

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**4. Significant accounting policies (Cont'd.)****k) Employee benefits (Cont'd.)****ii) State plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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 be applied 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 assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

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ACCOUNTANTS' REPORT**4. Significant accounting policies (Cont'd.)****m) Fair value measurements**

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels 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 Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

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

n) Operating segments

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 segments results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer and Executive Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

o) Earnings per ordinary shares

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, 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.

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ACCOUNTANTS' REPORT

5. Plant and equipment

Audited 30.6.2022	Plant and machinery RM	Furniture and fittings RM	Computer RM	Factory equipment RM	Office equipment RM	Renovation RM	Tele- communica- tion equipment RM	Total RM
Cost								
Balance at 1.11.2021	1,116,090	21,641	222,981	132,287	31,836	6,000	1,299	1,532,134
Additions	-	21,160	33,873	-	-	2,421	-	57,454
Balance at 30.6.2022	1,116,090	42,801	256,854	132,287	31,836	8,421	1,299	1,589,588
Accumulated depreciation								
Balance at 1.11.2021	420,609	3,323	31,817	28,845	7,974	500	390	493,458
Charge for the financial period	74,406	1,629	16,023	8,819	2,122	481	87	103,567
Balance at 30.6.2022	495,015	4,952	47,840	37,664	10,096	981	477	597,025
Net carrying amount	621,075	37,849	209,014	94,623	21,740	7,440	822	992,563

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ACCOUNTANTS' REPORT

5. Plant and equipment (Cont'd.)

Audited 31.10.2021	Plant and machinery RM	Furniture and fittings RM	Computer RM	Factory equipment RM	Office equipment RM	Renovation RM	Tele- communica- tion equipment RM	Total RM
Cost								
Balance at 1.11.2020	1,459,440	11,576	78,101	98,388	26,109	-	1,299	1,674,913
Additions	58,650	10,065	144,880	33,899	5,727	6,000	-	259,221
Disposal	(402,000)	-	-	-	-	-	-	(402,000)
Balance at 31.10.2021	1,116,090	21,641	222,981	132,287	31,836	6,000	1,299	1,532,134
Accumulated depreciation								
Balance at 1.11.2020	430,588	1,657	12,094	17,428	5,092	-	260	467,119
Charge for the financial year	130,721	1,666	19,723	11,417	2,882	500	130	167,039
Disposal	(140,700)	-	-	-	-	-	-	(140,700)
Balance at 31.10.2021	420,609	3,323	31,817	28,845	7,974	500	390	493,458
Net carrying amount	695,481	18,318	191,164	103,442	23,862	5,500	909	1,038,676

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ACCOUNTANTS' REPORT

5. Plant and equipment (Cont'd.)

<u>Audited</u> 31.10.2020	Plant and machinery RM	Furniture and fittings RM	Computer RM	Factory equipment RM	Office equipment RM	Renovation RM	Tele- communica- tion equipment RM	Total RM
Cost								
Balance at 1.11.2019	1,426,440	2,500	42,843	75,888	24,809	-	1,299	1,573,779
Additions	33,000	9,076	35,258	22,500	1,300	-	-	101,134
Balance at 31.10.2020	1,459,440	11,576	78,101	98,388	26,109	-	1,299	1,674,913
Accumulated depreciation								
Balance at 1.11.2019	284,644	500	4,284	7,589	2,481	-	130	299,628
Charge for the financial year	145,944	1,157	7,810	9,839	2,611	-	130	167,491
Balance at 31.10.2020	430,588	1,657	12,094	17,428	5,092	-	260	467,119
Net carrying amount	1,028,852	9,919	66,007	80,960	21,017	-	1,039	1,207,794

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ACCOUNTANTS' REPORT

5. Plant and equipment (Cont'd.)

<u>Audited</u> 31.10.2019	Plant and machinery RM	Furniture and fittings RM	Computer RM	Factory equipment RM	Office equipment RM	Renovation RM	Tele- communica- tion equipment RM	Total RM
Cost								
Balance at 1.11.2018	1,420,000	2,500	-	-	-	-	-	1,422,500
Additions	6,440	-	42,843	75,888	24,809	-	1,299	151,279
Balance at 31.10.2019	1,426,440	2,500	42,843	75,888	24,809	-	1,299	1,573,779
Accumulated depreciation								
Balance at 1.11.2018	142,000	250	-	-	-	-	-	142,250
Charge for the financial year	142,644	250	4,284	7,589	2,481	-	130	157,378
Balance at 31.10.2019	284,644	500	4,284	7,589	2,481	-	130	299,628
Net carrying amount	1,141,796	2,000	38,559	68,299	22,328	-	1,169	1,274,151

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ACCOUNTANTS' REPORT**6. Right-of-use assets**

