www.cekd.com.my

CEKD BERHAD
[Registration No. 201801023077 (1285096-M)]

10, Jalan 1/137B,
Resource Industrial Centre
Batu 5, Jalan Kelang Lama,
58200 Kuala Lumpur, Malaysia

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CEKD BERHAD [Registration No. 201801023077 (1285096-M)]

Annual Report 2022

CEKD

CEKD BERHAD
[Registration No. 201801023077 (1285096-M)]

ANNUAL REPORT 2022

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OUR VISION, MISSION & MOTTO

CEKD Berhad ("CEKD" or "the Company") and its subsidiaries ("CEKD Group" or "the Group") is one of the leading die-cutting solutions providers in Malaysia. We are involved in the manufacturing of die-cutting moulds and trading of related consumables, tools and accessories.

Proven by our high-quality products and services, we have established ourselves as the industry benchmark with our strong reputation. Our Group currently operates from seven (7) factories with state-of-the-art facilities located in Kuala Lumpur and Penang. In FYE 2022, we have acquired a new factory to expand our operation capacity and has commenced the operation in December 2022.

In 2021, we have made our debut on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). This has marked our milestone to strengthen our roots in the die-cutting industry. Our commitment towards our vision of being the best die-cutting solution provider in Asia Pacific is proven by the ISO 9001:2015.

OUR VISION

The Best Die Cutting Solution Provider in Asia Pacific

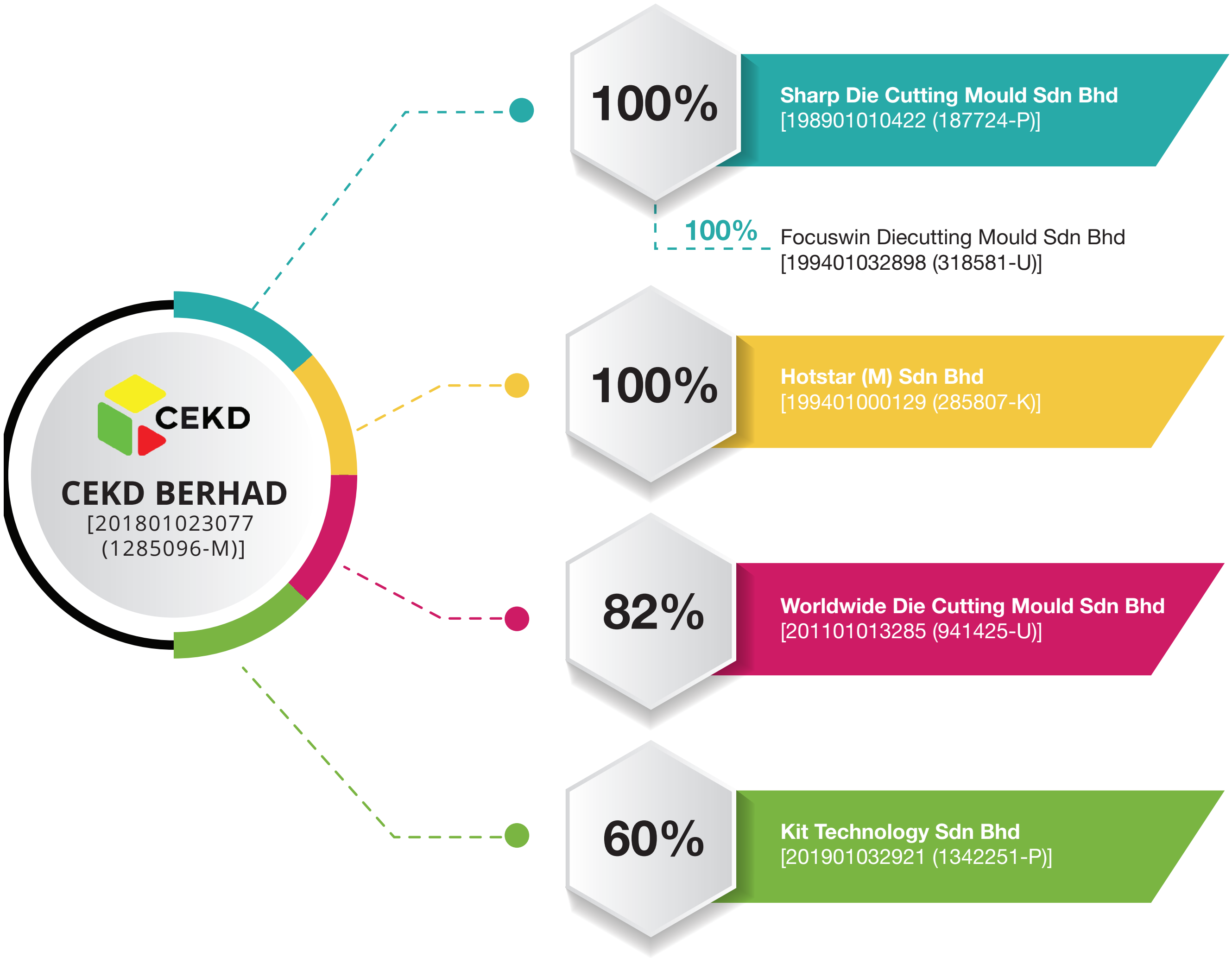
OUR MISSION

- **Create Value for Customers**
- **Continuous Improvement**

OUR MOTTO

Drive Towards Excellence

GROUP STRUCTURE



OUR MILESTONE

1989

Founded and ventured as manufacturing of die-cutting moulds and trading of related consumables, tools, and accessories

1990

Obtained a five (5) year pioneer status from Malaysian Investment Development Authority (“MIDA”)

*The pioneer status was granted by Ministry of International Trade and Industry ("MITI") on 6 March 1991 and continued for a period of five (5) years pursuant to the Promotion of Investments Act 1986.

1997

Business expansion to Northern region of Peninsular Malaysia through Focuswin Diecutting Mould Sdn Bhd ("Focuswin") and investment in automatic steel rule processors

2002

Investment in Computerised Numerical Control (“CNC”) milling and engraving machines and obtained certificate of ISO 9001: 2000

2013

Relocation to Jalan Kelang Lama with factory equipped with advanced technology equipment producing 2D and 3D embossing and debossing tools and numerical control dies

2020

Obtained a die-maker certification from Bobst Mex SA ("Bobst")

2021

Listed on the ACE Market of Bursa Securities

2022

Further business expansion via acquisition of Worldwide Die Cutting Mould Sdn Bhd (“Worldwide”) and Kit Technology Sdn Bhd (“Kit Technology”)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Zulkifli Bin Adnan
Independent Non-Executive Chairman

Chong Chin Look
Independent Non-Executive Director

Datuk Mak Foo Wei
Independent Non-Executive Director

Choo Yem Kuen
Independent Non-Executive Director

Yap Tian Tion
Deputy Executive Chairman

Yap Kai Ning
Managing Director

Yap Kai Min
Executive Director
(Appointed w.e.f. 25/10/2022)

BOARD COMMITTEE

AUDIT COMMITTEE

Chairman
Chong Chin Look

Member
Choo Yem Kuen
Datuk Mak Foo Wei

NOMINATING COMMITTEE

Chairperson
Choo Yem Kuen

Member
Datuk Mak Foo Wei
Chong Chin Look

REMUNERATION COMMITTEE

Chairman
Datuk Mak Foo Wei

Member
Choo Yem Kuen
Chong Chin Look

RISK MANAGEMENT COMMITTEE

Chairman
Chong Chin Look

Member
Dato' Zulkifli Bin Adnan
Datuk Mak Foo Wei
Yap Kai Ning
Choo Yem Kuen

CORPORATE INFORMATION

HEAD OFFICE

10, Jalan 1/137B
Resource Industrial Centre
Batu 5, Jalan Kelang Lama
58200 Kuala Lumpur
Tel: +6017-988 6450 / 2329

REGISTERED OFFICE

7-1, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur
Tel: +603-7982 2010
Fax: +603-7980 1242

COMPANY SECRETARIES

Teo Soon Mei
(MAICSA 7018590)
(SSM PC 201908000235)

Lim Jia Huey
(MAICSA 7073258)
(SSM PC 201908000929)

AUDITORS

Ecovis Malaysia PLT
[201404001750 (LLP0003185-LCA) & AF001825]
Chartered Accountants
9-3, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur
Tel: +603-7981 1799

PRINCIPAL BANKERS

CIMB Bank Berhad
Alliance Bank Malaysia Berhad

SPONSOR

M & A Securities Sdn Bhd
[197301001503 (15017-H)]
Level 11, No. 45-47,
The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: +603-2284 2911

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
[197901005880 (50164-V)]
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya, Selangor
Tel: +603-7784 3922
Fax: +603-7784 1988

BOARD OF DIRECTORS' PROFILE

DATO' ZULKIFLI BIN ADNAN
Malaysian | Male | 64
Independent Non-Executive Chairman

Dato' Zulkifli Bin Adnan, was appointed to the Board of Directors ("Board") as the Independent Non-Executive Chairman on 7 February 2020. He is also a member of Risk Management Committee ("RMC").

He graduated with a Bachelor of Science in Resource Economics from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia), Serdang in 1981. He later obtained a Diploma in Public Management from the National Institute of Public Administration, Kuala Lumpur in 1982 and a Master of Arts in Law & Diplomacy from The Fletcher School of Law & Diplomacy, Tufts University, Boston, USA in 1991.

In 1981, he began his career as a trainee bank officer at Malayan Banking Berhad, Kajang. He then joined the Malaysian Foreign Service in 1983. He served in various capacities in Malaysian diplomatic missions overseas in Colombo, New York, The Hague, and was appointed as Ambassador to Sarajevo, Berlin and Singapore. He retired from the Foreign Service in 2018.

In recognition of his services to the country, he was awarded the Ahli Mangku Negara (A.M.N.), Kesatria Mangku Negara (K.M.N.) and Dato' Paduka Cura Si Manja Kini (D.P.C.M., Perak).

He does not hold directorships in any other public companies and listed issuer. He does not have any family relationship with any Director and/or major shareholder of the Company.

He has attended six (6) out of six (6) Board meetings held during the financial year ended 31 August 2022 ("FYE 2022").

BOARD OF DIRECTORS' PROFILE
(CONT'D)

YAP TIAN TION
Malaysian | Male | 66
Deputy Executive Chairman

Yap Tian Tion, our Deputy Executive Chairman, was appointed to our Board on 7 February 2020. He is responsible for the overall strategy and business direction of our Group where he reviews all major investments, business strategies, major capital expenditure as well as financing proposals of our Group.

After completing his secondary education at Sekolah Menengah Kebangsaan Tuanku Abdul Rahman, Gemas, Negeri Sembilan in 1976, he studied under the Federal Evening Class programme of St. John Institution, Kuala Lumpur in 1977 and obtained his Higher School Certificate in 1978. He was involved in the trading of fruits and car accessories from 1976 to 1984.

In 1984, he and his business partners co-founded Shenway, a company involved in the manufacture and services of die-cutting tools and die making supplies for garment, shoe and automotive industry. In 1994, he was invited by the shareholders of Sharp Die Cutting Mould Sdn Bhd ("Sharp DCM") to participate as a shareholder of the company in view of his vast experience in manufacturing different types of die-cutting moulds. He then joined Sharp DCM and was appointed as Executive Director in 1994.

Thereafter, he gradually transferred the manufacturing activities of Shenway to Sharp DCM as part of Sharp DCM's expansion plan into customised die-cutting mould business. Over the years, he has played a pivotal role in driving our Group to the long-term growth and success by expanding and widening our target market to include the paper printing and packaging as well as electrical and electronic industries.

He does not hold directorships in any other public companies and listed issuer.

He is the husband of Lim Bee Eng and the father of Yap Kai Ning, Yap Kai Min and Yap Kai Jie, all are major shareholders of the Company. Yap Kai Ning and Yap Kai Min are also our Managing Director and Executive Director respectively. Save as disclosed, he has no family relationship with other Director and/or major shareholder of the Company.

He has attended six (6) out of six (6) Board meetings held during the FYE 2022.

YAP KAI NING
Malaysian | Female | 38
Managing Director

Yap Kai Ning, was appointed to our Board as the Managing Director on 7 February 2020. She is responsible for the daily operations of our Group. She is a member of the RMC.

In 2006, she graduated with a double degree in Commerce and Arts from Australian National University, Australia. In 2007, she completed a Diamond Grading Course from Gemological Institute of America. In 2014, she obtained her Masters of Business Administration from University of Southern Queensland in Malaysia.

She has been joining Sharp DCM since 2008. She underwent rotations through various departments including sales and marketing, production, human resource and administration in Sharp DCM and was exposed to the entire spectrum of its operations. She was appointed as Sharp DCM's director in 2011 and took full responsibility on human resource related matters as well as assisting in the company's daily operations. In 2015, she was promoted as Managing Director of Sharp DCM.

She does not hold directorships in any other public companies and listed issuer.

She is the daughter of Yap Tian Tion and Lim Bee Eng and the sister of Yap Kai Min and Yap Kai Jie, who are the major shareholders of the Company. Yap Tian Tion and Yap Kai Min are also our Deputy Executive Chairman and Executive Director respectively. Save as disclosed, she has no family relationship with other Director and/or major shareholder of the Company.

She has attended six (6) out of six (6) Board meetings held during the FYE 2022.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

YAP KAI MIN
Malaysian | Female | 33
Executive Director

Yap Kai Min, was appointed to our Board as an Executive Director on 25 October 2022. With her extensive experience in sales, procurement and operations for more than seven (7) years, she assumes the responsibility to oversee the Group's daily operations.

In 2012, she obtained a Bachelors of Commerce and Science, majoring in Management and Psychology from University of Western Australia, Australia. During the same year, she began her career as a management trainee in Allianz Life Insurance Malaysia Berhad where she gained experience in general management and the insurance business.

She then joined Sharp DCM as a sales and marketing executive in 2014 and was responsible for liaising with our existing and prospective customers. She was later promoted as supply chain manager of Sharp DCM in 2016 where she was responsible to oversee the supply chain of the company.

She has also completed the ISO 9001:2008 and ISO 9001:2015 internal quality auditor trainings in 2014 and 2017 respectively. She is responsible for our continuous integration and implementation of ISO compliant quality management system in our Group.

In 2020, she was promoted as the Chief Operation Officer and was appointed as the Alternate Director to the Deputy Executive Chairman, Yap Tian Tion in the subsequent year. In year 2022, she ceased as the Alternate Director to Yap Tian Tion upon her appointment as the Executive Director of the Company.

She does not hold directorships in any other public companies and listed issuer.

She is the daughter of Yap Tian Tion and Lim Bee Eng and the sister of Yap Kai Ning and Yap Kai Jie, who are the major shareholders of the Company. Yap Tian Tion and Yap Kai Ning are also our Deputy Executive Chairman and Managing Director respectively. Saved as disclosed, she has no family relationship with other Director and/or major shareholder of the Company.

She did not attend any Board meeting held during the FYE 2022 as she was newly appointed to the Board after FYE 2022, on 25 October 2022.

DATUK MAK FOO WEI
Malaysian | Male | 57
Independent Non-Executive Director

Datuk Mak Foo Wei, was appointed to our Board as the Independent Non-Executive Director on 7 February 2020. He is the Chairman of our Remuneration Committee ("RC") and a member of Audit Committee ("AC"), Nominating Committee ("NC") and RMC.

He graduated with a Bachelor of Laws (Honours) from University of Birmingham, UK, in 1990. He was qualified as a Barrister-at-Law at Lincoln's Inn London, England in 1991 and was called to the Malaysian Bar in 1992.

He began his career by practicing as an advocate and solicitor at Manjit Singh Sachdev, Mohammad Radzi & Partners in 1992. In 1994, he left the firm to set up his own practice, Mak & Company (now known as Mak Farid & Company) which specialises in corporate and conveyancing matters. Since 2018, he has also been serving as the Executive Councilor and a legal advisor for a non-profit organisation, Malaysia Crime Prevention Foundation.

He is also Executive Director in various companies with businesses involved in property development of both industrial and residential projects, notably Riverville Residences, Metro Cheras, Balakong Jaya Industrial Park I and II and Alam Damai Industrial Park. He currently holds directorship in a number of private limited companies but he does not hold any directorships in any other public companies and listed issuer.

He does not have any family relationship with any Director and/or major shareholder of the Company.

He has attended six (6) out of six (6) Board meetings held during the FYE 2022.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

CHONG CHIN LOOK
Malaysian | Male | 59
Independent Non-Executive Director

Chong Chin Look is our Independent Non-Executive Director. He was appointed to our Board on 7 February 2020. He is the Chairman of our AC and RMC and a member of RC and NC.

He obtained his Bachelor of Economics degree with a major in Business Administration from the University of Malaya in 1987. He is also a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and a Chartered Accountant with the Malaysian Institute of Accountants ("MIA").

Presently, he is the Group Finance Director of Bonia Corporation Berhad ("Bonia"), a position that he has been holding since 20 June 1994. He is responsible for the overall financial and corporate functions of Bonia Group. Prior to this position, he was attached to KPMG Peat Marwick (now known as KPMG), an international firm of Chartered Accountants, where he acquired experience in auditing, accounting, taxation and management consultancy.

He is currently the Non-Independent Non-Executive Director of Bonia. He does not have any family relationship with any Director and/or major shareholder of the Company.

He has attended six (6) out of six (6) Board meetings held during the FYE 2022.

CHOO YEM KUEN
Malaysian | Female | 61
Independent Non-Executive Director

Choo Yem Kuen, was appointed to the Board as an Independent Non-Executive Director on 16 December 2021. She is also the Chairperson of NC, and a member of AC, RC and RMC.

She graduated with a Bachelor of Law (Honours) from the University of North Staffordshire, England, in 1984. She has later completed her professional Certificate in Legal Practice ("CLP") in 1985 and was called to the Malaysian Bar in 1986.

She is a practicing lawyer with more than 33 years of experience in the legal industry. Since 2016, she has been acting as a consultant with the firm, Messrs. Tee Bee Kim & Partners. Prior to this position, she was a partner of the firm. Her main scope of work involves corporate and civil law, including family law. She has vast experience in corporate advisory work and is a strong advocate of transparency and good corporate governance.

She is currently holding a directorship in a private limited company but she does not hold directorships in any other public companies and listed issuer. She does not have any family relationship with any Director and/or major shareholder of the Company.

She has attended three (3) out of three (3) Board meetings held during the FYE 2022 after her appointment to the Board on 16 December 2021.

Notes: -

1. None of the Directors has conflict of interest with the Company.

2. None of the Directors:

   (a) has been convicted of any offences within the past five (5) years other than traffic offences, if any.
   (b) was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during FYE 2022.

KEY SENIOR MANAGEMENT'S PROFILE

PEARLY HIEW PEI LI
Malaysian | Female | 37
Chief Financial Officer

Pearly Hiew Pei Li, is our Chief Financial Officer ("CFO") appointed on 7 December 2020. She holds the position of Accountants of the Group since 2018. She is responsible for the overall financial affairs of the Group.

She obtained her professional accounting qualification, Association of Chartered Certified Accountants ("ACCA") from Sunway College in 2006. She is a registered member of the MIA and also a member of the ACCA since 2011.

She has accumulated 16 years combined working experiences in the field of audit and accounting. She began her professional career as an Audit Assistant with Lee & Associates in 2006 and was promoted to Semi Senior in 2010, where she has gained experience of independent statutory financial audit works.

In 2010, she joined Johnson Controls (M) Sdn Bhd as a finance executive, responsible for receivables functions and involved in the migration of finance department to Shared Service Centre, Singapore. In 2012, she left to join Axisjaya Sdn Bhd. During her tenure there, she was managed to complete six (6) years backdated accounts and subsequently migrated to a new accounting system. In 2016, she left Axisjaya Sdn Bhd to join Demak Marketing Sdn Bhd as an Accountant where she was responsible for operation matters in KL branch.

As at 30 November 2022, she has direct interest of 200,000 ordinary shares in the Company.

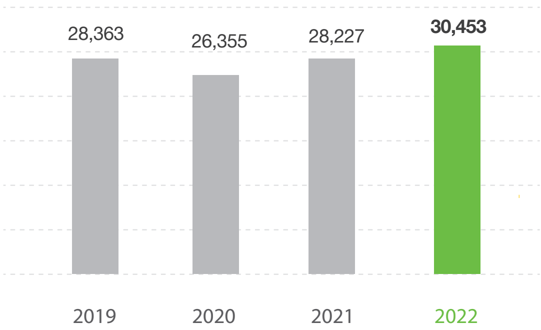
She does not hold directorships in any public company and she does not have any family relationship with any Director and/or major shareholder of the Company.

She has no conflict of interest with the Company. She has not convicted any offences within the past five (5) years other than traffic offences, if any, and she was not publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2022.

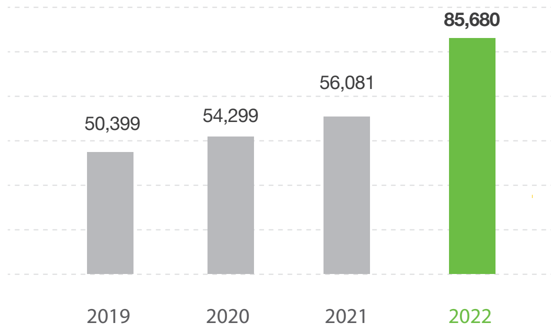
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 August		2019	2020	2021	2022
Revenue	*RM'000*	28,363	26,355	28,227	**30,453**
Profit Attributable to Owners of the Company	*RM'000*	[1] 5,416	6,038	6,284	**4,955**
Basic Earnings per Share ("Basic EPS")	*sen*	[2] 3.76	4.19	4.36	**2.62**
Total Assets	*RM'000*	50,399	54,299	56,081	**85,680**
Total Equity	*RM'000*	34,987	37,505	40,459	**64,956**
Net Assets per Share	*RM*	0.24	0.26	0.28	[3] **0.33**
Weighted Average Number of Shares	*'000*	143,983	143,983	143,983	**188,976**

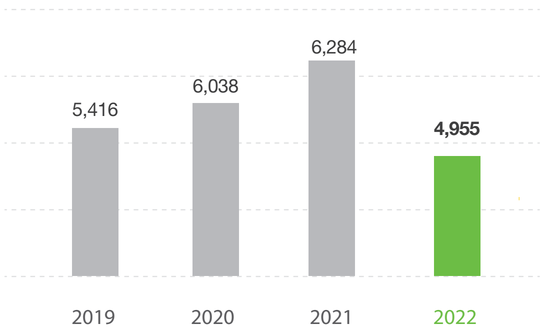
Revenue (RM'000) ▲7.9%



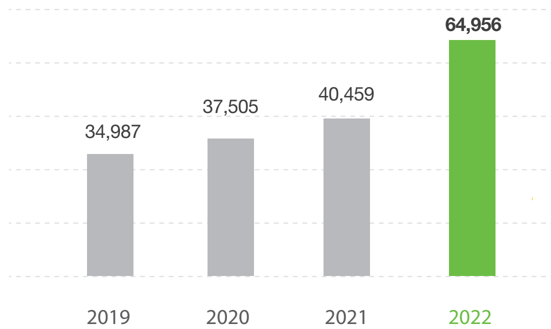
Total Assets (RM'000) ▲52.8%



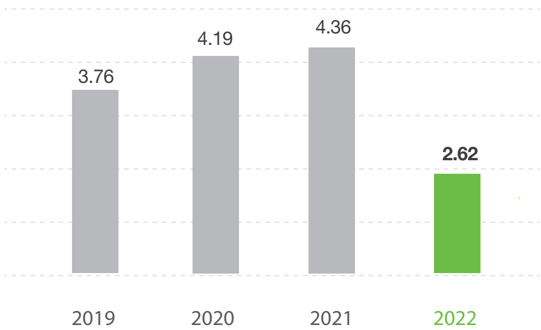
Profit Attributable to Owners of the Company (RM'000) ▼21.1%



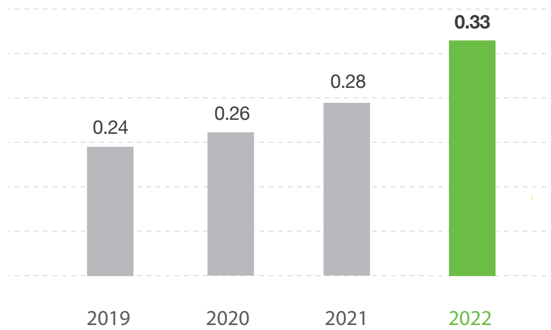
Total Equity (RM'000) ▲60.5%



Basic EPS (sen) ▼39.9%



Net Assets per Share (RM) ▲17.9%



Notes: -

[1] Adjusted to exclude gain on disposal of properties in FYE 2019.
[2] Calculated based on the Group's adjusted PAT excluding the gain on disposal of properties in FYE 2019.
[3] Calculated based on the total number of shares of 194,573,000 as at 31 August 2022.

CHAIRMAN'S STATEMENT

Dear Esteemed Shareholders,

In pursuit of sustainable value creations for our shareholders and other stakeholders, it is our commitment as a responsible public listed company to uphold sound corporate governance and ethical behaviour.

Dato' Zulkifli Bin Adnan
Independent Non-Executive Chairman

CHALLENGING AND YET RECOVERING ECONOMIC LANDSCAPE

The year 2022 continued to be another challenging year for most businesses following the aftermath of the Coronavirus disease ("Covid-19") outbreak and the uncertainties of the global and domestic economic environment. The surge in commodity prices, interest rates, and global supply chain disruptions also continue to affect the global economic landscape.

Nevertheless, global macroeconomic conditions have begun to recover as various countries, including Malaysia, have eased movement control restrictions at varying degrees and the government of various countries are taking initiatives to stimulate economic recovery and growth.

