

13. ACCOUNTANTS' REPORT (Cont'd)**CEKD BERHAD**

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)**19. INVESTED EQUITY (CONT'D)**

On 17 October 2018, the Company subdivided every one (1) ordinary share into ten (10) subdivided shares held by existing shareholders of the Company.

On 27 November 2018, the Company issued 80 new ordinary shares at RM0.10 per ordinary share to its existing shareholders for a total consideration of RM8.

On 25 November 2020, the Company issued 127 new ordinary shares at RM0.10 per ordinary share to its existing shareholders for a total consideration of RM13.

The new ordinary shares were issued for cash consideration and rank pari passu in all respects with the existing shares of the Company.

The new Companies Act 2016 ("Act") which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concept of "authorised share capital" and "par value" have been abolished. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

20. RETAINED EARNINGS

The combining entities' policy is to treat all gains and losses in other statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained earnings, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

The retained earnings of the combining entities are available for distributions by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences to the combining entities that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

21. LOANS AND BORROWINGS

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	RM	RM	RM	RM
Non-current liabilities				
Lease liabilities	884,175	946,757	74,907	60,549
Term loans	10,894,514	11,314,568	5,978,542	7,515,566
	11,778,689	12,261,325	6,053,449	7,576,115
Current liabilities				
Lease liabilities	458,111	443,454	22,755	19,136
Term loans	654,731	641,435	342,433	259,836
Bank overdrafts	-	-	6,050,276	361,785
	1,112,842	1,084,889	6,415,464	640,757
	12,891,531	13,346,214	12,468,913	8,216,872

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ACCOUNTANTS' REPORT (CONT'D)**21. LOANS AND BORROWINGS (CONT'D)**

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	RM	RM	RM	RM
Total loans and borrowings				
Lease liabilities	1,342,286	1,390,211	97,662	79,685
Term loans	11,549,245	11,956,003	6,320,975	7,775,402
Bank overdrafts	-	-	6,050,276	361,785
	12,891,531	13,346,214	12,468,913	8,216,872
Maturities of loans and borrowings				
Not later than one year	1,112,842	1,084,889	6,415,464	640,757
Later than one year and not later than five years	3,731,022	3,735,785	1,607,394	1,227,843
Later than five years	8,047,667	8,525,540	4,446,055	6,348,272
	12,891,531	13,346,214	12,468,913	8,216,872

21.1 Lease liabilities

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	RM	RM	RM	RM
Minimum lease payments:				
- not later than one year	514,788	504,685	27,180	22,434
- later than one year and not later than five years	937,253	1,011,697	80,838	65,872
	1,452,041	1,516,382	108,018	88,306
Less: Future interest charges	(109,755)	(126,171)	(10,356)	(8,621)
Present value of lease liabilities	1,342,286	1,390,211	97,662	79,685
Represented by:				
Current:				
- not later than one year	458,111	443,454	22,755	19,136
Non-current:				
- later than one year and not later than five years	884,175	946,757	74,907	60,549
Present value of lease liabilities	1,342,286	1,390,211	97,662	79,685

Lease arrangement for leased buildings and motor vehicles of the Group are disclosed in Note 7 to this report.

The incremental borrowing rate and interest rate implicit in lease applied by the Group to lease liabilities are ranging between 4.10% to 5.50% and 2.23% to 2.99% (31.08.2020: 5.35% to 5.50% and 2.46% to 2.99%; 31.08.2019: Nil and 2.46% to 2.99%; 31.08.2018: Nil and 2.43% to 2.61%).

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ACCOUNTANTS' REPORT (CONT'D)**21. LOANS AND BORROWINGS (CONT'D)****21.2 Term loans and bank overdraft**

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	RM	RM	RM	RM
Current:				
- not later than one year	654,731	641,435	6,392,709	621,621
Non-current:				
- later than one year and not later than five years	2,846,847	2,789,028	1,532,487	1,167,294
- later than five years	8,047,667	8,525,540	4,446,055	6,348,272
	10,894,514	11,314,568	5,978,542	7,515,566
Total term loans and bank overdraft	11,549,245	11,956,003	12,371,251	8,137,187

The term loans and bank overdraft are secured by the followings:

- (i) Assignment of Mortgage Reducing Term Assurance (MRTA) issued by Sun Life Malaysia Assurance Berhad under a Director of the combining entities for sum insured of RM10,000,000;
- (ii) First party first legal charge over leasehold land and building as disclosed in Note 7 to this report;
- (iii) Memorandum of Charge over Fixed Deposits in respect of first party or third party of not less than RM3,000,000 together with all interest accruing from time to time in respect of the Fixed Deposits as disclosed in Note 17 to this report;
- (iv) Corporate guarantee provided by CEKD Holding; and
- (v) Covenant of maintaining gearing ratio not more than 3.0x at all times.

The range of interest rates per annum at the reporting date for the term loans and borrowings are as follows:

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	%	%	%	%
Bank overdrafts	-	-	4.55	4.70 - 8.92
Term loans	3.20 - 3.40	3.20 - 3.40	4.45	4.60 - 4.77

22. DEFERRED TAX LIABILITIES

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	RM	RM	RM	RM
At beginning of the financial period/year	902,184	833,018	454,112	185,350
Acquisition of a combining entity	-	-	-	284,000
Recognised in profit or loss (Note 30)	124,162	69,166	378,906	(15,238)
At end of the financial period/year	1,026,346	902,184	833,018	454,112
Taxable temporary differences of:				
- Property, plant and equipment	1,026,346	902,184	833,018	454,112

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23. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted range from 0 to 180 (31.08.2020: 0 to 180; 31.08.2019: 0 to 180; 31.08.2018: 0 to 180) days.

The currency exposure profile of trade payables are as follows:

	Audited			
	31.03.2021 RM	31.08.2020 RM	31.08.2019 RM	31.08.2018 RM
RM	124,254	157,749	169,387	270,070
EUR	206	43,407	314,665	33,891
USD	49,185	3,197	70,020	221,285
JPY	-	882	38,139	3,670
SGD	5,763	-	1,012	906
HKD	-	-	3,088	27,379
TWD	674	-	24,571	16,622
	180,082	205,235	620,882	573,823

24. OTHER PAYABLES AND ACCRUALS

	Audited			
	31.03.2021 RM	31.08.2020 RM	31.08.2019 RM	31.08.2018 RM
Other payables	314,238	835,062	469,680	485,164
Accruals	976,178	1,208,858	949,664	1,070,292
Deposits received	6,510	4,000	32,968	72,928
	1,296,926	2,047,920	1,452,312	1,628,384

Included in rental deposits received is an amount of RM Nil (31.08.2020: Nil; 31.08.2019: RM13,000; 31.08.2018: RM13,000) owing to the companies in which the Directors of the Group have interest.

The currency exposure profile of other payables are as follows:

	Audited			
	31.03.2021 RM	31.08.2020 RM	31.08.2019 RM	31.08.2018 RM
RM	314,238	835,062	336,848	401,455
EUR	-	-	118,234	5,809
USD	-	-	14,324	77,005
JPY	-	-	-	895
SGD	-	-	274	-
	314,238	835,062	469,680	485,164

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25. AMOUNT OWING TO A DIRECTOR

The amount owing to a Director is unsecured, interest free and payable on demand in cash and cash equivalents. The amount has been fully settled during FPE 2021.

26. REVENUE

The Group derives revenue from local and overseas sales as follows:

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited → 01.09.2019 to 31.08.2020 RM	Audited 01.09.2018 to 31.08.2019 RM	→ 01.09.2017 to 31.08.2018 RM
Sales of die cutting mould and related products	18,387,818	17,045,341	27,930,692	29,805,041	29,523,392
Less: Intercompany revenue	(683,240)	(1,024,901)	(1,575,792)	(1,442,243)	(791,003)
Revenue from external customers	17,704,578	16,020,440	26,354,900	28,362,798	28,732,389
Local	15,046,079	13,574,009	22,559,628	23,774,543	24,438,401
Overseas	2,658,499	2,446,431	3,795,272	4,588,255	4,293,988
	17,704,578	16,020,440	26,354,900	28,362,798	28,732,389
Timing of revenue recognition:					
- At a point of time	17,704,578	16,020,440	26,354,900	28,362,798	28,732,389

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27. OTHER INCOME

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited → 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
Gain on disposal of assets held for sale	-	-	-	3,270,827	-
Gain on disposal of investment properties	-	-	-	1,012,126	12,196
Gain on disposal of property, plant and equipment	18,997	-	-	3,198	462,058
Gain on remeasurement of equity interest in an acquiree, previously accounted for as an associate	-	-	-	-	378,343
Gain on remeasurement of right of use assets	2,085	-	-	-	-
Interest income					
- bank interest received	595	8,944	10,334	17,698	28,555
- fixed deposit interest	51,600	51,000	88,016	111,426	142,477
Investment income	1,213	58,605	92,992	47,358	-
Insurance compensation	-	-	-	2,270	90,173
Realised gain on foreign exchange, net	11,717	59,970	138,737	138,760	24,972
Rental income	-	-	-	153,000	278,200
Rental rebate	-	-	31,595	-	-
Sales of scrap	-	20	37	23	16,783
Unrealised gain on foreign exchange, net	-	-	-	-	24,023
Others	13,644	3,047	6,841	9,305	7,500
	99,851	181,586	368,552	4,765,991	1,465,280

28. FINANCE COSTS

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited → 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
Bank overdraft interest	-	-	11,747	157,883	173,796
Lease liabilities interest	41,712	46,486	79,267	4,307	67,224
Term loan interest	191,617	288,612	480,670	209,530	34,242
	233,329	335,098	571,684	371,720	275,262

