

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we have only 1 class of shares in our Company, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (b) Save for the new Shares to be issued under the Pink Form Allocations as disclosed in Section 4.3.1 of this Prospectus,
 - (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any shares of our Company or our subsidiaries; and
 - (ii) there is no scheme involving the directors and employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued for the Acquisitions as disclosed in Section 6.1.2 of this Prospectus and to be issued pursuant to the Public Issue as disclosed in Section 4.3.1 of this Prospectus, respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 3 years immediately preceding the LPD.
- (d) Save for our IPO as disclosed in Section 4.3.1 of this Prospectus, there is no intention on the part of our Directors to further issue any Shares.
- (e) As at the date of this Prospectus, we do not have any outstanding warrants, options, convertible debt securities or uncalled capital.

15.2 CONSTITUTION

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here, or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the Listing Requirements, the Act and the Depository Rules.

(a) Remuneration, voting and borrowing power of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

Remuneration of Directors

Clause 103 – Remuneration

The fees and any benefits payable to the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-

- 103.1 fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- 103.2 salaries payable to executive Directors may not include a commission on or percentage of turnover;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- 103.3 fees of directors, any benefits payable to directors shall be subject to shareholders' approval at general meeting; and
- 103.4 any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 104 – Reimbursement and special remuneration

- 104.1 The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in connection with or about the business of the Company in the course of the performance of their duties as Directors.
- 104.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged subject to any other provisions of our Constitution.

Directors voting powers

Clause 123 – Declaration of interest and restriction of voting

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or arrangement with the Company, shall declare the nature of his interest in accordance with the provisions of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, a personal interest and if he should do so, his vote should not be counted, but this prohibition shall not apply to:

- (a) any arrangement for giving any Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of a security.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 127 – Director's interest in corporation promoted by the Company

A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interest in such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

Directors' borrowing powers

Clause 108 – Directors' borrowing powers

- 108.1 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party PROVIDED ALWAYS that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.
- 108.2 The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise.
- 108.3 If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

(b) Changes to Share Capital

The provisions in our Constitution dealing with changes to share capital and variation of class rights are as follows:

Variation of rights

Clause 18 – Alteration of class rights

Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may be subject to the provisions of this Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares capital of the class or group, or with the sanction of any special resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or represented by proxy (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively. To every such special resolution, the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply.

Alteration of Capital

Clause 54 – Alteration of capital

Subject to the provision of the Act and Listing Requirements, the Company may by ordinary resolution:

- (i) consolidate and divide all or any of its share capital the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (ii) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or
- (iii) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

The Company may, subject to the provision of the Act, by special resolution reduce its share capital.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

(c) Transfer of shares

The provision in our Constitution dealing with transfer of securities is as follows:

Transfer of Securities

Clause 42 – Transfer of securities

The transfer of any listed Security or class of listed Security in the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 or 110 of the Act, subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed Security.

(d) Rights, preferences, and restrictions attached to each class of securities relating to voting, dividend, liquidation, and any special rights

The provisions in our Constitution dealing with rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation, and any special rights are as follows:

Clause 81

(i) Members' vote

Subject to Clause 60 in the Constitution and any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members, each Member shall be entitled to be present and to vote at any general meeting of the Company either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.

(ii) Number of votes

Subject to any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with the Constitution, on a show of hands a holder of ordinary shares or preference shares who presents as a Member or a Member's representative or proxy or attorney and entitled to vote shall be entitled to one (1) vote on any question at any general meeting and in the case of a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every share held by him. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses on a poll in the same way.

Clause 152 – Dividends

The Directors may if they think fit from time to time pay to the Members such dividends as appear to the Directors to be justified by the profits of the Company. If at any time the share capital of the Company is divided into different classes, the Directors may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Directors act bona fide they shall not incur any responsibility to the holder of shares conferring any preferential rights for any damage that they may suffer by reason of the payment of a dividend on any shares having deferred or non-preferential rights. The Directors may also pay half-yearly or at other suitable intervals to be determined by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits justify the payment.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account/ CDS Account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers, and privileges and be subject to all liabilities, duties, and obligations in respect of, or arising from, such Shares.

15.4 GENERAL INFORMATION

- (a) Save for the Directors' remuneration as disclosed in Section 5.2.4 of this Prospectus, dividends paid to our Promoters as disclosed in Section 12.14 of this Prospectus, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 16 of this Prospectus.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.5 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

