Panchor HQ No. 1744, Jalan Industri 2, Kawasan Perindustrian Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	Description of Building: A single storey detached factory cum double storey office; a single storey detached factory cum office; a single storey warehouse; a guard house and a Tenaga Nasional Berhad substation. Existing Use: Headquarters, administrative office, manufacturing plant for industrial adhesives and sealants, as well as storage for finished goods Tenure: Freehold Category of Land Use: Industrial	GB Chemical	Land area: 136,390 Built-up area: 78,276	Date of Purchase: 29 January 2018 Date of CFO/CCC: (1) 17 November 1997 and 19 January 2007; and (2) 6 October 2025⁽¹⁾	(i) Lease of part of the land to Tenaga Nasional Berhad for a term of 30 years expiring on 11 May 2028 vide presentation no. 0799SC1998014307 Jil. 15 Fol. 101, registered on 4 September 1998⁽²⁾; (ii) Private caveat by CIMB Islamic Bank Berhad vide presentation no. 0799B2018003381, registered on 9 April 2018; (iii) Charge in favour of CIMB Islamic Bank Berhad vide presentation no. 0799SC2018013687, registered on 25 May 2018.

7. BUSINESS OVERVIEW (cont'd)

Postal Address	Description of property/ Existing use/ Tenure (if any)/ Category of land use	Registered owner	Land area/ Built-up area (sq ft)	Date of purchase/ Date of CFO/CCC	Encumbrance
(ii) Valdor Factory No. 21 & 23, Lorong Seruling 2, Taman Perindustrian Valdor, Sungai Bakap, 14200 Sungai Jawi, Pulau Pinang	Description of Building: 2 single storey semi-detached factory; and a rest room. Existing Use: Manufacturing plant for emulsion polymers. Tenure: Freehold Category of Land Use: None	GB Chemical	Land area: 16,146 Built-up area: 10,010	Date of Purchase: 4 December 2017 Date of CCC: (1) 23 December 2024; and (2) 6 November 2025⁽³⁾	(i) Charge in favour of EON Bank Berhad vide presentation no. 0799SC2005020531, registered on 12 July 2005; (ii) Charge in favour of EON Bank Berhad vide presentation no. 0799SC2005020532, registered on 12 July 2005; (iii) Charge in favour of Hong Leong Bank Berhad vide presentation no. 0799SC2018020142, registered on 27 July 2018; (iv) Charge in favour of Hong Leong Islamic Bank Berhad vide presentation no. 799SC2018020861, registered on 3 August 2018.

7. BUSINESS OVERVIEW (cont'd)

Notes:

- (1) The revised CCC for our Bukit Panchor HQ dated 6 October 2025 was obtained to rectify and include the car park shed and storage shed constructed subsequent to the issuance of the CFO dated 17 November 1997 and 19 January 2007.
- (2) This portion of land is leased to Tenaga Nasional Berhad at a nominal value of RM10.00 and it is approximately 450 sq ft.
- (3) The revised CCC for our Group's Valdor Factory dated 6 November 2025 was obtained to rectify the deviations between the on-site condition, comprising 2 adjoining units of single-storey semi-detached factory, and the first CCC dated 23 December 2024, which was based on the building plan of a 2 adjoining units of single-storey factory with an existing double-storey office.

7.23.2 Properties rented by our Group

A summary of the properties rented by our Group as at the LPD are as follows:

Postal Address	Landlord/ Tenant	Description/ Existing use	Date of CFO/CCC	Built up area (sq ft)	Period of tenancy	Rental per month as at LPD
(i) Shah Alam Office						
No. 2A Tingkat Bawah & 1, Jalan Kemuning Prima D 33/D, Taman Kemuning Utama, Seksyen 33, 40400 Shah Alam, Selangor.	Landlord⁽¹⁾: (i) Leo Juat Tin; (ii) Leo Jad Ngo; and (iii) Leo Jat Wah Tenant: Purebond Adhesive	Description: A double-storey shop-lot Existing use: Sales and marketing office as well as storage for finished goods	5 October 2009	3,409	1 May 2025 to 30 April 2028	RM3,000.00

7. BUSINESS OVERVIEW (cont'd)

Postal Address	Landlord/ Tenant	Description/ Existing use	Date of CFO/CCC	Built up area (sq ft)	Period of tenancy	Rental per month as at LPD
(ii) Foreign Workers Accommodation						
No. 46, Jalan Perindustrian Nibong Tebal 1, Taman Nibong Tebal, 14300 Nibong Tebal, Pulau Pinang	Landlord: WST Properties Sdn Bhd (a related party) Tenant: GB Chemical	Description: A double-storey shop-lot Existing use: Foreign Workers accommodation	27 January 1997	2,310	15 January 2025 to 14 February 2027	RM4,000.00

As at the LPD, the properties owned and rented by our Group are not in breach of any land use or regulatory requirements.

Note:

- (1) Leo Juat Tin, Leo Jad Ngo and Leo Jat Wah are sisters to Leo Hee Seng, one of our Key Senior Management and a director of Purebond Adhesive.

7. BUSINESS OVERVIEW *(cont'd)*

7.24 DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS

As at the LPD, we are not dependent on any contracts, agreements, documents or other arrangements for our business operations.

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8. INDEPENDENT MARKET RESEARCH REPORT

SMITH ZANDER INTERNATIONAL SDN BHD 201301028298 (1058128-V)

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T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

Date: 24 August 2026

The Board of Directors

GB Bond Holdings Berhad

No.1744, Jalan Industri 2

Kawasan Industri Bukit Panchor

14300 Nibong Tebal

Pulau Pinang

Dear Sirs/ Madams,

Independent Market Research Report on the Industrial Adhesives Industry, Emulsion Polymers Industry and Sealants Industry in Malaysia and Vietnam ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("**SMITH ZANDER**") for inclusion in the Prospectus in conjunction with the initial public offering and listing of GB Bond Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industries in which GB Bond Holdings Berhad and its subsidiaries ("**GB Group**") operate and to offer a clear understanding of the industry dynamics. As GB Group is principally involved in the manufacturing and sales of industrial adhesives, emulsion polymers and sealants, with its operations based in Malaysia, and intends to establish its physical presence and expand its sales in Vietnam, the scope of work for this IMR Report will thus address the following areas:

- (i) The industrial adhesives industry in Malaysia;
- (ii) Key industry drivers, risks and challenges of the industrial adhesives industry in Malaysia;
- (iii) Competitive landscape of the industrial adhesives industry in Malaysia;
- (iv) The emulsion polymers industry in Malaysia;
- (v) The sealants industry in Malaysia; and
- (vi) The industrial adhesives, emulsion polymers and sealants industry in Vietnam.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, amongst others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

8. INDEPENDENT MARKET RESEARCH REPORT *(cont'd)*

SMITH ZANDER

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The research for this IMR Report was completed on 18 August 2026.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 28 years of experience in market research and strategy consulting, including over 23 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

1 THE INDUSTRIAL ADHESIVES INDUSTRY IN MALAYSIA

Overview

An industrial adhesive is a type of adhesive or glue specifically designed for manufacturing and industrial applications to bond substrates together. Industrial adhesives are used to bond a wide range of substrates (e.g. fabric, glass, leather, metal, paper, plastic and wood) and are commonly employed in various applications (e.g. paper and packaging, woodworking, fabric lamination, construction and renovation, automotive manufacturing and assembly of electronic components). These adhesives are often considered critical components in the production of high-quality, functional and durable products.

There is a diverse range of industrial adhesives in the market, each differing in terms of composition, function, properties and quality based on their specific formulations. The formulations of industrial adhesives can be customised in accordance to the users' specific requirements, tailored to their intended application and the types of substrates to be bonded. These formulations are developed and modified through the process of combining various components in varying proportions to achieve the desired characteristics.

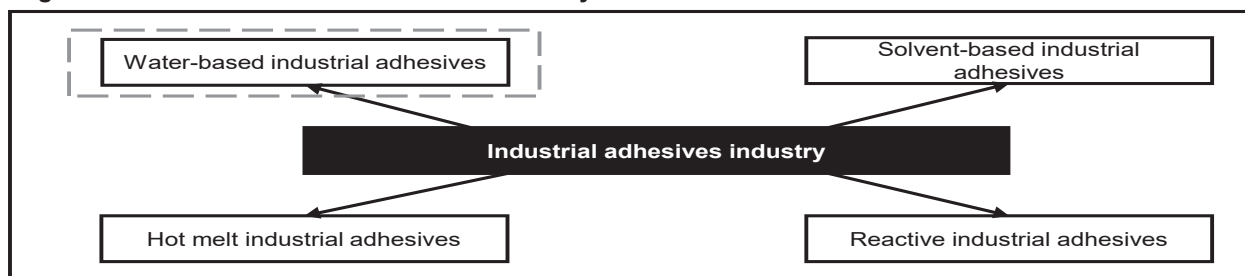
Some of the key components found in industrial adhesives include polymers, solvents and/or additives. Polymers, which can be derived from both natural and synthetic sources, serve as the fundamental building blocks that determine the properties of the industrial adhesives such as bonding strength, flexibility as well as resistance to heat and chemicals. Examples of natural polymers include dextrin and casein whereas synthetic polymers include acrylic, polyvinyl acetate and polyurethane. Further, solvents such as water, toluene, acetone and ethyl acetate are used to dissolve or disperse adhesive components, adjust viscosity for easier application, and for evaporation properties to enable drying and bonding of the industrial adhesive. Additionally, additives such as plasticisers, tackifiers, surfactants and antioxidants are incorporated to modify and/or enhance specific adhesive properties. For instance, plasticisers are used to increase the flexibility and workability of the polymer system of an industrial adhesive, while tackifiers are added to impart tackiness and enhance peel strength of an industrial adhesive.

The industrial adhesives industry can be broadly segmented into the following categories, amongst others:

- (i) **Water-based industrial adhesives** use water as a primary carrier and are formulated by combining water with adhesive components including polymers and additives. They are typically sold either as pre-mixed solutions, ready for use, or as dry powders which need to be mixed with water before application. Water-based industrial adhesives are applied on a substrate in liquid form to ensure proper coating. As the water evaporates or is absorbed into the substrate, the adhesive cures and dries, forming a strong bond. Further, water-based industrial adhesives offer excellent heat resistance and are generally easy to clean up, low odour or odourless and considered more eco-friendly than solvent-based industrial adhesives due to their lower Volatile Organic Compounds ("VOCs") emissions, which reduce the release of environmentally harmful chemicals into the atmosphere and lowering the negative environmental impact.
- (ii) **Solvent-based industrial adhesives** are made by dissolving polymers in a solvent such as toluene, acetone or ethyl acetate, allowing the industrial adhesive to spread smoothly and evenly across the surface of a substrate. Solvent-based industrial adhesive is applied to a substrate in liquid form and cures as the solvent evaporates. Additionally, solvent-based industrial adhesives offer fast curing time, high bonding strength and versatility with excellent resistance to harsh conditions such as extreme temperatures and chemical exposure. However, as the solvents in these industrial adhesives can release VOCs that contribute to air pollution, this may pose health and environmental risks.
- (iii) **Hot melt industrial adhesives**, also known as hot glue, are solvent- and water-free thermoplastic adhesives made from a combination of polymers and additives such as antioxidants, plasticisers and waxes. They are typically sold in solid form at ambient temperature. When heated, the hot melt industrial adhesives melt and become liquid, making them easy to apply to surfaces. Once applied, they solidify and cure as they cool, creating a strong bond on the applied surface. Hot melt industrial adhesives offer fast curing time, ease of use as well as good bonding strength and flexibility.
- (iv) **Reactive industrial adhesives** are formulated from resins or reactive monomers that cure through a chemical reaction, rather than by evaporation of water or solvent. They may be supplied as one-part systems, which are provided as a single ready-to-use component that cure upon exposure to specific conditions such as moisture, heat or light. Alternatively, reactive industrial adhesives may be supplied as two-part systems, consisting of a resin and a hardener that must be combined immediately prior to application, as curing begins upon mixing. Reactive industrial adhesives generally have low VOC emissions and offer strong and long-lasting adhesion as well as excellent resistance to environmental exposure.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

SMITH ZANDER

Segmentation of the industrial adhesives industry

Notes:

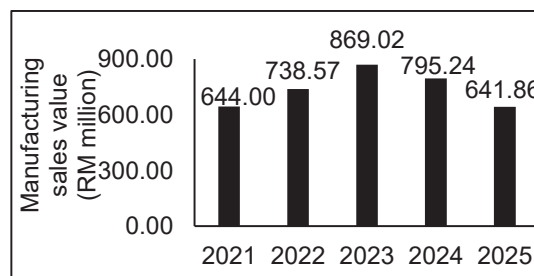
- This list is not exhaustive.
- denotes the segment in which GB Group's industrial adhesives are primarily categorised under.

Source: SMITH ZANDER

Within the industrial adhesives industry, some industrial adhesive manufacturers such as GB Group may also produce sealants, as both industrial adhesives and sealants are essential in similar applications. Additionally, the raw materials used in formulating industrial adhesives, such as polymers and additives, are often similar to those used in sealants. While industrial adhesives are primarily used to bond substrates together, sealants are used to fill or seal gaps, cracks and joints, providing a protective barrier against moisture, dirt, dust, pests and other external elements. By producing both industrial adhesives and sealants, industrial adhesive manufacturers can offer a broader range of solutions, catering to the diverse needs of industries such as construction, automotive and electronics. For instance, in the construction industry, industrial adhesives are used to bond building components such as panels, flooring systems and wall assemblies to provide structural reinforcement, whereas sealants are used to join, seal and reinforce building materials by forming strong and durable seals to prevent the ingress of water, air, dust and other external elements. Please refer to **Chapter 5 – The Sealants Industry in Malaysia** of this IMR Report for further details on the sealants industry.

Industry Performance, Size and Growth

The industrial adhesives industry in Malaysia, as measured by the manufacturing sales value of adhesives and glue in Malaysia, increased from RM644.00 million in 2021 to RM869.02 million in 2023 at a compound annual growth rate ("CAGR") of 16.16%. Subsequently, the industrial adhesives industry in Malaysia declined from RM869.02 million in 2023 to RM641.86 million in 2025 at a negative CAGR of 14.06% which may be due to lower industrial adhesive prices. Nonetheless, SMITH ZANDER forecasts the industrial adhesives industry in Malaysia to recover and grow by 6.15% from RM641.86 million in 2025 to RM681.36 million in 2026, underpinned by industry drivers as detailed in **Chapter 2 – Key Industry Drivers, Risks and Challenges of the Industrial Adhesives Industry in Malaysia: Key Industry Drivers** of this IMR Report.

Industrial adhesives industry size (Malaysia), 2021 – 2025

Sources: Department of Statistics Malaysia ("DOSM"), SMITH ZANDER

2 KEY INDUSTRY DRIVERS, RISKS AND CHALLENGES OF THE INDUSTRIAL ADHESIVES INDUSTRY IN MALAYSIA**Key Industry Drivers****► Growth in the manufacturing sector in Malaysia drives the demand for industrial adhesives**

Industrial adhesives are widely used in the manufacturing sector across a variety of manufactured products such as paper and paper packaging, wood products, textiles, wearing apparel, leather and footwear, automotive and electronics, where they help bond, seal and assemble different types of substrates (e.g. paper, wood, fabric, metal and plastic) together. These industrial adhesives help to maintain the structural integrity as well as ensure enhanced durability, performance and functionality of the final products. Therefore, an increase in demand for manufactured products will drive the growth of the overall manufacturing sector which will in turn spur the growth of the industrial adhesives industry.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER**

In Malaysia, the manufacturing sector remained the second largest contributor to the national economy, contributing 22.99% of the national gross domestic product ("GDP") in 2025, second to the services sector which contributed 59.53% of the national GDP in the same year.

With the manufacturing sector being one of the top contributors of the Malaysian economy, the industrial adhesives industry is set to benefit from the manufacturing sector, with customers from various manufacturing segments.

The performance of the manufacturing sector in Malaysia, as measured by GDP of the manufacturing sector in Malaysia, increased from RM336.72 billion in 2021 to RM399.36 billion in 2025 at a CAGR of 4.36%.

As GB Group's industrial adhesives are commonly used for paper and packaging, woodworking and fabric lamination applications, the growth of related key industries within the manufacturing sector such as the paper and paper packaging industry, wood product manufacturing industry, as well as textiles, wearing apparel, leather and footwear industry that rely on such applications will drive the demand for industrial adhesives, as elaborated below:

- **Paper and paper packaging industry**

Industrial adhesives are essential in paper and paper product manufacturing, playing a key role in processes such as bookbinding, paper lamination and production of self-adhesive paper products like labels, stickers and tapes. Additionally, industrial adhesives are widely used for assembling and sealing packaging materials such as cartons and boxes, ensuring durability and structural integrity to securely hold and protect products to be carried.

The growth of the paper and paper packaging industry will spur the demand for industrial adhesives, as the increasing production of paper products and packaging materials require high-performance industrial adhesives (i.e. industrial adhesives with strong bonding strength, fast setting capability and durability) for efficient bonding and sealing, supporting the creation of quality finished paper products and packaging materials that meet consumer expectations and industry standards.

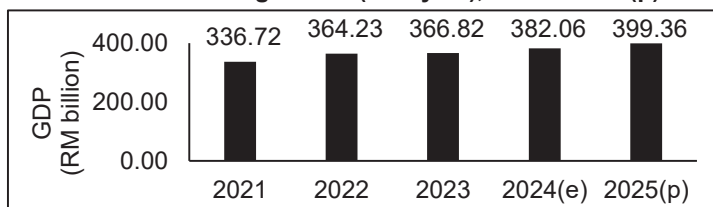
The paper and paper packaging industry in Malaysia, measured by the manufacturing sales value of paper and paper products in Malaysia grew from RM25.79 billion in 2021 to RM29.51 billion in 2025 at a CAGR of 3.43%. In 2025, there was a slight year-on-year ("YOY") decline of 2.12% which may be due to a lower demand.

Nonetheless, the paper and paper packaging industry in Malaysia is expected to sustain moving forward, supported by improving demand for paper and paper products across various end-user industries.

- **Wood product manufacturing industry**

The wood product manufacturing industry involves the production of a wide range of wood products including plywood, veneer sheets, wooden doors, wooden furniture and other wood products. The emphasis on high-quality craftsmanship and durable products has led to the widespread use of industrial adhesives in the production process, as they create strong bonds between wood surfaces, as well as between wood and other materials including plastic and metal components, thereby improving the strength, stability and dimensional consistency of wood products. In addition, industrial adhesives may improve production efficiency for certain wood products such as wooden furniture, by speeding up the assembly process as they reduce the need for tools like screws or nails, while allowing for cleaner designs without visible screws or fasteners, resulting in a smoother and more refined appearance. These functional and efficiency benefits, together with the ongoing growth of the wood product manufacturing industry, will continue to support the use and adoption of industrial adhesives.