Audited 30.6.2022	Plant and machinery RM	Motor vehicles RM	Total RM
Cost			
Balance at 1.11.2021	1,005,000	780,628	1,785,628
Additions	-	463,074	463,074
Balance at 30.6.2022	1,005,000	1,243,702	2,248,702
Accumulated depreciation			
Balance at 1.11.2021	142,000	199,201	341,201
Charge for the financial period	67,000	83,852	150,852
Balance at 30.6.2022	209,000	283,053	492,053
Net carrying amount	796,000	960,649	1,756,649
Audited 31.10.2021			
Cost			
Balance at 1.11.2020	345,000	587,533	932,533
Additions	660,000	193,095	853,095
Balance at 31.10.2021	1,005,000	780,628	1,785,628
Accumulated depreciation			
Balance at 1.11.2020	69,000	88,130	157,130
Charge for the financial year	73,000	111,071	184,071
Balance at 31.10.2021	142,000	199,201	341,201
Net carrying amount	863,000	581,427	1,444,427
Audited 31.10.2020			
Cost			
Balance at 1.11.2019	345,000	-	345,000
Additions	-	587,533	587,533
Balance at 31.10.2020	345,000	587,533	932,533
Accumulated depreciation			
Balance at 1.11.2019	34,500	-	34,500
Charge for the financial year	34,500	88,130	122,630
Balance at 31.10.2020	69,000	88,130	157,130
Net carrying amount	276,000	499,403	775,403

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ACCOUNTANTS' REPORT**6. Right-of-use assets (Cont'd.)**

<u>Audited</u> 31.10.2019	Plant and machinery RM	Motor vehicles RM	Total RM
Cost			
Balance at 1.11.2018	-	-	-
Additions	345,000	-	345,000
Balance at 31.10.2019	<u>345,000</u>	<u>-</u>	<u>345,000</u>
Accumulated depreciation			
Balance at 1.11.2018	-	-	-
Charge for the financial year	34,500	-	34,500
Balance at 31.10.2019	<u>34,500</u>	<u>-</u>	<u>34,500</u>
Net carrying amount	<u>310,500</u>	<u>-</u>	<u>310,500</u>

7. Deferred tax assets/(liabilities)

	← Audited → 30.6.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Deferred tax assets/(liabilities)	<u>(22,890)</u>	<u>72,356</u>	<u>(99,068)</u>	<u>(99,068)</u>

The movement on the net deferred tax asset/(liabilities) is as follows : -

	← Audited → 30.6.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
At beginning of the financial period/year	72,356	(99,068)	(99,068)	(81,912)
Charged from/(to) profit or loss (Note 25)	<u>(95,246)</u>	<u>171,424</u>	<u>-</u>	<u>(17,156)</u>
At end of the financial period/year	<u>(22,890)</u>	<u>72,356</u>	<u>(99,068)</u>	<u>(99,068)</u>

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ACCOUNTANTS' REPORT**7. Deferred tax assets/(liabilities) (Cont'd.)**

The components and movements of deferred tax asset/(liabilities) during the financial period/year prior to offsetting are as follows :-

Deferred tax assets/(liabilities)	<----- Audited ----->		
	At beginning of the financial period/year RM	Recognised in profit or loss RM	At end of the financial period/year RM
30.6.2022			
Plant and equipment	72,356	(95,246)	(22,890)
31.10.2021			
Plant and equipment	(99,068)	171,424	72,356
31.10.2020			
Plant and equipment	(99,068)	-	(99,068)
31.10.2019			
Plant and equipment	(81,912)	(17,156)	(99,068)

8. Inventories

	<----- Audited ----->			
	30.6.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
At costs :-				
Raw material	1,863,216	374,992	112,060	-
Work-in-progress	3,932,561	5,971,981	586,500	1,469,844
	<u>5,795,777</u>	<u>6,346,973</u>	<u>698,560</u>	<u>1,469,844</u>
Recognised in profit or loss :-				
Inventories recognised as costs of sales	<u>7,222,957</u>	<u>5,377,306</u>	<u>4,366,795</u>	<u>1,234,443</u>

9. Trade receivables

The normal credit term of trade receivables is 90 days (31.10.2021 – 90 days, 31.10.2020 - 90 days, 31.10.2019 - 90 days). Other credit terms are assessed and approved on a case-by-case basis which may be up to 180 days.

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ACCOUNTANTS' REPORT**10. Other receivables, deposits and prepayments**

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Other receivables	380,920	526,382	33,993	21,993
Deposits	1,285,427	1,110,146	17,351	16,451
Prepayments	203,658	169,207	-	-
	<u>1,870,005</u>	<u>1,805,735</u>	<u>51,344</u>	<u>38,444</u>

11. Share capital and invested equity

i) Share capital

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	Unit	Unit	Unit	Unit
Issued and fully paid				
Ordinary shares with no par value :-				
At beginning of the financial period/date of incorporation	9	9	-	-
Share split	216	-	-	-
At end of the financial period/year	<u>225</u>	<u>9</u>	<u>-</u>	<u>-</u>

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Issued and fully paid				
Ordinary shares with no par value :-				
At beginning/date of incorporation/end of the financial period/year	9	9	-	-

On 28 September 2021, the Company was incorporated with an issued and paid-up share capital of RM9, comprising 9 ordinary shares. The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 26 January 2022, the issued and paid-up share capital of the Company was increased from 9 ordinary shares to 225 ordinary shares by way of an issue of 216 new ordinary shares by way of subdivision 1 existing share into 25 subdivided shares.