According to the Department of Statistics Malaysia, the Malaysian economy has registered a positive gross domestic product ("GDP") growth of 5.0% and 8.9% in the first and second quarter of 2022 respectively as compared to the GDP growth of 3.6% recorded in the fourth quarter of 2021. On the supply side, economic performance has improved, mainly driven by the continuous growth of services, manufacturing and agriculture sectors. If you zoom in to the manufacturing sector, GDP by production has expanded to 9.2% in the second quarter of 2022 (Q1 2022: 6.6%), supported by strong growth in electrical, electronic & optical products, transport equipment, other manufacturing & repair, non-metallic mineral products and base metals & fabricated metal products sub-sectors. On the demand side, growth was mainly underpinned by the expansion in household consumption expenditure and trade activities.

BUSINESS OPERATION HIGHLIGHTS

Despite the challenging economic landscape, I am proud of my colleagues at CEKD who have worked hard to overcome these adversities to deliver positive results and who have demonstrated economic resilience in FYE 2022.

As a leading die-cutting solutions provider involved in the manufacturing of die-cutting moulds and the trading of related consumables, tools and accessories, we are determined to strengthen our foothold within the industry by expanding our market share in Malaysia as well as growing our exports for the overseas market.

In order to facilitate our expansion plan, we are dedicated to invest in infrastructures to increase our capacity and improve our efficiency to better serve our customers. Our listing on the ACE Market of Bursa Securities on 29 September 2021 has enabled us to raise the funds to acquire a new factory with a built-up area of 13,635 sq. ft. ("square feet") in Kepong, Kuala Lumpur. We are pleased to share that we have completed the said acquisition and have commenced our operations at this new factory in December 2022.

Meanwhile, funds raised from the listing also enabled us to purchase new machinery, upgrade our computer software and server as well as roll out marketing activities to enhance our market presence and visibility.

FINANCIAL HIGHLIGHTS

Despite the challenging times, the Group managed to increase the total revenue by 7.9% from RM28.23 million in financial year ended 31 August 2021 ("FYE 2021") to RM30.45 million in FYE 2022, mainly attributable to a higher revenue contribution from our manufacturing segment.

We have improved our gross profit margin slightly at 51.7% in FYE 2022, as compared to 50.8% in FYE 2021. With effective cost saving measures in place, the Group's profit before tax adjusted for one-off listing expenses has improved marginally by 1.2% from RM9.15 million in FYE 2021 to RM9.26 million in FYE 2022.

As of 31 August 2022, our total equity rose by 60.5% to RM64.96 million, resulting in an earnings per share of 2.62 sen and a net asset per share of 33.39 sen.

For further insight into our financial performance, please refer to the Management Discussion and Analysis section in this Annual Report.

CHAIRMAN'S STATEMENT
(CONT'D)

COMMITMENT TO GOOD CORPORATE GOVERNANCE

We will continue to strengthen our commitment towards accountability, integrity and transparency and strive to ensure that our businesses are conducted in accordance to the best practices as advocated by the Malaysian Code on Corporate Governance 2021 ("MCCG") and the applicable laws and regulations.

For further insight into our measures in upholding corporate governance, please refer to the Corporate Governance Overview Statement ("CG Statement") in this Annual Report and the Corporate Governance Report ("CG Report").

ENSURING SUSTAINABILITY

As sustainability is the key to long-term values creation for our various stakeholders especially in this challenging time, we embrace sustainability considerations in all aspects of the Group within the economic, environmental, social and governance contexts.

We will continue to adopt appropriate sustainability practices in our daily operations in order to achieve strategic business goals set with minimal environmental footprint. Meanwhile, we are committed to maintain a well-balanced, safe and healthy workplace for our people.

For further insight into our sustainability strategies and initiatives, please refer to the Sustainability Statement in this Annual Report.

FUTURE PROSPECT

Malaysia's economic growth is expected to be slower at 4-5% in 2023, as stated by the Ministry of Finance in the 2023 Economic Outlook report. The slower growth expected for 2023 is against the backdrop of softening world economic growth and trade activities due to inflationary pressure, the tightening of financial conditions, supply strains and geopolitical fragmentation.

On top of the various factors mentioned above, the weakening of Ringgit Malaysia ("RM") against United States Dollar ("USD") and Euro ("EUR") will also affect our business and financial performances, as our raw materials are mainly imported from overseas, trading in USD and EUR. In addition, the prices of raw materials, such as wood and steel rules, have also been rising globally. Such cost pressures due to the weakening in RM and the raw material price hike may not be easily transferred to our customers.

In spite of the global inflationary and currency pressures, the Group remains positive for the near future as coming festive seasons toward year end of 2022 and beginning of 2023 could likely boost the sales of our Group in the short term with the rising demand on new and a higher volume of packaging products.

To sustain this for the long-term, we are actively seeking to improve our product and service offerings to our customers as well as expand our business via the acquisition of companies in the same industry so as to penetrate the market at a faster pace.

The acquisitions of Worldwide and Kit Technology were completed on 2 September 2022 and 19 September 2022 respectively. Both acquisitions will contribute positively to our Group, not just financially but also in terms of expanding our market footprint and improving our technology.

Overall, we remain confident and optimistic about the outlook of the Group premised on the gradual recovery of the economy as well as our due to expansion plans. Not forgetting our strong fundamental skills, expertise and reputation proven by our track record, we have been one of the leading die-cutting mould manufacturers in Malaysia for more than thirty (30) years.

REWARDING OUR SHAREHOLDERS

In order to reward our shareholders who have placed their relentless confidence and support in the Group in the past, we have declared the following dividends in FYE 2022: -

(a) An interim single tier dividend of RM0.01 per ordinary share amounting to approximately RM1.95 million, paid on 15 April 2022; and

(b) An interim single tier dividend of RM0.01 per ordinary share amounting to approximately RM1.95 million, paid on 22 September 2022.

Future dividends to be declared by our Group will be dependent on a number of factors, including our financial performance, capital expenditures requirement and cash flow position.

APPRECIATION

On behalf of the Board and the Group, I would like to express my sincere appreciation and gratitude to all our shareholders and other stakeholders for their continuous support and faith in CEKD Group.

I would also like to express my earnest appreciation to the Board members for sharing their wisdom, as well as to our Management team, who continue to deliver promising results despite a highly challenging environment. To our high performing employees, my deepest gratitude for your endless effort and contributions to the Group.

Last but not least, we wish to call upon all our stakeholders for your continuous support as we will continue to make CEKD Group a better organisation that delivers better value to our stakeholders.

Thank you.

Yours faithfully,

Dato' Zulkifli Bin Adnan
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF CEKD GROUP

CEKD is one of the leading die-cutting solutions providers involve in the manufacturing of die-cutting moulds for a diverse base of customers from industries such as paper printing and packaging, electrical and electronics, automotive, plastic packaging as well as textile and leather. Our Group also supplies various related consumables, tools and accessories related to die-cutting moulds to cater to our customer's needs.

Our Group currently has seven (7) manufacturing operations, of which five (5) factories equipped with state-of-the-art facilities are located in Kuala Lumpur and two (2) factories located in Penang. Our successful listing on the ACE Market of Bursa Securities on 29 September 2021 has enabled us to raise the necessary funds to improve our overall manufacturing efficiency through the purchase of a new factory with built-up area of 13,635 sq. ft. located in Kepong, Kuala Lumpur as well as improving our overall production capacity through the purchase of various advance new technological manufacturing machineries. We have started to commence our operation in the said new factory from December 2022.

Enhancing our shareholder's value has always been one of our top priorities, the Group has acquired two (2) subsidiaries during the financial year. The Company has acquired 82% equity interest in Worldwide and 60% equity interest in Kit Technology. The acquisition of both Worldwide and Kit Technology by the Company is expected to enhance our technological capabilities, expand our products range as well as strengthen our presence market share to compete in the international market. Both of the acquisitions were completed in September 2022 and hence, the financial impact arising from these acquisitions have not been consolidated into our financial performance in FYE 2022. However, our Board is highly optimistic on the prospect of both acquisitions and is confident that it will contribute positively to the development of our Group moving forward.

2. FINANCIAL PERFORMANCE REVIEW

	FYE 2022	FYE 2021	Changes	
	RM'000	RM'000	RM'000	%
FINANCIAL RESULTS				
Financial Indicators				
Revenue	30,453	28,227	2,226	7.9
Gross profit ("GP")	15,752	14,333	1,419	9.9
Other income	1,014	574	440	76.7
One-off listing expenses	1,921	616	1,305	>100.0
Profit before tax ("PBT")	7,335	8,529	(1,194)	(14.0)
Adjusted PBT (excluding one-off listing expenses)	9,256	9,145	111	1.2
Profit after tax ("PAT")/ Net profit	4,955	6,284	(1,329)	(21.1)
Financial Ratios				
GP margin (%)	51.7	50.8	0.9	1.8
PBT margin (%)	24.1	30.2	(6.1)	(20.2)
Net profit margin (%)	16.3	22.3	(6.0)	(26.9)
FINANCIAL POSITION				
Financial Indicators				
Total assets	85,680	56,081	29,599	52.8
Total liabilities	20,724	15,622	5,102	32.7
Equity attributable to the equity holders of the Company	64,956	40,459	24,497	60.5
Cash and cash equivalent	32,500	6,517	25,983	>100.0
Financial Ratios				
Current ratio (times)	8.07	7.57	0.50	6.6
Gearing ratio (times)	0.23	0.31	(0.08)	(25.8)
Net asset per share (RM)	0.33	0.28	0.05	17.9

FYE 2022 continued to be another challenging year for most businesses following the Covid-19 outbreak and the global and domestic economic uncertainties which causing the surge in commodity prices, interest rates and global supply chain disruptions. Amidst the challenging economic landscape, CEKD Group was still able to deliver positive results and demonstrated economic resilience in FYE 2022.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

2. FINANCIAL PERFORMANCE REVIEW (CONT'D)

Our Group performed well under such challenging environment, recording a growth in revenue by RM2.23 million or 7.9% as compared to the FYE 2021. The increase in revenue was attributed from our manufacturing segment as a result of post pandemic recovery in second half of FYE 2022.

During FYE 2022, our Group's GP increased by RM1.42 million, representing 9.9% as compared to FYE 2021 in line with the increase in our overall revenue. Due to Management's strategy to stock up on raw materials in the previous financial year, the Group was able to improve our GP margin marginally to 51.7% in FYE 2022 (FYE 2021: 50.8%) despite the constant battle against the rising cost of raw materials and logistics cost throughout the financial year.

Our Group recorded a higher other income of RM1.01 million in FYE 2022 as compared to RM0.57 million in FYE 2021, an increase of RM0.44 million or 76.7% which was mainly due to higher bank interest income, realised gain on foreign exchange and a short-term rental income which has expired as at 31 August 2022, received from the existing tenant in our new factory which still have a few months rental period after we have purchased the factory.

Despite the increase in our revenue and GP, the Group recorded a lower PBT of RM7.34 million in FYE 2022, a decrease of RM1.19 million or 14.0% as compared to FYE 2021. This was mainly due to the one-off listing expenses amounting to RM1.92 million being charged out during the financial year. Excluding the one-off listing expenses charged out in both FYE 2021 and FYE 2022, our Group's PBT has in fact, increased marginally by RM0.11 million or 1.2% to RM9.26 million in FYE 2022 as compared to RM9.15 million in FYE 2021.

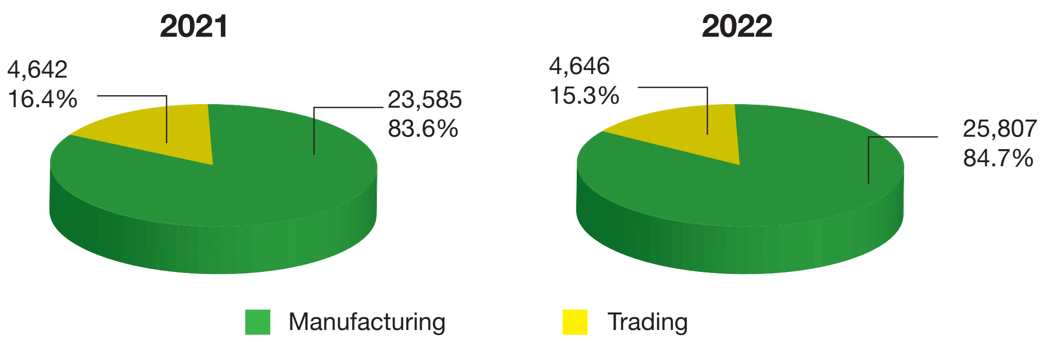
CEKD Group's total assets increased by RM29.60 million or 52.8% from RM56.08 million in FYE 2021 to RM85.68 million in FYE 2022. This was mainly due to the increase in our cash and cash equivalent by RM25.98 million which was mainly attributed from the net proceeds of issuing new shares amounting to RM23.43 million as part of our Initial Public Offering ("IPO").

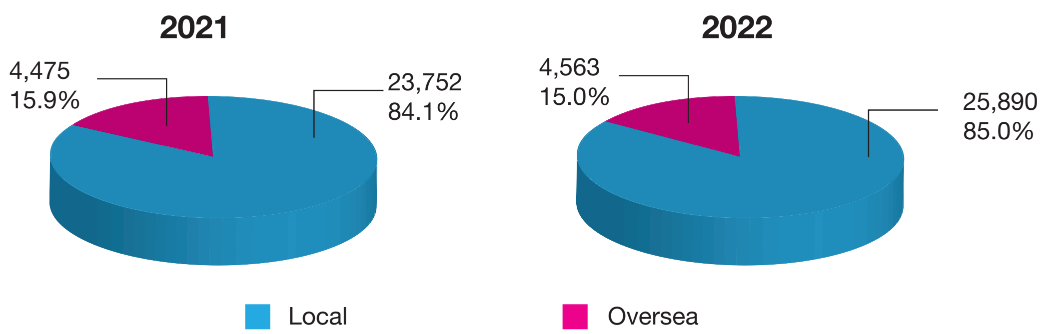
Total liabilities increased by RM5.10 million or by 32.7% from RM15.62 million in FYE 2021 to RM20.72 million in FYE 2022 mainly due to the drawdown of a new term loan utilised to partially finance to the purchase of our new factory.

Overall, CEKD Group closed the financial year with a healthy financial position, recording a stronger cash and cash equivalent of RM32.50 million (FYE 2021: RM6.52 million), a lower gearing ratio of 0.23 times (FYE 2021: 0.31 times) and a stronger current ratio of 8.07 times (FYE 2021: 7.57 times). As at 31 August 2022, our earning per share stood at RM 0.03 (FYE 2021: RM0.04) while our net asset per share amounts to RM0.33 (FYE 2021: RM0.28).

Operation Review by Segments

Our revenue segmentation by business activities and by geographical markets for FYE 2021 and FYE 2022 shown in thousand figures are as follow: -





MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

2. FINANCIAL PERFORMANCE REVIEW (CONT'D)

Operation Review by Segments (Cont'd)

Revenue from manufacturing segment remains as our largest business segment, contributing revenue of RM25.81 million (84.7%) in FYE 2022 as compared to RM23.59 million (83.6%) in FYE 2021, representing an increase of RM2.22 million or 9.4%. This is followed by revenue from our trading segment which has remained consistent at RM4.64 million for both FYE 2021 and FYE 2022.

The increase in revenue from our manufacturing segment was mainly driven by higher volume of orders received from our customers in the packaging industry, electrical and electronics and automotive industry as the aftermath of the Covid-19 pandemic subsides and our overall economy continues to rebound.

Our Group's revenue by geographical market remains relatively consistent as we predominantly supply our die-cutting moulds and various related consumables, tools and accessories related to die-cutting moulds to our local customers. Overall, 85.0% of our total revenue in FYE 2022 (FYE 2021: 84.1%) was derived locally while the remaining 15.0% of our total revenue in FYE 2022 (FYE 2021:15.9%) was derived from exports.

3. RISK RELATING TO OUR BUSINESS

The Group is exposed to certain anticipated or known risks that may affect our operations, performance, financial condition and liquidity. The Group's approach into managing its potential risks is guided by our risk management framework, which includes processes and policies aimed at addressing and mitigating risks whilst at the same time sustaining the growth of our Group's objectives.

Dependent on the availability and quality of raw materials

Although the Covid-19 pandemic has shifted to an endemic stage, we are still affected by the challenges of inflation and supply chain disruptions. The current global inflationary situation has led to higher operation costs due to price increase in raw material as well as transportation costs.

In order to manage the availability and cost of raw materials, our Group consistently monitors our monthly production and procurement budgets. The Group also constantly monitors the prices of raw materials and will stock up on raw material when prices are more favorable.

No dependent on long term contracts with customers

The current business relationship with customers is mainly based on the repeated short-term order on a weekly and monthly basis.

Although we do not dependent on any long-term contract, we have developed a long-term solid business relationship with most of our major customers based on our consistent product quality assurance in meeting exceptional customer requirement and technical support.

Foreign currency exchange fluctuation

As our raw materials are mainly imported goods trading in USD and EUR, the weakening of MYR against USD and EUR affect our profitability. Such cost pressure due to currency fluctuation may not be easily transferred to our customers. Nonetheless, we are actively seeking to improve our products and offerings to our customers.

Instead of engaging with other financial instrument to hedge the risk in dealing foreign currency transactions, we coordinate our foreign business transaction to be in the same currency with the counterpart party as an alternative to reduce our foreign exchange exposure risk.

4. FUTURE PROSPECT AND OUTLOOK

Stepping into the end of 2022, the coming year end festive season is expected to boost economic activity in the short term as these festive seasons require new products in packaging. But what is more concerning and important to long-term business planning is the stability of the macroeconomic environment and policies.

The current global inflationary situation which has increased pressure on raw material prices, plus the weakening of MYR against USD and EUR affects our profitability, as our raw materials are mainly imported goods trading in USD and EUR. Such cost pressure due to currency fluctuation may not be easily transferred to our customers. Nonetheless, we are actively seeking to improve our products and offerings to our customers.

The acquisition of Worldwide and Kit Technology were completed on 2 September 2022 and 19 September 2022 respectively. Both acquisitions are expected to contribute to our Group positively, not just financially but also in terms of expanding our market share and improving our technology.

5. CAPITAL COMMITMENT

In conjunction with our listing, the utilisation of our IPO proceeds which includes the purchase of certain capital expenditures is as follows: -

Details of Utilisation	Estimated Timeframe for Utilisation Upon Listing	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000
Acquisition of factory for Hotstar (M) Sdn Bhd ("Hotstar")	24 months	8,800	8,800	-
Capital expenditure comprising:				
• Purchase of new machineries	24 months	3,000	-	3,000
• Upgrade and development of computer software and server	24 months	1,300	-	1,300
Repayment of bank borrowings	6 months	4,000	4,000	-
Marketing activities	24 months	1,500	52	1,448
General working capital	24 months	2,683	2,683	-
Listing expenses	Immediate	3,000	3,000	-
Total		24,283	18,535	5,748

As at 31 August 2022, save for the following capital commitment in respect of the purchase of property, plant and equipment and the acquisition of subsidiaries as below, we do not have any other material capital commitment.

	RM'000
Property, Plant and Equipment	
Contracted but not provided for	250
Acquisition of subsidiaries	
Contracted but not provided for	6,255

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

6. DIVIDEND

Our Group does not have formal dividend policy. Any declaration of interim dividends and recommendation of final dividends are at the discretion of the Board, subject to various factors, such as, operating cashflow and capital expenditure requirements, financial performance and commitments.

For FYE 2022, the Board has declared the following: -

- On 11 March 2022, first interim single tier dividend of RM0.01 per ordinary share amounting to RM1,945,730 for the FYE 2022, has been paid on 15 April 2022 to the shareholders of the Company whose names appear in the Record of Depositors on 28 March 2022.

- On 9 August 2022, second interim single tier dividend of RM0.01 per ordinary share amounting to RM1,945,730 for the FYE 2022, has been paid on 22 September 2022 to the shareholders of the Company whose names appear in the Record of Depositors on 25 August 2022.

SUSTAINABILITY STATEMENT 2022

Dear Valued Stakeholders,

Come to our second year of listing within the transition from Covid-19 pandemic to endemic periods, we truly believe the significance and power of sustainability in building our long-term success. We are committed to embed the principle of sustainability consistently into our business strategies and operations, whenever possible.

Whilst the Group is focusing on the business sustainability in terms of business growth and financial performance, we also recognise the growing importance of sustainability in other aspects such as environmental, social and governance considerations to protect our stakeholders' interests as well as to enhance shareholders' values.

The Board is pleased to present the second (2nd) Sustainability Statement ("Statement") for the FYE 2022 to illustrate our strategic approaches in working towards business sustainability across the Group.

Scope of this Statement

This Statement covers the sustainability efforts and performances of CEKD Group's business operation in Malaysia, for the period between 1 September 2021 to 31 August 2022, unless otherwise specified.

Basis of this Statement

This Statement was prepared based on all the available internal information in accordance with Bursa Securities' ACE Market Listing Requirement ("AMLR") relating to Sustainability Statements and its Sustainability Reporting Guide 2nd Edition.

Material Matters Assessment

We have conducted the first material matters assessment in FYE 2021. This year, we have re-assessed the relevance of the material matters identified in prior year and identify any new material matters which are most relevant to our Group and stakeholders.

Please refer to our Material Matters Matrix within this Statement for further details.

Feedback

As an effort to enhance our sustainability measures and reporting standards, stakeholders' feedback and comments are welcomed and highly appreciated. Feedbacks and enquiries can be directed to our email at ir@cekd.com.my.

SUSTAINABILITY STATEMENT 2022
(CONT'D)

OUR SUSTAINABILITY GOVERNANCE

The Board
Ultimate accountability for overseeing and managing the Group's sustainability initiatives and strategies

Internal Control and Risk Management

AC
To oversee the Group's internal control system as well as external and internal audit functions to ensure sound governance and compliance assurance

RMC
To oversee and monitor the Group's risk management function and ensure that risks are properly managed within the risk tolerance level

Board Effectiveness and Group's Performance

NC
To recommend suitable candidates for the appointment of Directors and to conduct performance evaluation on the Board to ensure Board effectiveness

RC
To design motivative remuneration package for the Board and Senior Management so as to drive the Group in achieving objectives and long-term success

As guided by the Group's vision, mission and motto, we have integrated the principle of sustainability into our business operations, whenever possible, instead of isolating it as a single distinct division.

In CEKD, the Board is ultimately responsible for the Group's sustainability management as a whole. The Board is supported by four (4) Board committee, namely the AC, RMC, NC and RC to ensure an effective discharge of various responsibilities. The AC and RMC are entrusted to review and monitor the adequacy of the Group's internal control and risk management system, whereas the NC and RC are empowered to ensure the Board's overall effectiveness with proper tracking and assessment on the performance of the Board and Senior Management as well as to recommend appropriate remuneration packages to retain and motivate our right talents.

SUSTAINABILITY STATEMENT 2022
(CONT'D)

STAKEHOLDERS ENGAGEMENT

CEKD views the engagement with stakeholders as an essential approach to gain a greater depth in understanding our stakeholders' needs and expectations. This is vital in our sustainability management as such engagements enable us to develop appropriate sustainability strategies after taking into consideration the sustainability risks and opportunities.

Stakeholders	Areas of Interest / Material Matters	Engagement Approaches
Shareholders/ Investors	• Sustainable business growth and profitability • Return on investment • Financial and operational performances • Corporate governance	• Quarterly financial results • Annual report • General meetings • Company website
Employees	• Career advancement • Competitive compensation and benefit packages • Occupational health and safety • Continuous training and development	• Performance appraisal • Company internal meetings • Engagement with Management • Training and development programme
Customers	• Quality of products and services • Competitive pricing • On-time delivery • Customer service and satisfaction level	• Site visit • Customer feedback survey • Company website
Suppliers	• Business continuity • Transparent procurement practices • Suppliers' selection and evaluation • Credit terms and timely payments	• Email • Face to face communication • Supplier evaluation
Government/ Regulators	• Legal compliance • Corporate governance • Occupational health and safety	• Compliance audit • Bursa announcements
Community	• Employment creation • Local economic support • Community outreach • Environmental impact from business operations	• Company website • Community outreach
Analyst/ Media	• Share price performance • Financial and operational performance • Business expansion plan • Corporate governance	• Quarterly financial results • Annual report • General Meetings • Company website • Bursa announcement

SUSTAINABILITY STATEMENT 2022
(CONT'D)

MATERIAL MATTERS ASSESSMENT AND SUSTAINABILITY STRATEGIES

Material Assessment Process

By gaining insights from stakeholders, we have performed an annual material matters assessment to revisit, identify, analyse and prioritise the sustainability risks and opportunities which are relevant to the Group and the stakeholders. This year, we have segregated the governance aspect from our economic pillar to highlight our commitment towards maintaining sound corporate governance and upholding business integrity across the Group.

