

NEW STRAITS TIMES

STREAMLINING OPERATIONS

CEKD to set aside RM8.8m from IPO proceeds to buy factory

KUALA LUMPUR: Bursa Malaysia's ACE Market-bound CEKD Bhd will use part of the proceeds raised from its initial public offering (IPO) to buy a 13,635 sq ft factory in Kepong, Selangor, for RM8.8 million to streamline its operations.

Its managing director, Yap Kai Ning, said the factory was for its wholly-owned Hotstar (M) Sdn Bhd, which manufactured die-cutting moulds and tools.

She said Hotstar had been renting one unit of a 2½-storey detached factory and two units of an intermediate 1½-storey terrace factory at Taman Perindustrian KIP in Kepong for RM37,000 per annum for years.

Yap said CEKD would consolidate two of Hotstar's operations under one roof after the factory's purchase to centralise and better manage its operations.

"This will boost our overall productivity," she told the *New*

Straits Times after the virtual launch of the company's prospectus yesterday.

Yap said CEKD had on May 11 entered into a sale and purchase agreement for the acquisition of the factory.

CEKD plans to raise RM24.23 million through an IPO on the ACE Market this month and has set aside RM8.8 million to buy the factory.

The IPO entails the public offering of 50.59 million new shares

at RM0.48 sen per share.

Yap said the IPO would improve the company's position in the market and raise its profile, which will be helpful in its expansion goal.

She said the company would use RM4 million from the IPO proceeds to reduce its RM11.28 million debt.

"After paying off RM4 million, our loan (debt) will reduce to RM7.28 million, which will lead to an interest savings of RM140,000

per annum," she said.

CEKD's primary activity is the production of die-cutting moulds and tools and the provision of die-cutting solutions. It also deals in consumables, tools and accessories.

Yap said the company had a broad customer base from various industries, including paper printing and packaging, electrical and electronics, automotive, plastic packaging, textile and leather.