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ACCOUNTANTS' REPORT**11. Share capital and invested equity (Cont'd.)**

ii) Invested equity

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	Unit	Unit	Unit	Unit
Issued and fully paid				
Ordinary shares with no par value :-				
Balance at beginning of the financial period/year	1,000,000	1,000,000	100,000	1,000
Capitalisation of retained profits	-	-	500,000	-
Issuance of shares	-	-	400,000	99,000
Balance at end of the financial period/year	1,000,000	1,000,000	1,000,000	100,000

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Issued and fully paid				
Ordinary shares with no par value :-				
Balance at beginning of the financial period/year	1,000,000	1,000,000	100,000	1,000
Capitalisation of retained profits	-	-	500,000	-
Issuance of shares	-	-	400,000	99,000
Balance at end of the financial period/year	1,000,000	1,000,000	1,000,000	100,000

For the purpose of preparing the combined financial statements, the share capital throughout the relevant reporting periods is the aggregate of the share capital of combining entities constitution the Group.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. All ordinary shares rank pari passu with regard to the Group's residual assets.

12. Retained profits

The Group may distribute dividends out of its retained profits under the single tier system which are tax exempt in the hands of shareholders.

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**13. Borrowings**

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Non-Current Liabilities				
<u>Secured</u>				
Term loans	1,477,126	1,695,966	1,495,530	-
Current Liabilities				
<u>Secured</u>				
Banker's acceptance	1,725,910	1,555,000	51,000	-
Bank overdraft	691,588	-	-	-
Letter of credit	-	40,000	-	-
Trust receipt	-	20,000	-	-
Term loans	372,978	373,607	254,470	-
	2,790,476	1,988,607	305,470	-
Total borrowings				
<u>Secured</u>				
Banker's acceptance	1,725,910	1,555,000	51,000	-
Bank overdraft	691,588	-	-	-
Letter of credit	-	40,000	-	-
Trust receipt	-	20,000	-	-
Term loans (Note 14)	1,850,104	2,069,573	1,750,000	-
	4,267,602	3,684,573	1,801,000	-

The effective interest rates for the Group is as follows :-

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	%	%	%	%
Banker's acceptance	2.75 – 4.02	2.75	2.75	-
Bank overdraft	7.20	-	-	-
Letter of credit	-	0.70	-	-
Trust receipt	-	2.75	-	-
Term loans	2.22 – 6.33	0 – 6.57	0 – 6.82	-

The banker's acceptance, bank overdraft, letter of credit and trust receipts are secured by the followings :-

- a) jointly and severally guaranteed by the directors and/or substantial shareholders of the Group; and
- b) guarantee executed by third party, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP).

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ACCOUNTANTS' REPORT**14. Term loans**

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
<u>Secured</u>				
Term loan 1	566,238	632,742	700,000	-
Term loan 2	728,770	863,711	1,000,000	-
Term loan 3	-	29,000	50,000	-
Term loan 4	279,469	244,120	-	-
Term loan 5	275,627	300,000	-	-
	<u>1,850,104</u>	<u>2,069,573</u>	<u>1,750,000</u>	<u>-</u>
Repayable as follows : -				
Non-Current Liabilities				
- Later than one year and not later than two years				
Term loan 1	97,386	93,229	86,483	-
Term loan 2	208,627	204,258	191,775	-
Term loan 3	-	3,800	25,200	-
Term loan 4	42,226	29,305	-	-
Term loan 5	39,022	37,273	-	-
	<u>387,261</u>	<u>367,865</u>	<u>303,458</u>	<u>-</u>
- Later than two years and not later than five years				
Term loan 1	331,923	317,970	297,702	-
Term loan 2	316,099	460,150	617,229	-
Term loan 3	-	-	5,900	-
Term loan 4	134,787	106,220	-	-
Term loan 5	133,525	127,657	-	-
	<u>916,334</u>	<u>1,011,997</u>	<u>920,831</u>	<u>-</u>
- Later than five years				
Term loan 1	45,502	134,048	235,016	-
Term loan 2	-	-	36,225	-
Term loan 3	-	-	-	-
Term loan 4	61,512	81,895	-	-
Term loan 5	66,517	100,161	-	-
	<u>173,531</u>	<u>316,104</u>	<u>271,241</u>	<u>-</u>

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ACCOUNTANTS' REPORT**14. Term loans (Cont'd.)**

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Current Liabilities				
- Not later than one year				
Term loan 1	91,427	87,495	80,799	-
Term loan 2	204,044	199,303	154,771	-
Term loan 3	-	25,200	18,900	-
Term loan 4	40,944	26,700	-	-
Term loan 5	36,563	34,909	-	-
	<u>372,978</u>	<u>373,607</u>	<u>254,470</u>	<u>-</u>
	<u>1,850,104</u>	<u>2,069,573</u>	<u>1,750,000</u>	<u>-</u>

Term loan 1

The term loan 1 is secured by the followings :-

- a) third party legal charge over one unit of 1 1/2 storey semi-detached factory;
- b) jointly and severally guaranteed by the directors and/or substantial shareholders of the Group; and
- c) corporate guaranteed by related company.