GDP of manufacturing sector (Malaysia), 2021 – 2025(p)

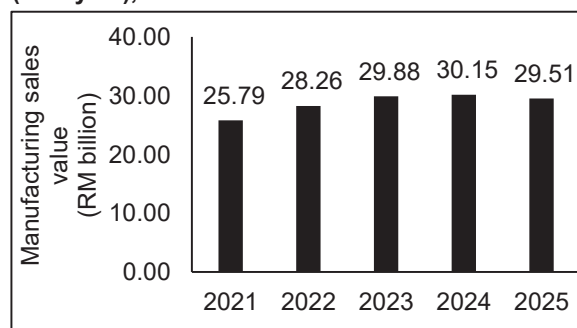


Notes:

- (e) – Estimate; (p) – Preliminary.
- Latest available information as at research completion date.

Source: DOSM

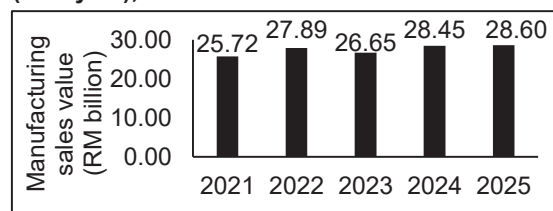
Paper and paper packaging industry size (Malaysia), 2021 – 2025



Source: DOSM

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER**

The wood product manufacturing industry in Malaysia is measured by the manufacturing sales value of products of wood, cork, straw and plaiting materials as well as wooden and cane furniture in Malaysia. Accordingly, the wood product manufacturing industry in Malaysia increased from RM25.72 billion in 2021 to RM28.60 billion in 2025 at a CAGR of 2.69%. There was a slight decline in 2023 which could be attributed to weaker export demand for wood products, due in part to uncertain economic conditions in the United States, one of the key export markets for Malaysia's wood products, which led to reduced demand.

Wood product manufacturing industry size (Malaysia), 2021 – 2025

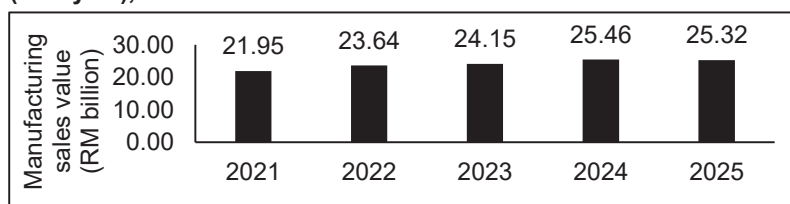
Sources: DOSM, SMITH ZANDER

- Textiles, wearing apparel, leather and footwear industry**

The textiles, wearing apparel, leather and footwear industry focuses on the production of fabrics, garments, leather goods and footwear that meets consumer demands for style, comfort, durability and/or functionality. As the industry expands, there's an increasing need for industrial adhesives where they are used in various manufacturing processes such as fabric bonding and lamination, seam sealing, as well as embellishment and decoration.

Industrial adhesives are crucial for creating durable and high-quality products, enabling the production of advanced textiles such as waterproof fabrics and seamless garments. Hence, the growth of the textiles, wearing apparel, leather and footwear industry boosts the demand for industrial adhesives.

The textiles, wearing apparel, leather and footwear industry in Malaysia, measured by the manufacturing sales value of textiles, wearing apparel, leather and footwear in Malaysia increased from RM21.95 billion in 2021 to RM25.32 billion in 2025 at a CAGR of 3.64%. There was a slight YOY decline in 2025 which could be due to weaker export demand.

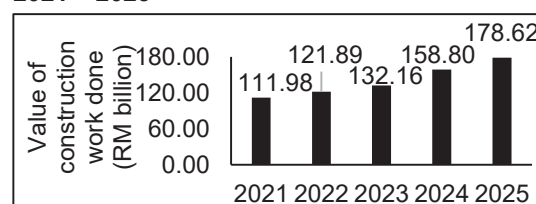
Textiles, wearing apparel, leather and footwear industry size (Malaysia), 2021 – 2025

Source: DOSM

- Growth in the construction industry in Malaysia drives the demand for industrial adhesives**

Industrial adhesives offer significant benefits to construction and renovation activities by providing versatile bonding solutions for a variety of construction materials or components. These adhesives create strong bonds that ensure lasting adhesion between construction materials or components. Moreover, they can serve as excellent substitutes for nails or screws, resulting in a cleaner, faster and more efficient assembly process. Certain formulations of industrial adhesives also offer additional functionalities, such as resistance to heat and moisture, making them ideal for outdoor or weather-exposed applications. The ability to withstand harsh environmental conditions helps maintain the strength and reliability of structures, contributing to the overall efficiency and sustainability of construction and renovation projects.

Construction and renovation activities are largely economic-driven, whereby economic growth contributes to increased disposable income amongst the population arising from higher employment, and increased earnings for businesses and companies due to greater operating scale and wider market reach. Consequently, higher disposable income and business earnings boost spending on construction and renovation of residential, commercial and industrial properties, which in turn increases demand for industrial adhesives used in these projects. The performance of the overall construction industry in Malaysia, as measured by the value of construction work done in Malaysia, increased from RM111.98 billion in 2021 to RM178.62 billion in 2025 at a CAGR of 12.38%.

Value of construction work done (Malaysia), 2021 – 2025

Source: DOSM

Key Industry Risks and Challenges

- Dependency on foreign labour for the manufacturing of industrial adhesives**

The manufacturing processes for industrial adhesives are often semi-automated with some key stages such as mixing and dispensing being automated using machines. However, manual labour may still be required in certain

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

SMITH ZANDER

processes, such as weighing raw materials, transferring of raw materials to mixers, and cleaning of mixers. Further, workers may be required to carry out in-process and/or post-manufacturing inspections of the industrial adhesives for quality control.

The issue of labour shortages is common in the manufacturing industry (including the industrial adhesives industry) in Malaysia where Malaysia is dependent on foreign workers as a result of limited supply of local workers for manufacturing-related operations. Any quota restrictions or suspensions in the hiring of foreign workers may cause difficulties in employing sufficient labour. Further, any increase in the levy rate for foreign workers or minimum wages for employees will increase the cost of labour which may adversely impact the industrial adhesive manufacturers' profitability. Further, industrial adhesive manufacturers may also face challenges arising from the time required to hire foreign workers, which may disrupt their operations due to insufficient workers.

If a suspension or similar policy issues were to cause a suspension or cessation of future intake of foreign workers, the industrial adhesive manufacturers may be forced to source for local workers which may come at a higher cost. Industrial adhesive manufacturers who are unable to pass on the increase in labour costs to their customers may experience material impact on the profitability of their businesses. Further, any delay in hiring sufficient number of local workers may result in operational disruptions, leading to production and delivery delays as well as potential order cancellation from customers. Consequently, this may affect the industrial adhesive manufacturers' business and financial performance.

► **An economic downturn may negatively impact the demand for industrial adhesives**

The demand for industrial adhesives is dependent on the demand for manufactured products such as industrial products, construction materials and consumer goods, which is, in turn, influenced by the state of the economy. While demand for industrial adhesives used in industrial and construction applications is largely driven by business activities, the demand for industrial adhesives used in consumer goods is indirectly affected by consumer purchasing power.

A growing economy signifies higher business activities and a wealthier population with greater purchasing power, which can support higher demand for manufactured products and, consequently, the industrial adhesives used in the production of these manufactured products. Conversely, a decline in economic conditions may lead to reduced industrial and construction activities, loss of businesses and jobs, pay cuts or lower salary growth, increased unemployment rates, and reduced consumer purchasing power, where businesses and consumers may cut back on production and purchases of manufactured products respectively, which may indirectly affect the demand for industrial adhesives.

3 COMPETITIVE LANDSCAPE OF THE INDUSTRIAL ADHESIVES INDUSTRY IN MALAYSIA

Competitive Overview

The industrial adhesives industry in Malaysia is competitive with participation from both local and foreign industry players. The industry exhibits a moderately fragmented structure driven by the presence of local companies and foreign multinational companies with manufacturing facilities in Malaysia. However, this fragmentation is increased by the inclusion of companies with no manufacturing facilities in Malaysia and are involved in distribution/import of industrial adhesives.

The barriers to entry in the industrial adhesives industry are moderate, as new entrants must possess technical expertise and knowledge in the formulation of industrial adhesives to meet the specific industry requirements and specifications of customers, including their intended industrial applications and the substrates to be bonded. It is also crucial for existing industry players and new entrants to continuously develop industrial adhesives with enhanced or new properties and/or functions to pursue product differentiation and remain competitive within the industry. In addition, new entrants may face challenges in securing customers from existing industry players, as customers may hesitate to switch suppliers due to the need to conduct product testing, qualification and production validation to ensure that alternative industrial adhesives meet their required specifications and performance standards. This may involve additional time and costs for customers, thus encouraging them to maintain relationships with existing suppliers whose products have been tested and proven to meet their requirements.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

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Key Industry Players

As GB Group is principally involved in the manufacturing and sales of industrial adhesives, primarily water-based industrial adhesives, the basis for selection of the key industry players in the industrial adhesives industry in Malaysia is as follows:

- companies who are principally involved in the development and manufacturing of industrial adhesives including water-based industrial adhesives, for manufacturing and/or industrial applications; and
- companies with revenue between RM10.00 million and RM200.00 million in their latest available financial years. This revenue range has been adopted to capture key industry players of comparable scale to GB Group, which recorded revenue of RM52.44 million in the financial year ended ("FYE") 31 December 2025, and to facilitate a more relevant basis for comparison.

The list of key industry players in the industrial adhesives industry in Malaysia is as follows:

Company name	Examples of products offered	Latest available financial year	Revenue ⁽¹⁾ (RM million)	Gross profit (RM million)	Gross profit margin (%)	Profit after tax (RM million)	Profit after tax margin (%)
Jowat Manufacturing (SEA) Sdn Bhd	Dispersion adhesives, hot melt adhesives, solvent-based adhesives and water-based primers	31 December 2025	151.62	27.77	18.32	(6.78)	(4.47)
Techbond Group Berhad ⁽²⁾	Water-based adhesives, hot melt adhesives, industrial sealants and specialty chemicals	30 June 2025	146.52	39.14	26.71	15.87	10.83
Aica Malaysia Sdn Bhd (a subsidiary of Aica Kogyo Co., Ltd) ⁽³⁾	Wood based panel adhesives, formaldehyde scavenger and accelerator, second generation acrylic adhesives and formalin	31 December 2025	125.48	N/A ⁽⁴⁾	N/A ⁽⁴⁾	6.29	5.01
Bostik Malaysia Sdn Bhd (a subsidiary of Arkema S.A.) ⁽⁵⁾	Water-based adhesives, hot melt adhesives, sealants and waterproofing membranes	31 December 2025	97.54	34.98	35.86	(5.18)	(5.31)
H.B. Fuller Adhesives Malaysia Sdn Bhd (a subsidiary of H.B. Fuller Company) ⁽⁶⁾	Water-based adhesives and hot melt adhesives	Financial period from 1 December 2024 to 29 November 2025 ⁽⁷⁾	95.30	23.36	24.51	7.50	7.87
GB Group	Water-based industrial adhesives, emulsion polymers and sealants	31 December 2025	52.44	21.10	40.23	8.20	15.64
Affluent Cycle Industries Sdn Bhd	Water-based adhesives, solvent-based adhesives and primers	31 December 2024	50.04	9.67	19.32	3.09	6.18
GRP Sdn Bhd (a subsidiary of Kumpulan Jetson Berhad) ⁽⁸⁾	Water-based adhesives, solvent-based adhesives, cementitious products and sealants	31 March 2025	38.58	9.12	23.64	1.53	3.97
Wilron Products Sdn Bhd	Water-based synthetic polymer adhesives, hot melt thermoplastic adhesives and solvent-based/sprayable synthetic rubber adhesives	31 December 2024	36.79	10.26	27.89	2.77	7.53

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER**

Company name	Examples of products offered	Latest available financial year	Revenue ⁽¹⁾ (RM million)	Gross profit (RM million)	Gross profit margin (%)	Profit after tax (RM million)	Profit after tax margin (%)
Excellent Chemicals Industrial Sdn Bhd	Water-based adhesives, low formaldehyde adhesives and anti-rust coatings	31 December 2024	29.29	5.94	20.28	2.46	8.40
Alfachem Industries Sdn Bhd	Water-based adhesives and industrial chemicals	30 September 2025	16.66	6.88	41.30	2.33	13.99

Notes:

- The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.
- ⁽¹⁾ Revenue of industry players may include revenue derived from other business activities (i.e. business activities other than the manufacturing and sales of industrial adhesives) and/or revenue derived from countries outside Malaysia.
- ⁽²⁾ Techbond Group Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. Techbond Group Berhad and its subsidiaries are principally involved in developing, manufacturing and trading industrial adhesives and sealants, and providing supporting products and services.
- ⁽³⁾ Aica Kogyo Co., Ltd, a Japanese company listed on the Tokyo Stock Exchange and Nagoya Stock Exchange, is the ultimate holding company of Aica Malaysia Sdn Bhd. Aica Kogyo Co., Ltd's group of companies is involved in the businesses of chemical products as well as laminates and building materials.
- ⁽⁴⁾ N/A – not available, as the gross profit is not reported in the annual report of the company.
- ⁽⁵⁾ Arkema S.A., a French company listed on Euronext Paris, is the ultimate holding company of Bostik Malaysia Sdn Bhd. Arkema S.A.'s group of companies is principally involved in the specialty materials business including adhesive solutions, advanced materials and coating solutions.
- ⁽⁶⁾ H.B. Fuller Company, an American company listed on the New York Stock Exchange, is the ultimate holding company of H.B. Fuller Adhesives Malaysia Sdn Bhd. H.B. Fuller Company and its subsidiaries are principally involved in formulating, manufacturing and marketing specialty adhesives, sealants, coatings, polymers, tapes, encapsulants, additives and other specialty chemical products.
- ⁽⁷⁾ H.B. Fuller Adhesives Malaysia Sdn Bhd's financial period ends on 29 November 2025 to arrive at a 52-weeks financial period.
- ⁽⁸⁾ Kumpulan Jetson Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. Kumpulan Jetson Berhad and its subsidiaries are principally involved in the manufacturing of anti-vibration system and replacement parts for the automotive, railway and industrial sector, design and manufacturing of plastic and packaging, provision of industrial and building chemicals, import and distribution of medical devices, trading of general goods and automotive spare parts, property development and hostel management services, amongst others.

Sources: GB Group, various company websites, Companies Commission of Malaysia, SMITH ZANDER

Industry/ Market Share

In 2025, the industrial adhesives industry in Malaysia was recorded at RM641.86 million, based on Malaysia's manufacturing sales value of adhesives and glue. For the FYE 31 December 2025, GB Group's revenue derived from the manufacturing of industrial adhesives for sale to local and overseas markets was recorded at RM48.71 million, and thereby GB Group captured a market share of 7.59% in the industrial adhesives industry in Malaysia.

4 THE EMULSION POLYMERS INDUSTRY IN MALAYSIA

Emulsion polymer is a type of polymer formed through an emulsion polymerisation process, in which monomers are dispersed in water with the aid of surfactants and polymerised using initiators to form stable polymer particles suspended in an aqueous medium. Common examples of emulsion polymers are acrylic emulsion polymers, styrene-butadiene latex and polyvinyl acetate.

Emulsion polymers are versatile and customisable materials with a wide range of properties that can be tailored to meet specific application requirements. Depending on their formulation, different types of emulsion polymers exhibit varying physical and performance characteristics such as viscosity, adhesion, flexibility, hardness and water resistance. In addition to these characteristics, emulsion polymers are considered environmentally friendly due to their water-based nature, which results in low level of VOCs.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

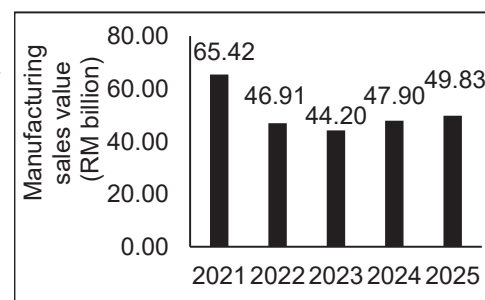
SMITH ZANDER

In view of their diverse and adaptable characteristics, emulsion polymers are widely used across multiple industries such as industrial adhesives, rubber gloves, paints and coatings and textile finishing. As such, the demand for emulsion polymers is driven by the growth of these industries. The performance of these industries in Malaysia is elaborated below:

- (i) **Industrial adhesives industry** – Emulsion polymers offer a distinctive combination of strength, flexibility and versatility, enabling the formulation of different types of industrial adhesives tailored for different applications. They primarily function as binders in adhesive formulations and can be combined with other ingredients like solvents and additives to adjust properties such as viscosity, drying time and film formation. Further, emulsion polymers provide key performance qualities including strong adhesion to various substrates, durability for long lasting bonds and flexibility to withstand movement and stress, making them essential for producing high-performance and reliable industrial adhesives. Given the growing demand for such industrial adhesives, the use of emulsion polymers in Malaysia is expected to increase alongside the growth of the industrial adhesives industry in Malaysia. The industrial adhesives industry in Malaysia, measured by the manufacturing sales value of adhesives and glue in Malaysia, increased from RM644.00 million in 2021 to RM869.02 million in 2023 at a CAGR of 16.16%. Subsequently, the industrial adhesives industry in Malaysia declined from RM869.02 million in 2023 to RM641.86 million in 2025 at a negative CAGR of 14.06% which may be due to lower industrial adhesive prices. Nonetheless, SMITH ZANDER forecasts the industrial adhesives industry in Malaysia to recover and grow by 6.15% from RM641.86 million in 2025 to RM681.36 million in 2026. Please refer to **Chapter 1 – The Industrial Adhesives Industry in Malaysia: Industry Performance, Size and Growth** of this IMR Report for further details on the performance, size and growth of the industrial adhesives industry.
- (ii) **Rubber gloves industry** – In rubber glove manufacturing, emulsion polymers play a vital role as film-forming agents in the glove dipping process. They also help reduce tackiness on rubber surface and contribute to critical properties including elasticity, strength and barrier protection, all of which are essential for rubber gloves used in medical, industrial and hygienic settings, amongst others. Their ability to form smooth, flexible films ensures both comfort and durability in the final glove product. With rising emphasis on hygiene and safety across various sectors including medical and industrial, the rubber gloves industry continues to grow. This expansion will thus drive the demand for emulsion polymers, which ensure consistent quality and performance in glove production.

Malaysia is one of the world’s leading producers of rubber gloves. The rubber gloves industry in Malaysia, measured by the manufacturing sales value of rubber gloves in Malaysia, declined from RM65.42 billion in 2021 to RM44.20 billion in 2023 at a negative CAGR of 17.80% as the elevated demand for rubber gloves in 2021 during the novel coronavirus disease 2019 (COVID-19) pandemic normalised following mass vaccination programmes worldwide, which reduced the severity of the pandemic and lowered the need for personal protective equipment. Additionally, production was reduced to resolve the oversupply caused by a production surge during the pandemic. Nonetheless, the rubber gloves industry in Malaysia recovered and grew from RM44.20 billion in 2023 to RM49.83 billion in 2025 at a CAGR of 6.18%.