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29. PROFIT BEFORE TAX

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited → 01.09.2019 to 31.08.2020 RM	Audited 01.09.2018 to 31.08.2019 RM	→ 01.09.2017 to 31.08.2018 RM
Profit before tax is arrived at after charging/(crediting):					
Auditors' remuneration:					
- current financial period/year	58,000	47,250	81,000	80,000	82,000
- (over)/under provision in the previous financial period/year	-	-	-	(12,500)	16,100
Bad debts written off	-	-	20,857	21,103	50,792
Change in fair value of other investments	104,702	-	-	-	-
Depreciation of investment properties	-	-	-	1,739	36,193
Depreciation of property, plant and equipment	1,321,902	1,246,242	2,226,360	1,687,553	1,536,373
Deposit written off	-	-	2,400	-	210
Employee benefit expenses:					
- Salaries, wages and bonus	3,478,805	3,752,316	5,555,874	6,241,704	5,813,667
- Social security contributions	51,553	51,723	85,587	79,663	71,450
- Contribution to defined contribution plan	383,371	377,949	553,899	662,730	578,386
- Other staff-related expenses	82,468	91,849	183,443	324,601	334,854
Impairment loss on investment in an associate	-	-	-	-	207,635
Inventories written down due to slow-moving	-	-	60,517	36,544	320,883
Listing expenses	509,170	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	8,647	-
Net impairment (gain)/loss on trade receivables:					
- Lifetime ECL allowance	-	-	(2,682)	(12,964)	(1,040)
- Specific allowance	(108)	-	-	202	(832)
Property, plant and equipment written off	-	-	1,375	59,447	32,083
Rental of equipment	2,631	-	4,930	4,533	3,107
Rental of factory	-	-	-	629,635	1,017,238
Rental of hostel	-	4,639	5,250	84,656	66,780
Rental of premises	-	-	-	90,695	213,937
Unrealised loss on foreign exchange	49,231	38,629	66,064	76,656	-

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29. PROFIT BEFORE TAX (CONT'D)

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited → 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
Profit before tax is arrived at after charging/(crediting): (cont'd)					
<u>Expenses included in cost of sales:</u>					
Depreciation of property, plant and equipment	957,875	936,911	1,687,442	1,145,797	1,062,878
Employee benefit expenses					
- Salaries, wages and bonus	2,644,802	2,678,605	4,081,344	4,526,419	4,353,010
- Social security contributions	38,773	37,197	62,728	57,582	52,473
- Contribution to defined contribution plan	271,036	260,665	399,309	464,797	423,125
- Other staff-related expenses	40,492	41,543	96,808	187,785	202,957
Inventories written down due to slow-moving	-	-	60,517	36,544	320,883
Rental of factory	-	-	-	629,635	1,017,238
Rental of hostel	-	4,639	5,250	84,656	66,780

30. TAX EXPENSES

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited → 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
Income tax					
Current period/year	1,495,566	1,264,997	1,916,081	1,617,006	2,011,553
(Over)/under provision in prior period/year	(128,515)	(73,156)	(73,156)	76,527	101,535
	1,367,051	1,191,841	1,842,925	1,693,533	2,113,088
Deferred tax (Note 22)					
Current period/year	59,162	-	70,166	359,315	62,062
Under/(over) provision in prior period/year	65,000	-	(1,000)	19,591	(77,300)
	1,491,213	1,191,841	1,912,091	2,072,439	2,097,850

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30. TAX EXPENSES (CONT'D)

A reconciliation of tax expenses applicable to profit before tax at the statutory income tax rate to tax expense at the effective income tax rate of the Group is as follows:

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← 01.09.2019 to 31.08.2020 RM	Audited 01.09.2018 to 31.08.2019 RM	→ 01.09.2017 to 31.08.2018 RM
Profit before tax	5,509,122	4,726,471	7,950,006	11,771,289	9,397,111
Malaysian statutory tax rate of 24%	1,322,189	1,134,353	1,908,001	2,825,110	2,255,307
Tax effects in respect of:					
Non-taxable income	(4,851)	-	(22,962)	(1,268,434)	(538,679)
Non-allowable expenses	237,390	130,644	101,208	419,645	413,239
Differential in tax rate for small and medium companies in Malaysia	-	-	-	-	(56,252)
(Over)/under provision of income tax in prior period/year	(128,515)	(73,156)	(73,156)	76,527	101,535
Under/(over) provision of deferred tax in prior period/year	65,000	-	(1,000)	19,591	(77,300)
Tax expenses for the financial period/year	<u>1,491,213</u>	<u>1,191,841</u>	<u>1,912,091</u>	<u>2,072,439</u>	<u>2,097,850</u>

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31. EARNINGS PER SHARE

Basic and diluted EPS share are calculated by dividing the profit for the financial period/year attributable to owners of the Group by the weighted average number of ordinary shares in issue for the financial period/year.

For the purpose of this report, the number of ordinary shares for the FPE 2021, 2020 and FYE 2020, 2019 and 2018 represents the weighted average aggregate ordinary shares issued of the Group.

	Audited 01.09.2020 to 31.03.2021	Unaudited 01.09.2019 to 31.03.2020	← Audited 01.09.2019 to 31.08.2020	Audited → 01.09.2018 to 31.08.2019	01.09.2017 to 31.08.2018
Profit for the financial period/year attributable to owners of the Group (RM)	4,017,909	3,534,630	6,037,915	9,698,850	6,800,982
Weighted average number of ordinary shares (unit)	2,350,108	2,350,100	2,350,100	2,350,079	2,139,992
Basic and diluted EPS (RM)	1.71	1.50	2.57	4.13	3.18

There were no dilutive potential equity instruments in issue as at each FPE and FYE that have dilutive effect to the EPS.

32. DIVIDENDS

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
<u>Dividends paid by Hotstar:</u>					
Interim single tier dividend of RM3.20 per ordinary share for the FYE 31 August 2020 paid on 20 March 2020	-	2,720,000	2,720,000	-	-
<u>Dividends paid by Sharp DCM:</u>					
Interim single tier dividend of RM0.50 per ordinary share for the FYE 31 August 2020 paid on 30 May 2020	-	-	750,000	-	-

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32. DIVIDENDS (CONT'D)

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
<u>Dividends paid by Hotstar:</u>					
Interim single tier dividend of RM0.80 per ordinary share for the FYE 31 August 2021 paid on 27 October 2020	680,000	-	-	-	-
<u>Dividends paid by Sharp DCM:</u>					
Interim single tier dividend of RM0.80 per ordinary share for the FYE 31 August 2021 paid on 27 October 2020	1,200,000	-	-	-	-
<u>Dividends paid by Hotstar:</u>					
Interim single tier dividend of RM1.00 per ordinary share for the FYE 31 August 2021 paid on 23 November 2020	850,000	-	-	-	-
<u>Dividends paid by Sharp DCM:</u>					
Interim single tier dividend of RM0.40 per ordinary share for the FYE 31 August 2021 paid on 23 November 2020	600,000	-	-	-	-
	3,330,000	2,720,000	3,470,000	-	-

33. CASH AND CASH EQUIVALENTS

	Audited 31.03.2021 RM	Unaudited 31.03.2020 RM	← Audited 31.08.2020 RM	Audited → 31.08.2019 RM	31.08.2018 RM
Fixed deposits with licensed bank	3,468,416	3,379,800	3,416,816	3,328,800	3,223,324
Cash and bank balances	5,612,914	6,006,089	8,344,115	3,008,935	3,351,611
	9,081,330	9,385,889	11,760,931	6,337,735	6,574,935
Less: Deposits pledged for bank borrowings	(3,468,416)	(3,379,800)	(3,416,816)	(3,328,800)	(3,223,324)
	5,612,914	6,006,089	8,344,115	3,008,935	3,351,611
Bank overdraft (Note 21)	-	-	-	(6,050,276)	(361,785)
	5,612,914	6,006,089	8,344,115	(3,041,341)	2,989,826

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33. CASH AND CASH EQUIVALENTS (CONT'D)

The currency exposure profile of cash and cash equivalents is as follows:

	Audited 31.03.2021 RM	Unaudited 31.03.2020 RM	← 31.08.2020 RM	Audited 31.08.2019 RM	→ 31.08.2018 RM
RM	8,163,748	7,856,169	10,942,829	5,499,792	6,477,967
EUR	95,376	343,924	9,223	190,727	12,343
USD	822,206	1,185,796	808,879	647,216	84,625
	<u>9,081,330</u>	<u>9,385,889</u>	<u>11,760,931</u>	<u>6,337,735</u>	<u>6,574,935</u>

34. CORPORATE GUARANTEE

	Audited 31.03.2021 RM	Unaudited 31.03.2020 RM	← 31.08.2020 RM	Audited 31.08.2019 RM	→ 31.08.2018 RM
Corporate guarantee to licensed bank in respect of facilities granted to a former associate, Shanyu	-	-	-	-	1,920,000

35. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the combining entities have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or influence over the party in making financial and operating decisions, or vice versa, or where combining entities and the party are subject to common control or common significant influence. Related parties could be individual or other entities.

