

## 15. ADDITIONAL INFORMATION

### 15.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, we have only one class of shares, namely ordinary shares, all of which rank equally with one another.
- (ii) No securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.
- (iii) As at the date of this Prospectus, save as disclosed in Sections 4.2, 6.1.1 and 6.1.2 of this Prospectus, there are no shares, outstanding warrants, options, convertible securities or uncalled capital in our Group which have been or are proposed to be issued during the FYE Under Review, and from 1 July 2023 up to the date of this Prospectus.
- (iv) Save for the Issue Shares reserved for Eligible Persons as disclosed in Section 4.1.1 (ii) of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company.
- (v) Our Company does not have any capital that is under option, and has not agreed conditionally or unconditionally to put any capital of our Company under option as at the date of this Prospectus.
- (vi) Save as disclosed in this Prospectus and save as provided under our Constitution and the Act, there are no other restrictions on the holding or voting or transfer of our Shares.

### 15.2 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of our Constitution and by applicable law.

The words, terms and expressions appearing in the following provision shall bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

#### (i) Transfer of securities

The provisions in our Constitution in respect of arrangements for transfer of the securities and restrictions on their free transferability are as follows:

##### Clause 31. Transfer of Deposited Securities

- 31.1 Subject to the restriction imposed by this Constitution, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of 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, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.
- 31.2 The Depository may, in its absolute discretion, refuse to register any transfer Deposited Security where the reason for transfer does not fall within any approved reasons provided for in the Rules or does not comply with the Rules.
- 31.3 Subject to provisions of the Act, the Listing Requirements and the Rules, there shall be no restriction on the transfer of fully paid securities except where required by law or transfer is in respect of the partly paid Shares in respect of which a call has been made and is unpaid.

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### Clause 32. Transfer of Shares (Non-Deposited Securities)

- 32.1 Subject to the provisions of the Act and this Constitution, any Member may transfer all or any of his Shares (which is not Deposited Securities) by a duly executed and stamped instrument in writing. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the Shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.
- 32.2 The instrument of transfer must be left for registration at the Office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as a shareholder and retain the instrument of transfer.
- 32.3 Subject to the Act, the Directors may in their discretion through passing of a resolution to decline or delay registering any transfer of Shares (which is non-Deposited Security) to a person of whom they do not approve, whether or not being fully paid Shares or Shares on which the Company has a lien, within 30 days from the date of receipt the instrument of transfer.
- 32.4 Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.
- 32.5 Subject to any written law, no Shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- 32.6 Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any Shares by the allottee thereof in favour of some other persons.
- 32.7 All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose (inter-alia) of transferring Shares which may be lodged, produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the registered office of the Company.

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### (ii) Changes to capital and variation of class rights

The provisions in our Constitution in respect of the changes in capital or variation of class rights are as follows:

#### Clause 8. Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions:

- 8.1 No Shares shall be issued at a discount except in compliance with the provisions of the Act.
- 8.2 The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement.
- 8.3 No issue of Shares shall be made without the prior approval of the members of the Company in general meeting.
- 8.4 No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director and such Director must not vote on the resolution approving the said allotment.

#### Clause 9. Rights of preference shareholders

- 9.1 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.
- 9.2 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, a holder of preference shares must have a right to vote in meetings of holders of their respective class of shares in each of the following circumstances:
  - (a) when the dividend or part of the dividend on the share is in arrears for more than six months;
  - (b) on a proposal to reduce the Company's share capital;
  - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
  - (d) on a proposal that affects the rights attached to the preference shares;

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- (e) on a proposal to wind up the Company;
  - (f) during the winding up of the Company; and
  - (g) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference share already issued.
- 9.3 Subject to this Constitution and/or term sheet and/or subscription agreement, a holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements, and attending general meetings.
- 9.4 The Company shall not allot any preference shares or convert any issued shares into preference shares unless in accordance with the right of the Members with respect to repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividend in relation to other Shares and other classes of preference shares as set out in this Constitution and/or term sheet and/or subscription agreement.