Rubber gloves industry size (Malaysia), 2021 – 2025



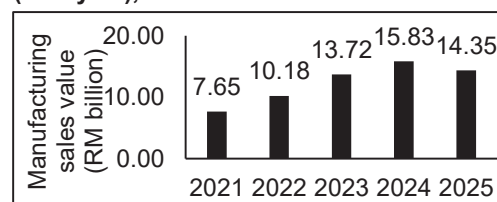
Source: DOSM

- (iii) **Paints and coatings industry** – Emulsion polymers are essential components in paint and coating formulations, enhancing adhesion and durability, which are key factors for both interior and exterior applications. They create strong bonds with various substrates like wood, concrete and metal, extending the lifespan of the paint and coating. Additionally, the flexibility of emulsion polymers also helps prevent cracking in coated surfaces, especially in buildings and structures subject to thermal expansion and contraction.

With the increasing demand for paints and coatings driven by construction and renovation activities, the growth of the paints and coatings industry will spur the demand for emulsion polymers.

The paints and coatings industry in Malaysia, measured by the manufacturing sales value of paints, varnishes and similar coatings ink and mastics in Malaysia, grew from RM7.65 billion in 2021 to RM14.35 billion in 2025 at a CAGR of 17.03%. There was a slight YOY decline in 2025 which may be due to softer market demand for paints and coatings.

Paints and coatings industry size (Malaysia), 2021 – 2025



Source: DOSM

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

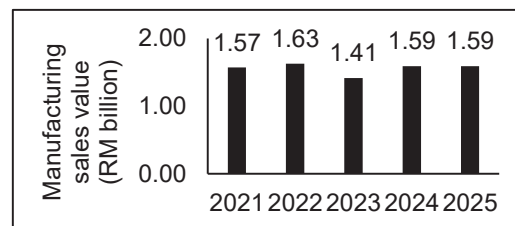
SMITH ZANDER

(iv) **Textile finishing industry** – Emulsion polymers are essential in textile finishing processes, where they function as binders and film formers to enhance fabric properties. These emulsion polymers improve characteristics such as durability, water resistance and stretchability, which are critical for finished textiles used in wearing apparel, home textiles and technical fabrics, given the need to withstand laundering and dry cleaning. By forming a uniform and flexible film over the textile, emulsion polymers help produce textiles that meet both aesthetic and functional requirements. With ongoing demand for enhanced textile qualities, the textile finishing industry is experiencing steady growth which in turn drives the demand for emulsion polymers that support consistent textile performance and meet various finishing requirements.

The textile finishing industry in Malaysia is represented by the manufacturing sales value for dyeing, bleaching, printing and finishing of yarns and fabrics in Malaysia, which is the closest reliable industry categorisation available.

The textile finishing industry in Malaysia grew by 3.82% from RM1.57 billion in 2021 to RM1.63 billion in 2022. Subsequently, the industry declined to RM1.41 billion in 2023 which may be due to lower market demand. Nonetheless, the textile finishing industry in Malaysia recovered and grew from RM1.41 billion in 2023 to RM1.59 billion in 2025 at a CAGR of 6.19%.

Textile finishing industry size (Malaysia), 2021 – 2025



Source: DOSM

5 THE SEALANTS INDUSTRY IN MALAYSIA

Sealants are materials applied to fill or seal gaps, cracks and joints, forming a protective barrier that prevents the ingress of fluids, air, dust or other environmental elements, thereby protecting surfaces and structures from damage. Different formulations allow sealants to be used for general-purpose applications and specialised applications, meeting the specific requirements of various industries such as construction, automotive and electronics.

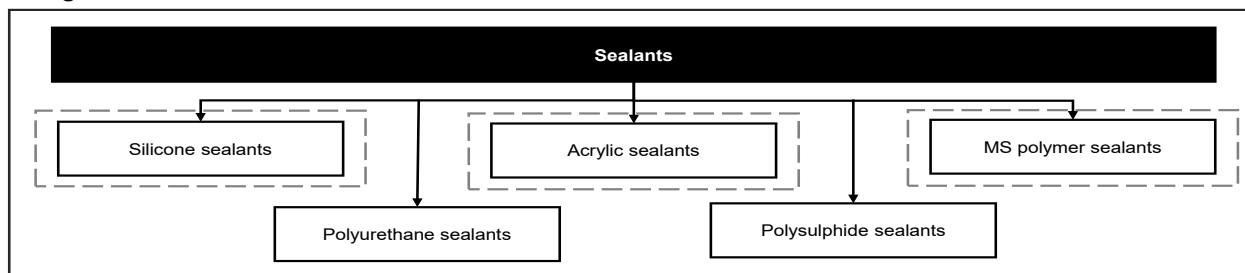
Some of the key components of sealants include polymers, fillers and additives, with the types and proportions of these components varying depending on the type of substrate being sealed (e.g. concrete, metal and wood), the intended application (e.g. structural and expansion joints sealing for construction and renovation works, body panel sealing in automotive applications, and component sealing in electronics), as well as performance requirements (e.g. adhesion, durability, flexibility and resistance to environmental exposure). These tailored formulations ensure that sealants provide long-lasting protection, maintain structural integrity and perform effectively under the specific conditions of each application. Further, sealants can be offered either as off-the-shelf products for general applications or specially formulated to suit particular applications and performance needs.

Sealants can be broadly categorised based on their chemical composition, including silicone-based, polyurethane-based, acrylic-based, polysulphide-based and Modified Silane (“**MS**”) polymer-based sealants, each suited to different application requirements. Silicone sealants are commonly used for applications requiring high flexibility and resistance to weather conditions, temperature fluctuations and moisture. Polyurethane sealants are generally used in applications requiring strong adhesion and mechanical strength, particularly in industrial and construction-related applications. Acrylic sealants are typically used for general-purpose sealing, particularly in interior works and low movement joints, such as applications around doors and windows, and are preferred for their ease of application, paintability and relatively fast curing time. Polysulphide sealants are commonly used in industrial and marine applications requiring excellent resistance to chemicals and water ingress, including applications involving prolonged water immersion, as well as long-term durability. MS polymer sealants, also known as hybrid sealants, combine properties of silicone and polyurethane technologies, and are generally used in applications requiring strong adhesion, flexibility and weather resistance, while offering advantages such as paintability and low VOC emissions.

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8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

SMITH ZANDER

Categorisation of sealants**Notes:**

- This list is not exhaustive.
- denotes the types in which GB Group's sealants are primarily categorised under.

Source: SMITH ZANDER

Demand for sealants is largely driven by industrial end-user activities, particularly in construction and renovation, where GB Group's sealants are mainly applied. In construction and renovation activities, sealants are widely used to ensure structural durability and integrity, including to seal expansion and contraction joints of structures, gaps and joints around windows and doors, as well as seams in roofing systems, amongst others. The frequent need to accommodate material expansion, contraction and movement, as well as to maintain water- and weather-tightness in buildings and structures, makes sealant a critical component in most construction and renovation projects. As such, an increasing level of construction and renovation activities will drive the demand for sealants. The overall construction industry in Malaysia, as measured by the value of construction work done in Malaysia and serving as a broad indicator of construction activities including renovation, grew from RM111.98 billion in 2021 to RM178.62 billion in 2025, at a CAGR of 12.38%. Please refer to **Chapter 2 – Key Industry Drivers, Risks and Challenges of the Industrial Adhesives Industry in Malaysia: Key Industry Drivers** of this IMR Report for further information on the construction industry in Malaysia.

6 THE INDUSTRIAL ADHESIVES, EMULSION POLYMERS AND SEALANTS INDUSTRY IN VIETNAM

As GB Group intends to establish its physical presence and expand its sales in Vietnam, this chapter of the IMR Report will cover the industrial adhesives, emulsion polymers and sealants industry in Vietnam. The industrial adhesives, emulsion polymers and sealants industry in Vietnam plays an important role in supporting the country's industrial activities. Industrial adhesives are widely used for bonding a wide range of substrates including fabric, metal, paper, plastic and wood, across various applications. Further, emulsion polymers primarily act as binders and film-forming materials, incorporated as raw materials in the production of various products to provide coating, protective and performance-enhancing functions. Additionally, sealants are used across wide range of applications to fill or seal gaps, cracks and joints, as well as enhance the durability and performance of products and structures. The demand for industrial adhesives, emulsion polymers and sealants is driven by their applications across various industries, with industrial adhesives supporting industries such as paper and paper packaging; emulsion polymers used in the production of products such as paints and coatings; and sealants commonly used in construction and renovation activities. Examples of industries driving the demand for industrial adhesives, emulsion polymers and sealants, respectively, in Vietnam are outlined as follows:

- (i) **Paper and paper packaging industry** – Industrial adhesives are extensively used in the paper and paper packaging industry for applications such as carton sealing, box forming, as well as paper bag and envelope manufacturing. Industrial adhesives ensure strong and durable bonds, as well as maintain integrity of packaging, amongst others. The growth of Vietnam's paper and paper packaging industry supports sustained demand for industrial adhesives, as ongoing expansion in the production and use of paper and paper products increases the need for reliable bonding solutions. The paper and paper packaging industry in Vietnam, represented by the net turnover from the manufacturing of paper and paper products in Vietnam¹ grew from VND260.17 trillion (RM47.04 billion)² in 2021 to VND288.22 trillion (RM55.19 billion)³ in 2023 at a CAGR of 5.25%. SMITH

¹ Source: National Statistics Office of Vietnam

² Exchange rates from VND and USD to RM in 2021 were converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at VND100 = RM0.01808 and USD1 = RM4.1454.

³ Exchange rate from VND to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at VND100 = RM0.01915.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**SMITH ZANDER**

ZANDER estimates the paper and paper packaging industry in Vietnam to have increased to VND307.29 trillion (RM56.08 billion)⁴ in 2024 and VND330.47 trillion (RM54.43 billion)⁵ in 2025.

- (ii) **Paints and coatings industry** – Emulsion polymers are key raw materials in the production of paints and coatings. They act as binders in paints and coatings, providing adhesion, durability, flexibility and resistance to weathering and chemicals, amongst others. Paints and coatings are used in a wide range of applications, including interior and exterior walls, woodwork and metal surfaces. With increasing use of paints and coatings in these applications, particularly in construction and renovation activities, will drive the demand for emulsion polymers. The paints and coatings industry in Vietnam is represented by the revenue of paint, wallpaper and supplies in Vietnam⁶ as the data breakdown specifically for paints and coatings is not publicly available. The paints and coatings industry in Vietnam grew from USD1.19 billion (RM4.93 billion)² in 2021 to USD1.25 billion (RM5.35 billion)⁵ in 2025 at a CAGR of 1.24%.
- (iii) **Construction industry** – Sealants are widely used in construction and renovation activities to fill or seal gaps, cracks and joints, provide waterproofing, improve durability, and enhance the overall performance of buildings and structures. They are applied in various areas, including windows and doors, flooring joints and roofing. As construction and renovation activities continue to expand, the demand for sealants will remain strong as builders and contractors require reliable solutions for sealing, protection and structural integrity. Based on latest available information, the construction industry in Vietnam, represented by the GDP of the construction industry in Vietnam¹, grew from VND335.10 trillion (RM60.59 billion)² in 2021 to VND411.55 trillion (RM75.11 billion)⁴ in 2024 at a CAGR of 7.09%.

Overall, the continued growth of the aforementioned industries in Vietnam is expected to sustain strong demand for industrial adhesives, emulsion polymers and sealants in the country moving forward.

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⁴ Exchange rate from VND to RM in 2024 was converted based on average annual exchange rates in 2024 extracted from published information from Bank Negara Malaysia at VND100 = RM0.01825.

⁵ Exchange rates from VND and USD to RM in 2025 were converted based on average annual exchange rates in 2025 extracted from published information from Bank Negara Malaysia at VND100=RM0.01647 and USD1 = RM4.2815.

⁶ Source: Statista

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 We are dependent on our product formulation team

We are involved in the entire process from formulation to manufacturing, to produce industrial adhesives in accordance with our customers' specific requirements and applications as well as emulsion polymers which are primarily manufactured in various gradings which differ in properties including bond strength, flexibility and environmental resistance according to the specific requirements and applications for each of our customer's industry. Notwithstanding that, upon request, we may also develop and manufacture emulsion polymers customised in accordance with our customers' specifications and requirements. Further, we are also involved in the manufacturing of sealants in various gradings which differ in properties including bond strength, flexibility and environmental resistance, in accordance with the general requirements for applications on different surfaces and we do not customise sealant formulations for our customers. Our capabilities in the formulation of industrial adhesives, emulsion polymers and sealants are backed by the expertise and knowledge of our in-house product formulation team which comprises 4 chemists and 1 lab assistant as at the LPD. Hence, we are dependent on our product formulation team to continue developing new formulations as well as to enhance existing products for our new and existing customers based on their needs, which is one of the key factors driving our business growth.

A substantial loss of chemists and/or lab assistant in our product formulation team within a short period of time and without any suitable and timely replacements, or our inability to attract or retain qualified and competent chemists and lab assistants may adversely affect our ability to secure orders of industrial adhesives and emulsion polymers in new specifications from customers as well as developing new formulations for our emulsion polymers and sealants to expand our offerings, thereby affecting our competitive edge.

In addition, our chemists and lab assistant have access to all of our product formulations as well as possess the technical expertise to manufacture our products. As such, we are exposed to the risk of unauthorised use or disclosure of our formulation details by our chemists or lab assistant which could enable third parties to replicate and manufacture the same or similar products. Consequently, these products may be offered to our existing customers, which could potentially result in the loss of our customers.

While we have not encountered any shortage of chemists and lab assistants that caused major disruptions to our operations for the past 5 FYEs 2021 to 2025, FPE 2026 and up to LPD, there can be no assurance that we will be able to retain and/or recruit adequate number of qualified chemists and lab assistants to support the future growth and expansion of our Group.

9.1.2 Our business is exposed to interruptions or delays caused by unexpected events such as equipment failures, power outages, water disruptions, fire and environmental factors such as natural disasters as well as outbreak of diseases

We rely on a series of machinery and equipment to manufacture industrial adhesives, emulsion polymers and sealants at our Bukit Panchor HQ and Valdor Factory. Please refer to Section 7.11 of this Prospectus for details of our key machinery and equipment. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. In addition, as our manufacturing activities are dependent on continuous supply of electricity and water, any major disruptions such as power outages and water disruptions may result in interruptions in our operations.

9. RISK FACTORS (cont'd)

Further, the occurrence of damage caused by fire as well as environmental factors such as natural disasters (e.g. floods, storms, or shocks arising from severe earthquakes from neighbouring countries) as well as outbreak of diseases (e.g. COVID-19 pandemic) may also lead to interruptions/suspension to the operations at our factories and/or damages to our machinery and equipment. Consequently, it may affect our ability to fulfil our customers' orders in a timely manner. Further, any material damage to our inventory, facilities, machinery and equipment may result in our Group incurring significant costs for repair, refurbishment and/or replacement that may adversely impact our financial performance.

In May 2022, our Group experienced a fire incident at our Valdor Factory, a premises where our manufacturing operations of emulsion polymers are carried out. The fire incident led to a complete suspension of operation at our Valdor Factory due to severe damages caused to our machinery and facility. As at the LPD, we have received a total reimbursement amounting to RM10.92 million under our insurance policies.

While we suspended our emulsion polymer manufacturing operations for the reconstruction of our Valdor Factory, we purchased emulsion polymers from third-party suppliers in FYE 2022 and FYE 2023 to meet some of our customers' orders. Further, we repurposed one of our mixing and blending machines for industrial adhesives at our Bukit Panchor HQ to temporarily facilitate the manufacturing of emulsion polymers, as well as acquired one of the emulsion polymerisation reactors affected by the fire from the insurance company to be refurbished and installed at our Bukit Panchor HQ to manufacture emulsion polymers prior to restoring our emulsion polymer manufacturing operations at our Valdor Factory. Please refer to Section 7.14 of this Prospectus for further details of the manufacturing of emulsion polymers following the fire incident. Despite such efforts to mitigate impact to our sale orders, we experienced 2 order cancellations from our customers due to the fire incident, which amounted to approximately RM0.57 million in sales. The fire incident also resulted in a substantial decline in sales as there were no assurance that we could source sufficient emulsion polymers to meet customers' demand. This has in turn negatively impacted our financial performance with revenue from the sales of emulsion polymers declining from RM9.33 million in FYE 2021 to RM5.19 million in FYE 2022, RM2.48 million in FYE 2023 and RM2.51 million in FYE 2024, before recovering to RM3.67 million in FYE 2025. In FPE 2026, sales of emulsion polymers were recorded at RM1.62 million.

Any prolonged interruptions in our business operations arising from these unexpected events that are beyond our control will affect our ability to fulfil customer orders which may cause cancellation of orders and may eventually impact our relationships with our customers. This could have an adverse impact on our financial performance. For the past 5 FYEs 2021 to 2025, FPE 2026 and up to the LPD, save for the abovementioned fire incident at our Valdor Factory, there has not been any occurrence of other unexpected and unfavourable events that interrupted our operations and adversely affected our business and financial performance. However, there can be no assurance that such incidences will not happen in the future and we will be able to manage and minimise the risk of impact from such incidences.

9.1.3 We are subject to supply chain disruptions from our foreign purchases which may result in the disruption of our operations

The occurrence of unexpected crises such as political unrest, natural disasters and disease outbreaks, amongst others, in countries of origin for our supplies, may temporarily disrupt the supply chain of our purchases. A substantial portion of our purchases of raw materials and chemical products are sourced from overseas suppliers. For the past 5 FYEs 2021 to 2025 and FPE 2026, purchases from overseas suppliers accounted for 45.67%, 48.24%, 52.71%, 59.69%, 63.99% and 68.76% of our total purchases respectively. Any disruption of supply from our suppliers may result in a shortage of raw materials and chemical products, which may affect our ability to timely fulfil customer orders and eventually affect our financial performance.

9. RISK FACTORS *(cont'd)*

In the event that such a crisis occurs in the future, it could cause shipments of our raw materials and chemical products to be delayed or completely halted as there may be disruptions with the transportation network due to closure of seaports, airports and other transportation hubs. Without adequate raw materials and chemical products, our operations may be adversely affected due to the delays in receiving our purchases from our overseas suppliers.

Should the disruptions persist for a prolonged period, we may be required to source raw materials and chemical products from alternative suppliers. While we may be able to source similar raw materials and chemical products from alternative suppliers to fulfil customer orders, there is no assurance that the pricing and/or quality of raw materials and chemical products from these alternative suppliers will be consistent with our current purchases and do not require any adjustment to our product formulations. In such adverse circumstances, our margin may be adversely affected and/or a longer lead time may be required for the adjustment of our formulation which may lead to delayed delivery to our customers, thus impacting our financial performance. For the past 5 FYEs 2021 to 2025, FPE 2026 and up to LPD, there has not been any occurrence where we experienced supply chain disruptions from our foreign purchases that led to material disruptions in our operations. However, there can be no assurance that such incidences will not happen in the future.

Further, the recent conflicts in the Middle East since February 2026, arising from the US-Iran war, have intensified regional instability and heightened concerns over the security of key oil supply routes, particularly the Strait of Hormuz. As a result, global oil prices have experienced upward pressure due to potential supply disruptions and market uncertainty, which have led to an increase in shipping costs. Following the conflicts, our Group has experienced an increase in raw material prices, which we have passed on the increase in cost to our customers. Moving forward, if such impact continues to prolong, there is no guarantee that we will always be able to pass on any increase in cost to our customers. Further, even if we are able to effectively pass on such cost increases through higher product pricing, the demand for our products may decline due to higher prices, particularly if such conflicts persist. This may result in reduced orders from our customers, which could in turn adversely affect our financial performance.