(b) In addition to the information detailed elsewhere in the report, the combining entities had the following transactions with related parties during the reporting periods:

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← 01.09.2019 to 31.08.2020 RM	Audited 01.09.2018 to 31.08.2019 RM	→ 01.09.2017 to 31.08.2018 RM
Sales to:					
Former associate					
- Shanyu	-	-	-	4,045	231,354
Related party - Shenway	-	-	-	-	367,756

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35. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information detailed elsewhere in the report, the combining entities had the following transactions with related parties during the reporting periods: (cont'd)

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
<u>Purchases from:</u>					
Former associate					
- Shanyu	-	-	-	(9,650)	(26,471)
Related party - Shenway	-	-	-	-	(1,125,383)
<u>Others:</u>					
Rental income from related party, Commercial Edge	-	-	-	72,000	72,000
Rental expenses charged by a related party	(12,600)	(12,600)	(21,600)	(14,400)	-
Rental expenses charged by related party, Commercial Edge	-	-	-	(348,387)	(960,000)
Rental expenses charged by related party, CEKD Property	(1,600)	(2,800)	(4,800)	(4,800)	(4,800)
Purchases of tools and machinery from related party, Shenway	-	-	-	-	(3,200)
Disposal of motor vehicle to a Director of a combining entity	-	-	-	-	(123,744)
Disposal of freehold buildings to a related party	-	-	-	-	(195,000)
Disposal of investment property to a related party	-	-	-	-	(62,000)

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35. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information detailed elsewhere in the report, the combining entities had the following transactions with related parties during the reporting periods: (cont'd)

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
Others: (cont'd)					
Purchase of leasehold land and factory from related party, Commercial Edge	-	-	-	20,000,000	-
Disposal of investment properties to related party, Commercial Edge	-	-	-	(4,740,000)	-
Cleaning fees charged by related party, Commercial Edge	(23,800)	(23,800)	(40,800)	(40,800)	-
Advances received from related party, Commercial Edge	-	-	-	8,500,000	-
Repayment of advances to related party, Commercial Edge	-	-	-	(8,500,000)	-
Advances to related party, Commercial Edge	-	-	-	-	(2,017,313)
Repayment of advances from related party, Commercial Edge	-	-	-	7,115,495	884,505
Payment of loan interest received from related party, Commercial Edge	-	-	-	99,860	319,696
Utilities expenses paid to related party, Commercial Edge	-	-	-	-	(317,984)

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35. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and key management personnel of the Group during the financial periods/years are as follows:

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited → 01.09.2019 to 31.08.2020 RM	Audited 01.09.2018 to 31.08.2019 RM	→ 01.09.2017 to 31.08.2018 RM
Directors' compensation:					
Directors' fee	175,000	186,667	320,000	347,000	465,000
Directors' remuneration and other emoluments	312,629	294,176	634,302	616,190	513,994
Directors' defined contribution plans	42,771	31,467	68,213	62,556	56,963
Directors' social security contribution	2,766	1,730	5,269	4,966	3,956
Directors' other benefits	4,574	11,423	21,173	20,923	14,311
	537,740	525,463	1,048,957	1,051,635	1,054,224
Key management personnel's compensation:					
Salaries, wages and bonus	157,371	128,475	148,851	116,316	55,458
Social security contributions	2,100	1,494	2,273	923	490
Contribution to defined contribution plan	21,948	16,482	16,521	13,404	6,036
Other staff-related expenses	2,376	4,477	2,990	-	1,083
	183,795	150,928	170,635	130,643	63,067

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36. COMBINING ENTITIES

Details of the combining entities are as follows:

Name of combining entities	Principal place of business	Effective equity interest				Principal activities
		31.03.2021	31.08.2020	31.08.2019	31.08.2018	
		%	%	%	%	
Sharp DCM ¹	Malaysia	100	100	100	100	Manufacturer of die cutting moulds and trading of related consumables, tools and accessories
Hotstar ²	Malaysia	100	100	100	100	Manufacturer of die cutting moulds and trading of related consumables, tools and accessories
<u>Subsidiary of Sharp DCM</u>						
Focuswin ³	Malaysia	100	100	100	100	Manufacturer of die cutting moulds

¹ CEKD Holding had acquired additional 10% equity interest during FYE 2018.

² CEKD Holding had acquired 100% equity interest and control during FYE 2018.

³ Sharp DCM had acquired additional 50% equity interest during FYE 2018.

a. Acquisition of a subsidiary, Focuswin

On 5 October 2017, Sharp DCM acquired 200,002 ordinary shares, representing 50% equity interest plus 2 ordinary shares of the associate, Focuswin, at a cash consideration of RM1,000,005. Focuswin becomes a wholly-owned subsidiary of Sharp DCM during FYE 2018. The acquisition had the following financial impact to the Group as at the date of acquisition:

	At date of acquisition RM
Property, plant and equipment	756,727 ⁽¹⁾
Inventories	94,262
Trade receivables	469,069
Other receivables, deposits and prepayments	107,918
Cash and bank balances	325,707
Trade payables	(76,514)
Other payables and accruals	(87,766)
Finance lease liabilities	(18,881)
Tax payable	(24,092)
Fair value of the identifiable assets and liabilities acquired	1,546,430
Goodwill on consolidation	453,570
	2,000,000
Carrying amount of the equity interest previously owned	(621,652)
Gain on remeasurement (Note 27)	(378,343)
Less: Fair value of the equity interest previously owned	(999,995)
Purchase consideration	1,000,005

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ACCOUNTANTS' REPORT (CONT'D)

36. COMBINING ENTITIES (CONT'D)

Details of the combining entities are as follows: (cont'd)

a. Acquisition of a subsidiary, Focuswin (cont'd)

On 5 October 2017, Sharp DCM acquired 200,002 ordinary shares, representing 50% equity interest plus 2 ordinary shares of the associate, Focuswin, at a cash consideration of RM1,000,005. Focuswin becomes a wholly-owned subsidiary of Sharp DCM during FYE 2018. The acquisition had the following financial impact to the Group as at the date of acquisition: (cont'd)

	At date of acquisition RM
Net cash outflow arising from acquisition of a subsidiary:	
Cash consideration	1,000,005
Cash and cash equivalents of the subsidiary acquired	<u>(325,707)</u>
	<u>674,298</u>

⁽¹⁾ In accordance with MFRS 3, 'Business Combination', fair value adjustment for land and building amounting to RM180,000 was made on acquisition date.

37. SEGMENT INFORMATION

The Group has two reportable operating segments – Manufacturing and Trading.

Operating segments	Nature
Manufacturing	Manufacturing of die cutting moulds.
Trading	Trading of related consumables, tools and accessories.

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ACCOUNTANTS' REPORT (CONT'D)

37. SEGMENT INFORMATION (CONT'D)

Operating segments

	Manufacturing RM	Trading RM	Eliminations RM	Total RM
Audited				
FPE 2021				
Revenue:				
Revenue from external customers	14,969,268	2,735,310	-	17,704,578
Inter-segment revenue	248,281	434,959	(683,240)	-
	<u>15,217,549</u>	<u>3,170,269</u>	<u>(683,240)</u>	<u>17,704,578</u>
Segment profit	8,678,358	570,234	-	9,248,592
Other income				99,851
Unallocated expenses				(3,605,992)
Finance costs				(233,329)
Income tax expense				(1,491,213)
Profit for the financial period				<u>4,017,909</u>
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				957,875
Employee benefit expenses				<u>2,995,103</u>

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37. SEGMENT INFORMATION (CONT'D)

Operating segments (cont'd)

	Manufacturing RM	Trading RM	Eliminations RM	Total RM
Unaudited				
FPE 2020				
Revenue:				
Revenue from external customers	13,901,509	2,118,931	-	16,020,440
Inter-segment revenue	294,409	730,492	(1,024,901)	-
	<u>14,195,918</u>	<u>2,849,423</u>	<u>(1,024,901)</u>	<u>16,020,440</u>
Segment profit	7,748,237	393,599	-	8,141,836
Other income				181,586
Unallocated expenses				(3,261,853)
Finance costs				(335,098)
Income tax expense				(1,191,841)
Profit for the financial period				<u>3,534,630</u>
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				936,911
Employee benefit expenses				3,018,010
Rental of hostel				<u>4,639</u>

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37. SEGMENT INFORMATION (CONT'D)

Operating segments (cont'd)

	Manufacturing RM	Trading RM	Eliminations RM	Total RM
Audited				
FYE 2020				
Revenue:				
Revenue from external customers	22,662,516	3,692,384	-	26,354,900
Inter-segment revenue	442,971	1,132,821	(1,575,792)	-
	23,105,487	4,825,205	(1,575,792)	26,354,900
Segment profit	12,618,231	670,335	-	13,288,566
Other income				368,552
Unallocated expenses				(5,135,428)
Finance costs				(571,684)
Income tax expense				(1,912,091)
Profit for the financial year				6,037,915
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				1,687,442
Employee benefit expenses				4,640,189
Inventories written down due to slow-moving				60,517
Rental of hostel				5,250

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37. SEGMENT INFORMATION (CONT'D)

Operating segments (cont'd)

	Manufacturing RM	Trading RM	Eliminations RM	Total RM
Audited				
FYE 2019				
Revenue:				
Revenue from external customers	23,657,606	4,705,192	-	28,362,798
Inter-segment revenue	474,419	967,824	(1,442,243)	-
	24,132,025	5,673,016	(1,442,243)	28,362,798
Segment profit	12,389,722	983,192	-	13,372,914
Other income				4,765,991
Unallocated expenses				(5,995,896)
Finance costs				(371,720)
Income tax expense				(2,072,439)
Profit for the financial year				9,698,850
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				1,145,797
Employee benefit expenses				5,236,583
Inventories written down due to slow-moving				36,544
Rental of factory				629,635
Rental of hostel				84,656

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37. SEGMENT INFORMATION (CONT'D)

Operating segments (cont'd)

	Manufacturing RM	Trading RM	Eliminations RM	Total RM
Audited				
FYE 2018				
Revenue:				
Revenue from external customers	24,967,198	3,765,191	-	28,732,389
Inter-segment revenue	332,285	458,718	(791,003)	-
	25,299,483	4,223,909	(791,003)	28,732,389
Segment profit	12,857,124	757,550	-	13,614,674
Other income				1,465,280
Unallocated expenses				(5,764,967)
Finance costs				(275,262)
Share of result of associates				357,386
Income tax expense				(2,097,850)
Profit for the financial year				7,299,261
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				1,062,878
Employee benefit expenses				5,031,565
Inventories written down due to slow-moving				320,883
Rental of factory				1,017,238
Rental of hostel				66,780

Geographical segments

Revenue of the combining entities based on geographical location of its customers are as follows:

	Audited 01.09.2020 to 31.03.2021 RM	Unaudited 01.09.2019 to 31.03.2020 RM	← Audited 01.09.2019 to 31.08.2020 RM	Audited → 01.09.2018 to 31.08.2019 RM	01.09.2017 to 31.08.2018 RM
Malaysia	15,046,079	13,574,009	22,559,628	23,774,543	24,438,401
Outside Malaysia	2,658,499	2,446,431	3,795,272	4,588,255	4,293,988
	17,704,578	16,020,440	26,354,900	28,362,798	28,732,389

Major customers

The Group does not have any customers with revenue equal or more than 10% of the Group's total revenue.