Term loan 2

The term loan 2 is secured by the followings :-

- a) jointly and severally guaranteed by the directors and/or substantial shareholders of the Group; and
- b) guarantee executed by a third party, Credit Guarantee Corporation Malaysia Berhad (CGC).

Term loan 3

The term loan 3 is jointly and severally guaranteed by the directors and substantial shareholders of the Group.

Term loan 4

The term loan 4 is jointly and severally guaranteed by the directors and substantial shareholders of the Group.

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ACCOUNTANTS' REPORT**14. Term loans (Cont'd.)****Term loan 5**

The term loan 5 is secured by the followings :-

- a) jointly and severally guaranteed by the directors and/or substantial shareholders of the Group;
- b) guarantee executed by a third party, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPPB); and
- c) corporate guaranteed by related company.

15. Lease liabilities

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Minimum lease payments :-				
- Not later than one year	475,821	408,156	184,572	89,124
- Later than one year not later than two years	386,700	378,445	184,572	89,124
- Later than two years and not later than five years	594,659	568,335	334,511	148,537
- Later than five years	139,779	40,469	94,482	-
	<u>1,596,959</u>	<u>1,395,405</u>	<u>798,137</u>	<u>326,785</u>
Less: Future interest charge	(137,560)	(118,514)	(76,067)	(34,275)
Present value of lease liabilities	<u>1,459,399</u>	<u>1,276,891</u>	<u>722,070</u>	<u>292,510</u>
Repayable as follows :-				
Non-Current Liabilities				
- Later than one year not later than two years	349,679	343,265	164,342	78,185
- Later than two years and not later than five years	555,721	540,202	309,984	141,313
- Later than five years	134,921	39,908	91,602	-
	<u>1,040,321</u>	<u>923,375</u>	<u>565,928</u>	<u>219,498</u>
Current Liabilities				
- Not later than one year	419,078	353,516	156,142	73,012
	<u>1,459,399</u>	<u>1,276,891</u>	<u>722,070</u>	<u>292,510</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**15. Lease liabilities (Cont'd.)**

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	%	%	%	%
Effective interest rate	1.98 – 12.80	2.23 – 12.80	2.23 – 12.80	12.80

Included in the Group's lease liabilities were leases of machinery and motor vehicles.

16. Trade payables

The normal credit terms of trade payables range from 30 to 90 days (31.10.2021 – 30 to 90 days, 31.10.2020 – 30 to 90 days, 31.10.2019 – 30 to 90 days). However, the term may vary upon negotiation with the trade payables.

17. Other payables and accruals

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Other payables	807,007	80,611	2,643,970	2,099,045
Accruals	699,039	413,205	299,948	258,427
Deferred sales	-	-	290,000	2,330,663
	<u>1,506,046</u>	<u>493,816</u>	<u>3,233,918</u>	<u>4,688,135</u>

Included in other payables of Group is the amount due to related parties which all the directors of the Group have interest amounted to RM179,798 (31.10.2021 – RM NIL, 31.10.2020 – RM1,745,864, 31.10.2019 – RM1,201,241) which is unsecured, interest free and repayable on demand by cash and cash equivalents.

18. Amount due to directors

Amount due to directors is unsecured, interest free and repayable on demand by cash and cash equivalents.

19. Revenue

	Audited	Unaudited	<----- Audited ----->		
	1.11.2021	1.11.2020	1.11.2020	1.11.2019	1.11.2018
	to	to	to	to	to
	30.6.2022	30.6.2021	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM	RM
Sales of goods	<u>17,816,536</u>	<u>2,673,736</u>	<u>20,511,107</u>	<u>15,367,241</u>	<u>7,670,888</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**19. Revenue (Cont'd.)**

Disaggregation of revenue

	Audited 1.11.2021 to 30.6.2022 RM	Unaudited 1.11.2020 to 30.6.2021 RM	<----- Audited -----> 1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	> 1.11.2018 to 31.10.2019 RM
Primary geographical markets					
Malaysia	6,092,235	2,544,776	9,719,231	11,673,941	4,502,175
Europe	2,872,832	-	4,962,957	-	-
Rest of Asia	1,238,458	6,948	5,706,907	796,520	180,742
North America	7,613,011	122,012	122,012	2,896,780	2,987,971
	<u>17,816,536</u>	<u>2,673,736</u>	<u>20,511,107</u>	<u>15,367,241</u>	<u>7,670,888</u>

The timing of revenue recognition is at point in time.