### Clause 11. Modification of class rights

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of 3/4 of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply so that the necessary quorum shall be two persons at least holding or representing by proxy 1/3 of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

### Clause 12. Alteration of rights by issuance of new Shares

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

### Clause 52. Power to increase capital

Subject to the Act, this Constitution, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

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### Clause 53. Offer of new Shares to the Member

Subject to any direction to the contrary that may be given by the Company in general meeting, any new Shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new Shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or securities offered, the Directors may dispose of those Shares or securities in such manner as they think most beneficial to the Company. The Directors may also dispose of any new Shares or securities which (by reason of the ratio which the new Shares or securities bear to Shares or securities held by persons entitled to an offer of new Shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

### Clause 54. Ranking of new Shares

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the allotments, the payment of calls and instalments, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

### Clause 55. Power to alter capital

The Company may by ordinary resolution and subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution:

- 55.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 55.2 subdivide its share capital or any part thereof into shares of smaller amount, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;
- 55.3 cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; or
- 55.4 convert and/or reconvert and/or re-classify any class of shares into any other class of shares.

### Clause 56. Power to reduce capital

The Company may by special resolution, subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, reduce its share capital, any capital redemption reserve fund or any reserve account in any manner authorised by the Act and subject to any consent required by law.

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### (iii) Remuneration of Directors

The provisions in our Constitution in respect of remuneration of our Directors are as follows:

#### Clause 93. Directors' Remuneration

The fees and benefits payable to the Directors of the Company including compensation for loss of employment of a Director or a former Director of the Company shall from time to time be approved by Members in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:

- 93.1 salaries payable to executive Director(s) may not include a commission on or percentage of turnover; and
- 93.2 fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover.

#### Clause 94. Reimbursement of expenses

- 94.1 The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
- 94.2 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 efforts 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 Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

#### Clause 115. Alternate Director

- 115.1 A Director may appoint any person to act as his Alternate Director and at his discretion by way of a notice to the Company, remove such Alternate Director from office. PROVIDED ALWAYS that:
  - (a) such person is not a director of the Company;
  - (b) such person does not act as an alternate for more than one Director of the Company;
  - (c) the appointment is approved by a majority of the other members of the Board; and
  - (d) any fee paid by the Company to an alternate director shall be deducted from that Director's remuneration.

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- 115.2 An alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointer is not present.
- 115.3 Any appointment or removal of an alternate Director may be made by cable, telegram, facsimile, telex or in any other manner approved by the Directors. Any cable or telegram shall be confirmed as soon as possible by letter but may be acted upon by the Company meanwhile.
- 115.4 If a Director making any such appointment as aforesaid shall cease to be a Director (otherwise than by reason of vacating his office at a meeting of the Company at which he is re-elected), the person appointed by him as an alternative Director shall thereupon cease to be an alternate Director.
- 115.5 An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

### Clause 117. Remuneration of Managing Director

The remuneration of a managing director or managing directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

#### **(iv) Voting and borrowing powers of Directors**

The provisions in our Constitution dealing with voting powers of our Directors in the proposals, arrangements or contracts in which they are interested in and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:

### Clause 96. General power of the Company vested in Directors

The business of the Company shall be managed by the Directors who may, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not by the Act or by this Constitution required to be exercised by the Company in general meeting subject, nevertheless, to any of this Constitution, to the provisions of the Act, and to such regulations, not being inconsistent with this Constitution or provisions of the Act as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made or passed.

### Clause 97. Limitation on Directors' powers

The Directors shall not without the prior approval of the Company in general meeting:

- (a) exercise any power of the Company to issue shares unless otherwise permitted under the Act;
- (b) carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of the Company's undertaking or property; and

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- (c) subject to the Act, enter into any arrangement or transaction with a Director of the Company or its holding company or with a person connected with such a Director, to acquire from or dispose to such a Director or person, any shares or non-cash assets of the requisite value.

### Clause 98. Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, 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 subsidiary company subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

### Clause 111. Chairman to have a casting vote

- 111.1 Subject to this Constitution any question arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one vote and a determination by a majority of the Directors shall for all purposes be deemed a determination of the Directors.
- 111.2 In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote EXCEPT where only two of the Directors form a quorum and only such Directors are present at the meeting or where only two of the Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

### Clause 113. Disclosure of interest and restriction on discussion and voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 222 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 221 of the Act and all other relevant provisions of the Act and this Constitution.