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38. OPERATING LEASE COMMITMENTS

The Group leases a number of buildings under operating leases for lease term for none (31.08.2020: none; 31.08.2019: one (1) to five (5) years; 31.08.2018: one (1) to five (5) years), with option to renew the lease at the end of the lease term.

As at 31 August 2019 and 2018, the Group has the following operating lease commitments in respect of rental. The future minimum lease payments under the non-cancellable operating leases are as follows:

	Audited	
	31.08.2019	31.08.2018
	RM	RM
Not later than one year	416,200	1,370,400
Later than one year and not later than five years	188,800	825,800
	605,000	2,196,200

As at 31 March 2021 and 31 August 2020, the Group has no entered into any non-cancellable operating lease agreements.

39. FINANCIAL INSTRUMENTS

(i) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 5.3(j) & (k) describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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ACCOUNTANTS' REPORT (CONT'D)**39. FINANCIAL INSTRUMENTS (CONT'D)****(i) Classification of financial instruments (cont'd)**

The table below provides an analysis of financial instruments of the Group in the statements of financial position by the classes and categories of financial instruments to which they are assigned and therefore by the measurement basis, as follows:

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	RM	RM	RM	RM
<u>(a) Financial assets carried at</u>				
<u>amortised cost</u>				
Trade receivables	6,110,776	6,486,313	6,463,955	7,418,117
Other receivables and deposits	422,342	324,004	1,612,298	791,679
Amount owing by an associate	-	-	-	151,770
Amount owing by related parties	-	-	6,000	7,083,777
Fixed deposits with licensed banks	3,468,416	3,416,816	3,328,800	3,223,324
Cash and bank balances	5,612,914	8,344,115	3,008,935	3,351,611
	<u>15,614,448</u>	<u>18,571,248</u>	<u>14,419,988</u>	<u>22,020,278</u>
<u>(b) Financial assets carried at fair value</u>				
Other investments	5,975,726	2,859,980	2,947,358	-
	<u>5,975,726</u>	<u>2,859,980</u>	<u>2,947,358</u>	<u>-</u>
<u>(c) Financial liabilities carried at</u>				
<u>amortised cost</u>				
Trade payables	180,082	205,235	620,882	573,823
Other payables and accruals	1,296,926	2,047,920	1,452,312	1,628,384
Amount owing to a Director	-	32,508	20,508	-
Loans and borrowings	12,891,531	13,346,214	12,468,913	8,216,872
	<u>14,368,539</u>	<u>15,631,877</u>	<u>14,562,615</u>	<u>10,419,079</u>

(ii) Financial risk management policies

The Group is exposed to financial risk arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors review and agree policies and procedure for the management of these risks, which are executed by the Managing Director. The Group's financial risk management policies are to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

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39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of those risks.

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that were denominated in foreign currencies. The currencies gave rise to this risk were primarily in TWD, HKD, EUR, USD, SGD and JPY. Foreign currency risk was monitored closely and managed to an acceptable level. The combining entity exposures to foreign currency are as follows:

	TWD RM	HKD RM	EUR RM	SGD RM	USD RM	JPY RM	Total RM
Audited							
31.03.2021							
Trade receivables	-	-	32,906	9,011	741,358	-	783,275
Cash and bank balances	-	-	95,376	-	822,206	-	917,582
Trade payables	(674)	-	(206)	(5,763)	(49,185)	-	(55,828)
	(674)	-	128,076	3,248	1,514,379	-	1,645,029
Audited							
31.08.2020							
Trade receivables	-	-	80,094	52,189	996,818	-	1,129,101
Other receivables	-	-	-	-	63,522	-	63,522
Cash and bank balances	-	-	9,223	-	808,879	-	818,102
Trade payables	-	-	(43,407)	-	(3,197)	(882)	(47,486)
	-	-	45,910	52,189	1,866,022	(882)	1,963,239

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39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

(a) Foreign currency risk (cont'd)

The Group is exposed to foreign currency risk on transactions and balances that were denominated in foreign currencies. The currencies gave rise to this risk were primarily in TWD, HKD, EUR, USD, SGD and JPY. Foreign currency risk was monitored closely and managed to an acceptable level. The combining entity exposures to foreign currency are as follows: (cont'd)

	TWD RM	HKD RM	EUR RM	SGD RM	USD RM	JPY RM	Total RM
Audited							
31.08.2019							
Trade receivables	-	-	307,881	132,291	745,521	-	1,185,693
Cash and bank balances	-	-	190,727	-	647,216	-	837,943
Trade payables	(24,571)	(3,088)	(314,665)	(1,012)	(70,020)	(38,139)	(451,495)
Other payables	-	-	(118,234)	(274)	(14,324)	-	(132,832)
	<u>(24,571)</u>	<u>(3,088)</u>	<u>65,709</u>	<u>131,005</u>	<u>1,308,393</u>	<u>(38,139)</u>	<u>1,439,309</u>
Audited							
31.08.2018							
Trade receivables	-	-	94,895	42,735	1,194,803	-	1,332,433
Other receivables	-	-	68,418	-	68,640	-	137,058
Cash and bank balances	-	-	12,343	-	84,625	-	96,968
Trade payables	(16,622)	(27,379)	(33,891)	(906)	(221,285)	(3,670)	(303,753)
Other payables	-	-	(5,809)	-	(77,005)	(895)	(83,709)
	<u>(16,622)</u>	<u>(27,379)</u>	<u>135,956</u>	<u>41,829</u>	<u>1,049,778</u>	<u>(4,565)</u>	<u>1,178,997</u>

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39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

(a) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in TWD, HKD, EUR, SGD, USD and JPY exchange rate against RM, with all other variables held constant.

	Audited			
	31.03.2021 (Decrease)/ increase RM	31.08.2020 Increase/ (decrease) RM	31.08.2019 (Decrease)/ increase RM	31.08.2018 (Decrease)/ increase RM
TWD against the RM				
- strengthens 5%	(34)	-	(1,229)	(831)
- weakens 5%	34	-	1,229	831
HKD against the RM				
- strengthens 5%	-	-	(154)	(1,369)
- weakens 5%	-	-	154	1,369
EUR against the RM				
- strengthens 5%	6,404	2,296	3,285	6,798
- weakens 5%	(6,404)	(2,296)	(3,285)	(6,798)
SGD against the RM				
- strengthens 5%	162	2,609	6,550	2,091
- weakens 5%	(162)	(2,609)	(6,550)	(2,091)
USD against the RM				
- strengthens 5%	75,719	93,301	65,420	52,489
- weakens 5%	(75,719)	(93,301)	(65,420)	(52,489)
JPY against the RM				
- strengthens 5%	-	(44)	(1,907)	(228)
- weakens 5%	-	44	1,907	228

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ACCOUNTANTS' REPORT (CONT'D)**39. FINANCIAL INSTRUMENTS (CONT'D)****(ii) Financial risk management policies (cont'd)****(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its floating rate instruments.

Management does not enter into interest rate hedging transactions as the cost of such instruments out weights the potential risk of interest risk fluctuation.

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, a change interest rates at the end of the reporting period would not affect profit or loss.

The interest rate profile of the Group's significant interest bearing financial instruments, based on the carrying amounts as at end of the financial period/year is as follows:

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	RM	RM	RM	RM
Fixed rate instruments				
<i>Financial asset</i>				
Fixed deposits with licensed bank	3,468,416	3,416,816	3,328,800	3,223,324
<i>Financial liability</i>				
Lease liabilities	(1,342,286)	(1,390,211)	(97,662)	(79,685)
	<u>2,126,130</u>	<u>2,026,605</u>	<u>3,231,138</u>	<u>3,143,639</u>
Floating rate instruments				
<i>Financial liabilities</i>				
Bank overdrafts	-	-	(6,050,276)	(361,785)
Term loans	(11,549,245)	(11,956,003)	(6,320,975)	(7,775,402)
	<u>(11,549,245)</u>	<u>(11,956,003)</u>	<u>(12,371,251)</u>	<u>(8,137,187)</u>

Interest rate risk sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate instruments as fixed rate instruments are not exposed to interest rate risk and are measured at amortised cost.

A 50 basis points strengthening in the interest rate of floating rate instruments as at the end of the reporting periods would have decreased profit before tax by RM57,746 (31.08.2020: RM59,780; 31.08.2019: RM61,856; 31.08.2018: RM40,686). A 50 basis points weakening would have had an equal but opposite effect on the profit before tax. This assumes that all other variables remain constant.

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

(c) Credit risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed bank and bank balances.

The Group trades only with creditworthy third parties. Customers' credit terms are assessed on case by case basis.

The management has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and an ongoing basis.

For other financial assets (including bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile of trade receivables

At each reporting period, 20% (31.08.2020: 29%; 31.08.2019: 26%; 31.08.2018: 35%) of the Group's trade receivables were due from 5 major customers.

Exposure to credit risk

At the end of financial periods/years, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

Impairment of financial assets

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group categorised trade receivables for as impaired when a debtor fails to make contractual payments after more than 365 (31.08.2020: 365; 31.08.2019: 365; 31.08.2018: 365) days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade receivables.