- (a) sale and purchase agreement between Smart Paint Manufacturing (as purchaser) and Perbadanan Kemajuan Negeri Perak ("PKNP") (as vendor) dated 9 July 2020 in relation to the purchase of Perak Land 2, Perak Land 3 and Perak Land 4 for a purchase consideration of RM1,815,811.67. The sale and purchase of the aforementioned industrial lands were completed in February 2021;
- (b) sale and purchase agreement dated 10 March 2022 between Smart Paint Manufacturing (as purchaser) and Sheng Sin Equipment Sdn Bhd (as vendor) in respect of the purchase of Johor Factory 3 for a purchase consideration of RM7,200,000.00. The sale and purchase of the aforementioned property was completed in July 2022;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (c) letter of award dated 22 June 2022 between Smart Paint Manufacturing and Maneto Engineering Sdn Bhd ("**Maneto Engineering**") for the construction and completion of Perak Plant for a consideration of RM28,200,000.00. As at the LPD, the Perak Plant is pending completion and is estimated to be completed by fourth quarter of 2023;
- (d) YGL E-Corporate Suite proposal dated and accepted on 25 June 2021 in relation to the engagement of YGL Intelligent Technology Sdn Bhd by Smart Paint Manufacturing for the implementation of the Industry 4.0 System which includes the implementation of software, maintenance services and the training of the key users and department heads for our Group. The cost for the implementation of the system amounts to RM448,000.00 and an annual software and maintenance support service of RM68,090.00 per annum. The implementation of the Industry 4.0 System is pending completion and is estimated to be completed by the first quarter of 2024;
- (e) letter of award dated 22 December 2022 between Paints Depot and Smart Paint Manufacturing for Painting Works for the Perak Plant for a consideration of RM1,511,479.60 ("**Painting Works Consideration**"). As at the LPD, the Painting Works is pending completion and is estimated to be completed by November 2023;
- (f) settlement agreement between dated 28 December 2022 between Smart Paint Manufacturing and Paints Depot in respect of the set off of an outstanding debt owed by Paints Depot, amounting to RM1,654,744.71, to Smart Paint Manufacturing ("**Debt**") by way of Painting Works for the Perak Plant. The outstanding debt arose from unpaid invoices for products sold by Smart Paint Manufacturing to Paints Depot. The remaining outstanding balance of the Debt amounting to RM143,265.11 (after setting off the Painting Works Consideration against the Debt) is to be paid by Paints Depot to Smart Paint Manufacturing. The outstanding balance of RM143,265.11 was paid on 29 December 2022. As at the LPD, the Painting Works is pending completion and is estimated to be completed by November 2023;
- (g) supplemental agreement dated 17 May 2023 ("**Supplemental Agreement**") between Smart Paint Manufacturing (as purchaser) and PKNP (as vendor) (supplemental to the sale and purchase agreement dated 13 August 2018 between the same parties in relation to the purchase of Perak Land ("**Principal SPA**"). The Principal SPA states that PKNP will be liable at its own cost to provide the main infrastructure to the Perak Land. The Supplemental Agreement revises the aforementioned provision, and the parties agree that Smart Paint Manufacturing will take over and assume PKNP's obligations to provide main infrastructure to the Perak Land. In return, PKNP will make a payment of RM1,275,960.00 to Smart Paint Manufacturing within 6 months of the Supplemental Agreement ("**Infrastructure Payment**"). As at the LPD, the Infrastructure Payment is still pending and is estimated to be settled by November 2023;
- (h) construction contract dated 1 June 2023 between Smart Paint Manufacturing and Maneto Engineering to carry out of the road and drainage works for the Perak Land for a consideration of RM1,160,000.00. As at the LPD, the aforementioned road and drainage works is pending completion and is estimated to be completed by September 2023;
- (i) conditional share sale agreement dated 19 June 2023 between our Company and Goh Chye Hin, Kee Hui Lang, Chu Teck, Goh Chye Leng and Lim Kok Beng to acquire 100% equity interest in Smart Paint (Selangor) for a total purchase consideration of RM3,771,645.00 to be satisfied by way of an issuance of a total of 18,858,225 Shares of our Company, which was completed on [•];

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (j) conditional share sale agreement dated 19 June 2023 between our Company and Goh Chye Hin, Kee Hui Lang and Wong Kui Ming to acquire 100% equity interest in Smart Paints (Sabah) for a purchase consideration of RM598,437.00 to be satisfied by way of an issuance of 2,992,185 Shares of our Company, which was completed on [•]; and
- (k) the Underwriting Agreement dated [•] between our Company and Mercury Securities as Underwriter for the underwriting of 30,592,600 IPO Shares for an Underwriting commission of up to [•]% of IPO Price multiplied by the number of IPO Shares underwritten.

15.6 EXCHANGE CONTROLS

All corporations in Malaysia are required to adopt a single-tier system. As such, all dividends distributed by Malaysian corporations under this system are not taxable. Further, the Malaysian Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian corporations. There is no Malaysian capital gains tax arising from the disposal of listed shares. However, in the event the capital gain arising from the disposal of listed shares is revenue in nature, such gain can be subject to income tax.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company. As such, there are no law, decree, regulation or other requirement which may affect the repatriation of capital and remittance of profits by or to our Group.

15.7 CONSENTS

- (a) The respective written consents of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Company Secretary, Share Registrar, and Issuing House for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear have been given before the issue of this Prospectus, and such consents have not subsequently been withdrawn;
- (b) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, Accountants' Report and Reporting Accountants' Report on the compilation of Pro Forma Combined Statements of Financial Position as at 31 December 2022 and all references thereto, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and such consent has not subsequently been withdrawn; and
- (c) The written consent of the IMR for the inclusion in this Prospectus of its name and the IMR Report and all references thereto, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.8 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) our Constitution;
- (b) the audited financial statements of our Group for the Financial Years Under Review;
- (c) the Accountants' Report as set out in Section 13 of this Prospectus;
- (d) the Reporting Accountants' Report on the compilation of Pro Forma Combined Statements of Financial Position as at 31 December 2022 as set out in Section 14 of this Prospectus;
- (e) the IMR Report as set out in Section 8 of this Prospectus;
- (f) the material contracts as set out in Section 15.5 of this Prospectus; and
- (g) the letters of consent as set out in Section 15.7 of this Prospectus.

15.9 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Mercury Securities being our Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to our IPO, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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