20. Other income

	Audited 1.11.2021 to 30.6.2022 RM	Unaudited 1.11.2020 to 30.6.2021 RM	<----- Audited -----> 1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	> 1.11.2018 to 31.10.2019 RM
Gain on disposal of plant and equipment	-	78,700	78,700	-	-
Interest income	1,557	2,072	3,365	8,493	13,151
Unrealised gain on foreign exchange	440,666	70,615	10,788	34,617	11,024
Wages subsidy	-	10,800	10,800	86,400	-
	<u>442,223</u>	<u>162,187</u>	<u>103,653</u>	<u>129,510</u>	<u>24,175</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**21. Finance costs**

	Audited 1.11.2021 to 30.6.2022 RM	Unaudited 1.11.2020 to 30.6.2021 RM	<----- Audited -----> 1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	> 1.11.2018 to 31.10.2019 RM
Banker's acceptance	32,147	26,027	40,204	453	-
Bank overdraft	9,086	-	-	-	-
Lease liabilities	38,612	-	58,044	31,547	6,179
Letter of credit	-	139	278	-	-
Term loans	38,301	63,472	97,504	-	-
Trust receipt	135	45	45	-	-
	118,281	89,683	196,075	32,000	6,179

22. Profit before taxation

	Audited 1.11.2021 to 30.6.2022 RM	Unaudited 1.11.2020 to 30.6.2021 RM	<----- Audited -----> 1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	> 1.11.2018 to 31.10.2019 RM
This is arrived at after charging :-					
Auditors' remuneration					
- statutory	11,500	-	21,500	20,000	6,500
- others	98,000	-	-	28,000	-
Bad debt written off	-	-	-	57,037	-
Depreciation of plant and equipment	103,567	51,108	167,039	167,491	157,378
Depreciation of right-of-use assets	150,852	45,274	184,071	122,630	34,500
Directors' remuneration (Note 23)	675,945	448,681	741,211	696,411	683,127
Employee benefits expense (Note 24)	3,588,311	1,025,355	3,690,452	2,759,538	2,869,546
Realised loss on foreign exchange	42,610	7,581	22,488	66,437	38,132
Expenses relating to short-term lease*	249,900	216,100	360,000	370,000	385,000
Finance costs (Note 21)	118,281	89,683	196,075	32,000	6,179

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**22. Profit before taxation (Cont'd.)**

	Audited	Unaudited	<----- Audited ----->		
	1.11.2021	1.11.2020	1.11.2020	1.11.2019	1.11.2018
	to	to	to	to	to
	30.6.2022	30.6.2021	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM	RM
and crediting :-					
Gain on disposal of plant and equipment	-	(78,700)	(78,700)	-	-
Unrealised gain on foreign exchange	(440,666)	(70,615)	(10,788)	(34,617)	(11,024)
Interest income	(1,557)	(2,072)	(3,365)	(8,493)	(13,151)
Wages subsidy	-	(10,800)	(10,800)	(86,400)	-

*The Group leases building with contract term of 1 year.

23. Directors' remuneration

	Audited	Unaudited	<----- Audited ----->		
	1.11.2021	1.11.2020	1.11.2020	1.11.2019	1.11.2018
	to	to	to	to	to
	30.6.2022	30.6.2021	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM	RM
Directors' remuneration	602,450	404,800	665,300	625,300	613,000
Employee Provident Fund	72,264	42,804	74,064	69,264	68,280
Employment Insurance System	126	110	190	190	190
Social Security Cost	1,105	967	1,657	1,657	1,657
	<u>675,945</u>	<u>448,681</u>	<u>741,211</u>	<u>696,411</u>	<u>683,127</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**24. Employee benefits expense**

	Audited	Unaudited	<----- Audited ----->		
	1.11.2021	1.11.2020	1.11.2020	1.11.2019	1.11.2018
	to	to	to	to	to
	30.6.2022	30.6.2021	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM	RM
Salaries, wages and bonus	2,803,439	829,849	2,762,625	2,014,426	2,020,531
Employees Provident Fund	453,869	173,213	328,968	247,307	243,388
Employment Insurance System	26,714	1,848	3,443	2,710	2,788
Social Security Cost	3,055	16,145	30,085	23,702	24,376
Other staff related expenses	301,234	4,300	565,331	471,393	578,463
	<u>3,588,311</u>	<u>1,025,355</u>	<u>3,690,452</u>	<u>2,759,538</u>	<u>2,869,546</u>