We have adopted a similar approach in conducting material matters assessment via the process of identification, assessment and prioritisation in FYE 2022, illustrated as follows: -

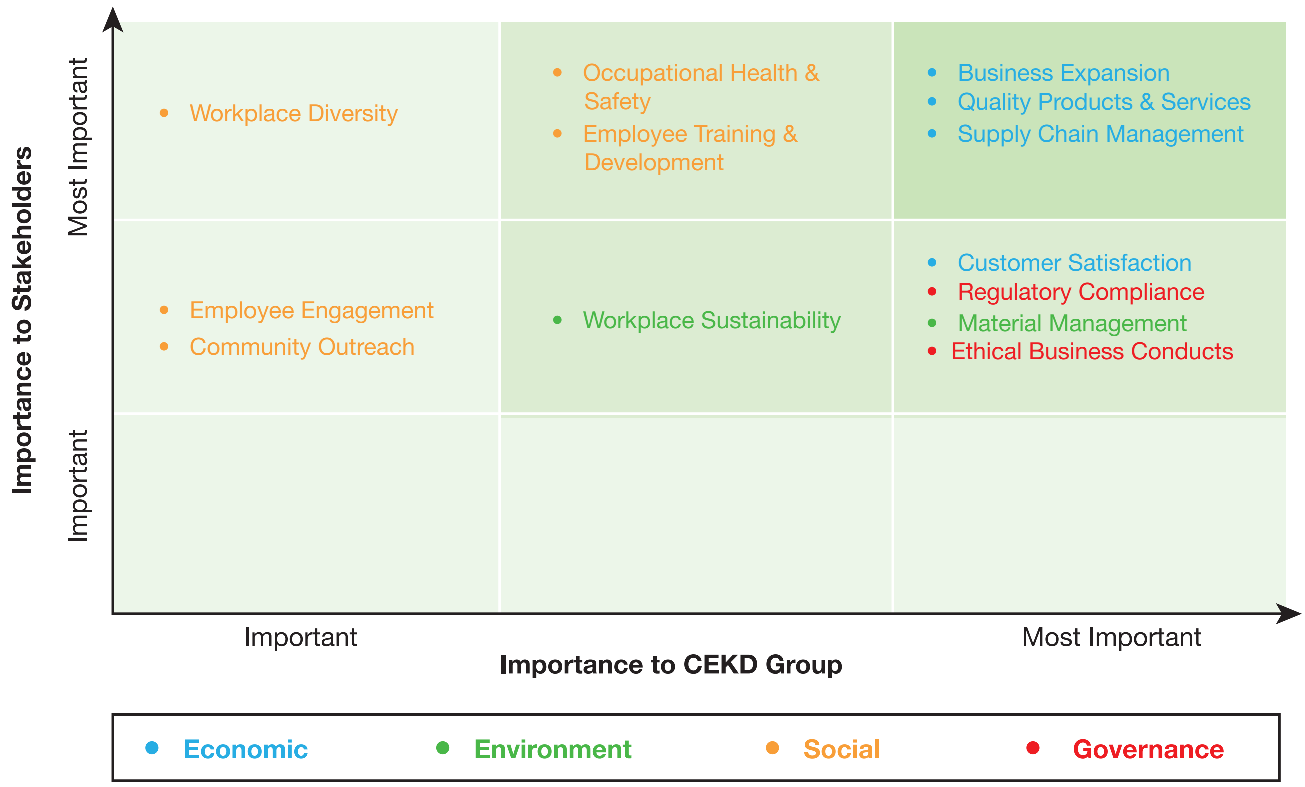
Identification
Identify relevant sustainability matters relevant to the Group and stakeholders

Assessment
Assess material matters from both the Group's and stakeholders' perspectives

Prioritisation
Prioritise and rank each material matter in accordance to the degree of impacts towards the Group and its various stakeholders

Material Matters Matrix

This year, we have re-assessed the twelve (12) material sustainability matters identified in FYE 2021 and have adjusted the ranking and grouping for certain material sustainability matters to better reflect the relevancy to the Group and stakeholders in FYE 2022. Further thereto, we are presenting thirteen (13) material matters, scaling from "Important" to "Most important" in the following Material Matters Matrix: -



MATERIAL MATTERS ASSESSMENT AND SUSTAINABILITY STRATEGIES (CONT'D)

Sustainability Strategies

The United Nations Member States has introduced the 2030 Agenda for Sustainable Development with seventeen (17) Sustainable Development Goals ("SDG") in September 2015. The SDG aims to create a better world for mankind with the ultimate target to end poverty and inequality while protecting the planet so as to ensure everyone's health, justice and prosperity.

With reference to the SDG, we have mapped five (5) SDGs to our material sustainability matters and have developed the corresponding sustainability strategies, as follows: -

	Material Matters	Sustainability Strategies	SDGs
ECONOMIC	• Business Expansion • Quality Products & Services • Supply Chain Management • Customer Satisfaction	• Execution of expansion plan to sustain the Group's business while maximising economic value. • Continuous improvement on products and services quality and variety. • Continuous engagement with suppliers to ensure smooth functioning of operations while supporting the local economy. • Understand and comprehend customers' needs and expectations.	8 DECENT WORK AND ECONOMIC GROWTH
ENVIRONMENTAL	• Material Management • Workplace Sustainability	• Undertake green initiatives to achieve resources efficiency and protect the environment.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
SOCIAL	• Occupational Safety & Health • Employee Training & Development • Workforce Diversity • Employee Engagement • Community Outreach	• Creation of inclusive and conducive workplace with on-going training programmes and bonding events. • Contribution made to enrich the community.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
GOVERNANCE	• Regulatory Compliance • Ethical Business Practices	• Implementation of pertinent policies and procedures to achieve a sound and robust corporate governance.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABILITY STATEMENT 2022
(CONT'D)

BUSINESS EXPANSION

- *To achieve continuous business growth*

Our business began humbly in 1989 as a trading company for related consumables, tools and accessories for die-cutting moulds and later expanded into manufacturing of die-cutting moulds at KL Industrial Park. Over the years, our business has been growing steadily and we have achieved a robust growth with the successful listing on the ACE Market of Bursa Securities in September 2021. This year, we continue to work hard and we are delighted to announce that our revenue has climbed by 7.9% to a new record high of RM30.5 million.

Our key business growth and expansion initiatives undertaken during FYE 2022 are as follows: -

(a) Business Expansion via Acquisition

We expand our business and market share via acquisition of companies in the same industry. During the year, we have initiated the acquisition of 82% equity interest in Worldwide and 60% equity interest in Kit Technology. We believe these acquisitions will contribute positively to our Group, not just financially, but also expanding our market footprint and improving our technology. The acquisitions of Worldwide and Kit Technology have been completed on 2 September 2022 and 19 September 2022, respectively.

(b) Consolidation for Operational Efficiencies

During FYE 2022, we have completed the acquisition of a freehold land and factory with a built-up area of 13,645 sq. ft. at Kepong, Kuala Lumpur to improve our overall operational efficiencies and capacity. We are glad to inform that we have commenced our operations in the new factory in December 2022.

(c) International Market Footprint

For FYE 2022, 85.0% of our revenue was generated locally and 15.0% of our revenue was generated from exports. With the upliftment of border restriction, we are now able to participate in international trade exhibitions and having seminars and roadshows overseas to expand our international footprint. Such participation will enable us to stay abreast with the latest international market development as well as to identify new potential market expansion opportunities.

(d) New Product Development

To stay competitive in the industry, we have to understand our customers' needs and strive to deliver high quality and high-performance products and services in order to cater for the fast-changing technology needs. Throughout the year, we have developed new products and enhanced our existing products in order to meet the market needs and expectations.

SUSTAINABILITY STATEMENT 2022
(CONT'D)

QUALITY PRODUCTS & SERVICES

- *To deliver quality products and services constantly*
- *To maintain ISO and Bobst certifications continuously*

As delineated in our vision and mission, quality assurance is emphasised in our operations to ensure that highest quality of products and services are delivered to our customers. We believe that this is the key to maintaining long-term customer relationships, which contribute to the Group's business sustainability.

The Group has always been viewing quality control and assurance as our core competence to stand out in the industry. We have put in place a quality assurance management policy to clearly outline and enforce stringent quality controls via the following three (3) processes: -

1 **Incoming Quality**
Before acknowledging receipt of the arriving raw materials, sampling check is conducted by our production supervisors to inspect and ensure quality and condition of the raw materials conform to our requirement.

2 **In-Process Quality**
Throughout the production, quality checks on correct raw materials used, rule joints and the size of cut-out shape are performed to ensure that product quality is controlled within the acceptable level.

3 **Outgoing Quality**
Prior to delivering finished goods, final quality check is performed to ensure the finished goods and packaging condition have met our quality standards and criteria.

Our quality management system is accredited with ISO 9001:2015, under the scope of "manufacture of die cut mould, tool and die excluding design and development" since 2006.

In addition, our quality speaks as we are the sole certified die-maker in Southeast Asia with the die-maker certification from Bobst, an established Switzerland based die-cutting machine manufacturer company, who has a renowned global presence for more than a century.

ISO 9001:2015

Bobst Certification

SUSTAINABILITY STATEMENT 2022
(CONT'D)

SUPPLY CHAIN MANAGEMENT

- *To source from suppliers that meet our stringent requirements*
- *To support local purchases, where viable*

A smooth and efficient supply chain is the key to ensure consistent delivery of quality materials for our production. In spite of the global inflationary pressures and weakening of Malaysian currency, we are glad that we were able to maintain a stable supply chain without any supply disruption in our operations during FYE 2022. This was attributable to our effective supply chain management as well as supports from the various suppliers whom we have maintained long-term business relationships.

In order to maintain our ISO 9001:2015 certification, we put great emphasis on the quality of materials and services supplied by our suppliers. We are committed to perform annual supplier evaluation, covering the scope of quality/workmanship, cost and delivery time. Suppliers who are unable to meet our stringent requirements will either be ruled out or re-evaluate in the subsequent year or before the next purchase to assess whether improvements from suppliers meet our requirements. For the FYE 2022, we are glad to inform that all suppliers have met our evaluation requirements.

On a separate note, with SDG Target 8.1 in mind, the Group is dedicated to support our local economy by sourcing raw materials and services from local suppliers whenever possible.

CUSTOMER SATISFACTION

- *To meet various Quality Objectives ranging from 80% to 90%*

Make a customer, not a sale. We truly believe that business sustainability is positively correlated with the loyalty of our customers. Here in CEKD, we value our customers' feedback and satisfaction level earnestly. To-date, we have served over 1,300 customers, of which some we have been providing our products and services for more than ten (10) years.

In an effort to create sustainable value for our customers, we have implemented the following strategies and initiatives to support our customers on top of selling high quality products: -

Direct Distribution Strategy

Direct distribution strategy enables the Group to sell the products directly to customers without the involvement of any intermediaries such as distributors, agents and/or dealers. As a result, we are able to understand and attend to our customers' requirements, enquiries and feedbacks directly and on prompt basis.

Technical Support

We have a dedicated technical sales team to provide technical support via regular site visit and after-sales services such as customised upgrading and modification, product training, repair and maintenance services. We believe that this is important and efficient to assist and support our customers for adopting our products.

To maintain customer loyalty and retention, we also emphasise on timely response to our customers' queries in daily operations. Generally, all enquiries, feedbacks and comments shall be addressed and responded within the target of two (2) working days.

In addition, we put in place an annual customer survey with rating approach to assess our customers' satisfaction level, keep track of the quality of our products and services as well as to identify the areas for our continuous improvement. The annual customer survey covers several quality objectives such as quality of products and services, delivery speed, responsiveness and sense of urgency as well as product variety.

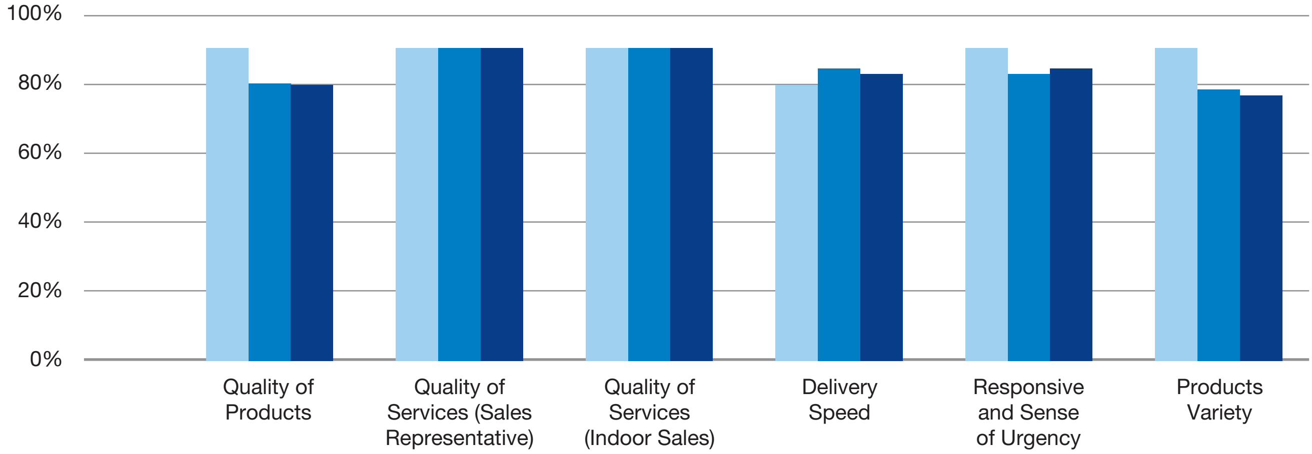
In the customer survey form, customers are required to express their satisfaction level by ticking at "Excellent, Good, Fair or Poor" column for each quality objective.

CUSTOMER SATISFACTION (CONT'D)

- *To meet various Quality Objectives ranging from 80% to 90%*

For the FYE 2022, we have maintained the similar level of customer satisfaction as per the previous year, illustrated as follows: -

Annual Customer Survey
(Quality Objective vs FYE 2021 vs FYE 2022)



	Quality of Products	Quality of Services (Sales Representative)	Quality of Services (Indoor Sales)	Delivery Speed	Responsive and Sense of Urgency	Products Variety
Quality Objective	90%	90%	90%	80%	90%	90%
FYE 2021	80%	90%	90%	85%	84%	79%
FYE 2022	80%	90%	90%	84%	85%	78%

Quality Objective FYE 2021 FYE 2022

Based on the assessment results for FYE 2022, we strive for continuous improvement on the quality of our products and services that we provide.

SUSTAINABILITY STATEMENT 2022
(CONT'D)

MATERIAL MANAGEMENT

- *To ensure the raw materials used in our production process are safe, reliable and meet the relevant regulatory standards*
- *To minimise wastage in production*

As guided by SDG Target 12.2, the Group is taking effort to adopt sustainable consumption and production. In CEKD, our raw materials are sourced from established and trusted suppliers. We took initiatives to send our raw materials, such as wood, steel rule and ejectors on a sampling basis to Eurofins NM Laboratory Sdn Bhd and Société Générale de Surveillance ("SGS") for testing. Such testing is to ensure that our raw materials are environmentally friendly, safe, reliable and comply with all the applicable regulatory standards.

Our latest test results in August 2020 have indicated that our raw materials are safe within the restricted hazardous level and have complied with the relevant testing standards, namely RoHS Directive 2011/65/EU Annex II and (EU) 2015/863.

On top of adopting sustainable raw materials, we also strive to minimise our production wastage on best effort basis. We adopt innovative design for our products with the aim to achieve efficient use of materials while taking precise measurement according to the die-cutting design. The remaining useable raw materials will also be conserved for future production use in order to minimise the generation of wastage.

WORKPLACE SUSTAINABILITY

- *To promote environmental sustainability within workplace*

Our environmental sustainability efforts can also be recognised via our workplace sustainability initiatives. We always believe that even the smallest actions are crucial towards the right direction. Thus, here in CEKD, we have carried out the following small but nevertheless meaningful initiatives as part of our responsibility to protect mother nature: -

Switching off all lights and air conditioning when not in use.	Installing light switch timer at common office areas for energy conservation.	Encouraging employees to carpool to work, meetings and/or client site.	Recycling the leftover materials into furniture such as tables and whiteboard stand.

SUSTAINABILITY STATEMENT 2022
(CONT'D)

OCCUPATIONAL SAFETY & HEALTH

- *To maintain a safe working environment*

Employees are the greatest asset in CEKD Group. We take the utmost pride in valuing our people as they are the foundation and essential contributors towards our business sustainability, long-term growth and success.

With SDG Target 8.8 in mind, creating a safe and healthy working environment is manifested in our Health, Safety, and Environmental ("HSE") Policy to cultivate safe workplace practices across the Group and thereby to protect our employees.

HSE Policy

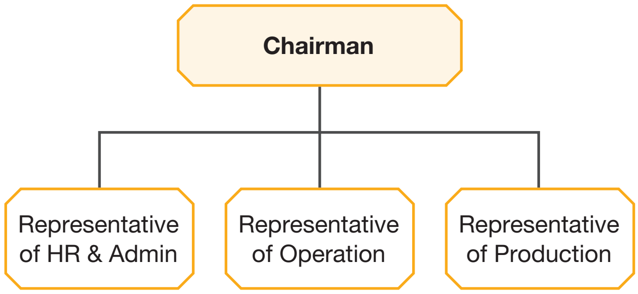
1. Provide and maintain a clean and safe working environment for our employees;
2. Provide training to our employees to perform their jobs safely;
3. Report to the Management for any unhealthy or unsafe working conditions that may affect the employees or the environment, and take the relevant corrective measures promptly;
4. Plan, evaluate and implement actions that are appropriate to minimise the business operations' impact towards the environment; and
5. All employees must adhere to these policies at all times.

SUSTAINABILITY STATEMENT 2022
(CONT'D)

OCCUPATIONAL SAFETY & HEALTH (CONT'D)

- *To maintain a safe working environment*

As guided by the HSE Policy, the Group's occupational health and safety affairs are monitored by our Health and Safety Committee to ensure high level of health and safety standards are in place at all times. The Health and Safety Committee is made up of the representatives from human resources & admin department, operation department and production department, where all of them are led by the Chairman of the Health and Safety Committee, Ms. Yap Kai Min, our Executive Director who oversees the Group's operation as a whole.



With our stringent occupational health and safety management, we are delighted to share that we have continued to maintain an injury-free workplace in FYE 2022.

It has been more than half a year for the country to transit from pandemic phase to endemic phase. We are glad that we have overcome the challenging times in dealing with the Covid-19 disease. Nevertheless, we are still mindful on protecting our people's health and thus we will continue to maintain a clean, safe and healthy working environment for our people. To-date, all our employees have completed full vaccination as required by the Government.

EMPLOYEE TRAINING & DEVELOPMENT

- *To have at least 5% of the total employees to attend training annually*

We are cognisant of the importance to provide sufficient development and progression opportunities for our people to grow together with the Group. We provide both in-house and external trainings to our employees in order to equip them with the latest job-related updates and development.

During FYE 2022, we have conducted various internal product trainings as well as on-job trainings for our employees including visiting customer's factory to sharpen their technical skills and knowledge. In order to stay abreast with the latest technologies development, we have also attended software training to learn and leverage on technology to achieve operational efficiencies.

Furthermore, in an effort to stay informed with the latest sustainability development, the Board and key Senior Management have attended a sustainability related seminar, namely the Climate Change 2022: Impacts, Adaptation and Mitigation – Implications and Way Forward, convened by the Committee on Climate Change and Disaster Risk Reduction of the Academy of Sciences Malaysia and Climate Governance Malaysia with partners.

For the FYE 2022, we are pleased to share that we have achieved our target of getting at least 5% of the total employees to attend training annually.

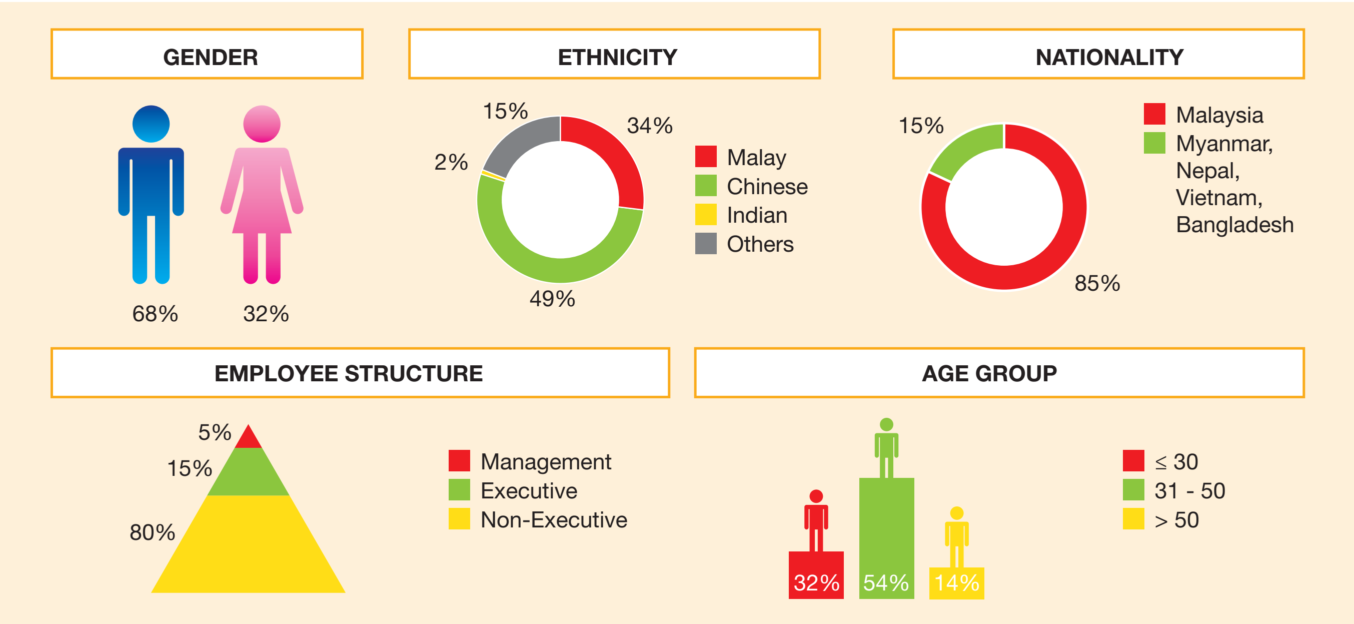
SUSTAINABILITY STATEMENT 2022
(CONT'D)

WORKFORCE DIVERSITY

- *To manage employee turnover rate within 20%*

The Group always believe that diversity can foster greater creativity and productivity for our long-term growth and success. In this aspect, we strive to build a dynamic workforce with a mixture of cultural backgrounds, races, skills and experiences, genders and age groups. We provide equal opportunity to the employees across the Group.

As at 31 August 2022, we have a total of 158 employees from multi-background, analysed as follows: -



As promulgated by SDG Target 5.5 and 10.3, we embrace gender equality and value women empowerment. Presently, there is 43% of women representation in the Board. Key managerial positions of the Group including Managing Director, Executive Director and CFO are held by women.

On the other hand, we provide job opportunities to retirees in an effort to support and address the ageing population issue in Malaysia. As at 31 August 2022, 6% of our total employees are retirees aged from 60 and above.

Aside from diversity, the Group also places great emphasis on employee loyalty. We understand that high employee turnover rate could affect the productivity and efficiency of the business operations. Company image could be tarnished due to high employee turnover rate too. For the FYE 2022, we are glad to highlight that we have, in another year, achieved our target and maintained our employee turnover rate at 18%. Going forward, we will continue to manage, attract and retain the right talents.

SUSTAINABILITY STATEMENT 2022
(CONT'D)

EMPLOYEE ENGAGEMENT

- *To build a conducive working environment*

We acknowledge that a pleasant and conducive working environment is the key to build a sense of belonging in our workforce.

We care for the health of our people and hence we had organised a Health Screening Day for Sharp DCM and Hotstar on 29 December 2021 and 1 March 2022 respectively. All employees in Sharp DCM and Hotstar had participated in the health screening at the cost of the Group. This shall benefit both the Group and our people by maintaining a healthy and sustainable workforce.

On 13 August 2022, we had also organised the Group's annual dinner to express our appreciation to our employees for their efforts and contribution to make CEKD where we are today. We had a warm and joyful annual dinner which foster employees' bonding.

COMMUNITY OUTREACH

- *To enrich the community*

When Covid-19 pandemic was the key highlight over the past two (2) years, the country also suffered from serious flash floods in various states during the late 2021 and early 2022. The floods had hit many people badly by causing several casualties and damages. To support the recovery from the serious floods, we have performed our social responsibility via contribution in both monetary and food donation for a total value of approximately RM3,100.

SUSTAINABILITY STATEMENT 2022
(CONT'D)

REGULATORY COMPLIANCE

- *To comply with all applicable laws and regulations*

As an accountable entity, the Group is committed to maintain a high standard of corporate governance and adhere to all applicable rules, laws and regulations. Standard Operating Procedures ("SOPs") are established and adopted across the Group to serve as a guideline for all employees to execute their duties and functions in a proper manner.

In compliance with the Environment Quality (Scheduled Wastes) Regulations 2005, we dispose all scheduled wastes produced such as waste hydraulic oil and waste acid through licensed scheduled waste contractors, in order to ensure proper waste disposal and protect our environment.

Other than the Environment Quality (Scheduled Wastes) Regulations 2005, we also comply with the major laws and regulations applicable to our business as follows: -

- Factories and Machinery Act 1967;
- Employment Act 1955;
- Minimum Wages Order 2022; and
- Occupational Safety and Health Act 1994.

We are glad to report that no fines or penalties were imposed on our Group by any regulatory body in relation to the breaching of relevant laws and regulations in FYE 2022.

ETHICAL BUSINESS CONDUCTS

- *To instill ethical business dealings and conducts*

In an attempt to drive the Group's long-term growth and success, we uphold business integrity and professionalism at all times. To this end, the Group has enforced the Code of Conduct and Ethics ("the Code") which acts as a guideline for all employees to carry out business with responsibility, transparency, integrity and fairness so as to protect the interests of our shareholders and stakeholders.

With reference to SDG Target 16.5 and in compliance with the Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the Company has implemented an Anti-Bribery and Anti-Corruption Policy ("ABC Policy") to demonstrate our zero-tolerance against any form of bribery and/or corruption.

The Company has further introduced the Whistleblowing Policy to serve as an avenue for all employees or stakeholders to report on any wrongdoings, malpractices or misconducts across the Group. All investigations will be conducted fairly, confidentially and properly. Whistleblower who reports in good faith will also be protected under the Whistleblower Protection Act 2010.

All the Code, ABC Policy and the Whistleblowing Policy are made publicly available on the Company's website at http://www.cekd.com.my/policy-disclosures.

