

Cooperative Formation Details – UKMCar

This document details the process for establishing a cooperative under the Cooperative Societies Act 1993, overseen by the Malaysia Cooperative Societies Commission (SKM). It aligns with the Conditional Share Purchase Agreement (CSPA), which facilitates RM2,000,000 in funding from 1,000,000 unit reservations at RM2 each, the budget plan (RM384,500–RM587,000), financial projections, and foolproof implementation plan. The cooperative structure enables unlimited members, daily surplus distributions, and community ownership for the UKMCar e-hailing platform. Investors should review this alongside the Project Information Memorandum at www.ukmcar.com/investors.

Step 1: Gather Founding Members

- **Details:** Secure a minimum of 20 individuals (per Section 5, Cooperative Societies Act 1993) as founding members, including investors and drivers. These members form the pro-tem committee to oversee initial setup until the first Annual General Meeting (AGM).
- **Actions:** Recruit via investor portal and driver onboarding campaigns; verify member eligibility (Malaysian residents, 18+).
- **Cost:** RM1,000–RM2,000 (recruitment events, documentation).
- **Timeline:** 1 Month (by the end of September 2025).

Step 2: Name Reservation

- **Details:** Submit 3 proposed names (e.g., Koperasi UKMCar Berhad) to SKM for approval, ensuring no conflicts with existing cooperatives.
- **Actions:** Prepare name submission form; verify availability via SKM portal (www.skm.gov.my).
- **Cost:** Included in registration fee (RM100–RM500).
- **Timeline:** 1 Month (September 2025).

Step 3: Draft By-Laws (Undang-Undang Kecil)

- **Details:** Draft by-laws defining:
 - Objectives: E-hailing and transportation services in Malaysia.
 - Membership: Open to unit holders, eligibility criteria (18+, Malaysian residents).
 - Unit Price: RM2/unit (RM1.40 value, RM0.60 reservation fee, RM0.10 non-refundable).
 - Surplus Distribution: 60% daily to members, 20% reserves, 20% reinvestment.
 - Governance: Board structure (minimum 5 members), voting rights, AGM rules.
 - Audit: Annual financial audits per SKM requirements.

- **Actions:** Engage legal counsel (RM5,000–RM8,000) to ensure compliance with Cooperative Societies Act 1993.
- **Cost:** RM5,000–RM8,000 (legal fees).
- **Timeline:** 1 Month (September 2025).

Step 4: Hold Inaugural General Meeting

- **Details:** Convene founding members to approve by-laws, elect interim board (minimum 5 members), and appoint auditors.
- **Actions:** Organize meeting (physical or virtual), document minutes, and finalize member list.
- **Cost:** RM1,000–RM2,000 (venue, logistics).
- **Timeline:** 1 Month (September 2025).

Step 5: Submit Registration Application

- **Details:** Submit to SKM:
 - Form 1 (application form).
 - 3 copies of by-laws.
 - Minutes of inaugural meeting.
 - List of 20+ founding members and interim board.
 - Business plan and financial projections.
 - Proof of RM1,000 minimum capital (from reservation funds).
 - Registration fee (RM100–RM500, depending on cooperative type).
- **Actions:** File via SKM state office; address any queries within 30 days.
- **Cost:** RM1,500–RM3,000 (fee + documentation).
- **Timeline:** 1 Month (September 2025).

Step 6: Approval & Registration

- **Details:** SKM reviews application for compliance and economic viability, typically taking 2–4 months. Upon approval, issues Certificate of Registration.
- **Actions:** Respond to SKM queries; obtain certificate and publish on investor portal.
- **Cost:** Included in registration fee.
- **Timeline:** 3 Months (September 2025 – December 2025).

Step 7: Open Cooperative Bank Account

- **Details:** Establish a bank account under the cooperative to manage member funds. Transfer RM1,900,000 (RM2,000,000 reservations minus RM0.10/unit non-refundable fee, RM100,000) from APPVAST SERVICES account.
- **Actions:** Select bank with low fees; comply with anti-money laundering regulations.
- **Cost:** RM2,000–RM5,000 (setup, initial banking fees).
- **Timeline:** 2 Months (December 2025 – January 2026).

Step 8: Membership & Unit Issuance

- **Details:** Convert 1,000,000 CSPA unit holders to cooperative members, issuing membership units proportional to reservations (RM1.40 value/unit). Units grant:
 - Daily surplus distributions (60% of net surplus, per financial projections).
 - Voting rights at AGMs (one vote per member, per Act).
 - Eligibility to elect or serve on the board.
- **Actions:** Issue digital membership certificates; update member register; notify investors via www.ukmcar.com/investors.
- **Cost:** RM2,000–RM3,000 (administrative, software).
- **Timeline:** 2 Months (December 2025 – January 2026).

Step 9: First Annual General Meeting (AGM)

- **Details:** Hold first AGM within 18 months of registration to elect permanent board, review financials, and approve operational plans.
- **Actions:** Conduct meeting (physical/virtual), file minutes with SKM, and share outcomes with members.
- **Cost:** RM2,000–RM3,000 (venue, logistics).
- **Timeline:** By Month 18 (June 2027).

Step 10: Ongoing Compliance

- **Details:** Maintain compliance with SKM:
 - File annual returns and audited financial statements.
 - Conduct yearly AGMs to update members and elect board members.
 - Maintain register of members and financial records for 7 years (per Electronic Commerce Act 2006).
- **Actions:** Engage secretarial and accounting services (RM8,000–RM12,000/year); publish reports on investor portal.
- **Cost:** RM8,000–RM12,000/year.
- **Timeline:** Ongoing from Start of Operations (January 2026).

Notes

- **Total Cost:** RM14,500–RM25,000 (registration, legal, secretarial), per budget plan.
- **Timeline:** Initiation by the end of September 2025, registration by December 2025, full operation by January 2026, per foolproof plan.
- **Regulatory Compliance:** Process adheres to Cooperative Societies Act 1993 and Capital Markets and Services Act 2007 (for fundraising via CSPA). Refund provisions (RM1.90/unit if formation fails) ensure investor protection.
- **Investor Benefits:** Cooperative enables unlimited members, daily surplus distributions (RM0.36/unit Year 1, per financial projections), and voting rights, aligning with CSPA.
- **Risk Mitigation:** Legal counsel, audited financials, and contingency fund (RM50,000–RM75,000) address delays or rejection risks, per risk factors.

- Transparency: Quarterly updates on formation progress via www.ukmcar.com/investors; audited records filed with SKM.

This process establishes the cooperative as a fully legal cooperative, supporting scalability, community ownership, and daily surplus distributions for UKMCar's e-hailing platform. Investors should consult legal advisors and review the Project Information Memorandum at www.ukmcar.com/investors.