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9. RISK FACTORS (cont'd)

9.1.4 We are subject to foreign exchange fluctuation risks which may impact our profitability

For the past 5 FYEs 2021 to 2025 and FPE 2026, our Group's sales were primarily derived from local customers, which are denominated in RM. We also generate revenue from sales to overseas customers which are denominated in USD and RM. For the past 5 FYEs 2021 to 2025 and FPE 2026, 18.04%, 11.58%, 8.16%, 8.15%, 9.08% and 7.69% of our Group's total revenue were denominated in USD.

Further, for the past 5 FYEs 2021 to 2025 and FPE 2026, our purchases from overseas suppliers were denominated in USD and CNY, while our local purchases were denominated in RM. For the past 5 FYEs 2021 to 2025 and FPE 2026, 45.67%, 48.24%, 52.71%, 59.69%, 63.99% and 68.76% of our Group's total purchases were denominated in USD and CNY.

As such, any fluctuations in foreign currency exchange rates may impact our financial performance by affecting our profit margins. The breakdown of our Group's revenue and purchases by currencies for the past 5 FYEs 2021 to 2025 and FPE 2026 is as follows:

		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025		FPE 2026	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue denominated in:													
(i)	RM	45,369	81.96	52,054	88.42	49,428	91.84	51,745	91.85	47,680	90.92	22,474	92.31
(ii)	USD	9,983	18.04	6,818	11.58	4,390	8.16	4,593	8.15	4,759	9.08	1,872	7.69
		55,352	100.00	58,872	100.00	53,818	100.00	56,338	100.00	52,439	100.00	24,346	100.00
Purchases denominated in:													
(i)	RM	18,924	54.33	21,904	51.76	13,543	47.29	11,152	40.31	8,515	36.01	3,470	31.24
(ii)	USD	15,905	45.67	20,417	48.24	15,098	52.71	16,516	59.69	15,092	63.82	7,580	68.24
(iii)	CNY	-	-	-	-	-	-	-	-	42	0.17	58	0.52
		34,829	100.00	42,321	100.00	28,641	100.00	27,668	100.00	23,649	100.00	11,108	100.00

As at the LPD, we do not have a formal policy with respect to our foreign exchange transactions and we do not hedge our exposure to fluctuations in foreign currency exchange rates. As such, we are exposed to fluctuations of the foreign currencies, especially USD, and any unfavourable fluctuations in USD may have an adverse impact on our financial performance and profitability. Any significant appreciation or depreciation of the RM against the USD may either positively or negatively affect our Group's financial performance. In circumstances where the USD significantly appreciates against the RM, we will record higher revenue and purchases in RM after conversion. Conversely, in circumstances where the USD significantly depreciates against the RM, we will record lower revenue and purchases in RM after conversion. The positive or negative effect on our Group's financial performance is subject to our position after netting off the amount of sales and purchases recorded in the respective financial years. In the event that we are unable to pass on the increase in cost to our customers in a timely manner, our financial performance may be adversely affected.

9.
RISK FACTORS
(cont'd)

Our Group's gains and losses from foreign exchange fluctuations for the past 5 FYEs 2021 to 2025 and FPE 2026 are recorded as follows:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gain in foreign exchange	134	114	132	145	153	-
Loss in foreign exchange	(26)	(49)	(11)	(119)	(11)	(27)
Net gain	108	65	121	26	142	(27)

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9. RISK FACTORS *(cont'd)*

9.1.5 We are dependent on our Managing Director, Executive Directors and Key Senior Management for the continued success and growth of our business

The continued success and future growth of our Group largely depend on the continuous contributions and involvement of our Managing Director, Executive Directors and Key Senior Management. Our Managing Director, Dato Gooi and our Executive Directors, namely Lee Kim Wei and Gooi Zi Jing, who have vast industrial experience ranging from 10 years to 34 years, are responsible for steering the overall strategic direction of our Group. With their experience as well as technical and industry knowledge, they play a pivotal role in formulating and implementing business strategies to drive the future development and growth of our Group. Further, our Key Senior Management, namely Eng Pek Yui, Leo Hee Seng and Yew Kim Chuan, are equipped with the relevant knowledge and skills in their respective fields of work to ensure smooth operation of our business. Please refer to Sections 5.1.2 of this Prospectus for the profiles of our Managing Director, Executive Directors and Key Senior Management.

We recognise that our Group's continued success and future growth depend significantly on the capabilities and efforts of our Managing Director, Executive Directors and Key Senior Management. Therefore, the loss of our Managing Director, any of our Executive Directors and/or Key Senior Management within a short period of time may have an unfavourable impact on our Group's operations and the future growth of our business. If we are unable to attract suitable replacement in a timely manner, it may have an adverse and material impact on our Group's business operations and may eventually affect our ability to maintain and/or improve our business performance. This may in turn adversely affect our financial performance and prospects.

9.1.6 We are dependent on various licences, permits and approvals issued by relevant authorities to operate our business

We are dependent on various licences, permits and approvals issued by the relevant government authorities in Malaysia to conduct our business, such as manufacturing licences and business premise licences. Please refer to Section 7.21 of this Prospectus for details of our material licences, permits and approvals, including the respective issuing authorities, expiration dates and status of compliance.

Our licences, permits and approvals are generally subject to a variety of conditions which are either stipulated within the licences, permits and approvals themselves, or under the respective legislations and/or regulations governing the issuing authorities. Certain licences, permits and approvals need to be renewed or reassessed by the relevant authorities on a periodic basis. We must continue to comply with the restrictions and conditions imposed by the relevant authorities for us to maintain the validity of all licences, permits and approvals. Nevertheless, any unfavourable changes in the conditions and/or requirements stipulated within the licences, permits and approvals may affect our ability to renew and/or maintain the validity of our licences, permits and approvals.

While we have not encountered any issues in renewing or obtaining any of the required licences, permits and approvals to operate our business for the past 5 FYEs 2021 to 2025, FPE 2026 and up to the LPD, there can be no assurance that we will be able to renew or obtain such licences, permits and approvals in the future or that we will not be subject to suspension, withdrawal or termination of our licences, permits and approvals. Any such failure to secure renewal or obtain the required licences, permits or approvals would adversely affect our financial performance, results of operations and prospects.

9. RISK FACTORS *(cont'd)*

9.1.7 Our business and financial performance is primarily dependent on the performance of the paper and packaging, as well as woodworking industries

Our industrial adhesives are commonly used in several industrial applications, particularly paper and packaging as well as woodworking applications. Our industrial adhesives are used to bond and seal the seams of paper-based products as well as to bond paper materials with non-paper materials, and used to bond wooden components together to produce wood-based products as well as to bond wooden materials with non-wooden materials. For the past 5 FYEs 2021 to 2025 and FPE 2026, revenue contributions from the paper and packaging as well as woodworking industrial applications collectively accounted for 74.77%, 79.48%, 83.62%, 87.27%, 85.93% and 85.42% respectively of our total revenue. As such, the performance of our Group is dependent on the paper and packaging as well as woodworking industries and is likely to move in tandem with the performance of the respective industries.

Several factors such as major global economic downturns and escalation of geopolitical conflicts may affect the performance and prospects of many businesses and industries, including the paper and packaging as well as woodworking industries. Further, changes in consumer preferences as well as regulatory developments and environmental policies may also adversely affect the demand for paper and packaging as well as woodworking products. Consequently, industry players in the paper and packaging as well as woodworking industries may be more cautious with business expansions and reduce their capital expenditure. Any slowdown in the paper and packaging as well as woodworking industries may lead to a decrease in the demand for our industrial adhesives. This would impact the overall demand for our Group's products, thereby affecting our Group's business and financial performance.

9.1.8 We are dependent on our major supplier, namely Chang Chun Group

We are dependent on one of our major suppliers, namely Chang Chun Group, for the supply of water-based synthetic resins and monomers for our manufacturing of industrial adhesives, emulsion polymers and sealants. Chang Chun Group was our largest supplier from FYEs 2021 to 2024 with contribution of 30.42%, 38.57%, 27.67% and 31.83% of our Group's total purchases, respectively. Subsequently in FYE 2025 and FPE 2026, Chang Chun Group became our second and third largest supplier, contributing 22.25% and 10.97% to our Group's total purchases respectively.

In view of the high contribution of purchases from Chang Chun Group (albeit declining purchases in FYE 2025 and FPE 2026), we are dependent on them for the continuous supply of these products, particularly monomers as Chang Chun Group is able to consistently supply us with large volume of monomers. In the event that our Group is unable to source the required products, particularly monomers, from Chang Chun Group in the necessary quantities due to unanticipated circumstances beyond our control (e.g. supply chain disruptions, resource constraints and changes in business decisions by Chang Chun Group), this will in turn lead to delays in fulfilling orders and delivery of our products to our customers. Moreover, should Chang Chun Group opt to terminate our business relationship, our business may experience temporary interruptions if we are unable to source similar products at the required volume from alternative suppliers in a timely manner.

In addition to the above, even if we are able to source similar products at the required volume from alternative suppliers, there is no assurance that the products are of similar specifications. If the product specifications differ from those that we used to source from Chang Chun Group, we may not be able to manufacture products with consistent specifications and may need to adjust our formulation prior to manufacturing, which may affect the timeliness of our product delivery. Further, if the price offered by other suppliers are less competitive than Chang Chun Group, we may face an increase in cost of materials, which may negatively affect our margin and our financial performance if we are unable to factor in the increase in costs to our product pricing.

9. RISK FACTORS (cont'd)**9.1.9 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations**

We maintain various types of insurance at levels that are customary in the industry to protect against various losses and liabilities, which are reviewed annually and as necessary, including in instances of business expansion leading to the purchase of additional properties or material machinery, if any. As at the LPD, we have taken up insurance policies which include fire, public liability, machinery and property coverages.

Nonetheless, the insurance policies we have purchased are subject to limitations and exclusions of liability in terms of events that occur as well as the amount insured. As such, our Group's policies may be inadequate to cover all losses or liabilities suffered due to the occurrence of any unexpected events in the future. If our insurance policies are unable to cover the full losses or liabilities suffered, we may experience an adverse effect on our financial performance.

Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business operations and financial performance. For the past 5 FYEs 2021 to 2025, FPE 2026 and up to the LPD, save for the fire incident at our Valdor Factory and the civil suit against our Group for compensations due to the fire incident which resulted in an insurance claim, our Group did not encounter any other events that resulted in any insurance claims. The insurance claims in respect of the fire incident were sufficient to cover the reconstruction of the Valdor Factory, including the replacement of machinery and equipment. While the insurance claims also covered for consequential losses arising from the cessation of emulsion polymer production, such proceeds may not be able to fully compensate for the potential profits that our Group could have generated had the incident not occurred. Accordingly, there can be no assurance that future insurance claims arising from future unforeseen events will be adequate to fully cover any losses incurred by our Group, which could in turn adversely affect our financial performance.

9.1.10 We may not be able to successfully implement our future plans and strategies

We plan to expand our business through our future plans and strategies as follows:

- To establish our physical presence and expand our sales in Vietnam;
- To expand our manufacturing capacity for industrial adhesives and sealants by renting a new factory and purchasing new machinery and equipment;
- To enhance our product formulation capabilities through the purchase of testing and analytical equipment for product formulation;
- To intensify our sales and marketing activities to grow our customer base and sales in Malaysia.

Please refer to Section 7.5 of this Prospectus for further details of our future plans and strategies.

9. RISK FACTORS (cont'd)

The implementation of our future plans and strategies is subject to additional expenditures including capital and operational expenditures as well as other working capital requirements, which will increase our Group's overall operational cost, including overhead costs and cost of sales. This may result in an adverse impact on our profit margin if we are unable to gain sufficient revenue following the execution of our future plans and strategies. Furthermore, the implementation of our future plans and strategies may be influenced by factors beyond our control, such as changes in general market conditions, economic climate and political environment in Malaysia as well as overseas markets that we supply our products to. This may affect the commercial viability of our future plans and strategies. This is particularly prominent for our expansion plan to Vietnam, where we currently have limited operational experience. We will also be exposed to competition within the industrial adhesives, emulsion polymers and sealants industry in Vietnam. Furthermore, as our expansion plan involves the delivery of our products from our Bukit Panchor HQ and/or Valdor Factory to Vietnam for sale to local customers in Vietnam, we may incur additional shipping costs. Consequently, we may have to sell our products at a lower profit margin to remain competitive in the market. Collectively, all of these factors may pose challenges to the success of our expansion plan to Vietnam.

Additionally, there is no assurance that the efforts and expenditures spent on the execution of our future plans and strategies will yield the expected results in expanding our business. We are also not able to guarantee the successful implementation of our future plans and strategies, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these future plans and strategies, which may materially affect the business operations and financial performance of our Group.

9.1.11 We are exposed to risks relating to branding imitation and challenges to our intellectual property rights

Our products are marketed and sold under various house brands, namely 'GB BOND' for industrial adhesives and emulsion polymers, 'PureBond' for industrial adhesives, and 'dadee' for sealants. As at the LPD, we have registered the trademarks for 'GB BOND' and 'dadee' under our Group, whereas the trademark for 'Purebond' is subject to appeal as it has previously been provisionally refused (objected) by MyIPO.

As such, our 'Purebond' brand is presently not trademarked by our Group, and our rights to the 'Purebond' brand will not be protected under the Trademarks Act 2019, and we may not be able to prevent misuse of the 'Purebond' brand or initiate infringement actions under the Trademarks Act 2019. If we are unable to protect our rights, including its use, in respect of the 'Purebond' brand; and if a third party utilises the 'Purebond' brand to conduct activities in competition with our business, this may lead to confusion amongst our customers or in the market, which may negatively impact our customers' perception and reputation of our Group. All of these may lead to adverse impact on our business, result of operations, prospects as well as our sales.

9.1.12 We do not have long-term contracts with our customers which may result in the fluctuation of our Group's financial performance

We do not enter into any long-term contracts with customers as our customers purchase our products on a purchase order basis. The absence of long-term contracts is mainly due to the nature of our business where our products are sold to customers based on their operational needs. Hence, the purchase orders received from our customers may vary from time to time.

As we do not have any long-term contracts specifying sale or purchase obligations with our customers, we are exposed to the risk of losing our customers as they are not obliged to source our products from us. Should we lose a substantial amount of customers or lose substantial sales from our customers, and are unable to secure additional sales from other existing customers or secure new customers in a timely manner, our sales and financial performance may be adversely affected.

9. RISK FACTORS (cont'd)**9.1.13 We are exposed to credit risk and default payment by customers**

Our financial performance is dependent, to a certain extent, on the creditworthiness of our customers. If circumstances arise that affect our customers' ability or willingness to pay us, we may experience payment delays or in worst cases, we may not be able to collect payment from our customers. We generally grant our customers a credit period of 30 days to 120 days upon the delivery of our products. Should there be a delay or default in payment by our customers, our operating cash flows and financial results may be adversely affected.

Further, any delay or default in payment by our customers may also lead to impairment losses on trade receivables or the writing-off of trade receivables as bad debts, which may adversely affect our financial performance.

Our impairment losses on trade receivables for the past 5 FYEs 2021 to 2025 and FPE 2026 are as follows:

	Audited					
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Impairment losses on trade receivables	8	-	-	(1)122	(1)56	(1)90

Note:

- (1) The increase in impairment losses on trade receivables was mainly due to higher expected credit losses (ECL) recognised. This reflects a reassessment of credit risk associated with trade receivables, resulting in a higher provision due to deteriorating credit profiles or revised forward-looking economic assumptions.

Please refer to Sections 12.2.3(g) and 12.9.1 of this Prospectus for further details on our impairment losses on trade receivables as well as trade receivables turnover period for the past 5 FYEs 2021 to 2025 and FPE 2026.

In FYE 2021, FYE 2023 and FPE 2026, we recorded a minimal amount (i.e. a total of approximately RM0.02 million) of losses on derecognition of financial assets measured at amortised cost, which was mainly due to the writing-off of trade receivables assessed to be irrecoverable. Please refer to Section 12.2.3(h) for further details.

9.1.14 We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirement

Our ability to obtain external financing is subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the Malaysian economies, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide new loans. There is no assurance that any required financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could result in material and adverse effect on our business, financial condition and results of operations.

9. RISK FACTORS (cont'd)

The following table sets out the summary of our loans and borrowings as well as hire purchase payables for the past 5 FYEs 2021 to 2025 and FPE 2026 were as follows:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and borrowings						
Current liabilities	5,667	6,092	3,652	2,530	2,896	2,238
Non-current liabilities	15,062	14,479	7,915	7,149	6,389	6,090
Total	20,729	20,571	11,567	9,679	9,285	8,328
Hire purchase payables						
Current liabilities	300	379	494	479	286	292
Non-current liabilities	1,018	1,015	1,394	1,002	681	557
Total	1,318	1,394	1,888	1,481	967	849

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are exposed to fluctuation in raw material and chemical product prices

Our purchases comprise raw materials and chemical products such as water-based synthetic resins, monomers, additives, fillers, emulsion polymers as well as other raw materials and chemical products, which are used in the manufacturing of industrial adhesives, emulsion polymers and sealants.

The prices of certain raw materials and chemical products used in our manufacturing operations, such as water-based synthetic resins, monomers and additives, are subject to price fluctuations due to various factors such as global supply and demand conditions, local and regional economic conditions, as well as uncertainties arising from geopolitical conflicts.

Any significant increase in the costs of raw materials and chemical products used in our manufacturing operations could negatively impact our profitability if we do not pass on the increased costs to our customers through price adjustments. Conversely, if we respond to the increased raw material and chemical product costs by raising our selling prices, we risk losing our competitiveness to other industry players who may choose not to increase their prices, despite facing similar cost fluctuations. This could result in a loss of sales, affecting our business growth and financial performance.

For the past 5 FYEs 2021 to 2025 and FPE 2026, we did not encounter any material adverse impacts to our financial performances resulting from price fluctuations of raw materials and chemical products. For the FYE 2025, our emulsion polymer segment recorded a slight decrease in gross profit of RM0.13 million to RM0.67 million as compared to RM0.80 million for the FYE 2024 which was mainly attributed to higher raw material costs, particularly additives. Moving forward, there can be no assurance that we will not experience any significant increase in the prices of raw materials and chemical products that may adversely affect our business and financial performances.

9.2.2 We are dependent on the availability of foreign workers to support our manufacturing operations

Our Group is dependent on foreign workers to carry out our manufacturing operations. As at the LPD, 33 out of 43 employees from our operation and production department are foreign workers, representing 76.74% of our total operation and production team.

9. RISK FACTORS (cont'd)

The availability of foreign workers in Malaysia is subject to the labour and immigration policies as well as regulations imposed by the Government. Any changes in the labour and immigration policies, regulations and/or visa restrictions on foreign workers may pose challenges to us in hiring sufficient amount of foreign workers for our manufacturing operations. Consequently, our business operations may be adversely disrupted. Further, the loss of a substantial amount of our existing foreign workers without timely replacements could disrupt our manufacturing operations. Even if we are able to hire new local or foreign workers as replacement within a short period of time, new workers will require training to become familiarised with our manufacturing operations. This may lead to a slowdown in production, potentially impacting our ability to fulfil customer orders in a timely manner, thereby adversely impacting our business operations and reputation.