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)
Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

(c) Credit risk (cont'd)

Impairment of financial assets (cont'd)

a. Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables. The expected credit loss model below also incorporated forward looking information such as a forecast of economic conditions where the gross domestic product will increase over the next year, leading to a decrease in the number of defaults. The loss allowance provision is determined as follows:

Audited	Current	30 days past due	60 days past due	90 days past due	More than		Total RM
					90 days past due	90 days past due	
31.03.2021							
Loss rate (%)	0.01	0.02	0.07	2.14	4.34		
Gross carrying amount (RM)	3,985,061	1,120,693	632,048	197,881	188,537		
Loss allowance (RM)	334	222	470	4,241	8,177		13,444
Total impairment (RM)							<u>13,444</u>
31.08.2020							
Loss rate (%)	0.01	0.02	0.07	0.91	3.69		
Gross carrying amount (RM)	3,840,807	1,305,430	667,872	464,294	221,354		
Loss allowance (RM)	334	222	470	4,241	8,177		13,444
Impaired receivables (RM)							<u>2,869</u>
Total impairment (RM)							<u>16,313</u>

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)
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ACCOUNTANTS' REPORT (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

(c) Credit risk (cont'd)

Impairment of financial assets (cont'd)

a. Trade receivables (cont'd)

	Current	30 days past due	60 days past due	90 days past due	More than 90 days past due	Total RM
Audited						
31.08.2019						
Loss rate (%)	0.02	0.01	0.07	1.14	2.23	
Gross carrying amount (RM)	2,527,234	2,141,390	918,310	473,488	419,659	16,126
Loss allowance (RM)	493	276	599	5,416	9,342	2,869
Impaired receivables (RM)						
Total impairment (RM)						18,995
Audited						
31.08.2018						
Loss rate (%)	0.09	0.08	0.15	0.75	2.49	
Gross carrying amount (RM)	2,921,949	2,159,412	1,176,506	385,190	804,150	29,090
Loss allowance (RM)	2,542	1,802	1,791	2,897	20,058	2,667
Impaired receivables (RM)						
Total impairment (RM)						31,757

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

(c) Credit risk (cont'd)

b. Other receivables

Exposure to credit risk, credit quality and collateral

Other receivables balances are monitored on an ongoing basis.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of other receivables as at the end of the reporting period.

Ageing analysis of other receivables and impairment losses

The Group does not maintain ageing analysis for other receivables. Based on past experience, the management determines that no impairment is necessary in respect of other receivables. There had been no allowance for impairment losses on other receivables during the financial period/year and previous financial period/year.

c. Other financial assets (Including other investments, fixed deposits with licensed banks and cash and bank balances)

Other financial assets are held with licensed financial institutions. The Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk, credit quality and collateral

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of other investments, fixed deposits with licensed banks and cash and bank balances in the combined statements of financial position.

Impairment losses

The credit risk for other financial assets are low as those assets are held with licensed financial institutions which are reputable banks and with high quality external credit ratings. Consequently, the Group is of the view that loss allowance is not material and hence it is not provided for.

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains a level of cash and cash equivalents and bank overdraft facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Undiscounted contractual cash flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
Audited					
31.03.2021					
Trade payables	180,082	180,082	180,082	-	-
Other payables and accruals	1,296,926	1,296,926	1,296,926	-	-
Loans and borrowings	12,891,531	15,964,117	1,540,464	5,039,957	9,383,696
	14,368,539	17,441,125	3,017,472	5,039,957	9,383,696
Audited					
31.08.2020					
Trade payables	205,235	205,235	205,235	-	-
Other payables and accruals	2,047,920	2,047,920	2,047,920	-	-
Amount owing to a Director	32,508	32,508	32,508	-	-
Loans and borrowings	13,346,214	16,681,475	1,530,745	5,115,937	10,034,793
	15,631,877	18,967,138	3,816,408	5,115,937	10,034,793

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Financial risk management policies (cont'd)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Carrying amount RM	Undiscounted contractual cash flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
Audited					
31.08.2019					
Trade payables	620,882	620,882	620,882	-	-
Other payables and accruals	1,452,312	1,452,312	1,452,312	-	-
Amount owing to a Director	20,508	20,508	20,508	-	-
Loans and borrowings	12,468,913	14,798,867	6,694,244	2,547,990	5,556,633
	<u>14,562,615</u>	<u>16,892,569</u>	<u>8,787,946</u>	<u>2,547,990</u>	<u>5,556,633</u>
Audited					
31.08.2018					
Trade payables	573,823	573,823	573,823	-	-
Other payables and accruals	1,628,384	1,628,384	1,628,384	-	-
Loans and borrowings	8,216,872	12,154,130	996,291	2,514,160	8,643,679
	<u>10,419,079</u>	<u>14,356,337</u>	<u>3,198,498</u>	<u>2,514,160</u>	<u>8,643,679</u>

(iii) Fair value of financial instruments

a. Financial instruments not carried at fair value

Financial assets and financial liabilities not carried at fair value are disclosed in Note 39(i)(a) and (c). These financial instruments are carried at the amounts approximate of their fair values on the combined statements of financial position due to the relatively short term maturity of these financial instruments and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

As at the end of each financial period/year, the carrying amounts of floating rate term loans approximate their fair values as their effective interest rates change according to movements in the market interest rates.

b. Financial instruments carried at fair value

Financial assets carried at fair value are disclosed in Note 39(i)(b). The fair value of unit trusts investments is a Level 2 fair value derived from input other than quoted prices included within Level 1 that are directly observable. There was no material transfer between Level 1, 2 and 3 during the financial period/year.

13. ACCOUNTANTS' REPORT (Cont'd)**CEKD BERHAD**

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)**40. CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment, returning of capital to shareholders or issuing new shares.

	Audited			
	31.03.2021	31.08.2020	31.08.2019	31.08.2018
	RM	RM	RM	RM
Total loans and borrowings (Note 21)	12,891,531	13,346,214	12,468,913	8,216,872
Less: Cash and cash equivalents (Note 33)	(9,081,330)	(11,760,931)	(6,337,735)	(6,574,935)
Net debt	<u>3,810,201</u>	<u>1,585,283</u>	<u>6,131,178</u>	<u>1,641,937</u>
Total equity	<u>38,193,305</u>	<u>37,505,383</u>	<u>34,986,897</u>	<u>25,288,039</u>
Total net debt and equity	<u>42,003,506</u>	<u>39,090,666</u>	<u>41,118,075</u>	<u>26,929,976</u>
Net debt to total net debt and equity ratio	<u>0.09</u>	<u>0.04</u>	<u>0.15</u>	<u>0.06</u>

41. SIGNIFICANT AND SUBSEQUENT EVENTS DURING THE FINANCIAL PERIOD**(a) The Coronavirus disease 2019 "COVID-19" pandemic**

The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. To curb the spread of COVID-19 outbreak in Malaysia, the government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020 that involved strict movement restrictions and closure of non-essential business premises, followed by Conditional MCO ("CMCO") and Recovery MCO ("RMCO") until the end of December 2020. Various measures to prevent the spread of the virus such as restricted movement, overseas and interstate travel bans, closure of businesses and education institutions and work-from-home arrangements have impacted consumer spending power and pattern and brought about significant economic uncertainties in Malaysia and markets in which the Group operates.

The restrictions imposed have not, however, negatively impacted the Group's financial performance as its main manufacturing facilities were allowed to operate throughout the MCO, under restrictions set by the Ministry of International Trade and Industry ("MITI").

As the Group's activities are considered to be essential services, the management had considered the operational and financial impact of the pandemic and had concluded that Group's financial position, performance and cash flows for the financial period ended 31 March 2021 had not been materially impacted by the COVID-19 pandemic.

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)

41. SIGNIFICANT AND SUBSEQUENT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

(a) The Coronavirus disease 2019 "COVID-19" pandemic (cont'd)

With the rolling out of vaccines under the National COVID-19 Immunisation Program by the Government in February 2021, it is expected to help boost market sentiments although the economic recovery is expected to be gradual and aided by the economic stimulus initiatives undertaken by the government.

As the situation is still evolving as at the date of this report, the Group will continue to monitor the situation surrounding the pandemic so as to be able to formulate appropriate measures swiftly and decisively to minimise potential adverse impact arising from development of the pandemic.

- (b) On 22 October 2020, Sharp DCM declared interim single-tier dividend of RM0.80 per ordinary share totaling RM1,200,000 in respect of the financial year ended 31 August 2021 and paid on 27 October 2020.
- (c) On 22 October 2020, Hotstar declared interim single-tier dividend of RM0.80 per ordinary share totaling RM680,000 in respect of the financial year ended 31 August 2021 and paid on 27 October 2020.
- (d) On 19 November 2020, Sharp DCM declared interim single-tier dividend of RM0.40 per ordinary share totaling RM600,000 in respect of the financial year ended 31 August 2021 and paid on 23 November 2020.
- (e) On 19 November 2020, Hotstar declared interim single-tier dividend of RM1.00 per ordinary share totaling RM850,000 in respect of the financial year ended 31 August 2021 and paid on 23 November 2020.
- (f) On 7 December 2020, CEKD entered into a conditional share sale agreement with CEKD Holding to acquire the entire equity interest in Sharp DCM for a total purchase consideration of RM28,634,400 to be satisfied by issuance of 120,312,605 new ordinary shares in CEKD at an issue price of RM0.238 per share ("Acquisition of Sharp DCM").
- (g) On 7 December 2020, CEKD entered into a conditional share sale agreement with CEKD Holding to acquire the entire equity interest in Hotstar for a total purchase consideration of RM5,633,500 to be satisfied by issuance of 23,670,168 new ordinary shares in CEKD at an issue price of RM0.238 per share ("Acquisition of Hotstar").
- (h) On 21 June 2021, pursuant to the share sale agreement, the Company issued and allotted 143,982,773 new ordinary shares of RM0.238 each to CEKD Holding to acquire the entire equity interest in Sharp DCM and Hotstar. The new Shares issued under the Acquisition of Sharp DCM and Acquisition of Hotstar rank equally in all respects with existing CEKD Shares. Thereafter, Sharp DCM and Hotstar become wholly-owned subsidiaries of the Company.