We are also pleased to report that, no employees had been disciplined or dismissed, nor any public cases been brought against the Group and its employees due to non-compliance to the applicable laws and regulations. Hence, no fines or penalties were imposed to the Group during the FYE 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is committed to uphold and maintain sound corporate governance and ethical business conducts within the Group by implementing the best practices advocated by the MCCG. The Board is of the view that such implementation is key to the Group's business sustainability, enhancement to shareholders' value as well as protection for stakeholders' interests.

Pursuant to Rule 15.25(1) and Guidance Note 11 of the AMLR, the Board is pleased to present the CG Statement for the FYE 2022. This statement has delineated an overview of the Board's initiatives and commitments in instilling good corporate governance practices within the following key principles: -

(i) Principle A: Board Leadership and Effectiveness;
(ii) Principle B: Effective Audit and Risk Management; and
(iii) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Shareholders are advised to read this CG Statement together with the CG Report which sets out the details and explanations on the application of the corporate governance practices. The CG Report is available on the Company's website at http://www.cekd.com.my/annual-reports as well as announcement made via Bursa Securities at https://www.bursamalaysia.com/.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1 Board Stewardship

The Board is led by Dato' Zulkifli Bin Adnan, the Independent Non-Executive Chairman. The Board Chairman is entrusted to promote good corporate governance practices in the Board and ensure the overall effectiveness of the Board.

The Board, under the leadership of the Chairman, is ultimately responsible to set the Group's business strategic directions and objectives, define risk tolerance level as well as to determine resources allocation in order to drive the Group towards long-term sustainable growth. The Board has set the Group's vision, mission and motto by taking into consideration the shareholders' and other stakeholders' interests, as follows: -

Vision
- The Best Die Cutting Solution Provider in Asia Pacific

Mission
- Create Value for Customers
- Continuous Improvement

Motto
- Drive Towards Excellence

Whilst the Board as a whole is holding the ultimate oversight responsibility, the Board has delegated certain authorities to four (4) Board Committees, namely AC, NC, RC and RMC, for an effective discharge of various functions and duties. Each Board Committee is executing their duties within the scope as guided by respective Terms of Reference approved by the Board, which were published on the Company's website at http://www.cekd.com.my/policy-disclosures.

To ensure a balance of power and authority, the Company is currently having three (3) distinct individuals to hold the positions of Board Chairman, Deputy Executive Chairman and Managing Director. Dato' Zulkifli Bin Adnan, the Board Chairman, focuses on the Board's overall effectiveness and promotes good corporate governance practices. Mr. Yap Tian Tion, the Deputy Executive Chairman, is responsible to set the overall business directions and strategies while Ms. Yap Kai Ning, the Managing Director, is entrusted to spearhead the implementation of the Group's overall strategic plans and policies in daily operations. The Board believes that this segregation of powers and authorities promotes accountability and such that no individual has unfettered powers of decision-making, thereby protect the shareholders' and other stakeholders' interests.

During FYE 2022, the Board Chairman has relinquished his Board Committee positions in the AC, NC and RC in line with the best practices as advocated by the MCCG to ensure independence and objectivity during the Board meetings and Board Committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1 Board Stewardship (Cont'd)

The Board as a whole has demonstrated a strong commitment and dedication to the Company. During FYE 2022, six (6) Board meetings were held and all the Board members have full attendances as follows: -

Director	Number of Meetings Held During Director's Tenure of Office	Meeting Attendance	Percentage of Attendance
Dato' Zulkifli Bin Adnan	6	6	100%
Chong Chin Look	6	6	100%
Datuk Mak Foo Wei	6	6	100%
Yap Tian Tion	6	6	100%
Yap Kai Ning	6	6	100%
Choo Yem Kuen *(Appointed on 16/12/2021)*	3	3	100%
Yap Kai Min *(Appointed on 25/10/2022)*	-	-	-

Notice of the Board meetings and a complete and accurate set of meeting materials, such as Board papers and agenda items, are circulated at least seven (7) days in advance to provide sufficient time to the Directors to peruse and consider on matters to be discussed and if necessary, to obtain further information in order to facilitate their decision-making process during the meeting.

In addition, the Directors have unrestricted access to the Group's information, whether from the Senior Management or external parties and to seek for independent professionals' advices, if necessary, to facilitate their decision-making process and to discharge their duties and responsibilities effectively.

During FYE 2022, the Board is supported by two (2) professionally qualified and competent company secretaries for the Company's administrative matters and meeting proceedings as well as in compliance with all applicable legal and corporate governance standards. Both company secretaries have requisite credentials and experiences while qualified to act as company secretaries under the Section 235(2)(a) of the Companies Act 2016.

2 Delegation of Responsibilities

The Company has in place a Board Charter to serve as a guidance to the Directors on their fulfillment of duties and responsibilities. It outlines amongst others, the Board structure and roles and responsibilities of the Board, Board Committees, Chairman/ Deputy Chairman, Executive Directors, Independent Non-Executive Director and company secretaries.

The Board Charter is regularly reviewed as required in order to remain consistent with the objectivities and responsibilities as well as the latest regulatory compliance requirements. The Board Charter is made available on the Company's website at http://www.cekd.com.my/policy-disclosures.

3 Ethics and Integrity

3.1 The Code

The Code has been adopted by the Group to cultivate ethical business conduct across the Group. Professionalism, honesty and integrity shall be upheld by the Group in business dealings at all times. The Code serves as a guidance to all employees in the key areas within employees' conducts and business conducts.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

3 Ethics and Integrity (Cont'd)

3.2 ABC Policy

In line with the enforcement of Section 17A of the MACC Act 2009 (Amendment 2018), the Company has implemented an ABC Policy to encourage a culture of integrity and transparency across the Group's activities. The ABC Policy demonstrates the Group's zero-tolerance against any form of bribery and corruption while providing principles and guidance on how to address bribery and corruption activities and issues in the event of occurrence.

3.3 Whistleblowing Policy

To support the implementation of the Code and ABC Policy, the Board has formalised and adopted a Whistleblowing Policy which provide guidelines for all Directors, employees and stakeholders to raise concern(s) and report on any unethical behavior, malpractices or improper conducts to the RMC via post or email.

Whistleblowers who report in good faith are protected from risk of reprisal and their identity is kept confidential. Investigation will be initiated by the RMC upon receipt of written complaint or allegation of misconduct from the whistleblower. Such investigation shall be conducted in a confidential, fair and impartial manner.

The Code, ABC Policy and Whistleblowing Policy shall be reviewed as and when necessary to maintain its relevance and compliance to all applicable laws and regulations. The Code and both the policies are published on the Company's website at http://www.cekd.com.my/policy-disclosures.

For the FYE 2022, the Board is pleased to inform that RMC has not received any report made by any whistleblower pertaining to any breach of the Company's policies or applicable laws and regulations. This has shown the Company's continuous commitment and dedication towards maintaining a sound corporate governance and uphold business integrity within the Group for our long-term success.

4 Sustainability Governance

The Board believes that sustainable business practices are essential to achieve long-term value creation. The Board holds the ultimate responsibility for the Group's sustainability management, including setting and overseeing the Group's sustainability strategies, priorities and targets.

This year, the Board has segregated the governance aspect from the economic context to show its emphasis on the regulatory compliance as well as ethical business dealings across the Group. In this regard, the Board has carried out an annual material matters assessment to identify, assess and prioritise risks and opportunities within the economic, environmental, social and governance ("EESG") context. Sustainable strategies are then formulated with reference to the seventeen (17) SDGs introduced by the United Nations Member States in 2015.

The Board ensures that the Company's internal and external stakeholders are well informed on the Group's sustainability strategies, priorities, targets and performance via detailed elaborations in the Sustainability Statement in this Annual Report.

To further promote the Board's accountability towards the Group's sustainability management, NC has included the governance of sustainability as an additional performance evaluation criterion for the Board in FYE 2022.

As sustainability trend and issues are ever-changing, the Board endeavors to undergo appropriate and relevant training programmes to stay abreast. All Directors have attended a sustainability-related online seminar, namely the Climate Change 2022: Risk, Adaption and Mitigation Implications and Way Forward training programme held by the Committee on Climate Change and Disaster Risk Reduction of the Academy of Sciences Malaysia and Climate Governance Malaysia on 19 May 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION

5 Board Diversity and Objectivity

The Board to-date comprises seven (7) members of which four (4) are Independent Non-Executive Directors and three (3) are Executive Directors. The Board composition is as follows: -

Name	Directorship
Dato' Zulkifli Bin Adnan	Independent Non-Executive Chairman
Chong Chin Look	Independent Non-Executive Director
Datuk Mak Foo Wei	Independent Non-Executive Director
Choo Yem Kuen	Independent Non-Executive Director
Yap Tian Tion	Deputy Executive Chairman
Yap Kai Ning	Managing Director
Yap Kai Min *(Appointed on 25/10/2022)*	Executive Director

The Board has in place a majority of independent directors to support an objective and independent decision-making process in the boardroom so as to better safeguard the interest of our shareholders and other stakeholders. The details of profiles of each Director are set out in the Board of Directors' Profile within this Annual Report.

Aside from its independence and objectivity, the Board also recognises the significance of having a diverse Board with an appropriate mix of skills, professional experience, age, gender, cultural background, and ethnicity to develop a wide range of ideas and perspectives to support the Group's sustainable business development. In this regard, the Board has introduced a Directors' Fit and Proper Policy in FYE 2022. This policy has outlined the prescribed criteria for the consideration by NC and the Board for the appointment and re-appointment of Directors. The fit and proper criteria of a Director includes, but not limited to, character, integrity, experience, competence as well as time and commitment. The said policy is published on the Company's website at http://www.cekd.com.my/policy-disclosures for public's reference.

Currently, the Board consists of a diverse pool of talents from various fields, ranging from experienced senior public services to manufacturing, accounting and legal backgrounds. As a whole, the Board possesses a wide range of competencies, capabilities, technical skills and relevant working experience to ensure a well-functioning organisation and sustainable development of the Group.

In terms of gender diversity, the present Board has in place 43% female representatives, which exceeded the gender diversity requirement of at least 30% female Board representation as advocated by the MCCG. However, the Board has not formalised any gender diversity policy for the Board and Senior Management in view that gender shall not be a pre-requisite to the directorship of the Company, instead, the appointment of director shall be based on objective merited considerations, such as qualifications, competency, integrity, character, time commitment and relevant experience of the potential candidates.

Nonetheless, with the assistance from the company secretaries, NC had on 1 December 2021 carried out a gap analysis between the Company's current practices and the best practices promulgated by the MCCG. The Board has acknowledged on the areas needed for improvement and will focus on the development of gender diversity policy for the Directors and Senior Management moving forward.

To-date, none of the Independent Non-Executive Directors has served the Company in the Board for more than nine (9) years. Based on the Company's Board Charter, the Company has a policy to limit the tenure of Independent Directors to nine (9) years. In the event an Independent Director serves the Company for a cumulative term of more than nine (9) years, such Independent Director may continue to serve on the Board subject to the Directors' re-designation as Non-Independent Director. Nonetheless, should the Board intend to retain such Director as Independent Director, the Board will justify its decision and seek the shareholders' approval via a two-tier voting process at the Annual General Meeting ("AGM").

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5 Board Diversity and Objectivity (Cont'd)

In addition, the retirement and re-election of Directors of the Company are in accordance to the Constitution of the Company, which provides that all of the Directors of the Company, including Managing Director are subject to retirement. At least one third (1/3) in number of the Board and who have been the longest in the office are subject to retirement by rotation during the AGM. A newly appointed Director shall also retire at the next AGM. A retiring Director is eligible for re-election. All Directors who are seeking for re-election/re-appointment need to be assessed by the NC on their capability and suitability guided under the Fit and Proper Policy adopted by the Company.

The evaluations of the Directors nominated for re-election/re-appointment are delegated to NC with recommendation being made to the Board for decision.

To ensure that the Board's decisions are made objectively in the best interests of the Company, NC that is solely comprised of Independent Non-Executive Directors has been formalised as follows: -

Designation	Director	Directorship
Chairperson	Choo Yem Kuen	Independent Non-Executive Director
Member	Datuk Mak Foo Wei	Independent Non-Executive Director
Member	Chong Chin Look	Independent Non-Executive Director

The NC is primarily responsible for overseeing the selection and assessment of Directors for appointment, re-election or re-appointment to the Board and Board Committees. The detailed roles and responsibilities of the NC have been specified in the Terms of Reference of the NC which is made available on the Company's website at http://www.cekd.com.my/corporate-governance.

During FYE 2022, NC has discharged their duties and responsibilities appropriately, summarised as follows: -

(i) Reviewed the Board composition and made recommendations to the Board for changes in compliance with the best practices in MCCG;

(ii) Based on the set of prescribed criteria, reviewed, evaluated and recommended to the Board the appointment of Ms. Choo Yem Kuen as an Independent Non-Executive Director of the Company;

(iii) Reviewed and recommended the composition of Board Committees to adhere to the best practices guided by MCCG;

(iv) Evaluated the performance and effectiveness of the Board, the Board Committees as well as individual Directors;

(v) Reviewed and evaluated the length of service and independence of the Independent Non-Executive Directors;

(vi) Reviewed the tenure of Directors and recommended on the re-election of retiring Directors at the forthcoming fifth (5th) AGM;

(vii) Reviewed the Board's meeting attendance and sufficiency of time commitment from the Directors in discharging their duties; and

(viii) Reviewed the training programmes attended by the Directors and assessed training needs for the financial year ending 31 August 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5 Board Diversity and Objectivity (Cont'd)

During FYE 2022, all Directors have attended sustainability-related training while our Managing Director, Ms. Yap Kai Ning has also attended financial and operational related trainings. Training courses attended by our Directors are summarised as follows: -

Director	Date	Seminar/Training Programme
Dato' Zulkifli Bin Adnan	19/5/2021	Climate Change 2022: Risks, Adaptation and Mitigation Implications and Way Forward
Chong Chin Look	19/5/2021	Climate Change 2022: Risks, Adaptation and Mitigation Implications and Way Forward
Datuk Mak Foo Wei	19/5/2021	Climate Change 2022: Risks, Adaptation and Mitigation Implications and Way Forward
Choo Yem Kuen	15-17/2/2021	Mandatory Accreditation Programme
	19/5/2021	Climate Change 2022: Risks, Adaptation and Mitigation Implications and Way Forward
Yap Tian Tion	19/5/2021	Climate Change 2022: Risks, Adaptation and Mitigation Implications and Way Forward
Yap Kai Ning	19/5/2021	Climate Change 2022: Risks, Adaptation and Mitigation Implications and Way Forward
	16/12/2021	Budget 2022 Latest Tax Updates with Priceless Tax Planning during Further Expansion and Economic Recovery
	17-20/6/2022	CEO Training

6 Overall Board Effectiveness

NC is also delegated with the responsibility to review the effectiveness of the Board and Board Committees as well as the contribution and performance of each Director on an annual basis. The evaluation was conducted in both self-evaluation and peers' evaluation via digital format. The conduct of performance evaluation was facilitated by the company secretaries. Further details of the performance evaluation criteria have been outlined in the CG Report.

Based on the performance evaluation for FYE 2022, the overall performance of the Board, Board Committees and individual directors are satisfactory. It was concluded that the Board, Board Committees and all Directors have adequately and sufficiently discharged their duties and responsibilities.

PART III – REMUNERATION

7 Remuneration Policy

The Board has set up the RC to support and facilitate the remuneration affairs of the Group. The RC of the Company, consisted solely of the Independent Non-Executive Directors is as follows: -

Designation	Director	Directorship
Chairman	Datuk Mak Foo Wei	Independent Non-Executive Director
Member	Chong Chin Look	Independent Non-Executive Director
Member	Choo Yem Kuen	Independent Non-Executive Director

The Board, via the RC, has formalised and adopted a Remuneration Framework on 24 January 2022 to set as a guide for RC to determine the remuneration package of Directors and Senior Management. The remuneration is reviewed by the RC on an annual basis prior to making its recommendations to the Board for approval. In its review, the RC considers various factors including the Directors' fiduciary duties, time commitments, current economic condition and expertise expected from them and the Company's performance. The remuneration packages of the Executive Directors and Senior Management are tabled and reviewed by the RC based on the Key Performance Indicators ("KPI"), before recommendation is made to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

7 Remuneration Policy (Cont'd)

RC should propose remuneration packages that take into consideration the competitiveness, adequateness and comparability to attract, retain, motivate and reward the Executive Directors and Senior Management to work towards the business goals.

Independent Non-Executive Directors' remuneration package will reflect their level of experience and contribution, taking into consideration their effort, time spent and the responsibilities taken. Meanwhile, the Executive Directors and Senior Managements' remuneration package will link to the Group's performance and the achievement of their respective annual KPI.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration. RC will review the framework periodically to ensure its relevance and effectiveness. The Terms of Reference of RC which details out the roles and responsibilities in relation to the remuneration matters, is made available on the Company's corporate website at http://www.cekd.com.my/corporate-governance.

8 Remuneration of Directors and Senior Management

Details of remuneration paid or payable to all the Directors of the Company and the Group for FYE 2022 are tabulated as follows: -

	Company		Group						
Director	**Fees (RM'000)**	**Meeting Allowance (RM'000)**	**Fee (RM'000)**	**Meeting Allowance (RM'000)**	**Salary (RM'000)**	**Bonus (RM'000)**	**Company Contribution (RM'000)**	**Other Emoluments (RM'000)**	**Benefits-in-Kind (RM'000)**
Dato' Zulkifli Bin Adnan	60.0	2.0	60.0	2.0	-	-	-	-	-
Yap Tian Tion	-	-	-	-	174.3	250.0	47.8	-	-
Yap Kai Ning	-	-	-	-	164.4	135.9	50.2	-	-
Datuk Mak Foo Wei	42.0	2.0	42.0	2.0	-	-	-	-	-
Chong Chin Look	42.0	2.0	42.0	2.0	-	-	-	-	-
Choo Yem Kuen *(Appointed on 16/12/2021)*	29.8	2.0	29.8	2.0	-	-	-	-	-
Yap Kai Min *(Appointed on 25/10/2022)*	-	-	-	-	30.0	20.0	10.0	24.0	-
Total	**173.8**	**8.0**	**173.8**	**8.0**	**368.7**	**405.9**	**108.0**	**24.0**	**-**

Apart from recommending the remuneration package of the Board, the remuneration of the Senior Management (where they are not a Director of the Company) also be reviewed and recommended by the RC. In determining the remuneration for the Senior Management, the RC should ensure that the rewards are in line with the following key objectives: -

(i) The offer is sufficient to attract and retain the best candidate in the short term;
(ii) The incentives offered are appropriate to motivate the Senior Management to perform at their maximum on a continuous basis; and
(iii) The Senior Management's remuneration is aligned with shareholder value whilst creating an effective "golden handcuff" in the long-term.

The Board is of the view that disclosure of the Senior Management's remuneration components on a named basis may not be in the best interest of the Company, having considered that such disclosure may cause confidentiality and talent retention issues especially in the highly competitive industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

8 Remuneration of Directors and Senior Management (Cont'd)

The Board believes that disclosure of Senior Management's remuneration in the bands of RM50,000 on unnamed basis is adequate to comply with the Malaysian Financial Reporting Standards ("MFRS") so as to fulfil the objective of MCCG Practice 8.2. The aggregated remuneration and benefits of the Senior Management for FYE 2022 are as follows: -

Range of Remuneration	Number of Senior Management
RM50,000 to RM100,000	-
RM100,000 to RM150,000	-
RM150,000 to RM200,000	2

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

9 Effectiveness of AC

AC is delegated by the Board to oversee the areas of financial reporting, external audit, internal control environment, internal audit, related party transactions ("RPT") as well as conflict of interest matters.

The current AC composition complies with Rule 15.09 and 15.10 of the AMLR and the recommendation of MCCG, whereby all three (3) AC members are Independent Non-Executive Directors, as follows: -

Designation	Director	Directorship
Chairman	Chong Chin Look	Independent Non-Executive Director
Member	Datuk Mak Foo Wei	Independent Non-Executive Director
Member	Choo Yem Kuen	Independent Non-Executive Director

The Chairman of the AC is not the Chairman of the Board in order to uphold integrity and ensure that the objectivity of the Board's review of AC's findings and recommendations is not impaired. To further strengthen its independence status, AC is required to observe a minimum three (3) years cooling-off period before any former key audit partner can be appointed as a member of the AC. Currently, none of the AC member is a former key audit partner of the external auditors and the Board does not foresee any new appointment of former key audit partner to the AC in near future.

To-date, although only Mr. Chong Chin Look, the chairperson of the AC, is a Chartered Accountant by profession, the other two (2) AC members are also financially literate and competent. Datuk Mak Foo Wei has been involved in the legal profession for more than 25 years whilst Ms. Choo Yem Kuen is a practicing lawyer with more than 33 years experiences and she has vast experience in corporate advisory work. All members of the AC have also undertaken continuous training and development to keep themselves abreast of the latest developments and changes to the regulatory environment so as to perform their duties effectively and efficiently.

Further, AC is also entrusted to assess and review the suitability, objectivity and independence of the external auditors as well as their audit and non-audit services provided. The evaluation for external auditors was conducted annually, taking into consideration the following: -

(i) Independence of the external audit firm;
(ii) The adequacy in terms of the competency, experience and quality of the external auditors;
(iii) The external auditors' capacity resources and ability to meet deadlines and respond to the issues in a timely manner as contemplated in the Audit Planning Memorandum ("APM"); and
(iv) The nature and extent of the non-audit services rendered by the external auditors and fees paid for such services.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I – AUDIT COMMITTEE (CONT'D)

9 Effectiveness of AC (Cont'd)

AC has obtained written confirmation from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement for FYE 2022 in accordance with the terms of all relevant professional and regulatory requirements.

Hence, AC is satisfied with the suitability and independence of the external auditors and had recommended the re-appointment of Ecovis Malaysia PLT to the shareholders for approval at the forthcoming AGM.

The AC discharges its responsibilities in accordance with its Terms of Reference, which is available on the Company's website at http://www.cekd.com.my/corporate-governance.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10 Adequate Risk Management and Internal Control

The Boards acknowledges that the Group's objectives and sustainable success can only be achieved with a proper risk management and internal control framework. In order to ensure that the Company make informed decision about the level of risk involved and implement necessary controls to pursue its objectives, the Board has undertaken to establish a risk management and internal control framework with the assistance from the AC and RMC.

The Board has delegated RMC to oversee the Group's risk management framework and policies. The composition of the RMC is as follows: -

Designation	Director	Directorship
Chairman	Chong Chin Look	Independent Non-Executive Director
Member	Dato' Zulkifli Bin Adnan	Independent Non-Executive Chairman
Member	Datuk Mak Foo Wei	Independent Non-Executive Director
Member	Choo Yem Kuen	Independent Non-Executive Director
Member	Yap Kai Ning	Managing Director

The Board via RMC and AC is ultimately responsible for developing and maintaining sound risk management and internal control within the Group to safeguard the Group's assets and shareholders' investment.

The key roles and responsibilities of the RMC are as follows: -

(i) To provide insight, direction and counsel to the Group's risk management process;

(ii) To recommend for the Board's approval the Group's Enterprise Risk Management ("ERM") Framework, policies, strategies, key risk indicators and risk tolerance levels and any proposed changes thereto; and

(iii) To evaluate the effectiveness of the risk management structure, processes and support system to identify, assess, monitor and manage the Group's key risks.

The full duties and responsibilities of RMC is set out in its Terms of Reference, which is accessible on the Company's website at http://www.cekd.com.my/corporate-governance.

The Group has adopted an ERM Framework to serve as a guideline to oversee risk management execution across the Group. The ERM Framework enables the Group to identify, analyse, respond, monitor and report any potential risk or arising structural weakness hindering the Group towards its business objectives. RMC is supported by the Group's ERM Working Committee to identify and monitor the risks identified. Any key risks identified will be reported to RMC and the Board to discuss the relevant risk mitigations measures and any further action required for improvement.

In hand with the ERM Framework, the Board via the Management team has put in place various SOPs in daily operations to ensure a smooth proceeding in the Group's risk management and internal control system. The overview of the state of risk management and internal control are elaborated in the Statement of Risk Management and Internal Control in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

11 Effective Internal Audit Function

The Group's internal audit function has been outsourced to an independent professional firm, namely Eco Asia Governance Advisory Sdn Bhd, which directly report to the AC. The internal auditors assist the Board in discharging their role and responsibilities by providing independent and objective assessment on the overall adequacy of the Group's internal control system as well as to propose recommendation(s) to rectify weaknesses identified, if any.

The internal audit engagement team is led by Mr. Woon Soon Fai, a Chartered Accountant, Fellow Member of the ACCA ("FCCA") and Associate Member of The Institute of Internal Auditors ("AIIA"). He has vast experience and exposure in internal audit field. His internal audit team consisted of ten (10) employees. During FYE 2022, he was assisted by three (3) employees in the internal audit reviews for the Group. All internal audit reviews were conducted in accordance to the International Professional Practices Framework ("IPPF").

During FYE 2022, the internal auditors performed reviews in accordance to the Internal Audit Plan approved by the AC. The identified weaknesses along with the proposed corrective actions have been presented to the AC and the Management shall implement the corrective actions within the stipulated time. Follow-up review will be conducted by the internal auditors to ensure that corrective actions are properly implemented.

Further details of the Group's internal audit function are reported in the Statement of Risk Management and Internal Control in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – ENGAGEMENT WITH STAKEHOLDERS

12 Stakeholders Communication

The Board is committed to maintain a regular, transparent, consistent and effective communication with various stakeholders of CEKD as the Board believes that this would enable better understanding of their opinions and perspectives for the Group's sustainable growth as well as to allow the stakeholders to make informed decisions based on the information disseminated/communicated through the following channels: -

Email and face-to-face communications	Company's website	Announcement made to Bursa Securities	Annual Report	AGM

PART II – CONDUCT OF GENERAL MEETINGS

13 AGM

AGM is our primary forum to engage with the shareholders annually. The Board encourages shareholders to participate actively at the Company's general meetings, in which they can exercise their rights to ask questions, provide recommendations/feedbacks and vote at the general meetings.