Further, any increase in the levy of foreign workers such as the implementation of mandatory EPF contributions for foreign workers with effective from October 2025, has resulted in a minor increase in our staff costs. Any further increases in such levies or related regulatory changes in the future may lead to a material impact on our operational costs, which could in turn adversely impact our financial performance.

9.2.3 We face competition from other industry players

According to the IMR Report, the industrial adhesives industry in Malaysia is competitive with participation from both local and foreign industry players. The industry exhibits a moderately fragmented structure driven by the presence of local companies and foreign multinational companies with manufacturing facilities in Malaysia. However, this fragmentation is increased by the inclusion of companies with no manufacturing facilities in Malaysia and are involved in distribution/import of industrial adhesives. Please refer to the IMR Report in Section 8 of this Prospectus for further details on the competitive landscape of the industrial adhesives industry in Malaysia.

The competition that we face from other industry players may impact our revenue and profitability as we may be forced to be more price-competitive to secure sales orders. Further, our products need to be of the required quality. Therefore, we must strive to ensure that we are able to provide our products in accordance with the specifications required by our customers. It is also important that we are able to consistently deliver our products to our customers based on their timing requirements. Our Group must continuously ensure that we meet the above requirements as failure to do so may negatively impact our Group's track record and industry reputation, leading to a loss of business to our competitors and damage to our overall business performance.

9.2.4 We are exposed to risks relating to the economic, political, legal and regulatory environments in markets in which we serve

We conduct our operations in Malaysia and we export our products to several overseas countries including Vietnam, Indonesia and Thailand. Therefore, any adverse changes in the economic conditions, political environments as well as legal and regulatory requirements in these countries could have an adverse impact on our business operations, financial performance and prospects. These unfavourable changes include changes in political leadership, geopolitical events, overall economic conditions, fluctuations in currency exchange rates and interest rates, acts of terrorism, warfare, or sanctions, fiscal and monetary policies set forth by the government, such as inflation and deflation, tax methodologies and policies, deterioration of international relations, and other factors which may adversely impact consumer and business confidence and operations.

9. RISK FACTORS (cont'd)

Any adverse changes in economic, political, legal and regulatory such as changes in government policies and widespread and/or prolonged economic slowdowns in markets in which we serve may cause a decline in the demand for our Group's products, which may have an adverse effect on our business operations and financial performance. For the past 5 FYEs 2021 to 2025, FPE 2026 and up to the LPD, we did not experience any substantial changes in inflation rates, interest rates or taxation that materially impacted our financial results.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 The offering of our Shares may not result in an active and liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of shareholders to sell our Shares or the prices at which shareholders would be able to sell our Shares. Neither we nor our Promoter have an obligation to make a market for our Shares or, if such a market does develop, to sustain it. In addition, there can be no assurance that the trading price of our Shares will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occur:

- (i) The selected investors fail to subscribe for or purchase their allocation of our IPO Shares;
- (ii) Our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein;
- (iii) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing; and
- (iv) The revocation of the approvals from the relevant authorities for our Listing for whatever reason.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

Further, prior to the issuance and allotment or transfer of our IPO Shares, the SC may issue a stop order under Section 245(1) of the CMSA. In such event, the Applications shall be deemed to be withdrawn and cancelled, and we will repay all monies in respect of the Applications within 14 days of the stop order, failing which the provisions of Section 245(7)(a) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of the High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution, and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9. RISK FACTORS (cont'd)

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The market price of our Shares could be affected by numerous factors, some of which may not be within our control and may be unrelated or disproportionate to our financial results including general market, political and economic conditions, perceived prospects of our business and the industry in which we operate, changes in government policy, legislation or regulation, and general operational and business risks. Many of the risks described in this Section could materially and adversely affect the market price of our Shares.

Over the past few years, the Malaysia, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that were not always related to the operating performance of such companies, including fluctuations as a result of developments in other markets. There can be no assurance that the price and trading of our Shares will not be subject to fluctuations.

9.3.4 We may not be able to pay dividends

Our ability to pay dividends or make other distributions to our shareholders is not guaranteed. Our Board may decide, at its absolute discretion, at any time and for any reason whatsoever, not to pay dividends. We are an investment holding company and our income mainly derives from dividends received from our subsidiaries. Therefore, our ability to pay dividends and sustain our dividend policy in the future is largely dependent on the financial performance of our subsidiaries.

In considering the level of dividend, if any, upon recommendation by our Directors, we will consider various factors, including but not limited to our financial performance, cash flow requirements, level of indebtedness, loan covenants and future expansion plans. The market price of our Share may be adversely affected and resulting in a reduction in the value of any investment in our Shares if we are unable to pay dividends at levels anticipated by our shareholders.

9.4 OTHER RISKS

9.4.1 Forward-looking statements in this Prospectus are subject to uncertainties and contingencies

Certain statements or expectations or forecasts in this Prospectus are based on historical data which may not be reflective of future results. Forward-looking statements in this Prospectus are based on assumptions and subject to uncertainties and contingencies.

Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will subsequently materialise.

9.4.2 Our Promoters can exercise significant control over our Company

As disclosed in Section 5.1.1 of this Prospectus, our Promoters will collectively hold in aggregate 72.31% of our enlarged issued share capital after our Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as have voting control over our Group and, as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

9. RISK FACTORS *(cont'd)*

9.4.3 Our post-Listing profitability for FYE 2026 may be affected by the one-off Listing expenses for our IPO

We recorded lower revenue and adjusted PAT of RM52.44 million and RM8.05 million respectively for FYE 2025 (FYE 2024: RM56.34 million and RM8.18 million). This decrease in revenue and profitability was primarily attributable to a lower overall sales volume coupled with a lower average selling price for our industrial adhesives segment during FYE 2025. For FPE 2026, we recorded a higher revenue and adjusted PAT of RM24.35 million and RM4.55 million respectively (FPE 2025: RM21.67 million and RM3.86 million), mainly attributable to a higher overall sales volume of industrial adhesives.

In view of our on-going IPO exercise in FYE 2026, we will continue to incur Listing expenses during the financial year. As set out in Section 4.10 of this Prospectus, the estimated expenses relating to our Listing are approximately RM4.50 million. Upon Listing, the portion of such professional fees and expenses that is not directly attributable to the issuance of our Shares will be recognised as expenses in our statement of profit or loss, while expenses that are directly attributable to the issuance of our Shares will be debited against share capital in accordance with the applicable accounting standards.

Accordingly, our financial performance for FYE 2026 is expected to be partially affected by these one-off Listing expenses recognised in our statement of profit or loss pursuant to the IPO exercise. As these expenses are non-recurring in nature, they may affect the comparability of our financial performance for the financial year against prior and subsequent financial years.

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10. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, a “**related party transaction**” is a transaction entered into by a listed corporation or its subsidiaries, which involves the interest, direct or indirect, of a related party. A “**related party**” is defined as:

- (i) a director, having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company, or a chief executive of the listed corporation, its subsidiary or holding company;
- (ii) a major shareholder which includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or any other corporation which is its subsidiaries or holding company, who has an interest or interests in 1 or more voting shares in such corporation and the number or aggregate number of those shares is:
 - (a) 10.00% or more of the total number of voting shares in the corporation; or
 - (b) 5.00% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) person connected with such director or major shareholder.

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10. RELATED PARTY TRANSACTIONS (cont'd)

10.1 RELATED PARTY TRANSACTIONS

Save for the Disposals and the Acquisitions and as disclosed below, we have not entered into any related party transactions with our Directors, substantial shareholders and/or persons connected with them for the Financial Years/Period Under Review and up to the LPD.

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions						1 June 2026 and up to LPD
					FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2026	
					RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1.	GB Chemical	WST Properties	- Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of WST Properties. - Gooi Zi Jing is an Executive Director of our Company. He is also a director of WST Properties and the son of Dato' Gooi.	Rental of the Foreign Workers Accommodation ⁽¹⁾	Nil	Nil	Nil	Nil	46 (0.11% of our Group total expenses)	20 (0.11% of our Group total expense)	12 (Not applicable)
2.	GB Chemical	Gooi Zi Jing ⁽²⁾	- Gooi Zi Jing, is an Executive Director of our Company. - Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also the father of Gooi Zi Jing.	Rental of the worker's accommodation at the Changkat Premise ⁽³⁾	Nil	4 (0.03% of our Group total expenses)	4 (0.03% of our Group total expenses)	4 (0.03% of our Group total expenses)	2 (0.01% of our Group total expenses)	Nil	Nil

10. RELATED PARTY TRANSACTIONS (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions						1 June 2026 and up to LPD
					FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2026	
					RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3.	Purebond Adhesive	(i) Leo Juat Tin; (ii) Leo Jad Ngo; and (iii) Leo Jat Wah	Leo Juat Tin, Leo Jad Ngo and Leo Jat Wah are persons connected with Leo Hee Seng by virtue of them being family members. Leo Hee Seng is our director in Purebond Adhesive and a Key Senior Management of our Group.	Rental of the Shah Alam Office ⁽⁴⁾	34 (0.36% of our Group total expenses)	34 (0.22% of our Group total expenses)	34 (0.25% of our Group total expenses)	34 (0.30% of our Group total expenses)	35 (0.08% of our Group total expenses)	15 (0.08% of our Group total expense)	6 (Not applicable)
4.	GB Chemical	Dato' Gooi	- Dato' Gooi is one of the Promoters, Specified Shareholder, substantial shareholder and Managing Director of our Company. - Gooi Zi Jing is an Executive Director of our Company. He is also the son of Dato' Gooi.	Disposal of equity interest in Gooi Brothers Capital and Gooi Brothers United by GB Chemical to Dato' Gooi ⁽⁵⁾	Nil	Nil	Nil	Nil	1,200 (3.27% of our Group NA)	Nil	Nil
5.	GB Chemical	Dato' Gooi	- Dato' Gooi is one of the Promoters, Specified Shareholder, substantial shareholder and Managing Director of our Company. - Gooi Zi Jing is an Executive Director of our Company. He is also the son of Dato' Gooi.	Disposal of investment in quoted shares of a listed company (i.e. Malayan Banking Berhad) by GB Chemical to Dato' Gooi ⁽⁶⁾	Nil	Nil	Nil	Nil	1,171 (3.19% of our Group NA)	Nil	Nil

10. RELATED PARTY TRANSACTIONS (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions						1 June 2026 and up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000	FPE 2026 RM'000	
6.	GB Chemical	Dato' Gooi	- Dato' Gooi is one of the Promoters, Specified Shareholder, substantial shareholder and Managing Director of our Company. - Gooi Zi Jing is an Executive Director of our Company. He is also the son of Dato' Gooi.	Disposal of 6 motor vehicles by GB Chemical to Dato' Gooi ⁽⁷⁾	Nil	Nil	Nil	Nil	974 (2.65% of our Group NA)	Nil	Nil
7.	GB Chemical	WST Properties	- Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of WST Properties. - Gooi Zi Jing is an Executive Director of our Company. He is also a director of WST Properties and the son of Dato' Gooi.	Utilities expenses for the Foreign Workers Accommodation paid by WST Properties on behalf of GB Chemical	Nil	Nil	Nil	Nil	9 (0.02% of our Group NA)	Nil	Nil

10. RELATED PARTY TRANSACTIONS (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions						1 June 2026 and up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000	FPE 2026 RM'000	
8.	GB Chemical	WST Properties	- Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of WST Properties; - Gooi Zi Jing is an Executive Director of our Company. He is also a director of WST Properties and the son of Dato' Gooi.	Repayment by GB Chemical to WST Properties for the utilities expenses for the Foreign Workers Accommodation	Nil	Nil	Nil	Nil	8 (0.02% of our Group NA)	1 (less than 0.01% of our Group NA)	Nil
9.	GB Chemical	Dato' Gooi	- Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. - Gooi Zi Jing is an Executive Director of our Company. He is also the son of Dato' Gooi.	Advances to Dato' Gooi by GB Chemical ⁽⁸⁾	2,207 (9.52% of our Group NA)	2,174 (8.99% of our Group NA)	6,457 (21.14% of our Group NA)	2,480 (6.68% of our Group NA)	1,836 (5.00% of our Group NA)	Nil	Nil

10. RELATED PARTY TRANSACTIONS (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions						1 June 2026 and up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000	FPE 2026 RM'000	
10.	GB Chemical	Dato' Gooi	- Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. - Gooi Zi Jing is an Executive Director of our Company. He is also the son of Dato' Gooi.	Repayment of advances by Dato' Gooi to GB Chemical ⁽⁸⁾	502 (2.16% of our Group NA)	695 (2.87% of our Group NA)	1,867 (6.11% of our Group NA)	3,205 (8.63% of our Group NA)	1,370 (3.73% of our Group NA)	Nil	Nil
11.	GB Chemical	WST Properties	- Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of WST Properties; - Gooi Zi Jing is an Executive Director of our Company. He is also a director of WST Properties and the son of Dato' Gooi.	Advances to WST Properties by GB Chemical ⁽⁹⁾	12 (0.05% of our Group NA)	446 (1.84% of our Group NA)	Nil	Nil	Nil	Nil	Nil

10. RELATED PARTY TRANSACTIONS (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions						1 June 2026 and up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000	FPE 2026 RM'000	
12.	GB Chemical	WST Properties	- Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of WST Properties; - Gooi Zi Jing is an Executive Director of our Company. He is also a director of WST Properties and the son of Dato' Gooi.	Repayment of advances by WST Properties to GB Chemical ⁽⁹⁾	76 (0.33% of our Group NA)	Nil	446 (1.46% of our Group NA)	Nil	Nil	Nil	Nil
13.	GB Chemical	Gooi Brothers Properties	Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of Gooi Brothers Properties.	Advances to Gooi Brothers Properties by GB Chemical ⁽⁹⁾	Nil	763 (3.15% of our Group NA)	94 (0.31% of our Group NA)	9 (0.02% of our Group NA)	150 (0.41% of our Group NA)	Nil	Nil

10. RELATED PARTY TRANSACTIONS (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions						1 June 2026 and up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000	FPE 2026 RM'000	
14.	GB Chemical	Gooi Brothers Properties	Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of Gooi Brothers Properties.	Repayment of advances by Gooi Brothers Properties to GB Chemical	Nil	Nil	860 (2.82% of our Group NA)	6 (0.02% of our Group NA)	150 (0.41% of our Group NA)	Nil	Nil
15.	GB Chemical	Gooi Brothers United	Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of Gooi Brothers United.	Advances to Gooi Brothers United by GB Chemical ⁽⁹⁾	Nil	Nil	3,022 (9.89% of our Group NA)	1 (less than 0.01% of our Group NA)	12 (0.03% of our Group NA)	Nil	Nil
16.	GB Chemical	Gooi Brothers United	Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of Gooi Brothers United.	Repayment of advances by Gooi Brothers United to GB Chemical	Nil	Nil	200 (0.65% of our Group NA)	1,901 (5.12% of our Group NA)	934 (2.54% of our Group NA)	Nil	Nil

10. RELATED PARTY TRANSACTIONS (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions						1 June 2026 and up to LPD
					FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000	FPE 2026 RM'000	
17.	GB Chemical	Gooi Brothers Capital	Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of Gooi Brothers Capital.	Advances to Gooi Brothers Capital by GB Chemical ⁽⁹⁾	Nil	Nil	2,655 (8.69% of our Group NA)	4,156 (11.19% of our Group NA)	Nil	Nil	Nil
18.	GB Chemical	Gooi Brothers Capital	Dato' Gooi is one of the Promoters, Specified Shareholder, major shareholder and Managing Director of our Company. He is also a director and substantial shareholder (100%) of Gooi Brothers Capital.	Repayment of advances by Gooi Brothers Capital to GB Chemical	Nil	Nil	Nil	1,900 (5.12% of our Group NA)	4,911 (13.36% of our Group NA)	Nil	Nil

Notes:

- (1) Tenancy agreement dated 16 December 2024 and Supplemental Tenancy Letter dated 13 August 2025 between WST Properties and our Company for the rental of this property. The tenancy is for a term of 2 years and 1 month from 15 January 2025. The monthly rental is RM4,000.00. The tenancy agreement may be terminated by either party before the expiration of the tenancy period provided that two months prior written notice is provided to the other party or the sum of RM8,000.00 in lieu is paid to the other party. The related party transaction was transacted on an arm's length basis and based on terms and conditions which are not more favourable to the related parties after taking into consideration that WST Properties charges similar rates for another property of a similar size rented to a third party. Further, the rental rate of this property rented from related parties is within the range of rental rates of comparable properties based on the property analysis of similar properties within the vicinity.

10. RELATED PARTY TRANSACTIONS (cont'd)

- (2) Gooi Zi Jing had rented the premise from GB Plas Sdn Bhd (a company in which the brother of Dato' Gooi is a director and controlling shareholder) and had sub-rented the premise to GB Chemical. GB Plas Sdn Bhd is principally involved in the manufacturing and trading of plastic materials.
- (3) The rental for the property is RM3,600.00 per annum. Whilst this was not transacted on arm's length basis, it was transacted on terms that are favourable to GB Chemical as the rental rate was lower than market rate. The market rate for the rental was determined by comparing with other rental of properties within the vicinity. This transaction commenced on 1 July 2020 and subsisted for a period of 5 years and 1 month. Notwithstanding the foregoing, pursuant to a letter dated 2 June 2025, Gooi Zi Jing and GB Chemical have mutually agreed to terminate the tenancy, and accordingly, the said transactions have ceased on 30 June 2025. Following our Listing, our Directors will ensure that all future transactions of such nature will be entered into on an arm's length basis and based on terms and conditions which are not more favourable to the related parties. As at the LPD, there is no amount owing by our Group to Gooi Zi Jing in relation to the transaction.
- (4) The current rental for the Shah Alam Office is based on the tenancy agreement dated 1 May 2025 entered into between Leo Juat Tin and Purebond Adhesive. The monthly rental is RM3,000.00 for a term of 3 years expiring on 30 April 2028. This rental was transacted on an arm's length basis as the rental rate of this property is within the range of rental rates of comparable properties based on the property analysis of similar properties within the vicinity. Leo Jad Ngo and Leo Jat Wah have, on 1 May 2025, provided their written consent for Leo Juat Tin to act on their behalf as joint landlords for entering into the tenancy agreement for the Shah Alam Office.
- (5) The transaction entails the disposal of the entire equity interest in Gooi Brothers Capital comprising 1,000,100 ordinary shares for a total consideration of RM1,000,100 and the entire equity interest in Gooi Brothers United comprising 200,000 ordinary shares for a total consideration of RM200,000 which was fully satisfied via cash, to Dato' Gooi.

The total consideration of RM1,000,100 for the Disposal of Gooi Brothers Capital was arrived after taking into consideration GB Chemical's original cost of investment. For information, the adjusted NA of Gooi Brothers Capital as at 30 June 2025 is RM873,506.00, which had taken into consideration its audited net liabilities as at 30 June 2025 of RM1.64 million, adjusted for revaluation surplus arising from the difference between the market value of its freehold land of RM30.30 million and the audited NBV of the freehold land as at 30 June 2025 of RM27.78 million. The market value of the freehold land was determined by comparing with recently transacted or offer for sale of lands with similar nature within the vicinity.