### Clause 114. Power to vote

Without prejudice to the provisions of any other Constitution, the Act and the Listing Requirements, a Director may vote in respect of:

- 114.1 any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- 114.2 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 for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.



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

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

#### Clause 8. Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions:

- 8.1 No Shares shall be issued at a discount except in compliance with the provisions of the Act.
- 8.2 The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement.
- 8.3 No issue of Shares shall be made without the prior approval of the members of the Company in general meeting.
- 8.4 No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director and such Director must not vote on the resolution approving the said allotment.

#### Clause 9. Rights of preference shareholders

- 9.1 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.
- 9.2 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, a holder of preference shares must have a right to vote in meetings of holders of their respective class of shares in each of the following circumstances:
  - (a) when the dividend or part of the dividend on the share is in arrears for more than six months;
  - (b) on a proposal to reduce the Company's share capital;
  - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

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- (d) on a proposal that affects the rights attached to the preference shares;
- (e) on a proposal to wind up the Company;
- (f) during the winding up of the Company; and
- (g) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference share already issued.

9.3 Subject to this Constitution and/or term sheet and/or subscription agreement, a holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements, and attending general meetings.

9.4 The Company shall not allot any preference shares or convert any issued shares into preference shares unless in accordance with the right of the Members with respect to repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividend in relation to other Shares and other classes of preference shares as set out in this Constitution and/or term sheet and/or subscription agreement.

### Clause 11. Modification of class rights

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of 3/4 of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply so that the necessary quorum shall be two persons at least holding or representing by proxy 1/3 of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

### 15.3 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

Save as disclosed under Annexure C of this Prospectus, there are no other governmental law, decree, regulation or other requirements which may:

- (i) affect the repatriation of capital and the remittance of profit by or to us; or
- (ii) have an impact on the availability of cash and cash equivalents for use by us and the remittance of dividends, interest or other payments to our shareholders.

### 15.4 LIMITATION ON THE RIGHT TO OWN SECURITIES

Subject to Section 15.5 of this Prospectus, there is no limitation on the right to own our securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by our Constitution.

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### 15.5 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 our Shares to the Ministry of Finance Malaysia 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 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.

### 15.6 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by any company within our Group during the FYE Under Review and from 1 July 2023 up to the date of this Prospectus:

- (i) share sale agreement dated 30 June 2023 between our Company (as purchaser) and Mega Fortris Global (as vendor) for the Acquisitions. Further details of the Acquisitions are set out in Section 6.1.2.1 of this Prospectus;
- (ii) share sale agreement dated 2 May 2023 (as supplemented by a supplemental agreement dated 5 May 2023) between our Company (as vendor) and Sunny Tan Kah Wei (as purchaser) for the disposal of 100,000 shares representing 100.00% equity interest in MFSS, together with 100 shares representing 100.00% equity interest in MIOT, for RM100,000.00 satisfied by way of cash. Further, MFSS (including MIOT) shall repay the amount owing to our Company via set-off in proportion of 30% of value of each invoice that they bill to us and a fixed 10 half yearly instalments, over a five-year period. The disposal was completed on 15 May 2023;
- (iii) share sale agreement dated 2 May 2023 between Mega Fortris Europe (as vendor) and Ole Fast (as purchaser) for the disposal of 2,100 shares representing 70.00% equity interest in MFIB for EUR1.00 satisfied by way of cash. Further, Mega Fortris Europe has entered into a loan and debt consolidation agreement with MFIB dated 27 April 2023 (as supplemented by a supplemental agreement dated 2 February 2024) for MFIB to repay the amount owing to Mega Fortris Europe via a fixed 10 half yearly instalments, over a five years' period. The disposal was completed in June 2023;
- (iv) sale and purchase agreement dated 17 August 2023 between Horizonshoppes (Malaysia) Sdn Bhd (as vendor) and our Company (as purchaser) for the purchase of a piece of land held under No.56, Jalan Anggerik Mokara 31/47, Kota Kemuning, Seksyen 31, 40460, Shah Alam, Selangor for a total consideration of RM14,000,000.00 satisfied by way of cash and banking facility. The sale and purchase transaction was completed on 30 November 2023; and
- (v) the Underwriting Agreement dated [●] entered into between our Company and our Joint Underwriters for the underwriting of [●] Issue Shares under the Retail Offering. Please refer to Section 4.7 of this Prospectus for the salient terms of the Underwriting Agreement.