To ensure that shareholders have adequate time to peruse the Company's Annual Report and deliberate on the resolutions tabled, the Company would normally circulate the notice of AGM at least 28 days prior to the AGM, in line with the good corporate governance practice. The notice of the 4th AGM held on 22 February 2022 has been circulated to the shareholders on 29 December 2021, which was more than 28 days prior to the scheduled AGM.

All the Directors and the external auditors have attended the 4th AGM and responded to queries raised by the shareholders, where relevant.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

13 AGM (Cont'd)

Although the country is transitioning into endemic phase for Covid-19, for health and safety of the shareholders and the Board, the Company had conducted the 4th AGM on 22 February 2022 virtually via online meeting platform at https://tiih.online/ which is accessible from various electronic devices. The said online meeting platform was facilitated by Tricor Investor & Issuing House Services Sdn Bhd, the appointed poll administrator. They have ensured that all shareholders' personal data are properly protected and maintained a good cyber hygiene during the AGM.

During the 4th AGM, shareholders have adequate time to pose their questions on the meeting platform. All questions raised by shareholders were only visible to the Board. Nonetheless, the Managing Director have read out the questions for all shareholders and addressed the questions accordingly. However, due to time constraint, responses for the remaining questions have been emailed to the respective shareholders subsequent to the AGM.

In line with the AMLR of Bursa Securities, all resolutions set out in the notice of AGM will be carried out by poll voting. The shareholders have been briefed on the e-polling voting procedures by the appointed Poll Administrator to conduct the polling process. The Company has also appointed an independent scrutineer, Needsbridge Advisory Sdn Bhd, to validate the polling results for votes casted at the 4th AGM. Subsequent to the AGM, the Group has announced the outcome of meeting and published the minutes of the AGM together with the voting results on the Company's website after it has been confirmed and signed by the Chairman of the AGM within 30 business days from the date of the AGM.

COMPLIANCE STATEMENT

This statement was prepared in compliance with Rule 15.25 of the AMLR of Bursa Securities and it is to be read together with the CG Report.

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices as set out in the MCCG and all other applicable laws, where applicable and appropriate.

This CG Statement was approved by the Board on 2 December 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Rule 15.26(b) of the AMLR, the Board of CEKD is pleased to present the Statement on Risk Management and Internal Control for the FYE 2022. This statement is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers as well as the Practice 10.1 and 10.2 of the MCCG.

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility in maintaining a sound, effective and comprehensive risk management and internal control system in an ongoing manner to safeguard the shareholders' investment, stakeholders' interest and the Group's assets.

The Board, supported by AC and RMC, has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the AC and/ or RMC on periodic basis.

The Board recognises that there are inherent limitations in risk management and internal control system, and such system is designated to manage risks with significant adverse impact towards achieving the Group's business objectives rather than to eliminate risks that may impede the achievement of the Group's business objectives. Hence, such system can only provide reasonable but not absolute assurance against material financial misstatement, loss, fraud or any unforeseeable circumstances.

The effectiveness of internal control was reviewed by the AC in relation to the audits conducted by the internal auditors during FYE 2022. Audit issues and actions taken by the Management to address the issues have been deliberated during the AC meetings. Minutes of the AC meetings which recorded these deliberations were then presented to the Board.

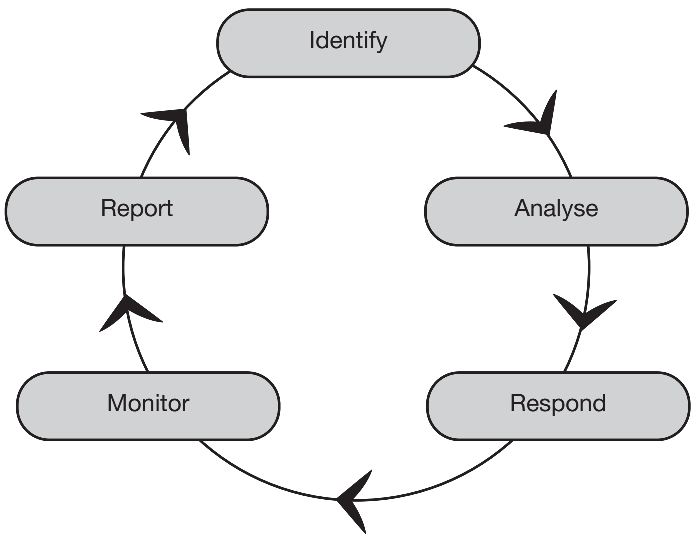
RISK MANAGEMENT

RMC has been entrusted by the Board to oversee the Group's risk management framework, policies and procedures as well as the risk management practices.

Key elements of the Group's risk management system that facilitates proper conducts of the Group's business are described as follows:-

- **ERM Framework**

  The Group has adopted an ERM framework with core elements such as objective setting, risk assessment, development of action plans to mitigate risks and ongoing monitoring of risks and operating environment. The ERM framework serves to provide guidance to the Board, Management and employees of the Group in managing risks.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

RISK MANAGEMENT (CONT'D)

- **ERM Working Committee**

  During FYE 2022, the Group has established an ERM Working Committee that consisted of members from various departments to ensure a uniform view of risks across the Group. Significant risks identified by various departments are reported to the Managing Director by the Head of Departments in order to facilitate the implementation of an effective risk management.

- **Risk Register**

  The Group has in place a risk register which documented the identified risks, risks ranking and mitigation actions/ controls to manage the relevant risks. The risk register is maintained and updated on periodic basis taking into consideration the ever-changing business environment.

- **RMC Meetings**

  During FYE 2022, RMC has held three (3) meetings to assess the Group's risk management framework, evaluate the adequacy, effectiveness and integrity of the risk management system as well as to understand the identified risks. Outcomes of the RMC meetings were subsequently escalated to the Board for further deliberation.

INTERNAL CONTROL

AC has been entrusted by the Board to oversee the Group's internal control system, policies and procedures. The Management is delegated with the responsibilities to monitor closely on the implementation of appropriate internal control within the Group.

Key elements of the Group's internal control system are as follows: -

- Well-defined scopes of responsibility and clear lines of reporting that promote appropriate segregation of duties and delegation of authority for planning, executing, controlling and monitoring;
- Clearly defined and formalised SOPs that cover various operational areas to achieve uniformity of internal practices and business objectives;
- Clearly defined the Code, ABC Policy and Whistleblowing Policy that promote integrity, ethical behaviour and prohibit bribery or corruption acts;
- Active participation and involvement by the Managing Director and Executive Director in the daily operation and regular discussion with Senior Management on operational issues;
- Internal audit function carried out by independent outsourced internal auditors who have adequate resources, capabilities and relevant experience to review the adequacy and effectiveness of the internal control;
- Review of the internal audit reports and findings by the AC and Board. Discussions are held between the Board and Management to deliberate on the actions that are required to be taken to address internal control deficiencies identified; and
- Review of the quarterly unaudited financial results, annual draft audited financial statements and RPT by the AC and Board.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to a professional firm, Eco Asia Governance Advisory Sdn Bhd. The outsourced internal auditors shall provide the AC and the Board an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control and risk management system, based on a risk-based approach and guided by accepted internal auditing practices.

The outsourced internal auditors report directly to the AC. Internal audit plan is tabled to the AC for review and approval prior to the commencement of internal audit works.

During FYE 2022, the internal auditors has conducted two (2) internal audit reviews according to the approved internal audit plan, focusing on review of the RPT for FYE 2022 and follow-up review on the findings highlighted in the internal control review report prepared prior to the listing of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

INTERNAL AUDIT FUNCTIONS (CONT'D)

The internal audit reports which consist of internal audit findings, recommendations, as well as Management responses and action plans were presented and deliberated at the AC meetings. Management is then responsible for ensuring appropriate actions are taken to address the weaknesses highlighted or improvements needed. The internal auditors will also perform subsequent follow-up reviews to ensure appropriate measures have been put in place on the previous audit findings.

Based on the internal audit reviews conducted by the outsourced internal auditors, none of the weaknesses noted has resulted in material losses, contingencies or uncertainties that would require separate disclosure in this report.

Professional fee incurred for the outsourced internal audit function for FYE 2022 was RM12,000.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to Rule 15.23 of AMLR, for inclusion in the Annual Report of the Company for the FYE 2022.

Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report issued by the MIA. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

MANAGEMENT'S ASSURANCE

The Deputy Executive Chairman and Managing Director, representing the Management, have given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal control adopted by the Group. The Board also received assurance from the Management that nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material aspect.

CONCLUSION

The Board is of the opinion that the system of risk management and internal control is considered appropriate to the business operations and that the risks taken are at an acceptable level within the context of the business environment of the Group. The system of risk management and internal control of the Group is adequate to safeguard the shareholders' investment, stakeholders' interest and the Group's assets.

Nevertheless, the Board recognises that risk management and internal control system shall be monitored and improved continuously to meet the changing business environment.

This Statement on Risk Management and Internal Control has been approved by the Board on 2 December 2022.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report which provides insights as to the manner of the AC discharged its responsibilities for the Group for FYE 2022, in compliance with Rule 15.15(1) of the AMLR as well as the MCCG.

The AC was established with the primary objective to assist the Board in discharging its statutory duties and responsibilities by carrying out objective and independent review of the financial reporting practices and internal controls system, reinforce the independence of the Group's external auditors, evaluate the quality of the internal audit function and oversee the compliance with laws and regulations together with observance of proper code of conduct.

1. COMPOSITION OF THE AC

In compliance to Rule 15.09(1)(a) and (b) of the AMLR and Practice 9.4 of the MCCG, the Board has established an AC which comprise three (3) members, all of whom are Independent Non-Executive Directors as follows: -

Name	Designation	Directorship
Chong Chin Look	Chairman	Independent Non-Executive Director
Datuk Mak Foo Wei	Member	Independent Non-Executive Director
Choo Yem Kuen	Member	Independent Non-Executive Director

Mr. Chong Chin Look, the Chairman of the AC, is an Independent Non-Executive Director and he is not the Chairman of the Board in accordance to Rule 15.10 of AMLR and Practice 9.1 of the MCCG. Mr. Chong is a member of the MICPA and a member of the MIA and accordingly, the Company meets the requirement of Rule 15.09(1)(c) of the AMLR.

In addition, the Company also complies with Rule 15.09(2) of the AMLR as no alternate director is appointed as a member of the AC.

All AC members possess a wide range of necessary skills to discharge their duties. They are financially literate and are able to understand matters under the purview of the AC including the financial reporting process.

2. TERMS OF REFERENCES

The detailed Terms of Reference of the AC outlining the composition, authority, duties and responsibilities of the AC is published on the Company's website at http://www.cekd.com.my/policy-disclosures.

3. MEETINGS AND ATTENDANCE

During the FYE 2022, a total of six (6) AC meetings were held with the details of attendance as follows: -

Name	Number of Meetings Held During AC Members' Tenure of Office	Number of Meetings Attended
Chong Chin Look	6	6
Datuk Mak Foo Wei	6	6
Choo Yem Kuen*	3	3

* *Ms. Choo was appointed on 16 December 2021, hence, she attended three (3) out of three (3) AC meeting of which were held upon her appointment as an AC member.*

3. MEETINGS AND ATTENDANCE (CONT'D)

The Group's COO and CFO were invited to the AC meetings to facilitate direct communication and provide clarification on operations, financials and audit matters. Other Board members and the designated representatives from the Senior Management may also attend these meetings through the invitation by the AC. External auditors and internal auditors were also invited to attend the AC meetings to present their audit plan and audit findings at the respective AC meetings.

During its scheduled meetings, the AC reviewed the interim and year-end financial reports, the audit plans and reports provided by external auditors and internal auditors, RPT, recurrent related party transactions ("RRPT"), and all other areas within the scope of responsibilities of the AC under its Terms of Reference.

The Chairman of AC will then report the key issues discussed at each AC meeting to the Board for their considerations and deliberations. Minutes of each meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

4. SUMMARY OF ACTIVITIES OF THE AC

The activities undertaken by the AC in discharging its functions and duties for the FYE 2022 are summarised as follows: -

Financial Reporting

- Reviewed the quarterly unaudited financial results and annual draft audited financial statements, inclusive the changes or implementation of accounting policies and practices, significant adjustments arising from the audit, significant judgement areas, significant and unusual events, going concern assumption and compliance to the applicable accounting standards as well as other legal requirements before recommending to the Board for consideration and approval; and

- Discussed with Management and the external auditors on the accounting principles and standards that were applied and their judgement on the items that may affect the financial statements.

External Audit

- Reviewed and approved the APM, with details inclusive of reporting requirements, audit approach, scope of work, areas of audit emphasis and remuneration proposed by the external auditors prior to the commencement of annual statutory audit of financial statements to ensure the quality of audit prior to the Board's approval;

- Reviewed the Independent Auditor's Report which includes opinion to the financial statements and key audit matters;

- Assessed and evaluated the independence, performance and suitability of external auditors for re-appointment and made recommendations to the Board; and

- Met with external auditors during the financial year without the presence of Executive Board members and the Management to discuss key audit issues.

Internal Audit

- Reviewed and assessed the independence, qualification, resources and performance of the outsourced internal auditors;

- Reviewed and approved the internal audit plan, including the scope, areas of audit and proposed fee; and

- Reviewed and deliberated on the internal audit reports from the internal auditors and reported to the Board. The internal audit reports presented to the AC included the status updates on the implementation of Management action plan on the audit findings.

Risk Management and Internal Control

- Reviewed the system of internal controls and risk management in place to ensure they are effective and regularly monitored; and

- Recommended to the Board the steps to improve the system of internal controls and risk managements, considered the findings and recommendations made by the internal and external auditors as well as the Management response to mitigate such control deficiencies.

AUDIT COMMITTEE REPORT
(CONT'D)

4. SUMMARY OF ACTIVITIES OF THE AC (CONT'D)

Related Party Transactions

- Reviewed potential and existing RPT/ RRPT and potential conflict of interest situation that may arise within the Company and the Group.

Other Matters

- Reviewed the Terms of Reference of the AC; and
- Reviewed the Audit Committee Report for inclusion in the Annual Report for FYE 2022 and recommended to the Board for approval.

5. INTERNAL AUDIT FUNCTION

The Board considers the internal audit function as an integral and important part of the governance process and has outsourced the internal audit function to an independent professional firm, Eco Asia Governance Advisory Sdn Bhd, that has adequate resources, capabilities and relevant experiences to provide independent assessment on the overall adequacy of the Group's governance, risk management and internal controls system.

The internal auditors assigned to undertake internal audit on the Group are free from any relationships or conflicts of interest which could impair their objectivity and independence. The qualification and the experience of the outsourced internal auditors have been set out in the CG Report 2022 of the Company.

The internal auditors have carried out the works for FYE 2022 as follows: -

(a) Presented internal audit plan for FYE 2022, including audit objectives, scope of works, tentative timeline and proposed fee. The said internal audit plan has been deliberated and approved by the AC and endorsed by the Board;

(b) Performed follow-up review on the findings highlighted in the internal controls review report prepared prior to the listing of the Group;

(c) Performed review on RPT for FYE 2022;

(d) Prepared internal audit reports for scopes mentioned in (b) and (c) above which highlighted weaknesses discovered, proposed appropriate recommendations and narrated the person-in-charged and tentative timeline for the improvements needed;

(e) Presented the internal audit findings in (d) above to the AC; and

(f) Performed subsequent follow-up reviews on previous audit findings to ensure necessary corrective actions have been implemented in order to improve the operational efficiencies.

The AC and the Board are satisfied with the performance of the independent professional internal auditor and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue outsourcing the internal audit function.

For further details on the risk management and internal control, please refer to the Statement on the Risk Management and Internal Control set out in this Annual Report.

6. TOTAL COSTS INCURRED FOR OUTSOURCES INTERNAL AUDIT FUNCTION

The professional fee incurred for the outsourced internal audit function of the Group for FYE 2022 was RM12,000.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Pursuant to the Companies Act 2016, the Directors are responsible to prepare the financial statements of the Company for each financial year in accordance with the applicable MFRS, International Financial Reporting Standards ("IFRS"), the provisions of the Companies Act 2016 as well as the is AMLR of Bursa Securities.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Company and Group as at 31 August 2022, and of the financial performance and cash flows for the FYE 2022.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria: -

(i) The Company has adopted and applied suitable and appropriate accounting policies consistently throughout the year;
(ii) Made judgements and estimates that are reasonable and prudent;
(iii) Prepared the financial statements on a going concern basis; and
(iv) Ensure compliance with all applicable approved accounting standards in Malaysia, subject to any material departure and explained in the financial statements.

The Directors are also responsible to ensure that the Group and the Company maintains proper accounting records and other records which disclose the financial position of the Company and the Group with reasonable accuracy at any time.

The Directors are also having general responsibilities to take necessary steps to ensure that appropriate systems are adequately in place to safeguard the assets of the Company and Group so as to detect and prevent fraud and other irregularities. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

This statement is made in accordance with a resolution passed by the Board on 2 December 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM IPO

As at 31 August 2022, the utilisation of proceeds amounting to RM24.28 million raised from the public issue of 50,590,000 new ordinary shares at an issue price of RM0.48 per share, are summarised as follows: -

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Estimated Timeframe for the Utilisation Upon Listing
Acquisition of factory for Hotstar	8,800	8,800	-	24 months
Capital expenditure comprising:				
• Purchase of new machineries	3,000	-	3,000	24 months
• Upgrade and development of computer software and server	1,300	-	1,300	24 months
Repayment of bank borrowings	4,000	4,000	-	6 months
Marketing activities	1,500	52	1,448	24 months
General working capital	2,683	2,683	-	24 months
Listing expenses	3,000	3,000	-	Immediately
Total	**24,283**	**18,535**	**5,748**	

The utilisation of proceeds as disclosed above should be read in conjunction with the prospectus of the Company dated 6 September 2021.

2. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors, namely Ecovis Malaysia PLT by the Company and the Group respectively were as follows: -

	The Company RM	The Group RM
Audit Fees	16,000	100,000
Non-Audit Fees		
• Review of Statement on Risk Management and Internal Control	5,000	5,000

3. MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiaries involving the interest of the Directors and major shareholders which was either still subsisting at the end of FYE 2022 or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTION

During FYE 2022, there was no RRPT entered which requires shareholders' mandate.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 August 2022.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM	Company RM
Profit for the financial year	4,955,123	4,679,647
Attributable to:		
- Owners of the Company	4,955,123	4,679,647

In the opinion of the Board of Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Dividends

On 11 March 2022, the Company declared an interim single-tier dividend of RM0.01 per ordinary share totaling RM1,945,730 in respect of the financial year ended 31 August 2022 and paid on 15 April 2022.

On 9 August 2022, the Company declared an interim single-tier dividend of RM0.01 per ordinary share totaling RM1,945,730 in respect of the financial year ended 31 August 2022 and paid on 22 September 2022.

The Directors do not recommend the payment of any final dividend for the financial year.

Directors

The Directors of the Company who served during the financial year up to the date of this report are:

Chong Chin Look	
Choo Yem Kuen	(Appointed on 16 December 2021)
Dato' Zulkifli Bin Adnan	
Datuk Mak Foo Wei	
Yap Kai Ning*	
Yap Kai Min*	(Appointed on 16 December 2021)
Yap Tian Tion*	

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Khaw Kheng Lean
Lee Sen Teck

* Directors of the Company and its subsidiary companies.

DIRECTORS' REPORT
(CONT'D)

Directors' benefits

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, being arrangements with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefits included in the aggregate amount of fees and emoluments received or due and receivable by the Directors from the Company and its related corporations, or the fixed salary of a full time employee of the Company or its related corporations as shown below) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with the companies in the Group in the ordinary course of business as disclosed in Note 30 (b) to the financial statements.

The Directors' remuneration and other benefits for the financial year ended 31 August 2022 are as follows:

	Group RM	Company RM
Directors' compensation:		
Directors' fee	208,750	173,750
Directors' remuneration and other emoluments	970,260	8,000
Directors' defined contribution plans	123,938	-
Directors' social security contribution	4,743	-
	1,307,691	181,750

Directors' interests in shares

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests of Directors in office at the end of the financial year in the shares of the Company and of its holding company during the financial year (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:

	Number of ordinary shares			
	As at 01.09.2021	Acquired	Sold	As at 31.08.2022
Interest in the Company				
Direct interest:				
Chong Chin Look	-	300,000	-	300,000
Dato' Zulkifli Bin Adnan	-	300,000	-	300,000
Datuk Mak Foo Wei	-	300,000	-	300,000
Interest in the holding company				
CEKD Holding Sdn. Bhd.				
Direct interest:				
Yap Kai Min	11,930,571	-	-	11,930,571
Yap Kai Ning	11,930,571	-	-	11,930,571
Deemed interest:				
Yap Tian Tion *	59,652,854	-	-	59,652,854

* Deemed interest by virtue of his spouse, Lim Bee Eng's and children, Yap Kai Jie's, Yap Kai Ning's and Yap Kai Min's shareholdings in CEKD Holding Sdn. Bhd.

Directors' interests in shares (Cont'd)

By virtue of their interest in the ordinary shares of the holding company, the above Directors are also deemed interested in ordinary shares of the Company and its related corporation to the extent the holding company has interest.

None of the other Directors in office at the end of the financial year has any interest in shares of the Company and its holding company during the financial year.

Issue of shares and debentures

During the financial year, the Company issued 50,590,000 new ordinary shares at an issue price of RM 0.48 per ordinary share for a total consideration of RM24,283,200 in conjunction with the initial public offerings of the Company.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issue of debentures by the Company during the financial year.

Shares option scheme

No options were granted during the financial year to take up unissued shares of the Company.

Other statutory information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowances had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts and the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;

(iii) not otherwise dealt with in the report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading; and

(iv) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

DIRECTORS' REPORT
(CONT'D)

Other statutory information (Cont'd)

In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Significant and subsequent events for the financial year

Significant and subsequent events for the financial year are disclosed in Note 34 to the financial statements.

Holding company

The Directors regard CEKD Holding Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the holding company.

Company's shareholding

The Company does not hold any shares in the holding company and the details of the Company's shareholding in other related corporations are disclosed in Note 6 to the financial statements.

Indemnity and insurance for Directors, officers and auditors

No indemnity has been given to or insurance effected for the Directors and officers of the Company pursuant to Section 289 of the Companies Act, 2016 ("the Act").

To the extent permitted by the Act, the Company has agreed to indemnify its auditors as part of the terms of their engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

Auditors' remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 August 2022 amounted RM100,000 and RM16,000 respectively.

Auditors

The auditors, ECOVIS MALAYSIA PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

Yap Tian Tion
Director

Yap Kai Ning
Director

Kuala Lumpur
2 December 2022

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **Yap Tian Tion** and **Yap Kai Ning**, being two of the Directors of **CEKD Berhad**, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 62 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2022 and of the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

Yap Tian Tion
Director

Yap Kai Ning
Director

Kuala Lumpur
2 December 2022

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, **Yap Kai Ning**, being the Director primarily responsible for the financial management of **CEKD Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 62 to 117, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Kuala Lumpur in the
Federal Territory on 2 December 2022

Yap Kai Ning

Before me,

YM Tengku Nur Athiya Tengku Fariddudin
No. W881
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CEKD BERHAD

(INCORPORATED IN MALAYSIA)
REGISTRATION NO. 201801023077 (1285096-M)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **CEKD Berhad** ("the Company") and its subsidiaries ("the Group") which comprise the statements of financial position as at 31 August 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 62 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2022, and their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

(a) Group

Key audit matters	*How our audit addressed the key audit matters*
Recoverability of trade receivables *Refer to Note 10 to the financial statements* As at 31 August 2022, the Group has trade receivables relating to contracts with customers amounting to RM6,616,466. Management assessed the expected credit loss of trade receivables as at 31 August 2022 in accordance with the Group's accounting policy. The Group adopted simplified approach (i.e. lifetime expected credit loss) in measuring the loss allowance, if any, for trade receivables. The expected credit loss is estimated based on past loss experience and observable data such as current changes and future forecasts in economic conditions. Management's conclusion on the expected credit loss is judgemental as it involves collective assessment on past, present and future conditions. Due to the significance of the trade receivables of the Group; and the involvement of management judgement and estimation in assessing the expected credit loss, these are considered key audit matters.	Our audit procedures included, among others, the following: • Understanding of the Group's process in assessing the recoverability of trade receivables; • Reviewed the ageing analysis of receivables and tested its accuracy; • Assessed and discussed with management on the reasonableness of the key bases and assumptions used in estimation of expected credit loss with reference to the aged debts as at reporting date, payment trends and previous collection experience; • Reviewed the collection of trade receivables subsequent to the end of the financial year; and • Assessed the completeness, accuracy and relevance of the disclosures required by MFRS 9. Based on the procedures performed, no material exceptions were noted.