The total consideration of RM200,000 for the Disposal of Gooi Brothers United was arrived after taking into consideration GB Chemical's original cost of investment. For information, the adjusted NA of Gooi Brothers United as at 30 June 2025 is RM196,642.00, which had taken into consideration its audited net liabilities as at 30 June 2025 of RM0.94 million, adjusted for revaluation surplus arising from the difference between the market value of its factory and leasehold land (collectively, referred to as the **"Property"**) of RM18.75 million and the audited NBV of the Property as at 30 June 2025 of RM17.61 million. The market value of the Property was determined by comparing with recently transacted or offer for sale of properties with similar nature within the vicinity.

10. RELATED PARTY TRANSACTIONS (*cont'd*)

The transaction was undertaken on an arm's length basis with the total consideration determined based on GB Chemical's original cost of investment. Further, the aggregate consideration represents a slight premium to the adjusted audited NA as at 30 June 2025 of Gooi Brothers Capital and Gooi Brothers United respectively.

- (6) The transaction was conducted on an arm's length basis as the transaction was transacted via direct business transaction at the prevailing market price of the quoted shares on the date of the transaction. The transaction concerns the disposal of 120,400 ordinary shares in Malayan Banking Berhad (listed on the Main Market of Bursa Securities) via open market on 16 July 2025.
- (7) The transactions were conducted on an arm's length basis as the transactions were transacted at prices that were within the range of pricing of comparable quotes or rates for the respective motor vehicles. The 6 motor vehicles disposed were standard four-wheel passenger vehicles intended for ordinary daily use by the executive directors.
- (8) These relate to advances made to Dato' Gooi for purposes of scheduled repayment of Dato' Gooi's personal property loans and do not carry any interest and as such, are not undertaken on an arm's length basis. All outstanding amounts due has been duly repaid as at the LPD. Moving forward, our Group will not enter into such transactions.
- (9) These relate to advances to the related parties for working capital purposes and do not carry any interest and as such, are not undertaken on an arm's length basis. All outstanding amounts due has been duly repaid as at the LPD. Moving forward, our Group will not enter into such transactions.

Save for the rental expenses as disclosed in item 1 and item 3 in the table above, none of the above related party transactions are recurring in nature and/or will subsist subsequent to our Listing.

Our Board also confirms that there are no other material related party transactions that have been effected after the LPD or entered by our Group but not yet effected up to the date of this Prospectus.

Moving forward, if there are potential related party transactions, the related parties must be first informed our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

10. RELATED PARTY TRANSACTIONS (cont'd)

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (b) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on an arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

10. RELATED PARTY TRANSACTIONS (cont'd)

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS**(i) Transactions which are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for the Financial Years/Period Under Review and up to the LPD.

(ii) Loans and guarantees

Save as disclosed below, there were no outstanding loans and guarantees made to/by us to or for the benefit of any related party for the Financial Years/Period Under Review and up to the LPD:

(a) Personal guarantees

Dato' Gooi (our Managing Director) and Lee Kim Wei (our Executive Director) and Gooi Zi Jing (our Executive Director) had extended personal guarantees for banking facilities extended to our Group as at the LPD.

In conjunction with the Listing, all the banks whereby Dato' Gooi, Lee Kim Wei and Gooi Zi Jing had extended personal guarantees for banking facilities, had agreed to discharge the said personal guarantees subject to the completion of the Listing.

No.	Financier	Type of facilities	Facility limit (RM'000)	Outstanding balance as at 31 July 2026 (RM'000)	Guarantors	Date of financier's consent to discharge
	<u>GB Chemical</u>					
1.	CIMB Bank Berhad	- Term loans - Cash line - Multi option line	9,000 1,000 5,000	5,831 Nil Nil	- Dato' Gooi - Gooi Zi Jing	21 April 2025
2.	Hong Leong Bank Berhad	- Trade line - Foreign exchange contract	8,500 2,500	2,179 Nil	- Dato' Gooi - Gooi Zi Jing	7 May 2025
3.	Maybank Islamic Berhad	Trade line	2,000	Nil	- Dato' Gooi - Gooi Zi Jing	8 August 2025
4.	RHB Bank Berhad	Term loan	1,404	847	- Dato' Gooi - Gooi Zi Jing	20 June 2025
5.	Malayan Banking Berhad ("Maybank")	- Hire Purchase - Hire purchase	240 500	52 276	Dato' Gooi	2 September 2025

10. RELATED PARTY TRANSACTIONS (cont'd)

No.	Financier	Type of facilities	Facility limit (RM'000)	Outstanding balance as at 31 July 2026 (RM'000)	Guarantors	Date of financier's consent to discharge
6.	Maybank	• Hire Purchase	160	34	• Dato' Gooi	2 September 2025
7.	Maybank	• Hire Purchase	300	244	• Dato' Gooi	2 September 2025
<u>GB Bond</u>						
1.	Maybank Islamic Berhad	• Trade line • Cash line	4,000 400	Nil Nil	• Tan Sock Chin ⁽¹⁾ • Dato' Gooi	11 August 2025
2.	Maybank Islamic Berhad	• Hire Purchase	390	195	• Tan Sock Chin	2 September 2025

Note:

(1) Tan Sock Chin is a former director of GB Bond, wife of Dato' Gooi (our Managing Director) and mother of Gooi Zi Jing (our Executive Director).

(b) Amount due to Directors/related parties

Save as disclosed below, there were no material amount due to Directors/related parties for the Financial Years/Period Under Review and up to the LPD.

	Outstanding balance as at					31 May
	31 December					2026
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	RM'000
Amount due to Directors⁽¹⁾						
Dato' Gooi	-	-	1,639	3,952	-	-
Lee Kim Wei	324	251	1	500	-	-
Amount due to related parties						
WST Properties	-	-	-	-	1	-
Gooi Brothers Properties	-	-	⁽²⁾ 3	-	-	-

Notes:

(1) The amounts due to Directors were in relation to dividend payable to them. All outstanding amounts due has been duly repaid as at the LPD.

(2) The amount due to Gooi Brothers Properties represents an overpayment made by Gooi Brothers Properties in FYE 2023 in respect of the amount due from Gooi Brothers Properties as at 31 December 2022. The overpayment was subsequently refunded in FYE 2024.

All the amounts due to Directors/related parties have been fully settled as at the LPD.

10. RELATED PARTY TRANSACTIONS (cont'd)**(c) Amount due from Directors/related parties**

Save as disclosed below, there were no material amount due from Directors/related parties for the Financial Years/Period Under Review and up to the LPD.

	Outstanding balance as at				
	31 December				
	2021	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due from Director					
Dato' Gooi ⁽¹⁾	55	972	-	-	-
Amount due from related parties⁽²⁾					
WST Properties	-	446	-	-	-
Gooi Brothers Properties	-	763	-	-	-
Gooi Brothers United	-	-	2,822	922	-
Gooi Brothers Capital	-	-	2,655	4,911	-

Notes:

- (1) These relate to advances made to Dato' Gooi for purposes of scheduled repayment of Dato' Gooi's personal property loans and do not carry any interest and as such, are not undertaken on an arm's length basis. All outstanding amounts due has been duly repaid as at the LPD. Moving forward, our Group will not enter into such transactions.
- (2) These relate to advances to the related parties for working capital purposes and do not carry any interest and as such, are not undertaken on an arm's length basis. All outstanding amounts due has been duly repaid as at the LPD. Moving forward, our Group will not enter into such transactions.

All amounts due from Directors/related parties have been fully settled as at the LPD.

(iii) Financial assistance provided for the benefit of a related party

Save as disclosed above, there was no financial assistance provided by us for the benefit of any related party for the Financial Years/Period Under Review and up to the LPD.

10. RELATED PARTY TRANSACTIONS (cont'd)

10.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.3.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interest situations that may arise within our Group including any transactions, procedures or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflict of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.3.2 Our Group's policy on related party transactions and conflict of interest

It is the policy of our Group that all related party transactions and conflict of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interests in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

In addition, in line with the Malaysian Code on Corporate Governance 2021 and the Corporate Governance Guide, our Directors are required to make an annual disclosure of any related party transactions and conflict of interest with our Group and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflict of interest. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS OF OUR GROUP

As at LPD, none of our Directors and/or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group.

Moving forward, our Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations and review our Group's current and future related party transactions and ensure that such transactions will be carried out on an arm's length basis and on commercial terms in the best interest of our Group. Our Group will also seek such relevant shareholders' approval where required. We will also make disclosures in our annual report of the aggregate value of any recurrent related party transactions to be entered into by us (where required) based on the nature of the transactions made, names of the related parties involved and their relationship with our Group. Please refer to Section 10.3.2 of this Prospectus for further details of our monitoring and oversight policy on conflicts of interest.

11.2 DECLARATIONS BY OUR ADVISERS

(i) Declaration by Malacca Securities

Malacca Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as our Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing.

(ii) Declaration by Zul Rafique & Partners

Zul Rafique & Partners has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in relation to our Listing.

(iii) Declaration by Crowe Malaysia PLT

Crowe Malaysia PLT has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to our Listing.

(iv) Declaration by Smith Zander

Smith Zander has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to our Listing.

(v) Declaration by Boardroom Share Registrars Sdn Bhd

Boardroom Share Registrars Sdn Bhd has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Share Registrar to our Group in relation to our Listing.

(vi) Declaration by Malaysian Issuing House Sdn Bhd

Malaysian Issuing House Sdn Bhd has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Issuing House to our Group in relation to our Listing.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated in Malaysia under the Act on 5 May 2025 as a private limited company. Our Company was incorporated as a special purpose vehicle to facilitate the Listing. As such, the historical financial information of our Group for FYE 2021 to 2025 and FPE 2026 were prepared based on the historical combined audited financial statements of our Group. Our historical financial information for FYE 2021 to 2025 and FPE 2026 were prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

The historical financial information presented below should be read in conjunction with the management's discussion and analysis of financial condition and results of operations as set out in Section 12.2 of this Prospectus and the Accountants' Report, together with its related notes and assumptions as set out in Section 13 of this Prospectus. There has been no audit qualification on our audited financial statements for the Financial Years/Period Under Review.

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12. FINANCIAL INFORMATION (cont'd)**12.1.1 Combined statements of profit or loss and other comprehensive income**

The following table sets out a summary of the audited and unaudited combined statements of profit or loss and other comprehensive income for the Financial Years/Period Under Review:-

	Audited					Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2025	FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	55,352	58,872	53,818	56,338	52,439	21,671	24,346
Cost of sales	(39,728)	(44,284)	(36,631)	(34,742)	(31,342)	(12,483)	(13,314)
GP	15,624	14,588	17,187	21,596	21,097	9,188	11,032
Other income	990	4,853	14,189	3,510	764	426	126
Administrative and general expenses	(5,246)	(10,802)	(9,392)	(6,868)	(6,838)	(2,858)	(2,852)
Selling and distribution expenses	(3,499)	(3,511)	(3,363)	(3,807)	(3,863)	(1,515)	(1,927)
Finance costs	(620)	(1,099)	(767)	(722)	(581)	(315)	(223)
Impairment (losses)/gains on financial assets	(8)	-	-	(122)	(56)	122	(90)
Loss on derecognition on financial assets measured at amortised cost	(4)	-	(13)	-	-	-	(3)
PBT	7,237	4,029	17,841	13,587	10,523	5,048	6,063
Income tax expense	(838)	(928)	(3,415)	(3,209)	(2,321)	(1,188)	(1,509)
PAT	6,399	3,101	14,426	10,378	8,202	3,860	4,554
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the financial year/period	6,399	3,101	14,426	10,378	8,202	3,860	4,554
EBIT (RM'000) ⁽¹⁾	7,857	5,128	18,608	14,309	11,104	5,363	6,286
EBITDA (RM'000) ⁽¹⁾	8,856	6,181	19,757	15,807	12,713	6,042	6,949
GP margin (%) ⁽²⁾	28.23	24.78	31.94	38.33	40.23	42.40	45.31
PBT margin (%) ⁽³⁾	13.07	6.84	33.15	24.12	20.07	23.29	24.90
PAT margin (%) ⁽⁴⁾	11.56	5.27	26.81	18.42	15.64	17.81	18.71
Basic EPS (sen) ⁽⁵⁾	1.84	0.89	4.15	2.98	2.36	1.11	1.31
Diluted EPS (sen) ⁽⁶⁾	1.55	0.75	3.50	2.52	1.99	0.94	1.10

12. FINANCIAL INFORMATION *(cont'd)***Notes:**

- (1) EBIT and EBITDA are calculated as follows:

	Audited					Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2025	FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	6,399	3,101	14,426	10,378	8,202	3,860	4,554
Add:							
Finance costs	620	1,099	767	722	581	315	223
Income tax expense	838	928	3,415	3,209	2,321	1,188	1,509
EBIT	7,857	5,128	18,608	14,309	11,104	5,363	6,286
Add:							
Depreciation	999	1,053	1,149	1,498	1,609	679	663
EBITDA	8,856	6,181	19,757	15,807	12,713	6,042	6,949

- (2) Calculated based on GP divided by revenue.
- (3) Calculated based on PBT divided by revenue.
- (4) Calculated based on PAT divided by revenue.
- (5) Calculated based on PAT divided by our share capital of 348,000,000 Shares before Public Issue and Offer for Sale.
- (6) Calculated based on PAT divided by our enlarged share capital of 412,300,000 Shares after Public Issue and Offer for Sale.

During the Financial Years/Period Under Review, our Group experienced a fire incident at our Valdor Factory in May 2022, the impact of which affected our operations in the FYEs 2022 to 2024. For information, our Valdor Factory recommenced operations in December 2024. In addition, our Group also disposed of our Bukit Panchor Factory in FYE 2023 whereby our Group had recognised a gain on disposal. The table below illustrates the adjusted PAT of our Group excluding the income and expenses arising from the fire incident and disposal of our Bukit Panchor Factory.

12. FINANCIAL INFORMATION *(cont'd)*

			Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2025	FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	6,399	3,101	14,426	10,378	8,202	3,860	4,554
Adjustment one-off items ⁽¹⁾ :							
- Insurance claims	-	(3,040)	(2,915)	(2,194)	(148)	-	-
- Gain on disposal of investment property	-	-	(8,865)	-	-	-	-
- Repair and maintenance	-	-	2,397	-	-	-	-
- Property, plant and equipment written off	-	1,238	-	-	-	-	-
- Inventories written down	-	2,405	-	-	-	-	-
Adjusted PAT	6,399	3,704	5,043	8,184	8,054	3,860	4,554
Adjusted PAT margin (%) ⁽²⁾	11.56	6.29	9.37	14.53	15.36	17.81	18.71

Notes:

(1) One-off items are net of tax.

(2) Calculated based on adjusted PAT divided by revenue.

12. FINANCIAL INFORMATION (cont'd)

12.1.2 Combined statements of financial position

The following table sets out a summary of our audited combined statements of financial position for the Financial Years/Period Under Review:-

	Audited				
	As at 31 December				
	2021	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment	14,662	13,248	17,619	21,116	19,055
Investment properties	6,237	-	-	-	-
Right-of-use assets	335	269	189	69	343
Other investments	-	-	978	1,233	-
Deferred tax assets	16	25	81	30	501
Total non-current assets	21,250	13,542	18,867	22,448	19,899
Current assets					
Assets held for sale ⁽¹⁾	-	6,150	5,677	7,033	-
Inventories	10,167	9,687	8,723	10,115	12,692
Trade receivables	17,163	13,191	13,149	11,369	13,380
Other receivables and deposits ⁽²⁾	320	2,415	93	201	235
Derivatives	-	-	-	1	13
Prepayments	966	657	764	721	3,405
Current tax assets	1,217	1,575	792	548	467
Cash and cash equivalents	7,206	9,804	10,060	9,319	12,410
Total current assets	37,039	43,479	39,258	39,307	42,602

12. FINANCIAL INFORMATION (cont'd)

	Audited					
	As at 31 December					As at 31 May
	2021	2022	2023	2024	2025	2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current liabilities						
Trade payables	8,600	6,337	5,079	4,379	5,110	7,841
Other payables and accruals ⁽³⁾	3,437	3,608	6,994	8,100	2,512	2,252
Loans and borrowings	5,667	6,092	3,652	2,530	2,896	2,238
Hire purchase payables	300	379	494	479	286	292
Lease liabilities	97	101	123	71	90	112
Derivatives	-	10	1	-	49	-
Contract liabilities	24	-	-	-	-	-
Current tax liabilities	-	-	1,522	422	60	485
Total current liabilities	18,125	16,527	17,865	15,981	11,003	13,220
Net current assets	18,914	26,952	21,393	23,326	24,722	29,382
Non-current liabilities						
Loans and borrowings	15,062	14,479	7,915	7,149	6,389	6,090
Hire purchase payables	1,018	1,015	1,394	1,002	681	557
Lease liabilities	239	173	72	-	193	237
Deferred tax liabilities	653	639	333	499	587	1,091
Total non-current liabilities	16,972	16,306	9,714	8,650	7,850	7,975
Net assets	23,192	24,188	30,546	37,124	36,752	41,306
Equity						
Invested capital	1,100	1,100	1,100	1,100	1,100	1,100
Retained earnings	22,092	23,088	29,446	36,024	35,652	40,206
Total equity	23,192	24,188	30,546	37,124	36,752	41,306

12. FINANCIAL INFORMATION (cont'd)
Notes:

- (1) Assets held for sale comprises of:

	Audited				
	As at 31 December				
	2021	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Investment properties ^(a)	-	6,150	-	-	-
Subsidiaries ^(b)	-	-	5,677	7,033	-
	-	6,150	5,677	7,033	-

- (a) Comprise of the carrying amount of the Bukit Panchor Factory. The disposal was completed on 16 February 2023.

- (b) Comprise of the equity interest of 2 wholly-owned subsidiaries namely Gooi Brothers Capital (2023: RM2.66 million; 2024: RM5.91 million) and Gooi Brothers United (2023: RM3.02 million; 2024: RM1.12 million). Both the disposal of Gooi Brothers Capital and the disposal of Gooi Brothers United were completed on 1 August 2025.

- (2) Other receivables and deposits comprise of:

	Audited				
	As at 31 December				
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Other receivables	198	211	44	104	111
Deposits	67	23	49	97	129
Amount due from director	55	972	-	-	-
Amount due from related parties	-	1,209	-	-	-
	320	2,415	93	201	240

12. FINANCIAL INFORMATION *(cont'd)*

(3) Other payables and accruals comprise of:

	Audited					As at 31 May	
	As at 31 December						
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025		FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
Other payables	1,468	2,286	4,019	2,511	1,040	1,053	
Accruals	1,083	971	832	1,137	1,430	1,158	
Deposit received	-	-	-	-	41	41	
Amount due to shareholder	-	-	500	-	-	-	
Amount due to director	886	351	1,640	4,452	-	-	
Amount due to related parties	-	-	3	-	1	-	
	3,437	3,608	6,994	8,100	2,512	2,252	

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12. FINANCIAL INFORMATION *(cont'd)***12.1.3 Combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for the Financial Years/Period Under Review which has been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis Results of Operations and Financial Conditions" and Accountant's Report set out in Sections 12.2 and 13 respectively.