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### 15.7 MATERIAL LITIGATION

As at the date of this Prospectus, save as disclosed below, our Group is not engaged in any governmental proceedings and / or any material litigation, claim and / or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial position or profitability of our Group. Our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

#### 15.7.1 Litigation proceeding of our Company and Mega Fortris South Africa

- (i) **Vikela Aluvin (Pty) Limited v. Mega Fortris (Malaysia) Sdn Bhd and Mega Fortris South Africa (Pty) Ltd in the High Court of South Africa (Gauteng Division, Pretoria) Case No.: 98241/2015**
- (ii) **Mega Fortris South Africa (Pty) Ltd v. Vikela Aluvin (Pty) Limited in the High Court of South Africa (Gauteng Division, Pretoria) Case No.: 47744/2016**

Vikela Aluvin (Pty) Limited (“**Plaintiff**”) commenced action proceedings against our Company and Mega Fortris South Africa (collectively, “**Defendants**”) on 8 December 2015 for the alleged wrongful repudiation of the distributorship agreement entered into between the Plaintiff and our Company on 13 February 2014 and to which the Plaintiff allegedly suffered damages in the amount of ZAR18,112,825.00 (equivalent to RM4,564,431.90, computed based on the rate of ZAR1:MYR0.252 as at the LPD).

The Plaintiff’s claim is that our Company, via the distributorship agreement, granted certain exclusive rights to the Plaintiff to promote, market, sell and distribute all ranges of products supplied by our Company (save for tamper evident security bags product range which will be handled on a case-to-case basis) in South Africa and on a non-exclusive basis in other African countries. The distributorship agreement entitled either party to elect to immediately terminate the agreement as per clause 6.2 of the agreement.

On 26 May 2015, the attorneys for the Defendants conveyed by written communication to the attorneys for the Plaintiff on the Defendants’ decision to terminate the Plaintiff’s right to distribute of the product but to which the Plaintiff had responded that such termination was wrongful.

The Plaintiff alleges that it has suffered, as a result of the Defendants’ termination, damages being loss of net profits and reasonable additional costs consequent upon the repudiation and premature termination of the distributorship agreement.

The Defendants counter-argue that they have only terminated the Plaintiff’s exclusive rights of distribution in South Africa (and not the Plaintiff’s non-exclusive rights of distribution) and that the Plaintiff has failed to meet certain obligations such as obligations as contained in clause 2.2(b) of the distributorship agreement. Thus, the Defendants’ termination of the agreement was a result of the breach of contract by the Plaintiff.

The Plaintiff and the Defendants have entered into a settlement agreement on 29 November 2023 (“**Settlement Agreement**”) as full and final settlement of all claims arising from the legal proceedings under Case No.: 98241/2015 and Case No.: 47744/2016.

The notice of withdrawal for legal proceedings under Case No.: 98241/2015 and Case No.: 47744/2016 has been filed on 10 January 2024 following the executing of the Settlement Agreement.

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### 15.7.2 Liquidation proceedings and company deregistration process of Mega Fortris South Africa and Mega Fortris Mzansi

- (i) In the ex parte application of Retha Stockhoff N.O and Maryna Estelle Symes N.O in re the estate of Mega Fortris South Africa (Pty) Ltd (in liquidation) in the High Court of South Africa (Gauteng Division, Pretoria) Case No.: 2024-006598
- (ii) In the ex parte application of Maryna Estelle Symes N.O and Punitan Quentin Naidoo N.O in re the estate of Mega Fortris Mzansi (Pty) Ltd (in liquidation) in the High Court of South Africa (Gauteng Division, Pretoria) Case No.: 2024-006586

Both Mega Fortris South Africa and its 60.00%-owned subsidiary, Mega Fortris Mzansi are currently under the process of liquidation in South Africa. The liquidation proceedings of Mega Fortris South Africa and Mega Fortris Mzansi had commenced in February 2021 by special resolutions submitted to the Companies and Intellectual Property Commission of South Africa (“CIPC”) providing for the voluntary winding up of the two companies. The commencement of liquidation was due to the inability of Mega Fortris South Africa and Mega Fortris Mzansi to pay their creditors under the negative economic climate of South Africa.