25. Taxation

	Audited	Unaudited	<----- Audited ----->		
	1.11.2021	1.11.2020	1.11.2020	1.11.2019	1.11.2018
	to	to	to	to	to
	30.6.2022	30.6.2021	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM	RM
Income tax					
- current financial period/year	-	-	-	-	(2,236)
- (Under)/Over provision in prior financial period/year	(572)	-	(1,444)	-	321,890
	<u>(572)</u>	<u>-</u>	<u>(1,444)</u>	<u>-</u>	<u>319,654</u>
Deferred tax (Note 7)					
- relating to origination and reversal of temporary differences	(95,246)	-	171,424	-	(17,156)
	<u>(95,818)</u>	<u>-</u>	<u>169,980</u>	<u>-</u>	<u>302,498</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**25. Taxation (Cont'd.)**

Income tax is calculated at the Malaysian statutory tax rates of 24% (31.10.2021 – 24%, 31.10.2020 – 24%, 31.10.2019 – 24%) of the estimated assessable profit for the financial period/year.

The Group has been granted pioneer status by the Ministry of International Trade and Industry of Malaysia under the Promotion of Investment Act, 1986. The Group enjoyed full exemption from income tax on its statutory income from its pioneer activities for 5 years, from 27 November 2017 to 26 November 2022.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows :-

	Audited 1.11.2021 to 30.6.2022 %	Unaudited 1.11.2020 to 30.6.2021 %	<----- 1.11.2020 to 31.10.2021 %	Audited -----> 1.11.2019 to 31.10.2020 %	1.11.2018 to 31.10.2019 %
Applicable tax rate	24	24	24	24	24
Non-allowable expenses	*	*	1	*	5
Non-taxable income	(22)	(24)	(25)	(24)	(26)
Deferred tax assets not recognised in the financial period/year	-	-	*	*	(3)
Overprovision of tax expense in prior financial period/year	*	-	(2)	*	(28)
Tax effect on differential tax rate	*	*	*	*	*
	2	-	(2)	-	(28)

* Less than 1%

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**26. Earnings per share****Basic :**

Basic earnings per share is calculated by dividing the profit for the financial period/year attributable to equity holders of the Group by the weighted-average number of ordinary shares in issue during the financial period/year.

	Audited 1.11.2021 to 30.6.2022	Unaudited 1.11.2020 to 30.6.2021	<————— 1.11.2020 to 31.10.2021	Audited 1.11.2019 to 31.10.2020	—————> 1.11.2018 to 31.10.2019
Profit for the financial period/year attributable to ordinary equity holders of the Company (RM)	<u>4,579,356</u>	<u>136,996</u>	<u>8,176,623</u>	<u>5,566,605</u>	<u>1,369,414</u>
Weighted average number of ordinary shares in issue (Unit)	<u>1,000,148</u>	<u>1,000,000</u>	<u>1,000,009</u>	<u>1,000,000</u>	<u>100,000</u>
Basic earnings per share (sen)	<u>457.87</u>	<u>13.70</u>	<u>817.65</u>	<u>556.66</u>	<u>1,369.41</u>

Diluted :

The basic and diluted earnings per share are equal as the Group has no dilutive potential ordinary shares.

27. Additions on right-of-use assets

During the financial period/year, the Group made the following cash payments to the additions on right-of-use assets.

	<————— 30.6.2022 RM	Audited 31.10.2021 RM	—————> 31.10.2020 RM	31.10.2020 RM
Additions of right-of-use assets (Note 6)	<u>463,074</u>	<u>853,095</u>	<u>587,533</u>	<u>345,000</u>
Finance by lease arrangements	<u>(416,000)</u>	<u>(710,964)</u>	<u>(511,800)</u>	<u>(316,040)</u>
Cash payments	<u>47,074</u>	<u>142,131</u>	<u>75,733</u>	<u>28,960</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**28. Changes in liabilities arising from financing activities**

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes as follows : -

	At beginning of the financial period/year RM	Net changes from financing cash flows RM	Acquisition of new lease RM	At end of the financial period/year RM
Audited				
30.6.2022				
Banker's acceptance	1,555,000	170,910	-	1,725,910
Lease liabilities	1,276,891	(233,492)	416,000	1,459,399
Letter of credit	40,000	(40,000)	-	-
Term loans	2,069,573	(219,469)	-	1,850,104
Trust receipt	20,000	(20,000)	-	-
	<u>4,961,464</u>	<u>(342,051)</u>	<u>416,000</u>	<u>5,035,413</u>
Unaudited				
30.6.2021				
Banker's acceptance	51,000	1,655,000	-	1,706,000
Lease liabilities	722,070	(199,170)	832,000	1,354,900
Letter of credit	-	20,000	-	20,000
Term loans	1,750,000	108,796	-	1,858,796
	<u>2,523,070</u>	<u>1,584,626</u>	<u>832,000</u>	<u>4,939,696</u>
Audited				
31.10.2021				
Banker's acceptance	51,000	1,504,000	-	1,555,000
Lease liabilities	722,070	(156,143)	710,964	1,276,891
Letter of credit	-	40,000	-	40,000
Term loans	1,750,000	319,573	-	2,069,573
Trust receipt	-	20,000	-	20,000
	<u>2,523,070</u>	<u>1,727,430</u>	<u>710,964</u>	<u>4,961,464</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**28. Changes in liabilities arising from financing activities (Cont'd.)**