	Audited					
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities						
PBT	7,237	4,029	17,841	13,587	10,523	6,063
Adjustments for:						
Depreciation	999	1,053	1,149	1,498	1,609	663
Dividend income	-	-	(32)	(69)	(39)	-
Fair value losses/(gains) on financial instruments	-	10	27	(155)	112	(62)
Gain on disposal of investment property	-	-	(9,850)	-	-	-
Gain on disposal of property, plant and equipment	(143)	(69)	-	(55)	(266)	3
Impairment (losses)/gains on financial assets	8	-	-	122	56	90
Interest expense	620	1,099	767	644	508	184
Interest income	(37)	(62)	(212)	(127)	(110)	(55)
Inventories written down	-	3,164	279	760	217	256
Inventories written off	-	-	-	5	-	-
Loss on derecognition of financial assets measured at amortised cost	4	-	13	-	-	3
Property, plant and equipment written off	4	1,674	-	29	30	2
Reversal of inventories written down	-	-	-	(279)	(760)	(217)
Unrealised (gain)/loss on foreign exchange	(78)	(55)	(94)	75	(81)	10
Operating profit before changes in working capital	8,614	10,843	9,888	16,035	11,799	6,940

12. FINANCIAL INFORMATION (cont'd)

	Audited					
	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FPE 2026
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Change in assets held for sale	-	-	(5,677)	(1,356)	5,833	-
Change in inventories	(2,048)	(2,684)	685	(1,878)	41	(2,114)
Change in receivables	(3,343)	1,886	2,356	1,557	126	(2,361)
Change in prepayments	47	309	(107)	43	(1,512)	(1,172)
Change in payables	842	(2,036)	2,220	(2,480)	(1,931)	2,464
Change in contract liabilities	(61)	(24)	-	-	-	-
Cash generated from operations	4,051	8,294	9,365	11,921	14,356	3,757
Interest received	37	62	212	127	110	55
Tax paid	(944)	(1,309)	(1,840)	(3,848)	(3,209)	(1,188)
Tax refunded	325	-	368	-	336	496
Net cash from operating activities	3,469	7,047	8,105	8,200	11,593	3,120
Cash flows from investing activities						
Acquisition of other investments	-	-	(1,014)	(102)	-	-
Acquisition of property, plant and equipment	(705)	(719)	(4,412)	(4,881)	(356)	(195)
Acquisition of right-of-use assets	-	(3)	-	-	-	-
Dividend received	-	-	32	69	39	-
Proceeds from disposal of assets held for sale	-	-	16,000	-	1,200	-
Proceeds from disposal of other investments	-	-	-	-	1,171	-
Proceeds from disposal of property, plant and equipment	461	75	2	707	974	70
Net cash (used in)/from investing activities	(244)	(647)	10,608	(4,207)	3,028	(125)

12. FINANCIAL INFORMATION (cont'd)

	Audited					
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000	FPE 2026 RM'000
Cash flows from financing activities						
Dividends paid	(2,587)	(2,105)	(8,068)	(1,000)	(11,374)	-
Drawdown of term loans	1,078	-	-	1,053	-	-
Interest paid	(620)	(1,099)	(767)	(644)	(508)	(184)
Net increase/(decrease) in short-term loans and borrowings	1,694	515	(2,202)	(1,250)	531	(672)
Payment of hire purchase payables	(462)	(324)	(496)	(1,082)	(814)	(118)
Repayment of lease liabilities	(104)	(106)	(119)	(124)	(122)	(47)
Repayment of term loans	(600)	(673)	(6,802)	(1,691)	(925)	(285)
Net cash (used in)/from financing activities	(1,601)	(3,792)	(18,454)	(4,738)	(13,212)	(1,306)
Currency translation differences	-	(10)	(3)	4	(7)	-
Net increase/(decrease) in cash and cash equivalents	1,624	2,598	256	(741)	1,402	1,689
Cash and cash equivalents at beginning of the financial year/period	5,582	7,206	9,804	10,060	9,319	10,721
Cash and cash equivalents at end of the financial year/period	7,206	9,804	10,060	9,319	10,721	12,410

12. FINANCIAL INFORMATION (cont'd)

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our combined financial information for the Financial Years/Period Under Review should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(i) Principal activities

Our Group is principally involved in the development and manufacturing of water-based industrial adhesives for applications like packaging, fabric lamination, and woodworking. We are also involved in the development and manufacturing of emulsion polymers which are commonly used in the manufacturing of industrial chemicals, coatings, textiles and fabrics as well as plastics. Commencing June 2025, we are also involved in the development and manufacturing of sealants for applications like renovation and building materials as well as woodworking.

Please refer to Section 7 for our Group's detailed business overview.

(ii) Revenue

Our Group's revenue for the Financial Years/Period Under Review was derived from development and manufacturing of water-based industrial adhesives, emulsion polymers and sealants.

Our revenue is recognised at a point in time when the goods are delivered and accepted by the customers.

(iii) Cost of sales

Our cost of sales comprises raw materials costs, direct labour costs and overheads:

(a) Raw materials costs

Our Group's key raw materials to produce industrial adhesive include emulsion polymers, water-based resins, additives, surfactants, and solvents. Emulsion polymers, primarily made from monomers and surfactants, are also produced in-house as a key input for our adhesive products. For sealants, our Group's raw materials comprise silicone, rubber, fillers and additives.

(b) Direct labour

Our direct labour comprises salaries, wages and allowances for production and warehouse workers.

(c) Overheads

Overheads mainly include depreciation of plant and machinery, drums and containers, packing materials, warehouse rental and water and electricity.

(iv) Other income

Other income mainly comprises gain on disposal of property, plant and equipment, interest income from cash and cash equivalents placed with licensed banks, rental income, compensation received from insurance company and net realised gain on foreign exchange.

12. FINANCIAL INFORMATION (cont'd)

(v) Administrative and general expenses

Administrative and general expenses are expenses not directly attributable to the generation of revenue. It mainly comprises costs incurred to maintain our operations such as staff related expenses, directors' remuneration, depreciation of property, plant and equipment, professional fees, rental of buildings and office equipment, road tax and insurance, upkeep expenses and utilities expenses.

(vi) Selling and distribution expenses

Selling and distribution expenses are costs related to the marketing and distribution of our products which mainly comprise staff related costs, transportation charges, travelling expenses, advertisement and promotional expenses, sales commissions, petrol and diesel.

(vii) Finance costs

Finance costs comprise interest expense on our loans and borrowings and lease liabilities.

(viii) Recent developments

Save for the Acquisition, there were no other significant events subsequent to our audited combined financial statements for the FPE 2026.

(ix) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Years/Period Under Review. In addition, our audited combined financial statements for the Financial Years/Period Under Review were not subject to any audit qualifications.

12.2.2 Significant factors affecting our revenue

Please refer to Section 9 for the details of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenue and profit include but not limited to the following:

(i) We are dependent on our product formulation team

We are involved in the entire process from formulation to manufacturing, to produce industrial adhesives in accordance with our customers' specific requirements and applications as well as emulsion polymers which are primarily manufactured in various gradings which differ in properties including bond strength, flexibility and environmental resistance according to the specific requirements and applications for each of our customer's industry. Notwithstanding that, upon request, we may also develop and manufacture emulsion polymers customised in accordance with our customers' specifications and requirements. Further, we are also involved in the manufacturing of sealants in various gradings which differ in properties including bond strength, flexibility and environmental resistance, in accordance with the general requirements for applications on different surfaces and we do not customise sealant formulations for our customers. Our capabilities in the formulation of industrial adhesives, emulsion polymers and sealants are backed by the expertise and knowledge of our in-house product formulation team which comprises 4 chemists and 1 lab assistant as at the LPD. Hence, we are dependent on our product formulation team to continue developing new formulations as well as to enhance existing products for our new and existing customers based on their needs, which is one of the key factors driving our business growth.

12. FINANCIAL INFORMATION *(cont'd)*

Please refer to Section 9.1.1 for further details.

(ii) Our business is exposed to interruptions or delays caused by unexpected events such as equipment failures, power outages, water disruptions, fire and environmental factors such as natural disasters as well as outbreak of diseases

We rely on a series of machinery and equipment to manufacture industrial adhesives, emulsion polymers and sealants at our Bukit Panchor HQ and Valdor Factory. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. In addition, as our manufacturing activities are dependent on continuous supply of electricity and water, any major disruptions such as power outages and water disruptions may result in interruptions in our operations.

Further, the occurrence of damage caused by fire as well as environmental factors such as natural disasters (e.g. floods, storms, or shocks arising from severe earthquakes from neighbouring countries) as well as outbreak of diseases (e.g. COVID-19 pandemic) may also lead to interruptions/suspension to the operations at our factories and/or damages to our machinery and equipment. Consequently, it may affect our ability to fulfil our customers' orders in a timely manner. Further, any material damage to our inventory, facilities, machinery and equipment may result in our Group incurring significant costs for repair, refurbishment and/or replacement that may adversely impact our financial performance.

Please refer to Section 9.1.2 for further details.

(iii) We are subject to supply chain disruptions from our foreign purchases which may result in the disruption of our operations

The occurrence of unexpected crises such as political unrest, natural disasters and disease outbreaks, amongst others, in countries of origin for our supplies, may temporarily disrupt the supply chain of our purchases. A substantial portion of our purchases of raw materials and chemical products are sourced from overseas suppliers. For the past 5 FYEs 2021 to 2025 and FPE 2026, purchases from overseas suppliers accounted for 45.67%, 48.24%, 52.71%, 59.69%, 42.05% and 68.8% of our total purchases respectively. Any disruption of supply from our suppliers may result in a shortage of raw materials and chemical products, which may affect our ability to timely fulfil customer orders and eventually affect our financial performance.

In the event that such a crisis occurs in the future, it could cause shipments of our raw materials and chemical products to be delayed or completely halted as there may be disruptions with the transportation network due to closure of seaports, airports and other transportation hubs. Without adequate raw materials and chemical products, our operations may be adversely affected due to the delays in receiving our purchases from our overseas suppliers.

Please refer to Section 9.1.3 for further details.

12. FINANCIAL INFORMATION (cont'd)

(iv) We are subject to foreign exchange fluctuation risks which may impact our profitability

We are exposed to fluctuations of the foreign currencies, especially USD, and any unfavourable fluctuations in USD may have an adverse impact on our financial performance and profitability. Any significant appreciation or depreciation of the RM against the USD may either positively or negatively affect our Group's financial performance. In circumstances where the USD significantly appreciates against the RM, we will record higher revenue and purchases in RM after conversion. Conversely, in circumstances where the USD significantly depreciates against the RM, we will record lower revenue and purchases in RM after conversion. The positive or negative effect on our Group's financial performance is subject to our position after netting off the amount of sales and purchases recorded in the respective financial years. In the event that we are unable to pass on the increase in cost to our customers in a timely manner, our financial performance may be adversely affected.

Please refer to Section 9.1.4 for further details.

(v) We are dependent on our Managing Director, Executive Directors and Key Senior Management for the continued success and growth of our business

Our Group's continued success and future growth are highly dependent on the leadership and contributions of our Managing Director, Executive Directors, and Key Senior Management. Their extensive experience and deep industry knowledge are instrumental in formulating and executing strategies that drive our business forward. The simultaneous or sudden loss of any of these key individuals may disrupt our operations and hinder our growth prospects, particularly if suitable replacements cannot be found promptly. Such disruptions could materially and adversely affect our operational performance and financial results.

Please refer to Section 9.1.5 for further details.

(vi) We are dependent on various licences, permits and approvals issued by relevant authorities to operate our business

We are dependent on various licences, permits and approvals issued by the relevant government authorities in Malaysia to conduct our business. Our licences, permits and approvals are generally subject to a variety of conditions which are either stipulated within the licences, permits and approvals themselves, or under the respective legislations and/or regulations governing the issuing authorities. Certain licences, permits and approvals need to be renewed or reassessed by the relevant authorities on a periodic basis. We must continue to comply with the restrictions and conditions imposed by the relevant authorities for us to maintain the validity of all licences, permits and approvals. Nevertheless, any unfavourable changes in the conditions and/or requirements stipulated within the licences, permits and approvals may affect our ability to renew and/or maintain the validity of our licences, permits and approvals.

Please refer to Section 9.1.6 for further details.

12. FINANCIAL INFORMATION (cont'd)

12.2.3 Review of our results of operations

(a) Revenue

Analysis of revenue by product segments

Product segments	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Industrial adhesives	46,024	83.15	53,685	91.19	51,342	95.40	53,826	95.54	48,713	92.89
Emulsion polymer	9,328	16.85	5,187	8.81	2,476	4.60	2,512	4.46	3,672	7.01
- Manufacturing	9,328	16.85	4,517	7.67	2,160	4.01	2,512	4.46	3,672	7.01
- Trading	-	-	670	1.14	316	0.59	-	-	-	-
Sealant	-	-	-	-	-	-	-	-	54	0.10
Total	55,352	100.00	58,872	100.00	53,818	100.00	56,338	100.00	52,439	100.00

Product segments	FPE 2025		FPE 2026	
	RM'000	%	RM'000	%
Industrial adhesives	20,180	93.12	22,651	93.04
Emulsion polymer	1,491	6.88	1,622	6.66
- Manufacturing	1,491	6.88	1,622	6.66
- Trading	-	-	-	-
Sealant	-	-	73	0.30
Total	21,671	100.00	24,346	100.00

12. FINANCIAL INFORMATION *(cont'd)*

Our revenue for the Financial Years/Period Under Review was mainly derived from industrial adhesives, which accounted for 83.15%, 91.19%, 95.40%, 95.54%, 92.89% and 93.04% of our total revenue respectively.

For clarification, our Group ceased the emulsion polymer trading activities since FYE 2024. The revenue from emulsion polymer segment is solely attributed to manufacturing activities.

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12. FINANCIAL INFORMATION (cont'd)**Analysis of revenue by industrial applications**

Industrial applications	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Industrial adhesives										
Paper and packaging	22,330	40.34	27,150	46.12	24,511	45.54	26,000	46.15	24,964	47.61
Woodworking	19,057	34.43	19,641	33.36	20,492	38.08	23,164	41.12	20,095	38.32
Fabric lamination	2,746	4.96	4,655	7.91	3,884	7.22	2,479	4.40	2,047	3.90
Renovation and building materials	1,891	3.42	2,239	3.80	2,455	4.56	2,183	3.87	1,607	3.06
	46,024	83.15	53,685	91.19	51,342	95.40	53,826	95.54	48,713	92.89
Emulsion polymer										
- Manufacturing										
Industrial adhesives	7,779	14.05	2,587	4.39	1,090	2.02	1,602	2.84	2,222	4.24
Glove coatings	748	1.35	1,087	1.85	355	0.66	164	0.29	416	0.79
Textile and fabrics	688	1.24	248	0.42	156	0.29	231	0.41	695	1.33
Paints and coatings	113	0.21	595	1.01	559	1.04	515	0.92	339	0.65
	9,328	16.85	4,517	7.67	2,160	4.01	2,512	4.46	3,672	7.01
- Trading	-	-	670	1.14	316	0.59	-	-	-	-
Sealant										
Renovation and building materials	-	-	-	-	-	-	-	-	48	0.09
Woodworking	-	-	-	-	-	-	-	-	6	0.01
	-	-	-	-	-	-	-	-	54	0.10
Total	55,352	100.00	58,872	100.00	53,818	100.00	56,338	100.00	52,439	100.00

12. FINANCIAL INFORMATION (cont'd)

Industrial applications	FPE 2025		FPE 2026	
	RM'000	%	RM'000	%
Industrial adhesives				
Paper and packaging	9,946	45.90	12,260	50.36
Woodworking	8,706	40.17	8,536	35.06
Fabric lamination	958	4.42	850	3.49
Renovation and building materials	570	2.63	1,005	4.13
	20,180	93.12	22,651	93.04
Emulsion polymer				
- Manufacturing				
Industrial adhesives	1,177	5.43	850	3.49
Glove coatings	15	0.07	402	1.65
Textile and fabrics	108	0.50	190	0.78
Paints and coatings	191	0.88	180	0.74
	1,491	6.88	1,622	6.66
Sealant				
Renovation and building materials	-	-	41	0.17
Woodworking	-	-	25	0.10
Paper and packaging	-	-	7	0.03
	-	-	73	0.30
Total	21,671	100.00	24,346	100.00

12. FINANCIAL INFORMATION (cont'd)
Analysis of revenue by geographical markets

Geographical area	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	45,178	81.62	51,965	88.27	49,414	91.82	51,740	91.84	47,680	90.93
Overseas										
Vietnam	3,100	5.60	2,070	3.52	2,602	4.84	2,776	4.93	2,811	5.36
Indonesia	1,472	2.66	1,857	3.15	738	1.37	735	1.30	573	1.09
Thailand	2,011	3.63	1,944	3.30	609	1.13	524	0.93	529	1.01
Others ⁽¹⁾	3,591	6.49	1,036	1.76	455	0.85	563	1.00	846	1.61
	10,174	18.38	6,907	11.73	4,404	8.18	4,598	8.16	4,759	9.07
Total	55,352	100.00	58,872	100.00	53,818	100.00	56,338	100.00	52,439	100.00
Geographical area	FPE 2025		FPE 2026							
	RM'000	%	RM'000	%						
Malaysia	20,123	92.86	22,470	92.29						
Overseas										
Vietnam	909	4.19	1,034	4.25						
Indonesia	289	1.33	565	2.32						
Thailand	223	1.03	167	0.69						
Others ⁽¹⁾	127	0.59	110	0.45						
	1,548	7.14	1,876	7.71						
Total	21,671	100.00	24,346	100.00						

Note:

(1) Comprise revenue from Dubai, China, Bangladesh and Singapore.

12. FINANCIAL INFORMATION (cont'd)**Comparison between FYE 2021 and FYE 2022**Revenue by industrial applications

Our Group's total revenue increased by RM3.52 million or 6.36% to RM58.87 million in FYE 2022 (FYE 2021: RM55.35 million). This was mainly due to the following:

- (i) revenue from industrial adhesives segment increased by RM7.67 million or 16.67% to RM53.69 million in FYE 2022 (FYE 2021: RM46.02 million), mainly driven by higher sales of industrial adhesives from paper and packaging, and fabric lamination. Despite that our overall volume sold for industrial adhesives decreased by 922 tonnes or 7.36% to 11,607 tonnes in FYE 2022 (FYE 2021: 12,529 tonnes), the revenue increase was primarily driven by an increase in the average selling price by RM0.96/kg to RM4.63/kg in FYE 2022 (FYE 2021: RM3.67/kg) to cater for an overall increase in cost of raw materials. The higher average selling prices of our industrial adhesives resulted in softer demand, thereby contributing to the lower sales volume;
- (ii) revenue from emulsion polymer decreased significantly by RM4.81 million or 51.55% to RM4.52 million in FYE 2022 (FYE 2021: RM9.33 million). This decrease was primarily due to a fire incident at our Valdor Factory in May 2022, which disrupted operations and temporarily halted production. In response, we temporarily allocated a portion of our operating lines in our Bukit Panchor HQ for the production of emulsion polymer. This was necessary as this measure represents the most cost-effective and expedient way to ensure the fulfilment of ongoing orders as well as to sustain the supply of emulsion polymers required for our industrial adhesives production. Our overall volume sold for emulsion polymer decreased by 895 tonnes or 51.59% to 840 tonnes in FYE 2022 (FYE 2021: 1,735 tonnes), with an average selling price of RM6.18/kg (FYE 2021: RM5.38/kg). The increase in average selling price was primarily driven by the overall increase in cost of raw materials; and
- (iii) trading of emulsion polymer recorded a revenue of RM0.67 million in an effort to fulfil orders received from our emulsion polymer customers, notwithstanding the fire incident at our Valdor Factory.

