Our strategic partnership boosted the Nippon Paint brand to a dominant position in Asia

Nippon Paint Holdings and the Wuthelam Group have steadily deepened and broadened our partnership since we established the Asian Joint Ventures (NIPSEA business) in 1962. This strategic partnership elevated Nippon Paint to a dominant brand in Asia and was further substantiated in January 2021 with NPHD’s acquisition of 100% ownership of the Asian JV. This page traces the history of our Japan-Singapore partnership for 60 years. The Wuthelam Group is now an asset management company engaged in investment activities.

Maximization of Shareholder Value (MSV)

- Boost to Nippon Paint brand power
- Boost to market presence (share gains)
- Boost to returns (sales and profits)

The structure of the Japan-Singapore partnership in the 1960s

1962
- Nippon Paint Holdings
- Wuthelam

Expansion of Asian operations

- NIPSEA Business
- Asian Market

Technology provision/production support

Localisation and market development support

WIN-WIN

Japan-Singapore partnership aimed at the growth potential of the Asian paint market

The beginning of our partnership

Our partnership with the Wuthelam Group dates to 1962, when we jointly established Pan Malaysia Paint Indusies (the current Nippon Paint (Singapore), Nippon Paint and the Wuthelam Group agreed to broaden their business exchange relationship to encompass technical cooperation and capital investment, and decided to construct a new factory. The background for the expanded partnership was as follows:

- Southeast Asian nations including Singapore were in a construction boom and the potential to grow into a major market. (Exporting paint from Japan to Southeast Asia was costly and delivery times were slow, requiring Nippon Paint to become more competitive to succeed in this market. and (3) The Singapore government announced plans to impose high tariffs on import paint products in 1961. This was the start of the current NIPSEA (Nippon Paint South East Asia) business.

In the in-house magazine, Chiki Obata, who was Nippon Paint Senior Managing Director at the time expressed expectations for the new factory, “Pan Malaysia Paint will strengthen Japan’s foothold in the faraway market in Singapore, right on the equator. This area has a potential to grow into a major market, which is a great delight for our Company as well as for Japan’s paint industry.” Commenting on the impression of the Wuthelam Group, he praised them saying, “The people are hardworking, thoroughly inquire into things, and perform their duties with a sense of responsibility. If we form simplistic assumptions about these people, we will fall behind them.” He also left prophetic comments for Nippon Paint employees, “Our playing field is not limited to the narrow market in Japan. We should be competing in the greater global marketplace. That should be our real objective.”

The new factory started operations as the first modern global marketplace. That should be our real objective.”

We should be competing in the greater global marketplace. That should be our real objective.”
**Partnership with the Wuthelam Group, Our Major Shareholder**

The Wuthelam Group agreed to broaden their business exchange with us when we jointly established Pan Malaysia Paint Industry (the “new factory”) in Singapore with a site area of 8,000m² and started operations as the first modern paint factory in Asia. The new factory started operations in April 1965 with a production capacity of 300 tons per month. The factory’s completion ceremony on April 15, 1965 was attended by some 600 people, including senior government officials from both Japan and Singapore, management and employees of Nippon Paint and the Wuthelam Group, and customers. The event was widely reported in local newspapers with comments including “the new factory will significantly contribute to the economic development and friendship of the two countries,” and “all Southeast Asian nations have an interest in its success.”

**Leveraging mutual strengths to methodically expand across Asia**

Nippon Paint first entered the broader Asian market in 1933, and the partnership with the Wuthelam Group enabled us to leverage the strengths of both companies to further that expansion. Nippon Paint has promoted the sales growth of the Nippon Paint brand products by dispatching Japanese paint engineers to local production sites to provide paint technologies and production know-how, and Wuthelam uses its expertise and network in the Asian market to manage local operations, sales, and marketing. The partnership has also led to expanding operations into Thailand, Malaysia, the Philippines, South Korea, and other countries through the 1970s. In the 1980s, business grew beyond the decorative paints business with the growing Asian operations of Japanese automobile and home electronics manufacturers into the automotive coatings and industrial coatings markets. In 1992, we expanded into the huge mainland China market and also established operations in Vietnam, India, Sri Lanka, Turkey, and Egypt. We have achieved high growth by actively meeting the brisk paint demand in the rapidly growing Asian market. The Japan-Singapore partnership between Nippon Paint and the Wuthelam Group has evolved over the six decades of the NIPSEA business. Nippon Paint Holdings made the NIPSEA business a consolidated subsidiary in 2014 and a wholly-owned subsidiary in January 2021, thereby bringing the partnership to full maturity. We plan to further accelerate the development of globally integrated operations.

**Achieving dominant market position in the Asian market and MSV**

The NIPSEA business has generated continuous high growth, by establishing a dominant market position based on the powerful LiBang brand and extensive distribution channels to capture the particularly strong market growth in China, where we estimate CAGR for 2019-2024 will be a brisk 5.3% (See “The Global Paint Market” on page 35). We will continue solidifying our dominant position in the Asian market using the unique management resources of our 60-year partnership with the Wuthelam Group as we seek to achieve Maximization of Shareholder Value (MSV).