(b) Company

We do not have any key audit matters in connection with the audit of the separate financial statements of the Company to be communicated in this report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to date of auditors' report, and the other sections of the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon ("the other sections"), which are expected to be made available after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to date of our auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CEKD BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO. 201801023077 (1285096-M) (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole that free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on of the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

CHUA KAH CHUN
02696/09/2023 J
Chartered Accountant

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Assets					
Non-current assets					
Property, plant and equipment	5	34,526,902	25,941,569	-	-
Investment in subsidiaries	6	-	-	34,267,900	34,267,900
Goodwill on consolidation	7	453,570	453,570	-	-
Other investments	8	64,802	6,281,138	-	-
		35,045,274	32,676,277	34,267,900	34,267,900
Current assets					
Inventories	9	6,554,801	4,799,965	-	-
Trade receivables	10	6,616,466	5,533,674	-	-
Other receivables, deposits and prepayments	11	1,397,189	3,049,605	713,130	138,868
Amount owing by a subsidiary	12	-	-	2,475,000	-
Fixed deposits with licensed bank	13	3,566,478	3,504,374	-	-
Cash and bank balances		32,499,969	6,517,432	22,478,848	4,965
		50,634,903	23,405,050	25,666,978	143,833
Total assets		85,680,177	56,081,327	59,934,878	34,411,733
Equity and liabilities					
Equity					
Share capital	14	57,701,089	34,267,923	57,701,089	34,267,923
Merger reserves	15	(31,917,900)	(31,917,900)	-	-
Retained earnings/(Accumulated losses)	16	39,172,914	38,109,251	96,826	(691,361)
Total equity		64,956,103	40,459,274	57,797,915	33,576,562
Non-current liabilities					
Loans and borrowings	17	13,439,879	11,465,399	-	-
Deferred tax liabilities	18	1,011,344	1,064,346	-	-
		14,451,223	12,529,745	-	-
Current liabilities					
Trade payables	19	206,153	328,873	-	-
Other payables and accruals	20	3,808,245	1,543,406	2,074,530	31,127
Amount owing to a subsidiary	12	-	-	-	804,044
Loans and borrowings	17	1,561,779	1,133,455	-	-
Tax payable		696,674	86,574	62,433	-
		6,272,851	3,092,308	2,136,963	835,171
Total liabilities		20,724,074	15,622,053	2,136,963	835,171
Total equity and liabilities		85,680,177	56,081,327	59,934,878	34,411,733

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	21	30,453,099	28,227,475	6,975,000	-
Cost of sales		(14,700,361)	(13,894,934)	-	-
Gross profit		15,752,738	14,332,541	6,975,000	-
Other income	22	1,013,997	574,238	320,654	-
Administrative expenses		(8,112,593)	(5,295,881)	(2,542,324)	(653,333)
Selling and distribution expenses		(585,352)	(436,833)	-	-
Other operating expenses		(82,421)	(218,306)	-	-
Net impairment loss on financial assets		(51,429)	(10,071)	-	-
		7,934,940	8,945,688	4,753,330	(653,333)
Finance costs	23	(599,864)	(416,445)	-	-
Profit/(Loss) before tax	24	7,335,076	8,529,243	4,753,330	(653,333)
Tax expenses	25	(2,379,953)	(2,245,365)	(73,683)	-
Net profit/(loss)/Total comprehensive income/(loss) for the financial year		4,955,123	6,283,878	4,679,647	(653,333)
Net profit/(loss)/Total comprehensive income/(loss) for the financial year attributable to:					
- Owners of the Company		4,955,123	6,283,878	4,679,647	(653,333)
EPS attributable to owners of the Company					
- Basic and diluted (sen per share)	26	2.62	4.36		

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital RM	Merger reserves RM	Retained earnings RM	Total equity RM
Group					
At 1 September 2020		2,350,010	-	35,155,373	37,505,383
Transaction with owners: -					
Issuance of ordinary shares pursuant to acquisition of subsidiaries		34,267,900	-	-	34,267,900
Issuance of ordinary shares		13	-	-	13
Adjustment on acquisition of subsidiaries		(2,350,000)	(31,917,900)	-	(34,267,900)
Dividends paid	27	-	-	(3,330,000)	(3,330,000)
		31,917,913	(31,917,900)	(3,330,000)	(3,329,987)
Net profit/Total comprehensive income for the financial year		-	-	6,283,878	6,283,878
At 31 August 2021/1 September 2021		34,267,923	(31,917,900)	38,109,251	40,459,274
Transaction with owners: -					
Issuance of ordinary shares		24,283,200	-	-	24,283,200
Listing expenses		(850,034)	-	-	(850,034)
Dividends	27	-	-	(3,891,460)	(3,891,460)
		23,433,166	-	(3,891,460)	19,541,706
Net profit/Total comprehensive income for the financial year		-	-	4,955,123	4,955,123
At 31 August 2022		57,701,089	(31,917,900)	39,172,914	64,956,103

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022 (CONT'D)

		Attributable to owners of the Company		
		Non-distributable	Distributable	
	Note	Share capital RM	Accumulated losses RM	Shareholders' (deficit)/ surplus RM
Company				
At 1 September 2020		10	(38,028)	(38,018)
Transaction with owners: -				
Issuance of ordinary shares pursuant to acquisition of subsidiaries		34,267,900	-	34,267,900
Issuance of ordinary shares		13	-	13
		34,267,913	-	34,267,913
Net loss/Total comprehensive loss for the financial year		-	(653,333)	(653,333)
At 31 August 2021/1 September 2021		34,267,923	(691,361)	33,576,562
Transaction with owners: -				
Issuance of ordinary shares		24,283,200	-	24,283,200
Listing expenses		(850,034)	-	(850,034)
Dividends	27	-	(3,891,460)	(3,891,460)
		23,433,166	(3,891,460)	19,541,706
Net profit/Total comprehensive income for the financial year		-	4,679,647	4,679,647
At 31 August 2022		57,701,089	96,826	57,797,915

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities					
Profit/(Loss) before tax		7,335,076	8,529,243	4,753,330	(653,333)
Adjustments for:					
Change in fair value of other investment		30	218,306	-	-
Deposit written off		63	-	-	-
Depreciation of property, plant and equipment	5	2,206,583	2,268,421	-	-
Dividend income		-	-	(6,975,000)	-
Gain on disposal of property, plant and equipment		(25,797)	(18,997)	-	-
Gain on remeasurement of right-of-use assets		-	(63,029)	-	-
Insurance claim		-	(40,700)	-	-
Interest expenses					
- Finance lease interest	23	42,976	63,519	-	-
- Term loan interest	23	556,888	352,926	-	-
Interest income					
- Bank interest	22	(438,003)	(876)	-	-
- Fixed deposit	22	(62,104)	(87,558)	-	-
Investment income	22	(1,488)	(271,714)	-	-
Inventories written down		1,178	89,546	-	-
Loss on disposal of other investment		80,749	-	-	-
Net impairment (gain)/loss on trade receivables					
- Lifetime ECL allowance	10	(6,438)	3,482	-	-
- Specific allowance	10	57,867	6,589	-	-
Property, plant and equipment written off	5	1,577	-	-	-
Rental rebate		-	(200)	-	-
Unrealised loss on foreign exchange, net		107,672	77,396	-	-
Operating profit/(loss) before working capital changes		9,856,829	11,126,354	(2,221,670)	(653,333)
Changes in working capital:					
Increase in inventories		(1,756,014)	(93,472)	-	-
Decrease/(Increase) in trade and other receivables		518,132	(1,387,956)	(574,262)	70,732
Increase/(Decrease) in trade and other payables		196,389	(380,876)	97,673	(183,993)
Cash generated from/(used in) operations		8,815,336	9,264,050	(2,698,259)	(766,594)
Income tax paid		(2,068,797)	(2,260,212)	(11,250)	-
Income tax refunded		245,942	3,282	-	-
Interest received		438,003	876	-	-
Net cash generated from/ (used in) operating activities		7,430,484	7,007,996	(2,709,509)	(766,594)

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022 (CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from investing activities					
Acquisition of other investments		-	(6,168,317)	-	-
Dividends received		-	-	4,500,000	-
Proceeds from disposal of property, plant and equipment		25,800	19,000	-	-
Proceeds from insurance claim		-	40,700	-	-
Purchase of property, plant and equipment	(a)	(2,658,597)	(524,270)	-	-
Redemption of other investments		6,137,045	2,800,567	-	-
Net cash generated from/ (used in) investing activities		3,504,248	(3,832,320)	4,500,000	-
Cash flows from financing activities					
Dividends paid		(1,945,730)	(3,330,000)	(1,945,730)	-
Increase/(Decrease) in amount owing to a subsidiary		-	-	(804,044)	804,044
Decrease in amount owing to a Director		-	(32,508)	-	(32,508)
Interest paid on lease liabilities		(42,976)	(63,519)	-	-
Interest paid on term loans		(556,888)	(352,926)	-	-
Interest received on fixed deposits		62,104	87,558	-	-
Proceeds from issuance of shares, net		23,433,166	13	23,433,166	13
Placement of fixed deposits with licensed bank		(62,104)	(87,558)	-	-
Repayment of term loans		(5,225,338)	(672,813)	-	-
Repayment of lease liabilities		(506,757)	(473,210)	-	-
Net cash generated from/(used in) financing activities		15,155,477	(4,924,963)	20,683,392	771,549
Net increase/(decrease) in cash and cash equivalents		26,090,209	(1,749,287)	22,473,883	4,955
Effect of exchange rate fluctuations		(107,672)	(77,396)	-	-
Cash and cash equivalents at beginning of financial year		6,517,432	8,344,115	4,965	10
Cash and cash equivalents at end of financial year	28	32,499,969	6,517,432	22,478,848	4,965

(A) PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group made the following cash payments to purchase property, plant and equipment:

	2022 RM	2021 RM
Group		
Purchase of property, plant and equipment	10,726,597	693,270
Amount acquired as lease liabilities	(168,000)	(169,000)
Amount financed by term loan	(7,900,000)	-
Cash payments	2,658,597	524,270

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022 (CONT'D)

(B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Non-cash changes				
Group	**At 1 September RM**	**Remeasurement RM**	**Acquisition of property, plant and equipment RM**	**Finance charges and rental rebate recognised in profit or loss RM**	**Net cash flows RM**	**At 31 August RM**
2022						
Lease liabilities	1,315,664	66,899	168,000	42,976	(549,733)	1,043,806
Term loans	11,283,190	-	7,900,000	556,888	(5,782,226)	13,957,852
	12,598,854	66,899	8,068,000	599,864	(6,331,959)	15,001,658
2021						
Amount owing to a Director	32,508	-	-	-	(32,508)	-
Lease liabilities	1,390,211	229,863	169,000	63,319	(536,729)	1,315,664
Term loans	11,956,003	-	-	352,926	(1,025,739)	11,283,190
	13,378,722	229,863	169,000	416,245	(1,594,976)	12,598,854

The notes to the financial statements form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office is located at No. 7-1, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 53100 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No.10, Jalan 1/137B, Resource Industrial Centre, Batu 5, Jalan Kelang Lama, 58200 Kuala Lumpur.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The Directors regard CEKD Holding Sdn. Bhd., a private limited liability company, which is incorporated and domiciled in Malaysia as the holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 2 December 2022.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The consolidated financial statements for the financial year ended 31 August 2022 comprise the financial statements of the Company and its subsidiaries. The financial statements of the Group and of the Company have been prepared under the historical cost convention except otherwise stated in Note 3 the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

The preparation of financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

2.1 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following new MFRS, amendments/improvements to MFRSs and new IC Int:

(i) Effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, 'Financial Instruments', MFRS 139 'Financial Instruments: Recognition and Measurement', MFRS 7, 'Financial Instruments, MFRS 4, 'Insurance Contracts' and MFRS 16, 'Leases' – Interest Rate Benchmark Reform (Phase 2)

(ii) Effective for annual periods beginning on or after 1 April 2021

- Amendments MFRS 16, 'Leases' – Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of standards and amendments to published standards did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.2 Standards, amendments to published standards and IC interpretations issued but not yet effective

The following are standards, amendments to published standards and IC interpretations issued by Malaysian Accounting Standard Board ("MASB"), but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards, amendments to published standards and IC interpretations, if applicable, when they become effective in the following financial year:

(i) Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRSs, "Annual Improvements to MFRS Standards 2018-2020"
- Amendments to MFRS 3, 'Business Combinations' – Reference to the Conceptual Framework
- Amendments to MFRS 116, 'Property, Plant and Equipment' – Proceeds before Intended Use
- Amendments to MFRS 137, 'Provisions, Contingent Liabilities and Contingent Assets' – Onerous Contracts - Cost of Fulfilling a Contract

(ii) Effective for annual periods beginning on or after 1 January 2023

- MFRS 17, 'Insurance Contracts' and Amendments to MFRS 17, 'Insurance Contracts
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current and 'Presentation of Financial Statements' – Disclosure of Accounting Policies
- Amendments to MFRS 108, 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Accounting Estimates
- Amendments to MFRS 112, 'Income Taxes' – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

(iii) Deferred to a date to be determined by the MASB

- Amendments to MFRS 10, 'Consolidated Financial Statements' and MFRS 128, 'Investment in Associates and Joint Ventures' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the abovementioned new MFRS, amendments/improvements to MFRSs and new IC Int, where applicable, are not expected to have any material financial impact to the financial statements of the Group and of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

(i) Investment in subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affects the investee's return. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(i) Investment in subsidiaries (Cont'd)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries are measured in the Group's statements of financial position at cost less any impairment losses, unless the investment is held for sale (accounted for in accordance with MFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations) or distribution. The cost of investment includes transaction costs.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5 to the financial statements. On disposal, the difference between the net disposals proceeds and its carrying amount is recognised as gain or loss on disposal in profit or loss.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, 'Financial Instruments' ("MFRS 9") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

(iii) Common control business combination

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements. The acquired entities are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The consolidated financial statements are a continuation of the acquired entities, hence comparatives are restated on a retrospective basis.

Under the merger method of accounting, the results of subsidiaries acquired are presented as if the merger had been effected throughout the current and previous year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidated, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(iii) Common control business combination (Cont'd)

The effect of all transactions and balances between the combining entities, whether occurring before or after the combination are eliminated in preparing the financial statements. Merger reserve represents the excess arising from the nominal value of the shares issued over the nominal value of the shares acquired.

(iv) Acquisitions of non-controlling interests

Changes in the Company's ownership interest in a combining entity that do not result in a loss of control are accounted for as equity transactions between the Group and its non-controlling interest holders. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the equity holders of the Company.

(v) Loss of control

Upon the loss of control of a combining entity, the Group derecognises the assets and liabilities of the former combining entity, any non-controlling interests and the other components of equity related to the former combining entity from the consolidated statements of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former combining entity, then such interest is measured at fair value at the date the control ceases. Subsequently it is accounted for as an equity-accounted investee or as an equity instrument at fair value through other comprehensive income ("FVTOCI") depending on the level of influence retained.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a combining entity not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity, separately from equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Losses applicable to non-controlling interests in a combining entity are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and carrying amount of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

3.2 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Group and of the Company are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

3.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognise such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

All property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Freehold building	2 - 5%
Leasehold land	99 years
Leasehold building	2%
Furniture and fittings, office equipment and signboard	10% - 20%
Electrical installation and renovation	10% - 33.33%
Plant and machinery, workshop equipment, tools and utensils	10% - 20%
Motor vehicles	20%

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5 to the financial statements.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset (except for inventories and tax recoverable) may be impaired. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful lives or that are not available for use, the recoverable amount is estimated each period at the same time.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that have been previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. In respect of assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is credited to profit or loss in the financial year in which the reversal is recognised.

3.6 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss (FVTPL), directly attributable transaction costs.

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9, 'Financial Instruments' are as below:

(a) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial assets (Cont'd)

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9, 'Financial Instruments' are as below: (Cont'd)

(b) Financial assets measured at fair value

(i) At FVTOCI

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(ii) At FVTPL

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. The Group and the Company do not have any financial assets measured at FVTOCI or FVTPL, except as disclosed in Note 33 (a) (ii) to the financial statements.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company do not have any financial assets that are equity instruments.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(c) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group or the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial assets (Cont'd)

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9, 'Financial Instruments' are as below: (Cont'd)

(d) Impairment of financial assets

The Group and the Company assess at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use historical experience and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

The Group and the Company measure the impairment loss on financial assets other than trade receivables based on the two-step approach.

(i) 12-month ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Company shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Company shall revert the loss allowance measurement from lifetime ECL to 12-month ECL.

If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-months ECL.

For trade receivables, the Group measures impairment loss based on lifetime ECL at each reporting date until the financial assets are derecognised.

3.7 Financial liabilities

(i) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial liabilities (Cont'd)

(i) Initial recognition and subsequent measurement (Cont'd)

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at FVTPL in the current financial year and previous financial year.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities consist of payables and borrowings.

Payables and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(ii) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.8 Provisions for liabilities

Provisions for liabilities are recognised when the Group or the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.9 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using weighted average cost formula. The cost includes cost of purchase and other incidental expenses in bringing the items into its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

3.12 Borrowing costs

All borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.13 Employee benefits

(a) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued for in the year in which the associated services are rendered by employees of the Group.

(b) Post-employment benefits

The Group makes statutory contributions to an approved provident fund and such contributions are charged to profit or loss in the period to which the said contributions relate. Once the contributions have been paid, the Group has no further payment obligations. The post-employment benefit scheme is in accordance with the local conditions and practices in which it operates and is a defined contribution retirement plan.

3.14 Leases

(i) As lessee

The Group recognises right-of-use assets and lease liabilities at the commencement date of the contract for all leases excluding short-term leases or leases for which the for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Leases (Cont'd)

(i) As lessee (Cont'd)

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets or lease term whichever is earlier.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

In determining the enforceable period of the lease, the Group considers the following:

- the broader economics of the contract, and not only contractual termination payments. If either party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is deemed enforceable beyond the date on which the contract can be terminated; and

- whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. A lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the contract is deemed enforceable beyond the date on which the contract can be terminated by that party.

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, as follows:

Building	1 - 6 years
Motor vehicles	5 years

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Company's incremental borrowing rate. Subsequent to the initial recognition, the Company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue recognition

The Group recognises revenue from contracts with customers based on the five-step model as set out in MFRS 15:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

(i) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; or

(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligation in contracts with customers:

Sales of die cutting mould and related products

The Group manufactures die cutting mould based on the specification and customisation from customers. Revenue arising from sales of die cutting mould and related products is recognised when control of die cutting mould and related products have been transferred, being when the die cutting mould has been delivered to customer and there is no unfulfilled obligation that could affect the customers' acceptance of the die cutting mould. Delivery occurs when the die cutting mould has been delivered to customers' specific location.

3.16 Other income

Interest income is recognised on an accrual basis that reflects the effective yield of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Taxes

(i) Current tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date, and adjustment of tax payable in respect of the previous financial year.

(ii) Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is charged or credited in other comprehensive income or directly in equity.

(iii) Sales and Service Tax ("SST")

Revenue, expenses and assets are recognised net of SST except:

- where the SST incurred in a purchase of asset or service the SST is recognised as part of cost of acquisition of asset or as part of the expense item as applicable; and
- receivables and payables that stated with SST inclusive.

The SST payable to the taxation authority is included as part of payables in the statements of financial position.

The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

3.18 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Fair value measurement (Cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different level in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within 1 level that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.19 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Company a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations not under common control, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

3.20 Related parties

A related party is a person or an entity that is related to the Group and the Company under the following conditions:

(a) A person or a close member person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third entity.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Related parties (Cont'd)

(c) Directly, or indirectly through one or more intermediaries, the party:

- (i) controls, is controlled by, or is under common control with, the Group and the Company (this includes parents, subsidiaries, fellow subsidiaries and fellow associates and joint ventures);
- (ii) has an interest in the entity that gives it significant influence over the entity; or
- (iii) has joint control over the entity.

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

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of that person or that person's spouse or domestic partner.

3.21 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.22 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of the Group's and the Company's financial statements requires management to exercise their judgements in the process of applying the Group's and the Company's accounting policies and the use of accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent liabilities at the reporting date and which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods. Although these judgements and estimates are based on management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below:

Areas with most significant uses of judgement and estimates

(a) Determining the lease term where the Company acts as a leasee

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Company applies the definition of a contract and determines the period for which the contract is enforceable. The Company also considers whether the lessee and lessor each has the right to terminate the lease without the permission from the other party with no more than an insignificant penalty, in determining the lease term. In determining a penalty, the Company assesses monetary and non-monetary considerations.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The determination of the lease term is a significant judgment as it will directly affect the recognition of a lease as a short term lease or a right-of-use asset with a corresponding lease liability.

(b) Leases – estimating the incremental borrowing rate

The Company uses its incremental borrowing rate ("IBR") to measure lease liabilities as the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

(c) Measurement of revenue from sale of die cutting mould

Revenue arising from sales of goods is recognised when control of goods has transferred, being when the goods was delivered to customer and there is no unfulfilled obligation that could affect the customers' acceptance of the goods.

(d) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) Measurement of income taxes

Liability for taxation is recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice of whether additional taxes will be payable. When the final outcome of the tax payable is determined with the tax authority, the amount might be different from the initial estimate of the tax payable. Such difference may impact the income tax in the period when such determination is made. The Group and the Company will adjust for the differences as over- or under- provision of income tax in the period in which those differences arise.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

The note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below: (cont'd)

Areas with most significant uses of judgement and estimates (cont'd)

(f) Expected credit losses of receivables

The Group assesses the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risks, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors.

Where there is a significant increase in credit risk, the Group determines the lifetime expected credit losses by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or in full when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

(g) Useful lives of property, plant and equipment

MFRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at each financial year end. The Group reviewed the residual values and remaining useful lives of its property, plant and equipment and found that no revisions to the residual values and remaining useful lives of these assets were necessary.

(h) Classification of non-current bank borrowings

Bank facilities agreements entered into by the Group include clauses for repayment on demand at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of loans at reporting date have been classified between current and non-current liabilities based on their repayment period.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Freehold building RM	Leasehold land* RM	Leasehold building* RM	Right-of-use assets RM
Group					
At cost					
At 1 September 2020	313,809	431,549	10,400,000	9,600,000	2,364,405
Additions	-	-	-	-	206,062
Disposals	-	-	-	-	-
Remeasurement	-	-	-	-	(621,137)
Reversal	-	-	-	-	(113,912)
At 31 August 2021/1 September 2021	313,809	431,549	10,400,000	9,600,000	1,835,418
Additions	7,652,174	1,486,220	429,525	-	181,487
Disposals	-	-	-	-	-
Remeasurement	-	-	-	-	(128,463)
Written off	-	-	-	-	-
At 31 August 2022	7,965,983	1,917,769	10,829,525	9,600,000	1,888,442

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings, office equipment and signboard RM	Electrical installation and renovation RM	Plant and machinery, workshop equipment, tools and utensils RM	Motor vehicles RM	Total RM
Group					
At cost (cont'd)					
At 1 September 2020	3,350,318	908,012	24,632,748	1,352,563	53,353,404
Additions	77,680	-	409,528	-	693,270
Disposals	-	-	(45,000)	(133,511)	(178,511)
Remeasurement	-	-	-	-	(621,137)
Reversal	-	-	-	-	(113,912)
At 31 August 2021/1 September 2021	3,427,998	908,012	24,997,276	1,219,052	53,133,114
Additions	228,748	293,313	352,770	102,360	10,726,597
Disposals	-	-	-	(254,660)	(254,660)
Remeasurement	-	-	-	-	(128,463)
Written off	(47,332)	-	-	-	(47,332)
At 31 August 2022	3,609,414	1,201,325	25,350,046	1,066,752	63,429,256

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Freehold building RM	Leasehold land* RM	Leasehold building* RM	Right-of-use assets RM
Group					
Accumulated depreciation					
At 1 September 2020	-	160,814	367,906	323,951	1,056,895
Depreciation charge for the year	-	21,578	224,754	192,000	530,609
Disposals	-	-	-	-	-
Remeasurement	-	-	-	-	(914,029)
Reversal	-	-	-	-	(113,912)
At 31 August 2021/1 September 2021	-	182,392	592,660	515,951	559,563
Depreciation charge for the year	-	48,824	133,894	192,000	557,972
Disposals	-	-	-	-	-
Remeasurement	-	-	-	-	(195,362)
Written off	-	-	-	-	-
At 31 August 2022	-	231,216	726,554	707,951	922,173
Net carrying amount					
At 31 August 2022	7,965,983	1,686,553	10,102,971	8,892,049	966,269
At 31 August 2021	313,809	249,157	9,807,340	9,084,049	1,275,855

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings, office equipment and signboard RM	Electrical installation and renovation RM	Plant and machinery, workshop equipment, tools and utensils RM	Motor vehicles RM	Total RM
Group					
Accumulated depreciation (cont'd)					
At 1 September 2020	2,357,952	734,319	20,085,916	1,041,820	26,129,573
Depreciation charge for the year	314,229	28,622	825,160	131,469	2,268,421
Disposals	-	-	(44,999)	(133,509)	(178,508)
Remeasurement	-	-	-	-	(914,029)
Reversal	-	-	-	-	(113,912)
At 31 August 2021/1 September 2021	2,672,181	762,941	20,866,077	1,039,780	27,191,545
Depreciation charge for the year	310,682	41,417	780,093	141,701	2,206,583
Disposals	-	-	-	(254,657)	(254,657)
Remeasurement	-	-	-	-	(195,362)
Written off	(45,755)	-	-	-	(45,755)
At 31 August 2022	2,937,108	804,358	21,646,170	926,824	28,902,354
Net carrying amount (cont'd)					
At 31 August 2022	672,306	396,967	3,703,876	139,928	34,526,902
At 31 August 2021	755,817	145,071	4,131,199	179,272	25,941,569

* The leasehold land and leasehold building are identified as right-of-use assets under Sales and Purchase Agreements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Right-of use assets

The following represent right-of-use assets under Lease Agreements entered into by the Group for the use of factory, warehouse and staff hostel. The leases are mainly for an initial lease of one (1) to five (5) years with option to renew for another one (1) to five (5) years.

The Group also has leased motor vehicles with lease term of five (5) years.