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes as follows : -

	At beginning of the financial period/year RM	Net changes from financing cash flows RM	Acquisition of new lease RM	At end of the financial period/year RM
<u>Audited</u>				
31.10.2020				
Banker's acceptance	-	51,000	-	51,000
Lease liabilities	292,510	(82,240)	511,800	722,070
Term loans	-	1,750,000	-	1,750,000
	<u>292,510</u>	<u>1,718,760</u>	<u>511,800</u>	<u>2,523,070</u>
<u>Audited</u>				
31.10.2019				
Lease liabilities	-	(23,530)	316,040	292,510

29. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts : -

	Audited 30.6.2022 RM	Unaudited 30.6.2021 RM	<----- Audited -----> 31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Cash and bank balances	8,690,762	2,418,853	4,995,569	4,229,471	2,908,091
Bank overdraft	(691,588)	-	-	-	-
	<u>7,999,174</u>	<u>2,418,853</u>	<u>4,995,569</u>	<u>4,229,471</u>	<u>2,908,091</u>

30. Segmental information**Business segments**

The management determines the business segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment of manufacturing which relates principally to an automated manufacturing solutions provider which is involved in the provision of integrated production systems and standalone automated equipment. No business segmental information is presented.

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**30. Segmental information (Cont'd.)****Geographical segments**

Revenue information based on the geographical location of the customers are disclosed in Note 18 to the combined financial statements.

Location of assets

The Group's non-current assets are maintained entirely in Malaysia.

Information of major customers

The following are major customers from the Group's manufacturing segment which individually contributed to more than 10% of the Group's total revenue : -

	Audited 30.6.2022 RM	Unaudited 30.6.2021 RM	<----- Audited ----->		
			31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Customer A	1,782,125	-	4,893,669	-	*
Customer B	1,932,410	544,290	*	*	1,368,685
Customer C	7,550,256	-	-	-	-
Customer D	3,331,742	*	*	-	-
Customer E	*	-	3,700,405	-	-
Customer F	-	-	3,329,000	-	-
Customer G	*	1,312,100	2,662,100	*	3,133,490
Customer H	*	*	*	5,740,587	-
Customer I	*	*	*	2,563,704	2,805,900
Customer J	*	*	*	2,009,012	-
	14,596,533	1,856,390	14,585,174	10,313,303	7,308,075

*Less than 10% of the Group's total revenue

31. Financial instruments**a) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows : -

- (i) Financial assets measured at amortised cost ("FAAC").
- (ii) Financial liabilities measured at amortised cost ("FLAC").

Audited	Carrying amount RM	FAAC RM	FLAC RM
30.6.2022			
Financial assets			
Trade receivables	13,368,154	13,368,154	-
Other receivables and deposits	1,515,988	1,515,988	-
Cash and bank balances	8,690,762	8,690,762	-
	23,574,904	23,574,904	-

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**31. Financial instruments (Cont'd.)**

a) Categories of financial instruments (Cont'd.)

The table below provides an analysis of financial instruments categorised as follows :- (Cont'd.)

	Carrying amount RM	FAAC RM	FLAC RM
Audited			
30.6.2022			
Financial liabilities			
Trade payables	(3,600,269)	-	(3,600,269)
Other payables and accruals	(1,355,687)	-	(1,355,687)
Borrowings	(4,267,602)	-	(4,267,602)
Lease liabilities	(1,459,399)	-	(1,459,399)
	<u>(10,682,957)</u>	<u>-</u>	<u>(10,682,957)</u>
Audited			
31.10.2021			
Financial assets			
Trade receivables	10,543,946	10,543,946	-
Other receivables and deposits	1,636,528	1,636,528	-
Cash and bank balances	4,995,560	4,995,560	-
	<u>17,176,034</u>	<u>17,176,034</u>	<u>-</u>
Financial liabilities			
Trade payables	(3,756,860)	-	(3,756,860)
Other payables and accruals	(493,816)	-	(493,816)
Borrowings	(3,684,573)	-	(3,684,573)
Lease liabilities	(1,276,891)	-	(1,276,891)
	<u>(9,212,140)</u>	<u>-</u>	<u>(9,212,140)</u>
Audited			
31.10.2020			
Financial assets			
Trade receivables	10,491,669	10,491,669	-
Other receivables and deposits	51,344	51,344	-
Cash and bank balances	4,229,471	4,229,471	-
	<u>14,772,484</u>	<u>14,772,484</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**31. Financial instruments (Cont'd.)**

a) Categories of financial instruments (Cont'd.)

The table below provides an analysis of financial instruments categorised as follows :- (Cont'd.)