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)

41. SIGNIFICANT AND SUBSEQUENT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

- (i) On 25 November 2020, CEKD issued and allotted 127 new CEKD Shares to the existing shareholders at a total consideration of RM13. Upon completion of the Share Issuance, the total number of ordinary shares increased from 100 to 227 shares.
- (j) On 11 May 2021, Hotstar entered into a Sale and Purchase Agreement to acquire a piece of freehold land together with factory erected for a purchase consideration of RM8,800,000. A total cash deposit of RM176,000 was paid and the balance of purchase consideration shall be paid upon completion of the acquisition. As at the date of this report, the above acquisition has yet to be completed.
- (k) On 11 May 2021, the Company obtained approval from Bursa Securities for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE market of Bursa Securities. As of the date of this report, the Company is in the process of completing the necessary procedures for its proposed listing on Bursa Securities, which is anticipated to be in the 3rd quarter of 2021.

13. ACCOUNTANTS' REPORT (Cont'd)

CEKD BERHAD

(Incorporated in Malaysia)

Registration no. 201801023077 (1285096-M)

ACCOUNTANTS' REPORT (CONT'D)

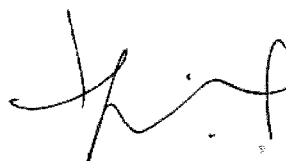
STATEMENT BY DIRECTORS

We, **Yap Tian Tion** and **Yap Kai Ning**, being the Directors of **CEKD Berhad**, state that, in the opinion of the Directors, the combined financial statements set out on page 8 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 March 2021, 31 August 2020, 31 August 2019 and 31 August 2018 and of their financial performance, changes in equity and cash flows for the financial period ended 31 March 2021 and financial year ended 31 August 2020, 31 August 2019 and 31 August 2018.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 August 2021.



YAP TIAN TION
Director



YAP KAI NING
Director

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION



ECOVIS MALAYSIA PLT

201404001750 (LLP0003185-LCA) & AF 001825
Chartered Accountants. Kuala Lumpur, Malaysia

Kuala Lumpur, Malaysia

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The Board of Directors
CEKD Berhad

No.10, Jalan 1/137B
Resource Industrial Centre
Batu 5, Jalan Kelang Lama
58200 Kuala Lumpur
Malaysia

Kuala Lumpur, 12 August 2021

Dear Sirs

CEKD BERHAD ("CEKD" OR "THE COMPANY") AND ITS SUBSIDIARIES ("CEKD GROUP" OR "THE GROUP")

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR INCLUSION IN PROSPECTUS

We have completed our assurance engagement to report on the compilation of the pro forma consolidated financial information of CEKD Group prepared by the Board of Directors of the Company. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 31 March 2021 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The pro forma consolidated financial information has been prepared for inclusion in the prospectus of CEKD in connection with the admission to the Official List and the listing of and quotation for the entire enlarged issued share capital of CEKD on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Proposal").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated financial information are described in Note 2 to the pro forma consolidated statement of financial position, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The pro forma consolidated financial information has been compiled by the Board of Directors to illustrate the effects of the events or transactions set out in Note 3 of the Pro Forma Consolidated Statement of Financial Position had they been implemented and completed on 31 March 2021 on the Group's financial position as at that date. As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the audited financial information of the Group as at 31 March 2021.

ECOVIS MALAYSIA PLT 201404001750 (LLP0003185-LCA) & AF 001825 Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia Phone: +60(3) 7981 1799 Fax: +60(3) 7980 4796 E-Mail: kuala-lumpur@ecovis.com.my

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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (*Cont'd*)



Directors' Responsibility for the Pro Forma Consolidated Financial Information

The Board of Directors is responsible for compiling the pro forma consolidated financial information on the basis as described in Note 2 to the pro forma consolidated statement of financial position and in accordance with the requirements of the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 2 of the pro forma consolidated statement of financial position.

We conducted our engagement in accordance with International Standards on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Accounting Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors have compiled, in all material respects, the pro forma consolidated financial information on the basis set out in Note 2 to the pro forma consolidated statement of financial position.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of the pro forma consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the events had occurred or the transactions have been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 March 2021, would have been as presented.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



Reporting Accountants' Responsibilities (cont'd)

A reasonable assurance engagement to report on whether the pro forma consolidated financial information have been compiled, in all material respects, on the basis of the applicable involves performing procedures to assess whether the applicable criteria used by the Boards of Directors in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (i) the related pro forma adjustments give appropriate effect to those criteria; and
- (ii) the pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated financial information of the Group has been compiled, in all material respects, on the basis as set out in Note 2 of the pro forma consolidated statement of financial position and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

This report has been prepared solely for the purpose of inclusion in the prospectus of CEKD in connection with the Proposal. As such this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink that reads "Ecovis".

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

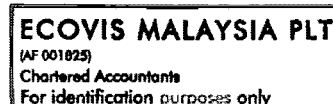
Kuala Lumpur
12 August 2021

A handwritten signature in black ink that reads "CHUA KAH CHUN".

CHUA KAH CHUN
02696/09/2021 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (*Cont'd*)

CEKD BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021



1.0 Abbreviations

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

Companies within our group:

Focuswin	:	Focuswin Diecutting Mould Sdn. Bhd. (Registration No.: 199401032898 (318581-U))
Hotstar	:	Hotstar (M) Sdn. Bhd. (Registration No.: 199401000129 (285807-K))
CEKD or Company	:	CEKD Berhad (Registration No.: 201801023077 (1285096-M))
CEKD Group or Group	:	CEKD and its combining entities, collectively
Sharp DCM	:	Sharp Die Cutting Mould Sdn. Bhd. (Registration No.: 198901010422 (187724-P))
Sharp DCM Group	:	Sharp DCM and its subsidiary, collectively

General

ACE Market	:	ACE Market of Bursa Securities
Acquisitions	:	Collectively, Acquisition of Sharp DCM and Acquisition of Hotstar
Acquisition of Hotstar	:	Acquisition by CEKD of the entire equity interest of Hotstar for a purchase consideration of RM5,633,500, wholly satisfied by the issuance of 23,670,168 new Shares at an issue price of RM0.238 each, which was completed on 21 June 2021.
Acquisition of Sharp DCM	:	Acquisition by CEKD of the entire equity interest of Sharp DCM for a purchase consideration of RM28,634,400, wholly satisfied by the issuance of 120,312,605 new Shares at an issue price of RM0.238 each, which was completed on 21 June 2021.
Act	:	Companies Act, 2016
Board	:	Board of Directors of CEKD
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
CMSA	:	Capital Markets and Services Act, 2007
Director(s)	:	An executive director or a non-executive director of the Company within the meaning of Section 2 of the Act
FPE	:	Financial period ended 31 March 2021
IFRS	:	International Financial Reporting Standards
Initial Public Offering or IPO	:	Our initial public offering comprising the Public Issue
IPO Price	:	Issue/offer price of RM0.48 per Issue Share

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

**CEKD BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**



1.0 Abbreviations (Cont'd)

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report: (Cont'd)

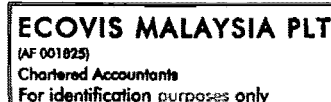
General (Cont'd)

Issue Share(s)	:	50,590,000 new Share(s) to be issued under our Public Issue
Listing	:	Listing of and quotation for our entire enlarged share capital of RM58.55 million comprising 194,573,000 Shares on the ACE Market
Listing Scheme	:	Comprising our Public Issue and Listing, collectively
Malaysian Public	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
MFRS	:	Malaysian Financial Reporting Standards
MITI	:	Ministry of International Trade and Industry Malaysia
NA	:	Net assets
Pre-IPO Exercise	:	the Acquisitions
Prospectus	:	This Prospectus dated 6 September 2021 in relation to our IPO
PPE	:	Property, plant and equipment
Public Issue	:	Public issue of 50,590,000 Issue Shares at our IPO price
RM or sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
Share(s) or CEKD Share(s)	:	Ordinary share(s) in CEKD

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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (*Cont'd*)

CEKD BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021



2.0 Pro Forma Group and Basis of Preparation

2.1 Basis of Preparation

The pro forma consolidated statement of financial position of CEKD Group has been prepared by the Board in a manner consistent with the format of the audited financial statements and accounting policies of the Group for the FPE 31 March 2021, in accordance with MFRS, IFRS and the requirements of the Prospectus Guidelines. The pro forma consolidated statement of financial position has been prepared solely for illustrative purposes, to show the effects of transactions as disclosed in Note 3.

The pro forma consolidated statement of financial position is consolidated using the merger method as CEKD, Sharp DCM Group and Hotstar are under the common control of the same party both before and after the Acquisitions. When the merger method is used, the difference between the cost of investment recorded by CEKD and the share capital of the subsidiaries are accounted for as reorganisation reserve in the pro forma consolidated statement of financial position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which took part in the reorganisation exercise, was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the start of the earliest period presented in the financial statements.

The audited financial statements of the Group and of the Company as at 31 March 2021 were not subject to any audit qualification.

The pro forma financial information of the Group comprises the pro forma consolidated statement of financial position as at 31 March 2021, adjusted for the impact of the Pre-IPO Exercise (Note 2.2.1), IPO (Note 2.2.2) and utilisation of proceeds from the IPO (Note 3.1.3).

The pro forma financial information, because of its nature, may not reflect the actual financial position of the Group. Furthermore, such information does not predict the future financial position of the Group.

2.2 Listing Scheme

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of CEKD on the ACE Market, the Company intends to undertake the following transactions:

2.2.1 Pre-IPO Exercise

2.2.1.1 Acquisitions

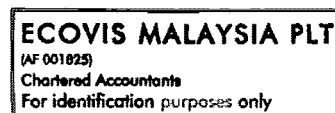
On 7 December 2020, CEKD have entered into the following conditional share sale agreements:

- (i) acquisition of the entire equity interest in Sharp DCM for a total purchase consideration of RM28,634,400 to be satisfied by issuance of 120,312,605 new CEKD Shares at an issue price of RM0.238 per Share; and
- (ii) acquisition of the entire equity interest in Hotstar for a total purchase consideration of RM5,633,500 to be satisfied by issuance of 23,670,168 new CEKD Shares at an issue price of RM0.238 per Share.