The amount owed to the creditors by (i) Mega Fortris South Africa was ZAR52,017,432.00 (equivalent to RM13,108,392.86) and (ii) Mega Fortris Mzansi was ZAR703,693.77 (equivalent to RM177,330.83). The equivalent amount in “RM” has been computed based on the rate of ZAR1:MYR0.252 as at the LPD.

Our Group had voluntarily wound up our South African subsidiaries as it was no longer viable to maintain these subsidiaries after taking into consideration the challenging economic climate in South Africa which include fluctuating market demands, escalating operational costs, domestic political uncertainties, impact of COVID-19 and a volatile ZAR/USD exchange rate. Our Group had initiated the proceedings for voluntary winding up to responsibly manage the situation and address creditor claims in an orderly manner.

Subsequently, liquidators of Mega Fortris South Africa and Mega Fortris Mzansi were appointed on 8 July 2021 and 9 February 2022 respectively to, among others, take possession and realise the companies’ assets and apply the proceeds toward the payment of the costs of the liquidation proceedings, and to the creditors in their order of ranking and to thereafter distribute what is left over to the shareholders of these companies.

On 11 December 2023, at our request (being the major creditor of Mega Fortris South Africa) and Mega Fortris South Africa (being the only creditor of Mega Fortris Mzansi), compromise proposals for Mega Fortris South Africa and Mega Fortris Mzansi respectively have been sanctioned and implemented, which entailed the payment of all concurrent creditor claims of these two companies. The legal effect of the sanction is as follows:

- (i) excluding our claim (which we have agreed to forego) all debts owed by Mega Fortris South Africa and Mega Fortris Mzansi have been discharged by the compromise proposal; and
- (ii) all insolvency and liquidation proceedings of these two companies be terminated.

Accordingly, and as a result of the compromise proposals, on 24 January 2024, the liquidators of Mega Fortris South Africa and Mega Fortris Mzansi have filed applications (under Section 354 of the of the South African Companies Act of 1973) to the High Court of South Africa, Gauteng Division, Pretoria (“Court”) to set aside the liquidation proceedings. The hearing date for the Application is fixed on 23 July 2024. Once the liquidation proceedings are set aside, the liquidators will then proceed to apply for the deregistration of the two companies.

## 15. ADDITIONAL INFORMATION

The solicitors appointed by our Group to report on the liquidation proceedings are of the view that:

- (i) it is unlikely that the liquidation proceedings will result in any adverse impact on our Group as well as Mega Fortris South Africa and Mega Fortris Mzansi (including their directors and shareholders), save for the risks of us not being able to receive payment of claims amounting to ZAR40,819,387.31 (equivalent to RM10,286,485.60) and ZAR660,037.67 (equivalent to RM166,329.49) under the liquidation proceedings. The equivalent amount in "RM" has been computed based on the rate of ZAR1:MYR0.252 as at the LPD;
- (ii) it is unlikely that any personal liability will fall on the directors or officials of Mega Fortris South Africa and Mega Fortris Mzansi; and
- (iii) the High Court of South Africa is likely to grant the applications to set aside the liquidation proceedings as the applications do not prejudice any other creditors and such other creditors are unlikely to oppose to the applications.