Additional information on the right-of-use assets under Lease Agreements of the Group are as follows:

Group	Leased Buildings RM	Motor vehicles RM	Total RM
At cost			
At 1 September 2020	2,217,570	146,835	2,364,405
Additions	-	206,062	206,062
Remeasurement	(621,137)	-	(621,137)
Reversal	(113,912)	-	(113,912)
At 31 August 2021/1 September 2021	1,482,521	352,897	1,835,418
Additions	-	181,487	181,487
Remeasurement	(128,463)	-	(128,463)
At 31 August 2022	1,354,058	534,384	1,888,442
Accumulated depreciation			
At 1 September 2020	995,194	61,701	1,056,895
Depreciation charge for the year	465,491	65,118	530,609
Remeasurement	(914,029)	-	(914,029)
Reversal	(113,912)	-	(113,912)
At 31 August 2021/1 September 2021	432,744	126,819	559,563
Depreciation charge for the year	478,202	79,770	557,972
Remeasurement	(195,362)	-	(195,362)
At 31 August 2022	715,584	206,589	922,173
Net carrying amount			
At 31 August 2022	638,474	327,795	966,269
At 31 August 2021	1,049,777	226,078	1,275,855

* The above right-of-use assets have been included in property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Net carrying amount for properties of the Group that have been pledged to licensed banks to secure the bank borrowings granted to the Group as disclosed in Note 17.2 to the financial statements are as follows:

	2022 RM	2021 RM
Group		
Freehold land	7,652,174	-
Freehold building	1,458,973	-
Leasehold land	10,102,971	9,807,340
Leasehold building	8,892,049	9,084,049
	28,106,167	18,891,389

(c) The net carrying amount of the property, plant and equipment under finance lease are motor vehicles amounting to RM327,795 (2021: RM226,078). Details of the finance lease are disclosed in Note 17.1 to the financial statements.

6. INVESTMENT IN SUBSIDIARIES

	2022 RM	2021 RM
Company		
At cost:		
Unquoted shares	34,267,900	34,267,900

Details of the subsidiaries are as follows:

Name of Company	Effective equity interest 2022	2021	Principal activities
Sharp Die Cutting Mould Sdn. Bhd. ("Sharp DCM")	100%	100%	Manufacturer of die cutting moulds and trading of related consumables, tools and accessories
Hotstar (M) Sdn. Bhd. ("Hotstar")	100%	100%	Manufacturer of die cutting moulds and trading of related consumables, tools and accessories
<u>**Subsidiary of Sharp DCM**</u>			
Focuswin Diecutting Mould Sdn. Bhd. ("Focuswin")	100%	100%	Manufacturer of die cutting moulds

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. GOODWILL ON CONSOLIDATION

	2022 RM	2021 RM
Group		
At cost		
At 1 September/31 August	453,570	453,570

The Group carries out its impairment assessment on the goodwill on consolidation annually.

The recoverable amount was based on value-in-use calculations, determined by discounting future cash flows to be generated from the continuing use of the CGU based on financial budgets approved by the Board of Directors.

Impairment test of goodwill

(a) Key assumptions used in value-in-use calculations

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGU and was based on the following key assumptions:

	2022	2021
Period covered	5 years	5 years
Gross profit margin	43%	42%
Growth rate	0%	0%
Pre-tax discount rate	11.05%	8.10%

(b) Sensitivity to changes in assumptions

The following are sensitivity of the calculation to changes in significant estimates and assumptions:

- 1% increase in discount rate would result in any impairment loss; and
- 1% decrease in gross profit margin would not result in any impairment loss.

8. OTHER INVESTMENTS

	2022 RM	2021 RM
Group		
Fair value through profit or loss	64,802	6,281,138

This represents investment in unit trusts in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVENTORIES

	2022 RM	2021 RM
Group		
At cost/net realisable value:		
Raw materials	6,554,801	4,799,965
Recognised in statements of comprehensive income:		
Inventories recognised in cost of sales	5,052,525	5,285,922
Inventories written down	1,178	89,546

10. TRADE RECEIVABLES

	2022 RM	2021 RM
Group		
Trade receivables		
- Third parties	6,587,954	5,557,297
- Related party	98,727	-
	6,686,681	5,557,297
Less: Allowance for impairment loss	(70,215)	(23,623)
	6,616,466	5,533,674

Trade receivables of the Group are non-interest bearing and are generally on 30 to 120 days (2021: 30 to 120 days) term. Other credit terms are accessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	2022 RM	2021 RM
Group		
Neither past due nor impaired	4,471,558	3,053,198
1 to 30 days past due not impaired	1,187,162	1,277,352
31 to 60 days past due not impaired	568,722	483,469
61 to 90 days past due not impaired	222,925	362,726
More than 91 days past due not impaired	166,099	356,929
	2,144,908	2,480,476
Impaired and provided for	70,215	23,623
	6,686,681	5,557,297

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. TRADE RECEIVABLES (CONT'D)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,144,908 (2021: RM2,480,476) that are past due at the reporting date. The remaining receivables that are past due but not impaired are expected to be collected in the next 12 months.

The management of the Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are impaired

The Group has trade receivables amounting RM70,215 (2021: RM23,623) that have been impaired.

Receivables that are individually determined to be impaired at the end of the financial year relate to receivables that are in significant financial difficulties and have defaulted on payments or the Directors of the Group are of the opinion that it is not recoverable.

The Group applies the simplified approach whereby allowance for impairment is measured at lifetime ECL.

The movement of the impairment loss on trade receivables of the Group are as follows:

	Lifetime ECL allowance RM	Specific allowance RM	Total RM
Group			
At 1 September 2020	13,444	2,869	16,313
Charge during the year	3,482	6,697	10,179
Reversal during the year	-	(108)	(108)
Written off during the year	-	(2,761)	(2,761)
At 31 August 2021/1 September 2021	16,926	6,697	23,623
Charge during the year	2,628	57,867	60,495
Reversal during the year	(9,066)	-	(9,066)
Written off during the year	-	(4,837)	(4,837)
At 31 August 2022	10,488	59,727	70,215

The currency profile of the trade receivables is summarised below:

	2022 RM	2021 RM
Group		
Ringgit Malaysia	6,103,430	4,734,081
Singapore Dollar	1,896	8,623
Euro	164,255	121,664
United States Dollar	417,100	692,929
	6,686,681	5,557,297

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	17,051	21,422	-	-
Deposits	959,501	1,508,307	695,000	-
Prepayments	420,637	1,519,876	18,130	138,868
	1,397,189	3,049,605	713,130	138,868

Included in deposits is an amount of RM695,000 (2021: RM Nil) represent deposits paid to acquire subsidiaries as disclosed in Note 34 (a) to the financial statements.

The currency profile of prepayments are summarised below:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Prepayments				
Ringgit Malaysia	390,181	708,513	-	138,868
United States Dollar	2,765	492,585	-	-
Euro	27,691	318,778	-	-
	420,637	1,519,876	-	138,868

12. AMOUNT OWING BY/(TO) A SUBSIDIARY

The amount owing by/(to) a subsidiary is unsecured, interest free and payable on demand in cash and cash equivalents.

13. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits placed with licensed banks as at the end of each reporting period have average maturity period of 365 days (2021: 365 days) and the effective interest rates for the Group range from 1.75% to 1.84% (2021: 2.50% to 2.59%) per annum.

Fixed deposits placed with licensed banks are held as security placed to financial institution for banking facility granted to the Group as disclosed in Note 17.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. SHARE CAPITAL

	2022		2021	
	Number of shares	RM	Number of shares	RM
Group				
Issued and fully paid:				
At 1 September	143,983,000	34,267,923	2,350,100	2,350,010
Issuance of ordinary shares	50,590,000	24,283,200	127	13
Issuance of shares pursuant to acquisitions of subsidiaires	-	-	143,982,773	34,267,900
Share issuance expenses	-	(850,034)	-	-
Adjustment on acquisitions of subsidiaries	-	-	(2,350,000)	(2,350,000)
At 31 August	194,573,000	57,701,089	143,983,000	34,267,923
Company				
Issued and fully paid:				
At 1 September	143,983,000	34,267,923	100	10
Issuance of ordinary shares	50,590,000	24,283,200	127	13
Issuance of shares pursuant to acquisitions of subsidiaires	-	-	143,982,773	34,267,900
Share issuance expenses	-	(850,034)	-	-
At 31 August	194,573,000	57,701,089	143,983,000	34,267,923

During the financial year, the Company issued 50,590,000 new ordinary shares at an issue price of RM 0.48 per ordinary share for a total consideration of RM24,283,200 in conjunction with the initial public offerings exercise of the Company.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The holder of the ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. MERGER RESERVES

The merger reserves represent the difference between the carrying value of the investment in subsidiaries and the share capital of the Company's subsidiaries upon consolidation under the merger accounting principle.

16. RETAINED EARNINGS

The Group's 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 Company and the subsidiaries 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 Group and the Company that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. LOANS AND BORROWINGS

	2022 RM	2021 RM
Group		
Non-current liabilities		
Lease liabilities	532,153	845,896
Term loans	12,907,726	10,619,503
	13,439,879	11,465,399
Current liabilities		
Lease liabilities	511,653	469,768
Term loans	1,050,126	663,687
	1,561,779	1,133,455
	15,001,658	12,598,854
Group		
Total loans and borrowings		
Lease liabilities	1,043,806	1,315,664
Term loans	13,957,852	11,283,190
	15,001,658	12,598,854
Maturities of loans and borrowings		
Not later than one year	1,561,779	1,133,455
Later than one year and not later than five years	4,488,616	3,726,942
Later than five years	8,951,263	7,738,457
	15,001,658	12,598,854

17.1 Lease liabilities

	2022 RM	2021 RM
Group		
Minimum lease payments:		
- not later than one year	542,236	510,288
- later than one year and not later than five years	554,011	875,272
- later than five years	-	4,800
	1,096,247	1,390,360
Less: Future interest charges	(52,441)	(74,696)
Present value of lease liabilities	1,043,806	1,315,664
Represented by:		
Current:		
- not later than one year	511,653	469,768
Non-current:		
- later than one year and not later than five years	532,153	841,152
- later than five years	-	4,744
	532,153	845,896
Present value of lease liabilities	1,043,806	1,315,664

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. LOANS AND BORROWINGS (CONT'D)

17.1 Lease liabilities (cont'd)

Lease arrangement for leased buildings and motor vehicles of the Group are disclosed in Note 5 to the financial statements.

The incremental borrowing rate and interest rate implicit in lease applied by the Group to lease liabilities are ranging between 3.20% to 5.50% and 4.10% to 5.63% (2021: 3.20% to 5.50% and 4.24% to 5.62%).

The following are the amounts recognised in profit or loss:

	2022 RM	2021 RM
Depreciation of right of use assets	557,972	530,608
Interest expense on lease liabilities	42,976	63,519
Expense relate to short-term lease	4,260	4,761
	605,208	598,888
Total cash outflows for leases (including short-term lease)	553,993	541,490

17.2 Term loans

	2022 RM	2021 RM
Group		
Current:		
- not later than one year	1,050,126	663,687
Non-current:		
- later than one year and not later than five years	3,956,463	2,885,790
- later than five years	8,951,263	7,733,713
	12,907,726	10,619,503
Total term loans and bank overdraft	13,957,852	11,283,190

The term loans are secured as follows:

i) Assignment of Mortgage Reducing Term Assurance (MRTA) issued by Sun Life Malaysia Assurance Berhad under a Director for the sum insured of RM10,000,000;
ii) First party first legal charge over freehold and leasehold land and building as disclosed in Note 5 to the financial statements;
iii) Memorandum of Charge over Fixed Deposits ("FD") in respect of first party fixed deposits of not less than RM3,000,000 together with all interest accruing from time to time in respect of the FDs;
iv) Corporate guarantee provided by holding company; 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 borrowings were as follows:-

	2022 %	2021 %
Term loans	3.95 - 4.15	3.20 - 3.40

18. DEFERRED TAX LIABILITIES

	2022 RM	2021 RM
Group		
At 1 September	1,064,346	902,184
Recognised in profit or loss (Note 25)	(53,002)	162,162
At 31 August	1,011,344	1,064,346
Taxable temporary differences of:		
- Property, plant and equipment	1,011,344	1,064,346

19. TRADE PAYABLES

Trade payables are non-interest bearing and the normal credit term granted to the Group ranges from 0 to 180 days (2021: 0 to 180 days).

The currency exposure profile of trade payables are as follows:

	2022 RM	2021 RM
Group		
Ringgit Malaysia	111,745	175,354
Euro	754	92,967
United States Dollar	21,526	31,090
Japanese Yen	-	7,800
Singapore Dollar	1,091	346
Hong Kong Dollar	71,037	19,562
New Taiwan Dollar	-	1,754
	206,153	328,873

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Dividend payables	1,945,730	-	1,945,730	-
Other payables	386,699	404,397	-	4,627
Accruals	1,474,316	1,130,909	128,800	26,500
Deposits received	1,500	8,100	-	-
	3,808,245	1,543,406	2,074,530	31,127

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. OTHER PAYABLES AND ACCRUALS (CONT'D)

The currency exposure profile of other payables are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	296,596	374,008	-	4,627
Euro	90,103	-	-	-
Swiss Franc	-	30,389	-	-
	386,699	404,397	-	4,627

21. Revenue

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

	2022 RM	2021 RM
Group		
Sales of die cutting mould and related products	32,305,070	29,398,870
Dividend income	6,975,000	-
Less: Intercompany revenue	(8,826,971)	(1,171,395)
Revenue from external customers	30,453,099	28,227,475
Local	25,890,277	23,751,898
Overseas	4,562,822	4,475,577
	30,453,099	28,227,475
Timing of revenue recognition:		
- At a point of time	30,453,099	28,227,475

22. OTHER INCOME

	2022 RM	2021 RM
Group		
Gain on disposal of property, plant and equipment	25,797	18,997
Gain on remeasurement of right-of-use assets	-	63,029
Interest income		
- bank interest received	438,003	876
- fixed deposit interest	62,104	87,558
Investment income	1,488	271,714
Insurance compensation	-	40,700
Realised gain on foreign exchange, net	233,021	71,822
Rental rebate	-	200
Rental income	252,700	-
Others	884	19,342
	1,013,997	574,238

23. FINANCE COSTS

	2022 RM	2021 RM
Group		
Lease liabilities interest	42,976	63,519
Term loan interest	556,888	352,926
	599,864	416,445

24. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Auditors' remuneration	100,000	70,500	16,000	12,000
Change in fair value of other investment	30	218,306	-	-
Deposit written off	63	-	-	-
Depreciation of property, plant and equipment	2,206,583	2,268,421	-	-
Employee benefit expenses:				
- Salaries, wages and bonus	6,378,651	5,778,999	-	-
- Social security contributions	90,789	87,607	-	-
- Contribution to defined contribution plan	685,660	651,116	-	-
- Other staff-related expenses	315,132	176,372	-	-
Inventories written down	1,178	89,546	-	-
Listing expenses	1,921,177	616,102	1,921,177	616,102
Loss on disposal of other investment	80,749	-	-	-
Net impairment (gain)/loss on trade receivables:				
- Lifetime ECL allowance	(6,438)	3,482	-	-
- Specific allowance	57,867	6,589	-	-
Property, plant and equipment written off	1,577	-	-	-
Rental of equipment[1]	4,260	4,761	-	-
Unrealised loss on foreign exchange, net	107,672	77,396	-	-
<u>Expenses included in cost of sales:</u>				
Depreciation of property, plant and equipment	1,537,844	1,615,757	-	-
Employee benefit expenses				
- Salaries, wages and bonus	4,705,417	4,351,953	-	-
- Social security contributions	68,480	65,992	-	-
- Contribution to defined contribution plan	482,993	460,923	-	-
- Other staff-related expenses	154,037	89,860	-	-
Inventories written down	1,178	89,546	-	-

1 These amounts represent short-term leases and leases for low value underlying assets under MFRS 16.

The number of employees of the Group and of the Company (including Directors) at the end of the year was 162 and 9 (2020: 151 and 8).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. TAX EXPENSES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Income tax				
Current year	2,523,980	2,211,718	73,683	-
Overprovision in prior years	(91,025)	(128,515)	-	-
	2,432,955	2,083,203	73,683	-
Deferred tax (Note 18)				
Current year	(2,107)	33,162	-	-
Under/(over) provision in prior years	(50,895)	129,000	-	-
	2,379,953	2,245,365	73,683	-

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) before tax	7,335,076	8,529,243	4,753,330	(653,333)
Malaysian statutory tax rate of 24% (2021: 24%)	1,760,418	2,047,018	1,140,799	(156,800)
Tax effects in respect of:				
Non-taxable income	(291,698)	(70,172)	(1,674,000)	-
Non-allowable expenses	1,053,153	268,034	606,884	156,800
Overprovision of income tax in prior years	(91,025)	(128,515)	-	-
Under/(over) provision of deferred tax in prior years	(50,895)	129,000	-	-
Tax expenses for the financial year	2,379,953	2,245,365	73,683	-

26. EARNINGS PER SHARE

The basic earnings per share ("EPS") are calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue for the financial year.

	2022	2021
Group		
Profit for the financial year attributable to owners of the Company (RM)	4,955,123	6,283,878
Weighted average number of ordinary shares at 31 August (unit)[1]	188,975,624	143,982,970
Basic and diluted EPS (sen)	2.62	4.36

[1] Based on the weighted average number of issued share capital of 188,975,624 ordinary shares after the issuance of shares as disclosed in Note 14 to the financial statements.

There is no dilution in earnings per ordinary shares as there is no potential diluted ordinary shares.

27. DIVIDENDS

	2022 RM	2021 RM
Group		
Dividends paid by Hotstar:		
Interim single tier dividend of RM0.80 per ordinary share for the financial year ended 31 August 2021 paid on 27 October 2020	-	680,000
Dividends paid by Sharp DCM:		
Interim single tier dividend of RM0.80 per ordinary share for the financial year ended 31 August 2021 paid on 27 October 2020	-	1,200,000
Dividends paid by Hotstar:		
Interim single tier dividend of RM1.00 per ordinary share for the financial year ended 31 August 2021 paid on 23 November 2020	-	850,000
Dividends paid by Sharp DCM:		
Interim single tier dividend of RM0.40 per ordinary share for the financial year ended 31 August 2021 paid on 23 November 2020	-	600,000
Dividends paid by CEKD:		
Interim single tier dividend of RM0.01 per ordinary share for the financial year ended 31 August 2022 paid on 15 April 2022	1,945,730	-
Dividends paid by CEKD:		
Interim single tier dividend of RM0.01 per ordinary share for the financial year ended 31 August 2022 paid on 22 September 2022	1,945,730	-
	3,891,460	3,330,000
Company		
Dividends paid by CEKD:		
Interim single tier dividend of RM0.01 per ordinary share for the financial year ended 31 August 2022 paid on 15 April 2022	1,945,730	-
Dividends paid by CEKD:		
Interim single tier dividend of RM0.01 per ordinary share for the financial year ended 31 August 2022 paid on 22 September 2022	1,945,730	-
	3,891,460	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with licensed bank	3,566,478	3,504,374	-	-
Cash and bank balances	32,499,969	6,517,432	22,478,848	4,965
	36,066,447	10,021,806	22,478,848	4,965
Less: Deposits pledged for bank borrowings	(3,566,478)	(3,504,374)	-	-
	32,499,969	6,517,432	22,478,848	4,965

The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	35,165,049	9,725,384	22,478,848	4,965
Euro	217,299	59,847	-	-
United States Dollar	684,099	236,575	-	-
	36,066,447	10,021,806	22,478,848	4,965

29. COMMITMENT

	Group	
	2022 RM	2021 RM
Property, plant and equipment		
Contracted but not provided for	249,600	7,920,000
Acquistion of subsidiaries		
Contracted but not provided for	6,255,000	-

30. RELATED PARTY DISCLOSURES

(a) Control relationship

As disclosed in Note 1, the Directors regard CEKD Holding Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as the holding company.

30. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions

In addition to the information detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year and the comparative prior year:

	2022 RM	2021 RM
Group		
Others:		
Rental expenses charged by a related party	(14,400)	(19,200)
Rental expenses charged by related party, CEKD Property	-	(1,600)
Sales to related party, Practimax Sdn. Bhd.	133,734	-
Purchases from related party, Practimax Sdn. Bhd.	(660)	-
Cleaning fees charged by related party, Commercial Edge	-	(40,800)

(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 and the Company for the financial year ended 31 August 2022 and the comparative prior year are as follows:

	2022 RM	2021 RM
Group		
Directors' compensation:		
Directors' fee	208,750	400,000
Directors' remuneration and other emoluments	970,260	540,016
Directors' defined contribution plans	123,938	74,250
Directors' social security contribution	4,743	4,743
Directors' other benefits	-	4,574
	1,307,691	1,023,583
Key management personnel's compensation:		
Salaries, wages and bonus	223,884	185,431
Social security contributions	2,690	2,331
Contribution to defined contribution plan	29,591	26,759
Other staff-related expenses	-	2,376
	256,165	216,897
Company		
Directors' compensation:		
Director fees	173,750	-
Directors' remuneration and other emoluments	8,000	12,000
	181,750	12,000

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. 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.
Investment holding	Holding of investments in shares of subsidiaries

Operating segments

	Manufacturing RM	**Trading RM**	**Investment Holdings RM**	**Eliminations RM**	**Total RM**
Group					
31 August 2022					
Revenue:					
Revenue from external customers	25,806,674	4,646,425	-	-	30,453,099
Inter-segment revenue	764,877	1,087,094	6,975,000	(8,826,971)	-
	26,571,551	5,733,519	6,975,000	(8,826,971)	30,453,099
Segment profit	14,773,390	979,348	-	-	15,752,738
Other income					1,013,997
Unallocated expenses					(8,831,795)
Finance costs					(599,864)
Income tax expense					(2,379,953)
Profit for the financial year					4,955,123
Results:					
Included in the measure of segment profit are:					
Depreciation of property, plant and equipment					1,537,844
Employee benefit expenses					5,410,927
Inventories written down					1,178

31. SEGMENT INFORMATION (CONT'D)

Operating segments (Cont'd)

	Manufacturing RM	Trading RM	Eliminations RM	Total RM
Group				
31 August 2021				
Revenue:				
Revenue from external customers	23,585,088	4,642,387	-	28,227,475
Inter-segment revenue	299,117	872,278	(1,171,395)	-
	23,884,205	5,514,665	(1,171,395)	28,227,475
Segment profit	13,349,457	983,084	-	14,332,541
Other income				574,238
Unallocated expenses				(5,961,091)
Finance costs				(416,445)
Income tax expense				(2,245,365)
Profit for the financial year				6,283,878
Results:				
Included in the measure of segment profit are:				
Depreciation of property, plant and equipment				1,615,757
Employee benefit expenses				4,968,728
Inventories written down				89,546

Geographical segments

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

	2022 RM	2021 RM
Group		
Malaysia	25,890,277	23,751,898
Outside Malaysia	4,562,822	4,475,577
	30,453,099	28,227,475

Major customers

The Group does not have any customers with revenue equal or more than 10% of the Group's total revenue of the current financial year and the comparative prior year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS

(a) 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 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The table below provides an analysis of financial instruments of the Group and of the Company 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:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(i) Financial assets carried at amortised cost				
Trade receivables	6,616,466	5,533,674	-	-
Other receivables and deposits	976,552	1,529,729	695,000	-
Amount owing by a subsidiary	-	-	2,475,000	-
Fixed deposits with licensed banks	3,566,478	3,504,374	-	-
Cash and bank balances	32,499,969	6,517,432	22,478,848	4,965
	43,659,465	17,085,209	25,648,848	4,965
(ii) Financial assets carried at fair value				
Other investments	64,802	6,281,138	-	-
(iii) Financial liabilities carried at amortise cost				
Trade payables	206,153	328,873	-	-
Other payables and accruals	3,808,245	1,543,406	2,074,530	31,127
Amount owing to a subsidiary	-	-	-	804,044
Loans and borrowings	15,001,658	12,598,854	-	-
	19,016,056	14,471,133	2,074,530	835,171

(b) Financial risk management objectives and policies

The Group and the Company is exposed to financial risk arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency 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 and the Company's financial risk management policies are to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing their credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors.

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

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily 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 and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

a. Trade receivables

Credit risk concentration profile

At the end of the reporting period, 21% (2021: 20%) of the Group's trade receivables were due from 5 major customers.

Exposure to credit risk

At the end of financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of trade receivables recognised in the statements of financial position.

Impairment of trade receivables

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 more than 365 days (2021: 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 loans and 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 Group provides for lifetime expected credit losses for all trade receivables. The loss allowance provision as at 31 August 2022 and the comparative year is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will increase over the next year, leading to a decrease in the number of defaults.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

a. Trade receivables (cont'd)

Impairment of trade receivables (cont'd)

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

Group	Current	30 days past due	60 days past due	90 days past due	More than 90 days past due	Total
2022						
Loss rate (%)	0.14	0.07	0.01	0.25	1.57	
Gross carrying amount (RM)	4,477,943	1,188,031	568,751	223,487	168,742	
Loss allowance (RM)	6,385	869	29	562	2,643	10,488
Impaired receivables (RM)						59,727
Total impairment (RM)						70,215
2021						
Loss rate (%)	0.02	0.02	0.04	0.66	3.66	
Gross carrying amount (RM)	3,053,675	1,277,646	483,682	365,121	370,476	
Loss allowance (RM)	477	294	213	2,395	13,547	16,926
Impaired receivables (RM)						6,697
Total impairment (RM)						23,623

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(i) 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 year and previous financial year.

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

Other financial assets are held with licensed financial institutions. The Group and the Company minimise 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 meets its obligations. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount other investments, fixed deposits with licensed banks and cash and bank balances in the consolidated 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 and the Company are of the view that loss allowance is not material and hence it is not provided for.