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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

CEKD BERHAD
 PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2021



2.0 Pro Forma Group and Basis of Preparation (Cont'd)

2.2 Listing Scheme (Cont'd)

2.2.1 Pre-IPO Exercise (Cont'd)

2.2.1.1 Acquisitions (Cont'd)

The above considerations were derived after taking into consideration the adjusted NA as follows:

	Sharp DCM Group RM	Hotstar RM
Audited NA as at 31 August 2020	30,434,400	7,163,500
Less:		
Interim dividend paid on 27 October 2020 and 23 November 2020	<u>(1,800,000)</u>	<u>(1,530,000)</u>
Adjusted NA	<u>28,634,400</u>	<u>5,633,500</u>

Upon completion of the Acquisitions, the issued share capital of CEKD increased to RM34,267,923 comprising 143,983,000 Shares.

2.2.2 IPO

2.2.2.1 Public Issue

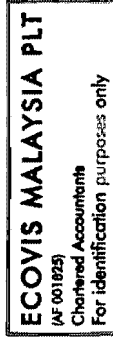
The Public Issue of 50,590,000 new CEKD Shares, representing approximately 26.0% of the enlarged issued share capital at IPO Price amounting to RM24,283,200, payable in full on application, upon such terms and conditions as set out in the Prospectus, will be allocated and allotted in the following manner:

- (a) 9,729,000 new CEKD Shares made available for application by the Malaysian Public;
- (b) 9,729,000 new CEKD Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;
- (c) 6,811,000 new CEKD Shares by way of private placement to selected investors; and
- (d) 24,321,000 new CEKD Shares by way of private placement to Bumiputera investors approved by MITI.

2.2.2.2 Listing

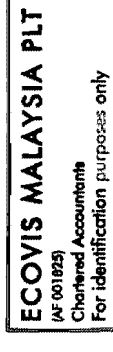
The admission of CEKD to the Official List of Bursa Securities, and the entire enlarged issued share capital of RM58,551,123 comprising 194,573,000 CEKD Shares shall be listed and quoted on the ACE Market upon completion of the Public Issue.

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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**CEKD BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021****3.0 Pro Forma Consolidated Statement of Financial Position as at 31 March 2021**

	Pro Forma I		Pro Forma II		Pro Forma III	
	Audited as at 31 March 2021 RM	Adjustments for Pre-IPO Exercise RM	After Adjustments for Pre-IPO Exercise RM	After Pro Forma I and IPO RM	Utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Assets						
Non-current assets						
Property, plant and equipment	-	26,571,308	26,571,308	-	13,100,000	39,671,308
Goodwill on consolidation	-	453,570	453,570	-	-	453,570
Other investments	-	5,975,726	5,975,726	-	-	5,975,726
	-	33,000,604	33,000,604	-	13,100,000	46,100,604
Current assets						
Inventories	-	4,126,001	4,126,001	-	-	4,126,001
Trade receivables	-	6,110,776	6,110,776	-	-	6,110,776
Other receivables, deposits and prepayments	25,559	1,809,288	1,834,847	-	(201,559)	1,633,288
Fixed deposits with licensed bank	-	3,468,416	3,468,416	-	-	3,468,416
Cash and bank balances	5,015	5,607,899	5,612,914	24,283,200	(19,924,000)	9,972,114
	30,574	21,122,380	21,152,954	24,283,200	(20,125,559)	25,310,595
Total assets	30,574	54,122,984	54,153,558	24,283,200	(7,025,559)	71,411,199

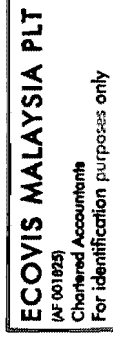
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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**CEKD BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021****3.0 Pro Forma Consolidated Statement of Financial Position as at 31 March 2021 (Cont'd)**

	Audited as at 31 March 2021 RM	Pro Forma I After Adjustments for Pre-IPO Exercise		Pro Forma II After Pro Forma I and IPO		Pro Forma III After Pro Forma II and utilisation of proceeds	
		RM	RM	RM	RM	RM	RM
Equity and liabilities							
Equity							
Share capital	23	34,267,900	34,267,923	24,283,200	58,551,123	(827,027)	57,724,096
Reorganisation reserve	-	(31,917,900)	(31,917,900)	-	(31,917,900)	-	(31,917,900)
(Accumulated losses)/Retained earnings	(554,010)	36,397,292	35,843,282	-	35,843,282	(1,663,803)	34,179,479
(Shareholders' deficit)/Total equity	(553,987)	38,747,292	38,193,305	24,283,200	62,476,505	(2,490,830)	59,985,675
Liabilities							
Non-current liabilities							
Loans and borrowings	-	11,778,689	11,778,689	-	11,778,689	(3,536,224)	8,242,465
Deferred tax liabilities	-	1,026,346	1,026,346	-	1,026,346	-	1,026,346
	-	12,805,035	12,805,035	-	12,805,035	(3,536,224)	9,268,811
Current liabilities							
Trade payables	-	180,082	180,082	-	180,082	-	180,082
Other payables and accruals	584,561	712,365	1,296,926	-	1,296,926	(534,729)	762,197
Loans and borrowings	-	1,112,842	1,112,842	-	1,112,842	(463,776)	649,066
Tax payable	-	565,368	565,368	-	565,368	-	565,368
	584,561	2,570,657	3,155,218	-	3,155,218	(998,505)	2,156,713
Total liabilities	584,561	15,375,692	15,960,253	-	15,960,253	(4,534,729)	11,425,524
Total equity and liabilities	30,574	54,122,984	54,153,558	24,283,200	78,436,758	(7,025,559)	71,411,199

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

**CEKD BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**



3.0 Pro Forma Consolidated Statement of Financial Position as at 31 March 2021 (Cont'd)

	Audited as at 31 March 2021	Adjustments for Pre-IPO		Pro Forma I	Pro Forma II		Pro Forma III
		Exercise	Exercise	After Adjustments for Pre-IPO	After Pro Forma I and IPO	Utilisation of proceeds	After Pro Forma II and utilisation of proceeds
Number of CEKD Shares in issue	227			143,983,000	194,573,000	194,573,000	194,573,000
NA (RM)	(553,987)			38,193,305	62,476,505	59,985,675	59,985,675
NA per Share (RM)	(2,440)			0.27	0.32	0.31	0.31
Borrowings	-			11,775,869	11,775,869	7,775,869	7,775,869
Gearing (times) ⁽¹⁾	-			0.31	0.19	0.13	0.13
Current ratio (times) ⁽²⁾	0.1			6.7	14.4	11.7	11.7

⁽¹⁾ Calculated based on the loans and borrowings (excluding lease liabilities arising from rental of leased buildings) of our Group divided by the total equity of our Group.

⁽²⁾ Calculated based on total current assets divided by total current liabilities of our Group.

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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

CEKD BERHAD
 PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2021



3.1 Notes to Pro Forma Consolidated Statement of Financial Position

3.1.1 Pro Forma I

Pro Forma I incorporates the effects of Pre-IPO Exercise as set out in Note 2.2.1.

3.1.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the IPO as set out in Note 2.2.2

3.1.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from IPO.

The estimated gross proceeds from the IPO of RM24,283,200 will be utilised as follows:

	RM	Estimated time frame (from the listing date)
Acquisition of factory ⁽¹⁾	8,800,000	Within 24 months
Capital expenditure ⁽¹⁾	4,300,000	Within 24 months
Repayment of bank borrowings ⁽²⁾	4,000,000	Within 6 months
Marketing expenses	1,500,000	Within 24 months
Working capital	2,683,200	Within 24 months
Estimated listing expenses ⁽³⁾	3,000,000	Immediately
	<u>24,283,200</u>	

Notes:

⁽¹⁾ As at the LPD, out of the total utilisation of proceeds for acquisition of factory and capital expenditure totaling RM13,100,000, RM4,121,146 is not supportable by any purchase orders, sales and purchase agreements or contractually binding agreements save for the expenses to upgrade and develop computer softwares and server amounting to RM178,854 and acquisition of factory at Taman Perindustrian KIP, Kepong, Kuala Lumpur amounting to RM8,800,000. However, in accordance with Paragraph 9.18(a)(ii), Division 1 - Equity of the Prospectus Guidelines issued by the SC, the Group has illustrated the utilisation of proceeds to acquire factory, purchase machineries and upgrade and develop computer softwares and server totaling RM13,100,000 in the Pro Forma Consolidated Statement of Financial Position.

⁽²⁾ RM4,000,000 has been earmarked to repay bank borrowings from licensed banks which were utilised to finance a 6-storey detached factory complex.

⁽³⁾ The estimated listing expenses comprise the following:

Professional fees	RM 2,162,000
Fees payable to authorities	1,000
Underwriting, placement and brokerage fees	667,000
Printing, advertising fees and contingencies	170,000
	<u>3,000,000</u>

Estimated listing expenses of RM827,027 will be set-off against equity and the remaining will be charged out to the profit or loss, of which RM509,170 had been incurred and charged to the profit or loss of the Group as of 31 March 2021.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

CEKD BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

ECOVIS MALAYSIA PLT
(AF 001823)
Chartered Accountants
For identification purposes only

3.2 Pro Forma Effects on Financial Statement Line Items

3.2.1 Effects on PPE

	RM	RM
As audited on 31 March 2021		-
<u>Pro Forma I:</u>		
Pre-IPO Exercise		26,571,308
After effects of Pro Forma I, II		<u>26,571,308</u>
<u>Pro Forma III:</u>		
Utilisation of proceeds from IPO:		
- Acquisition of factory	8,800,000	
- Capital expenditure	4,300,000	
After effects of Pro Forma III		<u>39,671,308</u>

3.2.2 Effects on Cash and Bank Balances

	RM	RM
As audited on 31 March 2021		5,015
<u>Pro Forma I:</u>		
Pre-IPO Exercise		5,607,899
After effects of Pro Forma I		<u>5,612,914</u>
<u>Pro Forma II:</u>		
IPO		24,283,200
After effects of Pro Forma II		<u>29,896,114</u>
<u>Pro Forma III:</u>		
Utilisation of proceeds from IPO:		
- Acquisition of factory *	(8,624,000)	
- Capital expenditure	(4,300,000)	
- Repayment of bank borrowings	(4,000,000)	
- Estimated listing expenses	(3,000,000)	
After effects of Pro Forma III		<u>(19,924,000)</u>
		<u>9,972,114</u>

* The balance are offset from deposit paid earlier.