### 15.7.3 Litigation proceeding of our Company, and Lai Gin Nyap ("LGN") and Rightlink Capital Sdn Bhd ("Rightlink")

#### High Court of Malaya Suit No. BA-22NCvC-118-03/2023 Dato' Nick Ng and Datuk Adrian Ng v Lai Gin Nyap and Rightlink Capital Sdn Bhd ("Suit 118")

On 28 March 2023, Dato' Nick Ng and Datuk Adrian Ng filed a lawsuit LGN and Rightlink claiming for:

- (i) a declaration that LGN is personally liable to Dato' Nick Ng and Datuk Adrian Ng in respect of the Put and Call Option Agreement ("**PCOA**") in relation to investment of EDBI in Mega Fortris Global;
- (ii) an order of indemnity in respect of payments made by Dato' Nick Ng and Datuk Adrian Ng to EDBI on the exercise of put option by EDBI pursuant to PCOA; and
- (iii) damages to be assessed as both Dato' Nick Ng and Datuk Adrian Ng have suffered massive loss standing at a minimum of approximately SGD8,000,000.00 (equivalent to RM28,358,400.00, computed based on the middle rate quoted by Bank Negara Malaysia as at the LPD of SGD1:MYR3.5448).

LGN and Rightlink then filed for a counterclaim and included us as one of the defendants ("**Counterclaim**") on the ground that Dato' Nick Ng, Datuk Adrian Ng, Mega Fortris Global, Mega Fortris Capital and us have made representations to LGN and Rightlink (which were then passed on to EDBI, OCBC, LOCAF1 (represented by LOCAH) and Cheng Chi-Chao (collectively, the "**Investors**") who entered into various agreements in respect of investments into Mega Fortris Global), and claims for an indemnity from Dato' Nick Ng, Datuk Adrian Ng, Mega Fortris Global, Mega Fortris Capital and us in respect of all sums that LGN and Rightlink may become liable to Dato' Nick Ng and Datuk Adrian Ng or the Investors in such actions as the Investors may bring against LGN and Rightlink.

## 15. ADDITIONAL INFORMATION

Separately, there were two earlier two private disputes between Dato' Nick Ng and Datuk Adrian Ng, and LGN and Rightlink, and details are as follows:

(i) Suit No. WA-22NCvC-885-11/2019 ("**Suit 885**")

On 4 December 2019, Rightlink initiated this Suit 885 against Dato' Nick Ng and Datuk Adrian Ng claiming for amounts owing by Dato' Nick Ng and Datuk Adrian Ng under the engagement letters dated 20 June 2016 and 28 November 2016 ("**LOE 2016**"), in which Dato' Nick Ng and Datuk Adrian Ng counterclaimed against Rightlink for misrepresentation and breach of terms under LOE 2016. The LOE 2016 was entered to appoint Rightlink as the arranger to manage the process of obtaining funding required for the acquisition of Mega Bersatu Ltd's 40% equity interest in Mega Fortris by Dato' Nick Ng and Datuk Adrian Ng through a special purpose vehicle.

(ii) WA-22NCvC-886-11/2019 ("**Suit 886**")

On 2 January 2020, Rightlink initiated this Suit 886 against Dato' Nick Ng, Datuk Adrian Ng and Mega Fortris Capital Sdn Bhd claiming for amounts owing under the letter of engagement dated 15 November 2017 ("**LOE 2017**"). In response, Dato' Nick Ng and Datuk Adrian Ng filed for another counterclaim against Rightlink for misrepresentation and breach of terms under LOE 2017. The LOE 2017 was entered into to appoint Rightlink as an adviser in relation to a proposed exercise to explore a group rationalisation exercise and to seek suitable offers for the acquisition of all of the shares in Mega Fortris, Mega Fortris Capital Sdn Bhd and/or an alternative holding company (if any).

Both Suit 885 and Suit 886 are fixed for hearing on 15 July 2024 to 18 July 2024. We were included in the Counterclaim despite our non-involvement in Suit 885 and Suit 886.

The solicitors acting for us were of the view that Suit 885 and Suit 886 are private disputes between Dato' Nick Ng, Datuk Adrian Ng, LGN and Rightlink arising from LOE 2016 and LOE 2017 in which we are not a party of, and the inclusion of us as a party in the Counterclaim is unjustified and an abuse of process.