The average selling prices of industrial adhesives and emulsion polymers are determined based on raw material costs as well as verbal customer feedback on prevailing market prices obtained by our sales team during regular customer visits, and are generally stable. This information is then assessed against our Group's cost structure to evaluate pricing competitiveness. Based on this assessment, and after taking into consideration movements in raw material prices, our Group periodically reviews and adjusts our selling prices to remain competitive in the market while maintaining sustainable profit margins.

Notwithstanding the above, COVID-19 pandemic disrupted the international supply of raw materials. This disruption led to an increase in our average selling prices of industrial adhesives and emulsion polymers in FYE 2022 to RM4.63/kg and RM6.18/kg respectively.

12. FINANCIAL INFORMATION (cont'd)Revenue by geographical area

Revenue from Malaysia increased by RM6.79 million or 15.03% to RM51.97 million in FYE 2022 (FYE 2021: RM45.18 million), primarily attributed to an increase in the selling prices of our industrial adhesives to major local customers as detailed above. The volume sold to Malaysian customers decreased by 1,001 tonnes from 12,134 tonnes in FYE 2021 to 11,133 tonnes in FYE 2022.

Revenue from overseas decreased by RM3.26 million or 32.06% to RM6.91 million in FYE 2022 (FYE 2021: RM10.17 million) primarily due to lower emulsion polymer sales to overseas as a result of our affected operations due to the fire incident. The volume sold to overseas customers decreased by 817 tonnes from 2,131 tonnes in FYE 2021 to 1,314 tonnes in FYE 2022.

Comparison between FYE 2022 and FYE 2023Revenue by industrial applications

Our Group's total revenue decreased by RM5.05 million or 8.58% to RM53.82 million in FYE 2023 (FYE 2022: RM58.87 million). This was mainly due to the following:

- (i) revenue from industrial adhesives segment declined by RM2.35 million or 4.38% to RM51.34 million in FYE 2023 (FYE 2022: RM53.69 million), primarily due to a decline in sales volume for paper and packaging industry as a result of the softening of markets of the paper and packaging industry. The paper and packaging industry serves a wide range of sectors, including food and beverage, furniture, consumer goods and logistics companies. We noted that the softer market conditions were consistent with the slower manufacturing and export activities experienced during the year. However, the decrease was partially offset by the increase in sales volume for woodworking. Our overall volume sold for industrial adhesives increased marginally by 58 tonnes or 0.50% to 11,665 tonnes in FYE 2023 (FYE 2022: 11,607 tonnes), with an average selling price of RM4.40/kg (FYE 2022: RM4.63/kg);
- (ii) revenue from emulsion polymer segment continued to decline, decreasing by RM2.36 million or 52.21% to RM2.16 million in FYE 2023 (FYE 2022: RM4.52 million), reflecting the shutdown of the Valdor Factory for the full FYE 2023 and the temporary minimal production of emulsion polymer at our Bukit Panchor HQ. During this transition, the number of production lines was reduced from 3 at the Valdor Factory to 2. One of the lines was converted using existing machinery at the Bukit Panchor HQ, while the other line was relocated from the Valdor Factory to the Bukit Panchor HQ. Consequently, production output remained constrained in FYE 2023, which adversely affected our sales performance in this segment. Our overall volume sold for emulsion polymer decreased by 295 tonnes or 35.12% to 545 tonnes in FYE 2023 (FYE 2022: 840 tonnes), with an average selling price of RM4.54/kg (FYE 2022: RM6.18/kg); and
- (iii) for FYE 2023, we had continued some trading of emulsion polymer to maintain our emulsion polymer customers.

Following the unprecedented COVID-19 disruption on the international supply of raw materials in FYE 2022, raw material prices declined as international supply conditions began to normalise. Our Group's selling prices are generally linked to prevailing industry pricing trends and raw material costs, and thus our average selling prices for industrial adhesives and emulsion polymer has decreased in FYE 2023 as compared to FYE 2022.

12. FINANCIAL INFORMATION (cont'd)Revenue by geographical area

Revenue from Malaysia decreased by RM2.56 million or 4.93% to RM49.41 million in FYE 2023 (FYE 2022: RM51.97 million), in line with the overall reduction in revenue as discussed above. The volume sold to Malaysian customers decreased by 98 tonnes from 11,133 tonnes in FYE 2022 to 11,035 tonnes in FYE 2023.

Revenue from overseas decreased by RM2.51 million or 36.32% to RM4.40 million in FYE 2023 (FYE 2022: RM6.91 million), due to lower sales particularly to Indonesia and Thailand. The decline was mainly driven by the lingering effects of the prior year's production disruptions from our Valdor factory fire incident, which continued to impact our production volume of emulsion polymer for both local and export sales. However, this was partially offset by improved sales of industrial adhesives to a Vietnam V-Bond Company Limited. The volume sold to overseas customers decreased by 139 tonnes from 1,314 tonnes in FYE 2022 to 1,175 tonnes in FYE 2023.

Comparison between FYE 2023 and FYE 2024Revenue by industrial applications

Our Group's total revenue increased by RM2.52 million or 4.68% to RM56.34 million in FYE 2024 (FYE 2023: RM53.82 million). This was mainly due to the following:

- (i) revenue from industrial adhesives grew by RM2.49 million or 4.85% to RM53.83 million in FYE 2024 (FYE 2023: RM51.34 million), mainly due to increase in sales for paper and packaging industry of RM1.49 million as well as woodworking industry of RM2.67 million. The sales volume to the paper and packaging industry and woodworking industry rose by 932 tonnes and 883 tonnes respectively. This increase was partially offset by a decrease in sales from the fabric lamination and renovation and building material industries by RM1.41 million and RM0.27 million respectively. Our overall volume sold for industrial adhesives increased by 1,607 tonnes or 13.78% to 13,272 tonnes in FYE 2024 (FYE 2023: 11,665 tonnes), with an average selling price of RM4.06/kg (FYE 2023: RM4.40/kg); and
- (ii) revenue from emulsion polymer segment improved by RM0.35 million or 16.20% to RM2.51 million in FYE 2024 (FYE 2023: RM2.16 million), mainly due to higher overall volume sold by 58 tonnes or 10.64% to 603 tonnes in FYE 2024 (FYE 2023: 545 tonnes), with an average selling price of RM4.16/kg (FYE 2023: RM4.54/kg).

Notwithstanding the overall decline in raw material prices, our Group maintained the average selling prices for our industrial adhesives and emulsion polymer in FYE 2024 at levels comparable to FYE 2023, with only a marginal decrease. Our Group's ability to maintain selling prices, particularly for industrial adhesives, is underpinned by our competitive strength of strong technical expertise and extensive product knowledge, which enable us to manufacture customised industrial adhesive.

12. FINANCIAL INFORMATION (cont'd)Revenue by geographical areas

Revenue from Malaysia increased by RM2.33 million or 4.72% to RM51.74 million in FYE 2024 (FYE 2023: RM49.41 million), in tandem with the overall increase in revenue. The volume sold to Malaysian customers increased by 1,418 tonnes from 11,035 tonnes in FYE 2023 to 12,453 tonnes in FYE 2024.

Revenue from overseas increased marginally by RM0.20 million or 4.55% to RM4.60 million in FYE 2024 (FYE 2023: RM4.40 million), driven mainly by higher sales volume from Vietnam V-Bond Company Limited, which rose by approximately 193 tonnes albeit lower sales from Indonesia and Thailand. The volume sold to overseas customers increased by 248 tonnes from 1,175 tonnes in FYE 2023 to 1,423 tonnes in FYE 2024.

Comparison between FYE 2024 and FYE 2025Revenue by industrial applications

Our Group's total revenue decreased by RM3.90 million or 6.92% to RM52.44 million in FYE 2025 (FYE 2024: RM56.34 million). The decline was mainly due to the following:

- (i) revenue from industrial adhesives segment decreased by RM5.11 million or 9.50% to RM48.71 million in FYE 2025 (FYE 2024: RM53.83 million), mainly due to decrease in sales for paper and packaging industry by RM1.04 million and woodworking industry by RM3.07 million. Our overall volume sold for industrial adhesives decreased by 323 tonnes or 2.43% to 12,949 tonnes in FYE 2025 (FYE 2024: 13,272 tonnes), with an average selling price of RM3.76/kg (FYE 2024: RM4.06/kg); and
- (ii) revenue from the emulsion polymer segment increased by RM1.16 million or 46.22% to RM3.67 million in FYE 2025 (FYE 2024: RM2.51 million). The improvement was mainly driven by higher demand from the industrial adhesives and textile-related applications within this segment. The overall sales volume of emulsion polymer increased by 332 tonnes or 55.06% to 935 tonnes in FYE 2025 (FYE 2024: 603 tonnes) with an average selling price of RM3.93/kg (FYE 2024: RM4.16/kg).
- (iii) We began to develop and manufacture sealants for sales in June 2025. Accordingly, we did not record any sales of sealants in FYE 2024. In FYE 2025, the sales of sealants contributed 0.10% to our revenue.

In FYE 2025, our Group lowered the selling prices for our industrial adhesives and emulsion polymer to reflect the continued decline in raw material costs, and in response to our customers' feedback on prevailing market prices obtained by our sales team during regular customer visits. This information is then assessed against our Group's cost structure to evaluate pricing competitiveness. As explained above, such feedback is assessed against our Group's cost structure and movements in raw material prices in determining appropriate pricing adjustments.

12. FINANCIAL INFORMATION (cont'd)Revenue by geographical areas

Revenue from Malaysia decreased by RM4.06 million or 7.85% to RM47.68 million in FYE 2025 (FYE 2024: RM51.74 million), primarily due to lower revenue from industrial adhesive to major local customers, in line with the lower selling price as discussed above. The volume sold to Malaysian customers decreased by 183 tonnes from 12,453 tonnes in FYE 2024 to 12,270 tonnes in FYE 2025.

Revenue from overseas markets increased by RM0.16 million or 3.50% to RM4.76 million in FYE 2025 (FYE 2024: RM4.60 million). The increase was primarily driven by higher sales to Vietnam and Bangladesh by RM0.04 million and RM0.49 million respectively. However, this was partially offset by lower sales to Indonesia which was attributable to lower average selling price. Overall, export sales volume increased by 196 tonnes, or 13.77%, from 1,423 tonnes in FYE 2024 to 1,619 tonnes in FYE 2025. Despite lower average selling prices in certain export markets, the increase in sales volume was sufficient to offset the impact of lower selling prices, resulting in higher overseas revenue in FYE 2025.

Comparison between FPE 2025 and FPE 2026Revenue by industrial applications

Our Group's total revenue increased by RM2.68 million or 12.37% to RM24.35 million in FPE 2026 (FPE 2025: RM21.67 million). This was mainly due to the following:

- (i) revenue from industrial adhesives segment increased by RM2.47 million or 12.24% to RM22.65 million in FPE 2026 (FPE 2025: RM20.18 million), mainly due to increase in sales for paper and packaging industry of RM2.31 million and renovation and building material industry of RM0.44 million. The increase was partially offset by a decrease in sales of woodworking and fabric lamination industries by RM0.17 and RM0.11 million respectively. Our overall volume sold for industrial adhesives increased by 581 tonnes or 11.06% to 5,836 tonnes in FPE 2026 (FPE 2025: 5,255 tonnes), with an average selling price of RM3.88/kg (FPE 2025: RM3.84/kg);
- (ii) revenue from emulsion polymer segment improved by RM0.13 million or 8.72%, to RM1.62 million in FPE 2026 (FPE 2025: RM1.49 million), mainly due to higher sales to the glove coating as well as textile and fabrics industries of RM0.40 million and RM0.08 million respectively. The increase was partially offset by the decrease in sales to industrial adhesives industry by RM0.33 million. The overall sales volume increase by 10 tonnes or 2.73% to 376 tonnes in FPE 2026 (FPE 2025: 366 tonnes), with an average selling price of RM4.31/kg (FPE 2025: RM4.07/kg); and
- (iii) our Group commenced manufacturing and sales of sealants in June 2025, hence there is with no corresponding revenue in FPE 2025. The revenue from sealant segment contributed RM0.07 million, representing 0.30% of our revenue in FPE 2026. This segment recorded a sales volume of 6 tonnes with a relatively higher average selling price of RM12.36/kg in FPE 2026, reflecting the specialised nature of the product.

In FPE 2026, our Group's revenue growth in FPE 2026 was primarily driven by the increase in volume of industrial adhesive supplemented by steady improvement in both volume and pricing in the emulsion polymer segment. In addition, our Group's revenue growth was also driven by the introduction of the sealant segment, which contributed an additional revenue stream.

12. FINANCIAL INFORMATION *(cont'd)*

Revenue by geographical areas

Revenue from Malaysia increased by RM2.35 million or 11.68% to RM22.47 million (FPE 2025: RM20.12 million), and as such Malaysia remains as the largest contributor at 92.29%. The increase was mainly due to higher sales volume from Malaysian customers which increased by 507 tonnes from 5,091 tonnes in FPE 2025 to 5,598 tonnes in FPE 2026, as well as a slight increase in average selling price from RM3.95/kg to RM4.01/kg.

Revenue from overseas increased by RM0.33 million or 21.29% to RM1.88 million in FPE 2026 (FPE 2025: RM1.55 million), due to higher sales particularly to Indonesia and Vietnam, which increased by RM0.28 million and RM0.12 million respectively. The increase was mainly driven by the higher sales volume from overseas customers which increased by 121 tonnes from 490 tonnes in FPE 2025 to 611 tonnes in FPE 2026.

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12. FINANCIAL INFORMATION (cont'd)**(b) Cost of sales, GP and GP margin****Analysis of cost of sales by industrial applications**

	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025		FPE 2025		FPE 2026	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Industrial adhesives	33,124	83.38	40,813	92.16	34,470	94.10	33,027	95.06	28,129	89.75	20,180	93.12	22,651	93.04
Emulsion polymer														
- Manufacturing	6,604	16.62	2,845	6.43	1,658	4.53	1,715	4.94	3,001	9.57	1,491	6.88	1,622	6.66
- Trading	-	-	626	1.41	503	1.37	-	-	-	-	-	-	-	-
Sealants	-	-	-	-	-	-	-	-	212	0.68	-	-	73	0.30
Total	39,728	100.00	44,284	100.00	36,631	100.00	34,742	100.00	31,342	100.00	21,671	100.00	24,346	100.00

	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Industrial adhesives										
Raw materials ⁽¹⁾	28,539	71.84	35,276	79.66	27,981	76.39	26,074	75.05	21,540	68.73
Direct labour	1,587	4.00	1,981	4.47	2,129	5.81	2,763	7.95	2,730	8.71
Overheads										
- Drums and containers	1,403	3.53	1,543	3.48	2,190	5.98	1,553	4.47	1,571	5.01
- Packaging materials	374	0.94	413	0.93	379	1.03	576	1.66	543	1.73
- Repair and maintenance	140	0.35	230	0.52	247	0.67	147	0.42	112	0.36
- Depreciation of property, plant and equipment	191	0.48	210	0.48	242	0.66	480	1.38	606	1.93
- Others ⁽⁴⁾	890	2.24	1,160	2.62	1,302	3.56	1,434	4.13	1,027	3.28
	33,124	83.38	40,813	92.16	34,470	94.10	33,027	95.06	28,129	89.75

12. FINANCIAL INFORMATION (cont'd)

	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Emulsion polymer										
Manufacturing										
Raw materials ⁽²⁾	5,335	13.43	2,132	4.82	1,349	3.68	534	1.53	1,910	6.09
Direct labour	243	0.61	278	0.63	193	0.53	187	0.54	180	0.58
Overheads										
- Drums and containers	570	1.43	198	0.45	68	0.19	518	1.49	365	1.16
- Packaging materials	33	0.08	21	0.05	13	0.03	59	0.17	28	0.09
- Repair and maintenance	66	0.17	11	0.02	-	0.00	106	0.31	39	0.12
- Depreciation of property, plant and equipment	8	0.02	8	0.02	6	0.02	54	0.16	243	0.78
- Others ⁽⁴⁾	349	0.88	197	0.44	29	0.08	257	0.74	236	0.75
	6,604	16.62	2,845	6.43	1,658	4.53	1,715	4.94	3,001	9.57
Trading	-	-	626	1.41	503	1.37	-	-	-	-
Sealants										
Raw materials ⁽³⁾	-	-	-	-	-	-	-	-	26	0.08
Direct labour	-	-	-	-	-	-	-	-	42	0.13
Overheads	-	-	-	-	-	-	-	-		
- Packaging materials	-	-	-	-	-	-	-	-	73	0.24
- Repair and maintenance	-	-	-	-	-	-	-	-	10	0.03
- Depreciation of property, plant and equipment	-	-	-	-	-	-	-	-	43	0.14
- Others ⁽⁴⁾	-	-	-	-	-	-	-	-	18	0.06
	-	-	-	-	-	-	-	-	212	0.68
Total	39,728	100.00	44,284	100.00	36,631	100.00	34,742	100.00	31,342	100.00

12. FINANCIAL INFORMATION (cont'd)

	FPE 2025		FPE 2026	
	RM'000	%	RM'000	%
Industrial adhesives				
Raw materials ⁽¹⁾	8,566	68.62	8,665	65.08
Direct labour	1,132	9.07	1,120	8.41
Overheads				
- Drums and containers	624	5.00	1,196	8.98
- Packaging materials	169	1.35	225	1.69
- Repair and maintenance	37	0.30	67	0.50
- Depreciation of property, plant and equipment	304	2.43	255	1.92
- Others ⁽⁴⁾	419	3.36	479	3.60
	11,251	90.13	12,007	90.18
Emulsion polymer				
Manufacturing				
Raw materials ⁽²⁾	699	5.60	565	4.24
Direct labour	73	0.58	52	0.39
Overheads				
- Drums and containers	172	1.38	290	2.18
- Packaging materials	-	-	17	0.13
- Repair and maintenance	-	-	21	0.16
- Depreciation of property, plant and equipment	101	0.81	150	1.13
- Others ⁽⁴⁾	187	1.50	125	0.94
	1,232	9.87	1,220	9.17
Trading	-	-	-	-
Sealant				
Raw materials ⁽³⁾	-	-	36	0.27
Direct labour	-	-	29	0.21
Overheads	-	-	-	-
- Packaging materials	-	-	-	-
- Repair and maintenance	-	-	2	0.02
- Depreciation of property, plant and equipment	-	-	18	0.13
- Others ⁽⁴⁾	-	-	2	0.02
	-	-	87	0.65
Total	12,483	100.00	13,314	100.00

12. FINANCIAL INFORMATION *(cont'd)*

Notes:

- (1) Comprising emulsion polymers, water-based synthetic resins, additives, surfactants and solvents.
- (2) Comprising water-based synthetic resins, monomers, additives and surfactants.
- (3) Comprising silicone, rubber, fillers and additives.
- (4) Comprising mainly of water and electricity charges, insurance expenses, tools and implements expenses.

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