3.2.3 Effects on Share Capital

	No. of Shares	RM
As audited on 31 March 2021	227	23
<u>Pro Forma I:</u>		
Pre-IPO Exercise	143,982,773	34,267,900
After effects of Pro Forma I	<u>143,983,000</u>	<u>34,267,923</u>
<u>Pro Forma II:</u>		
IPO	50,590,000	24,283,200
After effects of Pro Forma II	<u>194,573,000</u>	<u>58,551,123</u>
<u>Pro Forma III:</u>		
Utilisation of proceeds from IPO:		
- Estimated listing expenses offset against equity	-	(827,027)
After effects of Pro Forma III	<u>194,573,000</u>	<u>57,724,096</u>

3.2.4 Effects on Reorganisation Reserve

	RM
As audited on 31 March 2021	-
<u>Pro Forma I:</u>	
Pre-IPO Exercise	(31,917,900)
After effects of Pro Forma I, II, III	<u>(31,917,900)</u>

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

CEKD BERHAD
 PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2021



3.2 Pro Forma Effects on Financial Statement Line Items (Cont'd)

3.2.5 Effects on (Accumulated Losses)/Retained Earnings

	RM
As audited on 31 March 2021	(554,010)
<u>Pro Forma I:</u>	
Pre-IPO Exercise	36,397,292
After effects of Pro Forma I, II	35,843,282
<u>Pro Forma III:</u>	
Utilisation of proceeds from IPO:	
- Estimated listing expenses charged to profit or loss	(1,663,803)
After effects of Pro Forma III	34,179,479

3.2.6 Effects on Loans and Borrowings (Current and Non-Current Liabilities)

	RM
As audited on 31 March 2021	-
<u>Pro Forma I:</u>	
Pre-IPO Exercise	12,891,531
After effects of Pro Forma I, II	12,891,531
<u>Pro Forma III:</u>	
Utilisation of proceeds from IPO:	
- Repayment of bank borrowings	(4,000,000)
After effects of Pro Forma III	8,891,531

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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

CEKD BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021



4.0 Approval by the Board of Directors

The pro forma consolidated statement of financial position is approved by the Board of Directors of CEKD Berhad in accordance with Directors' resolution dated 12 August 2021

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YAP TIAN TION
Director

A handwritten signature in black ink, featuring a prominent horizontal stroke and several loops, positioned above a horizontal line.

YAP KAI NING
Director

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2,
- (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 share of our Company or our subsidiaries; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the issuance of our subscribers' shares upon our incorporation and new Shares issued and to be issued for the Acquisitions and Public Issue as disclosed in Sections 4.3, 6.1, 6.2 and 15.2 respectively, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

15.2.1 Sharp DCM

Sharp DCM's share capital as at LPD is RM1,500,000 comprising 1,500,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
6 October 1989	2	RM2/ Subscribers' shares	2
20 October 1989	59,998	RM59,998/ Cash	60,000
20 February 1995	140,000	RM140,000/ Cash	200,000
15 January 2004	600,000	RM600,000/ Cash	800,000
27 January 2015	700,000	RM700,000/ Cash	1,500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sharp DCM. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15. STATUTORY AND OTHER INFORMATION *(Cont'd)*

15.2.2 Hotstar

Hotstar's share capital as at LPD is RM850,000 comprising 850,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
4 January 1994	2	RM2/ Subscribers' shares	2
10 January 1995	272,000	RM272,000/ Cash	272,002
10 January 1995	577,998	RM577,998/ Otherwise ⁽¹⁾	850,000

Note:

⁽¹⁾ Issue of shares to satisfy the consideration for the purchase of machineries, equipment and goodwill.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Hotstar. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.3 Focuswin

Focuswin's share capital as at LPD is RM400,002 comprising 400,002 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
4 October 1994	2	RM2/ Subscribers' shares	2
26 March 1997	400,000	RM400,000/ Cash	400,002

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Focuswin. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.3 CONSTITUTION

The following provisions are extracted from our 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.

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

15.3.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 8 - Issue of Shares

- 8.1 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 this Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.
- 8.2 No Shares shall be issued at a discount except in compliance with the provisions of the Act.
- 8.3 The rights attaching to Shares of a class other than ordinary shares, shall be expressed in this Constitution.
- 8.4 No issue of Shares shall be made without the prior approval of the members of the Company in general meeting.
- 8.5 No Director shall participate in a scheme that involves a new issuance of Shares to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director.

Clause 9 - Rights of preference shareholders

- 9.1 Subject to the Act, the Listing Requirements, 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 A holder of preference shares must have a right to vote in each of the following circumstances:
 - (a) when the dividend or part of the dividend on the share is in arrears for more than 6 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;
 - (e) on a proposal to wind up the Company; and
 - (f) during the winding up of the Company.
- 9.3 A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, and audited financial statements, and attending general meetings of the Company.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- 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.

Clause 10 - Repayment of preference capital

The repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholders' rights shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of 3/4 of the preference capital concerned within 2 months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Clause 11 - Modification of class rights

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 2 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 13 - Commission on subscription of shares

The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate or the per centum of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of 10% of the price at which the Shares in respect whereof the commission is paid are issued or an amount equivalent thereto. Such commission may be satisfied by the payment of cash or the allotment of fully paid-up shares or partly paid-up Shares or by a combination of any of the aforesaid methods of payment. The Company may, on any issue of Shares, also pay such brokerage as may be lawful.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 14 - Interest on share capital during construction of works on building

Where any shares are issued for the purpose of raising money to defray the expenses of construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of the plant.

Clause 15 - Trust not to be recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share except in an absolute right to the entirety thereof in the registered holder.

Clause 16 - Certificate of title

The certificates of title to Shares, stock, debentures, debenture stock, notes and other securities shall be issued under the Seal of the Company in such form as the Directors may from time to time prescribe provided that such certificates shall comply with all security features, size and other requirements prescribed by the Exchange and any authorities and all such certificates shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Director for this purpose. It shall be sufficient evidence that the Seal has been duly affixed to any such certificate and signed as aforesaid if an autographic or facsimile of the signatures of the aforesaid authorised persons appear thereon.

Clause 17 - Issue of Securities

The Company must ensure that all new issues of Securities for which listing is sought are made by way of crediting the Securities accounts of the allottees with such Securities save and except where they are specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event they shall so similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the Securities accounts of such allottees.

Clause 18 - Timing for allotment of securities

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue Securities, despatch notices of allotment to the allottees and make an application for the quotation of such Securities within the period as may be prescribed by the Exchange and deliver to the Depository the appropriate certificates in such denominations as may be specified by the Depository and registered in the name of the Depository or its nominee company.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 51 - 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.

Clause 52 - 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 53 - 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 54 - 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:

- 54.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 54.2 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, 1 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;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

54.3 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

54.4 convert and/or re-classify any class of shares into any other class of shares.

Clause 55 - 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 share premium account in any manner authorised by the Act and subject to any consent required by law.

15.3.2 Borrowing and voting powers of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

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 1 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 2 of the Directors form a quorum and only such Directors are present at the meeting or where only 2 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 221 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.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

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.

15.3.3 Remuneration of directors

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

Clause 93 - Directors' remuneration

- 93. 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 of the Company.
- 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 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.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.3.4 Transfer of shares

The provisions in our Constitution dealing with transfer of shares are as follows:

Clause 31 - Transfer of Deposited Securities

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.

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 as 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 The Directors may, in their absolute discretion through passing of a resolution setting out the reasons of refusal or delay in the registration of any transfer of shares not being fully paid shares to a person of whom they do not approve and may also decline to register any transfer of shares on which the Company has a lien within 30 days from the receipt of the instrument of transfer. Such notice of the resolution including the reasons thereof shall be sent to the transferor and the transferee within 7 days of the resolution being passed.
- 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 No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- 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 (interalia) 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.

15.4 GENERAL INFORMATION

- (a) Save for the dividends paid to the shareholders of our subsidiaries in FYE 2020, purchase consideration paid to CEKD Holding for the Acquisitions as disclosed in Section 6.2 and substantial shareholders and Directors' remuneration as disclosed in Section 5.1.5 and 5.2.4, 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 paid or given, to any of our Promoter, Director or substantial shareholder.
- (b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have 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 summarised procedures for application of our Shares are set out in Section 16.
- (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 CONSENTS

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Financial Adviser, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.6 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) Constitution;
- (b) Audited financial statement of CEKD from the date of incorporation up to 31 August 2019, FYE 2020 and FPE 2021, and audited financial statements of Sharp DCM and Hotstar for FYE 2018, FYE 2019, FYE 2020 and FPE 2021;
- (c) Accountants' Report as set out in Section 13;
- (d) Reporting Accountants' report relating to our pro forma consolidated financial information as set out in Section 14;
- (e) IMR Report as set out in Section 8;
- (f) Material contracts as set out in Section 6.4; and
- (g) Letters of consent as set out in Section 15.5.

15.7 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. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M&A Securities 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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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 6 September 2021

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 17 September 2021

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our eligible Directors, employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
Individuals	White Application Form or Electronic Share Application or Internet Share Application
Non-Individuals	White Application Form only

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

16.2.2 Placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our Public Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form; or
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform STRICTLY to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.48 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO.706"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 17 September 2021 or by such other time and date specified in any change to the date or time for closing.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or
 - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.8 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.8.1 For applications by way of Application Forms

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.8.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.9 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.10 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tjih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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