(ii) Liquidity risk

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

The Group and the Company maintain a level of cash and cash equivalents 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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

Group	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
2022					
Trade payables	206,153	206,153	206,153	-	-
Other payables and accruals	3,808,245	3,808,245	3,808,245	-	-
Loans and borrowings	15,001,658	19,404,078	2,134,758	6,250,189	11,019,132
	19,016,056	23,418,476	6,149,156	6,250,189	11,019,132
2021					
Trade payables	328,873	328,873	328,873	-	-
Other payables and accruals	1,543,406	1,543,406	1,543,406	-	-
Loans and borrowings	12,598,854	15,481,596	1,535,964	4,977,976	8,967,656
	14,471,133	17,353,875	3,408,243	4,977,976	8,967,656
Company					
2022					
Other payables and accruals	2,074,530	2,074,530	2,074,530	-	-
Financial guarantees contracts*	-	14,039,852	14,039,852	-	-
	2,074,530	16,114,382	16,114,382	-	-
2021					
Other payables and accruals	31,127	31,127	31,127	-	-
Amount owing to a subsidiary	804,044	804,044	804,044	-	-
	835,171	835,171	835,171	-	-

* This has been included for illustration purpose only as the related financial guarantees contracts have not crystalised as at end of the reporting period.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) 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 the end of the financial year was:

	2022 **RM**	**2021** **RM**
Group		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed bank	3,566,478	3,504,374
Financial liability		
Lease liabilities	(1,043,806)	(1,315,664)
	2,522,672	2,188,710
Floating rate instruments		
Financial liabilities		
Term loans	(13,957,852)	(11,283,190)

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 period would have decreased in the Group's profit before tax by RM69,789 (2021: RM56,416). 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.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iv) 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 Swiss Franc ("CHF"), New Taiwan Dollar ("TWD"), Hong Kong Dollar ("HKD"), Euro ("EUR"), Singapore Dollar ("SGD"), United States Dollar ("USD") and Japanese Yen ("JPY"). Foreign currency risk was monitored closely and managed to an acceptable level. The Group's exposure to foreign currency are as follows:

	CHF RM	TWD RM	HKD RM	EUR RM	SGD RM	USD RM	JPY RM	Total RM
Group								
2022								
Trade receivables	-	-	-	164,255	1,896	417,100	-	583,251
Cash and bank balances	-	-	-	217,299	-	684,099	-	901,398
Trade payables	-	-	(71,037)	(754)	(1,091)	(21,526)	-	(94,408)
Other payables	-	-	-	(90,103)	-	-	-	(90,103)
	-	-	(71,037)	290,697	805	1,079,673	-	1,300,138
2021								
Trade receivables	-	-	-	121,664	8,623	692,929	-	823,216
Cash and bank balances	-	-	-	59,847	-	236,575	-	296,422
Trade payables	-	(1,754)	(19,562)	(92,967)	(346)	(31,090)	(7,800)	(153,519)
Other payables	(30,389)	-	-	-	-	-	-	(30,389)
	(30,389)	(1,754)	(19,562)	88,544	8,277	898,414	(7,800)	935,730

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iv) 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 CHF, TWD, HKD, EUR, USD, SGD and JPY exchange rate against Ringgit Malaysia ("RM"), with all other variables held constant.

	2022 (Decrease)/ increase RM	**2021 (Decrease)/ increase RM**
Group		
CHF against the RM		
- strengthens 5%	-	(1,519)
- weakens 5%	-	1,519
TWD against the RM		
- strengthens 5%	-	(88)
- weakens 5%	-	88
HKD against the RM		
- strengthens 5%	(3,552)	(978)
- weakens 5%	3,552	978
EUR against the RM		
- strengthens 5%	14,535	4,427
- weakens 5%	(14,535)	(4,427)
SGD against the RM		
- strengthens 5%	40	414
- weakens 5%	(40)	(414)
USD against the RM		
- strengthens 5%	53,984	44,921
- weakens 5%	(53,984)	(44,921)
JPY against the RM		
- strengthens 5%	-	(390)
- weakens 5%	-	390

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments

(i) Financial instruments not carried at fair value

Financial assets and financial liabilities not carried at fair value are disclosed in Note 32 (a) (i) and (iii) to the financial statements. These financial instruments are carried at the amounts approximate of their fair values on the statements of financial position of the Group and of the Company due to the relatively short term maturity of these financial instruments and the Group and of the Company do 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 eah financial year, the carrying amounts of floating rate term loans approximate their fair values as their effective interest rates change accordingly to movements in the market interest rates.

(ii) Financial instruments carried at fair value

Financial assets carried at fair value are disclosed in Note 33 (a) (ii) to the financial statements. 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 year.

33. CAPITAL MANAGEMENT

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loans and borrowings (Note 17)	15,001,658	12,598,854	-	-
Less: Cash and cash equivalents (Note 28)	(36,066,447)	(10,021,806)	(22,478,848)	(4,965)
Net (cash)/debt	(21,064,789)	2,577,048	(22,478,848)	(4,965)
Total equity	64,956,103	40,459,274	57,797,915	33,576,562
Total net debt and equity	43,891,314	43,036,322	35,319,067	33,571,597
Net debt to total net debt and equity ratio	N/A	0.06	N/A	N/A

34. SIGNIFICANT AND SUBSEQUENT EVENTS FOR THE FINANCIAL YEAR

(a) Acquisition of subsidiaries

(i) On 5 July 2022, the Company entered into a conditional share sale agreement with Tham Choon Sarn to acquire 82% of equity interest in Worldwide Die Cutting Mould Sdn. Bhd. ("Worldwide") for a total purchase consideration of RM6,230,000 and 10% of refundable deposits amounting RM623,000 has been paid during the financial year. The acquisition was completed on 2 September 2022.

(ii) On 5 July 2022, the Company entered into a conditional share sale agreement with Yap Wan Lee and Wong Hur Shiaw to acquire the 60% of equity interest in Kit Technology Sdn. Bhd. ("Kit Technology") for a total purchase consideration of RM720,000 and 10% of refundable deposits amounting RM72,000 has been paid during the financial year. The acquisition was completed on 19 September 2022.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 NOVEMBER 2022

Total Number of Issued Shares	: 194,573,000
Issued and Fully Paid-up	: RM 57,701,089.20
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) Vote Per Ordinary Share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	3	0.121	100	0.000
100 - 1,000	430	17.409	292,000	0.150
1,001 - 10,000	1,330	53.846	7,055,600	3.626
10,001 - 100,000	638	25.830	20,283,500	10.425
100,001 – 9,728,649 (*)	68	2.753	22,958,800	11.800
9,728,650 and above (**)	1	0.041	143,983,000	73.999
	2,470	100.000	194,573,000	100.000

Remarks:
(*) Less than 5% of issued shares holdings
(**) 5% and above of issued shares holdings

Substantial Shareholders (Based on the Register of Substantial Shareholders)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
CEKD HOLDING SDN BHD	143,983,000	73.999	-	-
YAP TIAN TION (1)	-	-	143,983,000	73.999
YAP KAI NING (2)	-	-	143,983,000	73.999
LIM BEE ENG (2)	-	-	143,983,000	73.999
YAP KAI JIE (2)	-	-	143,983,000	73.999
YAP KAI MIN (2)	-	-	143,983,000	73.999

Notes: -
(1) Deemed interest by virtue of the shareholdings of his family in CEKD HOLDING SDN BHD pursuant to Section 8 of the Companies Act 2016.
(2) Deemed interest by virtue of their shareholdings in CEKD HOLDING SDN BHD pursuant to Section 8 of the Companies Act 2016.

Directors' Shareholdings (Based on the Register of Directors' Shareholding)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
DATO' ZULKIFLI BIN ADNAN	300,000	0.154	-	-
DATUK MAK FOO WEI	300,000	0.154	-	-
CHONG CHIN LOOK	300,000	0.154	-	-
YAP TIAN TION (1)			143,983,000	73.999
YAP KAI NING (2)			143,983,000	73.999
YAP KAI MIN (2)			143,983,000	73.999

Notes: -
(1) Deemed interest by virtue of the shareholdings of his family in CEKD HOLDING SDN BHD pursuant to Section 8 of the Companies Act 2016.
(2) Deemed interest by virtue of her shareholdings in CEKD HOLDING SDN BHD pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 NOVEMBER 2022 (CONT'D)

Chief Financial Officer's Interest in Shares

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
PEARLY HIEW PEI LI	200,000	0.103	-	-

List of Top Thirty (30) Largest Shareholders

No.	Name of Shareholders	Total No. of Shares Held	%
1	CEKD HOLDING SDN BHD	143,983,000	73.999
2	CHIANG HENG PANG	3,540,000	1.819
3	TEOH YEE LUN	1,240,400	0.637
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SEH BEE (E-KPG)	1,100,000	0.565
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH EQUITY FUND	800,000	0.411
6	AMANAHRAYA TRUSTEES BERHAD FOR PMB DANA AL-AIMAN	700,000	0.360
7	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEAN HOOI KHIM	690,000	0.355
8	CHONG CHING YEE	680,500	0.350
9	SHANYU DIE CUTTING MOULD SDN BHD	647,900	0.333
10	THAM CHOON SARN	542,600	0.279
11	THAM CHOON SARN	537,300	0.276
12	OOI ENG BEE	500,000	0.257
13	CHIEW SHIN YIH	493,900	0.254
14	KAM ZHUO SZE	470,000	0.242
15	KAM SOON ONN	452,300	0.232
16	AMANAHRAYA TRUSTEES BERHAD FOR PMB DANA BESTARI	436,000	0.224
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAFIDAH BINTI PAWANCHIK	407,800	0.210
18	LIM AH KOW	399,400	0.205
19	THUM QIAO HUI	370,000	0.190
20	THUM JUN JIE	330,000	0.170
21	CHUA AH KEE	300,000	0.154
22	MAK FOO WEI	300,000	0.154
23	ONG TECK LOONG	300,000	0.154
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHIN LOOK (E-TCS)	300,000	0.154
25	ZULKIFLI BIN ADNAN	300,000	0.154
26	CHIN PAU	274,000	0.141
27	LEE HENG PUI	270,100	0.139
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KHOON BENG (E-KLG)	260,000	0.134
29	TEO TIEW	250,000	0.128
30	LEONG KOK KIANG	221,000	0.114

LIST OF PROPERTIES

No.	Title No.	Property Address	Tenure	Description of property/ Existing use	Category of land use/ Land area/ Built-up area (s.q. metre)	Acquisition Date	Approximate Age of Building	Audited Net Book Value as at 31 August 2022 (RM)
1	HS (D) 122863 PT 50128, Mukim Petaling Daerah Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	10, Jalan 1/137B Resource Industrial Centre, Batu 5, Jalan Kelang Lama, 58200 Kuala Lumpur	Leasehold, 99 years expiring on 6 January 2121 (99 remaining years) (1)	6-storey detached factory and office building/ Own use for business operations	Industrial/ 23,896/ 71,910	17/12/2018	2 years (2)	18,995,020
2	GRN 149634 Lot 3683, Mukim 06 Daerah Seberang Perai Tengah Negeri Pulau Pinang	81, Jalan Nagasari 1, Taman Nagasari, 13600 Prai Penang	Freehold	Intermediate 2-storey light industrial shoplot/ Own use for business operations	Industrial/ 2,314/ 3,277	2/12/1999	2 years (2)	165,610
3	GRN 149633 Lot 3682, Mukim 06 Daerah Seberang Perai Tengah Negeri Pulau Pinang	83, Jalan Nagasari 1, Taman Nagasari, 13600 Prai Penang	Freehold	Intermediate 2-storey light industrial shoplot/ Own use for business operations	Industrial/ 2,335/ 3,090	31/5/2004	2 years (2)	221,886
4	GRN 213962 Lot 2786, Bandar Kepong Daerah Gombak Selangor	No.19 Jalan KIP 7, Taman Perindustrian KIP, Kepong, 52200 Kuala Lumpur	Freehold	3-storey detached factory and office building/ Own use for business operations	Industrial/ 17,847/ 13,635	11/10/2021	23 years	9,111,147

Notes: -

(1) During the financial year, the old land title has been replaced with new land title for leasehold of 99 years.

(2) The approximate age of building is computed based on date of Certificate of Completion and Compliance (“CCC”) which obtained in year 2020 in line with the IPO exercise.

NOTICE OF FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting ("**5th AGM**") of the Company will be held fully virtual through online meeting platform at https://www.binamanagement.com.my provided by Bina Management (M) Sdn Bhd ("**BINA Portal**") in Malaysia (Domain registration number D1A401787) on Wednesday, 22 February 2023 at 10.00 a.m. to transact the following businesses:-

A G E N D A

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2022 together with the Reports of the Directors and Auditors thereon. ***[Please refer to Explanatory Note 1]***

2. To approve the payment of Non-Executive Directors' fees for an amount of up to RM206,000.00 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 23 February 2023 until the next Annual General Meeting of the Company, in such proportions and manner as the Directors may determine as follows: ***[Please refer to Explanatory Note 2] [Ordinary Resolution 1]***

No	Type of Director	the Company
1	Chairman of the Board	RM60,000.00
2	Independent Non-Executive Directors	RM146,000.00
	Total	RM206,000.00

3. To approve the payment of Non-Executive Directors' benefits (excluding Directors' fees) for an amount of up to RM14,000.00 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 23 February 2023 until the next Annual General Meeting of the Company, in such proportions and manner as the Directors may determine as follows: ***[Please refer to Explanatory Note 2] [Ordinary Resolution 2]***

No	Type of Director	the Company
1	Chairman of the Board	RM3,000.00
2	Independent Non-Executive Directors	RM11,000.00
	Total	RM14,000.00

4. To re-elect the following Directors who retire pursuant to Clause 84 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Dato' Zulkifli Bin Adnan; and ***[Ordinary Resolution 3]***
   (ii) Ms Yap Kai Ning. ***[Ordinary Resolution 4]***

5. To re-elect Ms Yap Kai Min, the Director who retires pursuant to Clause 91 of the Company's Constitution and being eligible, has offered herself for re-election. ***[Ordinary Resolution 5]***

6. To re-appoint Messrs. Ecovis Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***[Ordinary Resolution 6]***

NOTICE OF FIFTH ANNUAL GENERAL MEETING
(CONT'D)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

7. **ORDINARY RESOLUTION**
- AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 ***[Please refer to Explanatory Note 3]*** ***[Ordinary Resolution 7]***

"**THAT** pursuant to the Companies Act 2016 ("**the Act**"), the Constitution of the Company, the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and approvals of the relevant government and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("**New Shares**") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued, to be subscribed under any rights granted, to be issued from the conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being ("**Proposed General Mandate**");

THAT the existing shareholders of the Company do hereby waive their pre-emptive rights pursuant to Section 85(1) of the Act read together with Rule 7.08 of the Listing Requirements and the Company's Constitution to be offered the New Shares to be allotted and issued under the Proposed General Mandate, which rank equally with the existing issued shares in the Company;

THAT such approval on the Proposed General Mandate shall continue to be in force until:

a) The conclusion of the next Annual General Meeting of the Company held after the approval was given;
b) The expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
c) Revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation for such New Shares on Bursa Securities;

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

8. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act 2016.

BY ORDER OF THE BOARD

TEO SOON MEI (SSM PC No. 201908000235) (MAICSA 7018590)
LIM JIA HUEY (SSM PC No. 201908000929) (MAICSA 7073258)
Company Secretaries

Kuala Lumpur
Dated: 29 December 2022

NOTICE OF FIFTH ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes on Ordinary and Special Businesses:

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not requires a formal approval of the shareholders for the Audited Financial Statements. As such, this Agenda item is not put forward for voting.

2. Items 2 and 3 of the Agenda

Section 230(1) of the Companies Act 2016 provides that the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Company is seeking the shareholders' approval for the payment of Non-Executive Directors' fees and Non-Executive Directors' benefits for an amount of up to RM206,000.00 and RM14,000.00 respectively, payable to the Non-Executive Directors of the Company on a monthly basis for the period from 23 February 2023 until the next Annual General Meeting of the Company under Ordinary Resolutions 1 and 2 respectively.

The benefits payable to the Non-Executive Directors comprising of meetings allowances based on actual attendance of meetings by the Directors and other claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors. The payment of benefits to the Non-Executive Directors will be made by the Company on a monthly basis and/or as and when incurred.

The estimated Non-Executive Directors' fees and benefits proposed for the period from 23 February 2023 until the next Annual General Meeting of the Company are derived based on the current Board size.

Ordinary Resolutions 1 and 2 are to facilitate payment of Directors' fees and benefits for the financial year 2023/2024.

In the event that the proposed Directors' fees and benefits payable are insufficient due to the enlarged Board size, the Company will seek shareholders' approval at the next AGM of the Company for the additional Directors' fees and benefits payable to meet the shortfall.

3. Item 7 of the Agenda

Ordinary Resolution 7 is to seek a renewal of the general mandate for allotment and issuance of shares by the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed the prescribed limit under the Listing Requirements of Bursa Securities ("**General Mandate**").

However, pursuant to Section 85(1) of the Act and Clause 52 of the Company's Constitution and Rule 7.08 of Listing Requirements of Bursa Securities, the New Shares will have to be offered to the existing shareholders of the Company unless there is a direction to the contrary given in the general meeting of the Company. Should the existing shareholders of the Company approve the proposed Ordinary Resolution 7, they are waiving their pre-emptive rights pursuant to Section 85(1) of the Act, which then would allow the Directors to issue New Shares to any person without having to offer the said New Shares equally to all existing shareholders of the Company prior to the issuance. This will result in a dilution to the shareholding percentage of the existing shareholders of the Company.

The Board of Directors of the Company is of the view that the General Mandate is in the best interest of the Company and its shareholders as it will provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. It will also enable the Directors to take swift action in case of a need to issue and allot new shares in the Company fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such applications as the Directors may deem fit in the best interest of the Company and its shareholders, provided that the aggregate number of shares or convertible securities issued must not be more than 10% of the total number of issued shares of the Company.

The proposed Ordinary Resolution 7 is a renewal of the previous year's mandate. As of the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the last Annual General Meeting of the Company held on 22 February 2022 and which will lapse at the conclusion of the 5th AGM.

Notes:

*(1) The 5th AGM of the Company will be held as a virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Bina Management (M) Sdn Bhd via online meeting platform at https://www.binamanagement.com.my. Please refer to the Administrative Guide for the 5th AGM which is available at the Company's website at http://www.cekd.com.my for the procedures to register, participate and vote remotely at the 5th AGM through the RPV facilities.*

(2) Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 5th AGM using the RPV.

(3) The Broadcast Venue of the 5th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be at the main venue of the meeting. The Broadcast Venue is to inform shareholders where the electronic AGM production and streaming would be conducted from. No shareholder(s)/ proxy(ies) from the public will be physically present at the meeting venue on the day of the 5th AGM.

(4) A member who is entitled to attend and vote at the 5th AGM shall be entitled to appoint not more than two (2) proxies to attend, participate and vote on his/her behalf at the 5th AGM. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the 5th AGM, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.

NOTICE OF FIFTH ANNUAL GENERAL MEETING
(CONT'D)

(5) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

(6) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be* represented by each proxy.

(7) *The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the proxy form must be initialled.*

(8) *The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company* ***not less than forty-eight (48) hours before the time appointed for holding the 5th AGM or at any adjournment thereof:***-

(i) *In Hardcopy Form*

The Form of Proxy shall be deposited at the Share Registrar's office at ***Bina Management (M) Sdn Bhd of Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor.***

(ii) *By Electronic Means*

The Form of Proxy shall be electronically submitted via email at the ***Share Registrar's email address at binawin@binamg168.com or via BINA Portal at https://www.binamanagement.com.my***.

(9) *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of 5th AGM will be put to vote by poll.*

(10) *In respect of deposited securities, only members whose names appear in the Record of Depositors on* ***15 February 2023*** *(General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the 5th AGM, or to appoint proxy(ies) to attend, participate and vote on their behalf.*

(11) *Those proxy forms which are indicated with "**X**" in the spaces provided to show how the votes are to be cast will also be accepted. Any alteration in the form of proxy must be initialed.*

Personal data privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the 5th AGM and/or any adjournment thereof, a member of the Company:

(i) *consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of processing and the administration by the Company (or its agents) of proxies and representatives appointed for the 5th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 5th AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");*
(ii) *warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclose of the proxy(ies) and/or representative(s) personal data by the Company for the Purposes; and*
(iii) *agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.*

STATEMENT ACCOMPANYING NOTICE OF 5TH ANNUAL GENERAL MEETING ("AGM")

1. STATEMENT RELATING TO THE RE-ELECTION OF DIRECTOR

Ordinary Resolution 5 on the Re-election of Director

Ms Yap Kai Min is seeking for re-election at the 5th AGM ("the Retiring Director") under Ordinary Resolution 5.

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the information relating to the Retiring Director are as set out on page 8 in Directors' Profile of the Company's Annual Report.

The Nominating Committee ("**NC**") has considered the performance and contribution of the abovesaid Retiring Directors from the Board Effectiveness Evaluation conducted following factors were taken into consideration:-

(a) Fit and proper assessment
(b) Contribution to interaction
(c) Knowledge and caliber
(d) Provision of quality of input to the Board
(e) Understanding of role

The NC and Board also reviewed the Board composition to ensure the Board has an appropriate mix of skills and experience for the requirements of the business.

2. STATEMENT RELATING TO THE GENERAL MANDATE FOR ISSUANCE OF SECURITIES

Ordinary Resolution 7 on the general mandate for the issuance of securities

Statement relating to a general mandate for the issuance of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Explanatory Note 3 of the Notice of the 5th AGM set out on page 123.

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FORM OF PROXY

(before completing this Form of Proxy, please refer to the notes below)

Number of Shares Held	

CDS Account No.	

*I/We ______________________________ NRIC No./Passport No./Company No. ______________
(FULL NAME IN BLOCK LETTER)
of ____
(FULL ADDRESS)
with email ______________________________ and mobile phone no. ______________,
being a *member/members of **CEKD BERHAD**, do hereby appoint(s):-

Full Name (in Block) [Proxy 1]	**NRIC/Passport No.**	**Proportion of shareholding**	
		No of shares	**%**
Address:			
Email Address:			
Mobile Phone No.:			

and

Full Name (in Block) [Proxy 2]	**NRIC/Passport No.**	**Proportion of shareholding**	
		No of shares	**%**
Address:			
Email Address:			
Mobile Phone No.:			

or failing whom, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Fifth Annual General Meeting ("**5th AGM**") of the Company to be held virtually through online meeting platform at https://www.binamanagement.com.my provided by Bina Management (M) Sdn. Bhd. in Malaysia ("**BINA Portal**") (Domain registration number D1A401787) on Wednesday, 22 February 2023 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "**X**" in the spaces provided below on how you wish your votes to be cast. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

	ORDINARY RESOLUTIONS	**FOR**	**AGAINST**
1	Approval of the payment of Non-Executive Directors' fees for an amount of up to RM206,000.00 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 23 February 2023 until the next Annual General Meeting of the Company.		
2	Approval of the payment of Non-Executive Directors' benefits (excluding Directors' fees) for an amount of up to RM14,000.00 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 23 February 2023 until the next Annual General Meeting of the Company.		
3	Re-election of Dato' Zulkifli Bin Adnan, the retiring Director of the Company, who retires pursuant to Clause 84 of the Company's Constitution and being eligible, has offered himself for re-election.		
4	Re-election of Ms Yap Kai Ning, the retiring Director of the Company, who retires pursuant to Clause 84 of the Company's Constitution and being eligible, has offered herself for re-election.		
5	Re-election of Ms Yap Kai Min, the retiring Director of the Company who retires pursuant to Clause 91 of the Company's Constitution and being eligible, has offered herself for re-election.		
6	Re-appointment of Messrs. Ecovis Malaysia PLT as the Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS		**FOR**	**AGAINST**
7	Authority to allot and issue shares pursuant to the Companies Act, 2016		

**Strike out whichever is not applicable.*

Dated this ____ day of ___________, 2023

____
*Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	**Percentage**
Proxy 1		
Proxy 2		
Total		100%

Notes:

i. *The 5th AGM of the Company will be held as a virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Bina Management (M) Sdn Bhd via online meeting platform at https://www.binamanagement.com.my. Please refer to the Administrative Guide for the 5th AGM which is available at the Company's website at http://www.cekd.com.my for the procedures to register, participate and vote remotely at the 5th AGM through the RPV facilities.*

ii. *Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 5th AGM using the RPV.*

iii. *The Broadcast Venue of the 5th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be at the main venue of the meeting. The Broadcast Venue is to inform shareholders where the electronic AGM production and streaming would be conducted from. No shareholder(s)/ proxy(ies) from the public will be physically present at the meeting venue on the day of the 5th AGM.*

iv. *A member who is entitled to attend and vote at the 5th AGM shall be entitled to appoint not more than two (2) proxies to attend, participate and vote on his/her behalf at the 5th AGM. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the 5th AGM, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.*

v. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

vi. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

vii. *The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the proxy form must be initialled.*

viii. *The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company **not less than forty-eight (48) hours before the time appointed for holding the 5th AGM or at any adjournment thereof**:-*

(a) *In Hardcopy Form*
*The Form of Proxy shall be deposited at the Share Registrar's office at **Bina Management (M) Sdn Bhd of Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor**.*

(b) *By Electronic Means*
*The Form of Proxy shall be electronically submitted via email at the **Share Registrar's email address at binawin@binamg168.com or via BINA Portal at https://www.binamanagement.com.my**.*

ix. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of 5th AGM will be put to vote by poll.*

x. *In respect of deposited securities, only members whose names appear in the Record of Depositors on **15 February 2023** (General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the 5th AGM, or to appoint proxy(ies) to attend, participate and vote on their behalf.*

xi. *Those proxy forms which are indicated with "**X**" in the spaces provided to show how the votes are to be cast will also be accepted. Any alteration in the form of proxy must be initialed.*

Personal data privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the 5th AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of the 5th AGM dated 29 December 2022.

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AFFIX
STAMP

The Share Registrar of
CEKD BERHAD
[Registration No. 201801023077 (1285096-M)]
c/o: **BINA MANAGEMENT (M) SDN. BHD.**
Lot 10, The Highway Centre, Jalan 51/205,
46050 Petaling Jaya, Selangor, Malaysia.

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