Accordingly, the solicitors acting for us had filed an application to have the High Court of Malaya to determine summarily the propriety of the addition of us as a party in the Counterclaim given our non-involvement in the above actions as we were not a party to the following:

- (a) Share Purchase Agreements dated 17 January 2019 and 23 January 2019, Share Subscription Agreements dated 17 January 2019 and 23 January 2019 and Shareholders Agreement dated 23 January 2019 which were entered into between Mega Fortris Global, Mega Fortris Capital, LOCAH, OCBC, EDBI, Dato' Nick Ng and Datuk Adrian Ng ("**Agreements**"); or
- (b) the LOE 2016 and LOE 2017 signed between Dato' Nick Ng, Datuk Adrian Ng, LGN and Rightlink.

In addition, the solicitors acting for Dato' Nick Ng and Datuk Adrian Ng were of the view that including us in the Counterclaim is wholly frivolous and without any factual foundation as we were never a party to any Agreements with OCBC, LOCAH and EDBI nor a party to Suit 885 and Suit 886, and there were no basis in fact and in law to include us in the Counterclaim.

Accordingly, the solicitors acting for Dato' Nick Ng and Datuk Adrian Ng had applied for the Counterclaim to be struck out on the basis that LGN and Rightlink were not competent to bring the Counterclaim because they were not parties to the Agreements, and LGN and Rightlink have not suffered any losses. Hence, the Counterclaim was baseless, frivolous, vexatious and abuse of process.

## 15. ADDITIONAL INFORMATION

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Nonetheless, upon hearing the submissions of the solicitors in respect of the applications to exclude us from the Counterclaim and strike out the Counterclaim, the High Court of Malaya had on 27 March 2024 declined both applications with cost in the cause, and directed for defence to Counterclaim to be filed by 19 April 2024. We have instructed our solicitors to file an appeal to the decision.

The solicitors acting for us are of the view that whilst the High Court of Malaya had made a decision on the applications with reference to the restricted jurisdiction for summary determination, the solicitors acting for us maintain that the ultimate case of LGN and Rightlink against us is nevertheless unsustainable as a matter of fact as there is no existing claim by the Investors on those Agreements (let alone a case anchored on alleged historical representations is no longer actionable on its own as they have been merged into those Agreements to be regulated purely between the contracting parties which do not include LGN and Rightlink).

Further, we have ourselves obtained subsequent confirmation from the side of the Investors, namely, OCBC on behalf of OCBC and LOCAH (EDBI has since sold their shares to Ng Brothers Estate) who have confirmed that there is no necessity or reason for OCBC or LOCAH to sue under such of the Agreements involving OCBC and LOCAH against any of the parties to those Agreements let alone LGN and Rightlink.

### 15.8 CONSENTS

- (i) Our Sole Principal Adviser, Joint Underwriters, Joint Placement Agents, Company Secretaries, Solicitors, Share Registrar and Issuing House have given their respective written consents for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear before the issuance of this Prospectus, and such consents have not subsequently been withdrawn.
- (ii) Our Auditors and Reporting Accountants have given its written consent for the inclusion in this Prospectus of its name, the Accountants' Report and the Reporting Accountants' report on the pro forma consolidated statements of financial position and all references thereto in the form and context in which they are contained in this Prospectus before the issuance of this Prospectus, and such consent has not subsequently been withdrawn.
- (iii) Our IMR has given its written consent for the inclusion in this Prospectus of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus before the issuance of this Prospectus, and such consent has not subsequently been withdrawn.



## **15. ADDITIONAL INFORMATION**

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### **15.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office at No.7-1, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Wilayah Persekutuan during normal business hours for a period of six months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report as included in Section 8 of this Prospectus;
- (iii) the Accountants' Report as included in Section 13 of this Prospectus;
- (iv) the Reporting Accountants' report on the pro forma consolidated statements of financial position of our Group as at 30 June 2023 as included in Section 14 of this Prospectus;
- (v) the material contracts referred to in Section 15.6 of this Prospectus;
- (vi) the letters of consent referred to in Section 15.8 of this Prospectus; and
- (vii) the audited financial statements of our Company for the FYE Under Review and the audited financial statements of our Subsidiaries for the FYE Under Review.