	Carrying amount RM	FAAC RM	FLAC RM
<u>Audited</u>			
31.10.2020			
Financial liabilities			
Trade payables	(2,737,219)	-	(2,737,219)
Other payables and accruals	(3,233,918)	-	(3,233,918)
Borrowings	(1,801,000)	-	(1,801,000)
Lease liabilities	(722,070)	-	(722,070)
	<u>(8,494,207)</u>	<u>-</u>	<u>(8,494,207)</u>
<u>Audited</u>			
31.10.2019			
Financial assets			
Trade receivables	3,666,459	3,666,459	-
Other receivables and deposits	38,444	38,444	-
Cash and bank balances	2,908,091	2,908,091	-
	<u>6,612,994</u>	<u>6,612,994</u>	<u>-</u>
Financial liabilities			
Trade payables	(1,350,082)	-	(1,350,082)
Other payables and accruals	(4,688,135)	-	(4,688,135)
Amount due to directors	(338,399)	-	(338,399)
Lease liabilities	(292,510)	-	(292,510)
	<u>(6,669,126)</u>	<u>-</u>	<u>(6,669,126)</u>

b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments :-

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

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ACCOUNTANTS' REPORT**31. Financial instruments (Cont'd.)****b) Financial risk management (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 principally from its receivables from customers.

Trade receivables*Risk management objectives, policies and processes for managing the risk*

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks is minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) 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 amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

Concentration of credit risk

The following shows the total amount due from the top five receivables as at the reporting date, which represents approximately 95% (31.10.2021 – 84%, 31.10.2020 – 97%, 31.10.2019 – 98%) of the total trade receivables.

	← Audited →			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Trade receivables	<u>12,719,206</u>	<u>8,852,177</u>	<u>10,220,031</u>	<u>3,609,421</u>

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**31. Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Trade receivables (Cont'd.)*Recognition and measurement of impairment losses*

The Group uses an allowance matrix to measure the expected credit losses ("ECL") of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the financial period/year which are grouped together as they are expected to have similar risk nature :-

	← Audited →		
	Gross RM	Less: Allowance RM	Net RM
30.6.2022			
Not pass due	13,276,895	-	13,276,895
Past due 1 – 30 days	90,179	-	90,179
Past due 31 – 60 days	1,080	-	1,080
Past due 61 – 90 days	-	-	-
Past due over 90 days	-	-	-
	13,368,154	-	13,368,154
31.10.2021			
Not pass due	10,095,862	-	10,095,862
Past due 1 – 30 days	104,393	-	104,393
Past due 31 – 60 days	3,600	-	3,600
Past due 61 – 90 days	54,771	-	54,771
Past due over 90 days	285,320	-	285,320
	10,543,946	-	10,543,946

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**31. Financial instruments (Cont'd.)****b) Financial risk management (Cont'd.)****i) Credit risk (Cont'd.)**Trade receivables (Cont'd.)*Recognition and measurement of impairment losses* (Cont'd.)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at financial period/year which are grouped together as they are expected to have similar risk nature : - (Cont'd.)

	←———— Audited —————→		
	Gross RM	Less: Allowance RM	Net RM
30.6.2020			
Not pass due	10,277,895	-	10,277,895
Past due 1 – 30 days	23,760	-	23,760
Past due 31 – 60 days	156,764	-	156,764
Past due 61 – 90 days	-	-	-
Past due over 90 days	33,250	-	33,250
	10,491,669	-	10,491,669
31.10.2021			
Not pass due	3,657,459	-	3,657,459
Past due 1 – 30 days	9,000	-	9,000
	3,666,459	-	3,666,459

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Trade receivables that are past due but not impaired are due to the management is of the view that these debts will be collected in due course.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

13. ACCOUNTANTS' REPORT (CONT'D)

ECA Integrated Solution Berhad

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT

31. Financial instruments (Cont'd.)

b) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognised any allowance for impairment losses.

ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group will not be able to meet their financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payable and borrowings.

The Group 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 their 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.

13. ACCOUNTANTS' REPORT (CONT'D)

ECA Integrated Solution Berhad

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT

31. Financial instruments (Cont'd.)

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis

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

	←————— Audited —————→						
	Carrying amount RM	Effective interest rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
30.6.2022							
<i>Non-derivative financial liabilities</i>							
Trade payables	3,600,269	-	3,600,269	3,600,269	-	-	-
Other payables and accruals	1,355,687	-	1,355,687	1,355,687	-	-	-
Borrowings	4,267,602	2.22 – 7.20	4,509,201	2,863,475	445,977	1,010,779	188,970
Lease liabilities	1,459,399	1.98 – 12.80	1,596,959	475,821	386,700	594,659	139,779
	10,682,957		11,062,116	8,295,252	832,677	1,605,438	328,749

13. ACCOUNTANTS' REPORT (CONT'D)

ECA Integrated Solution Berhad

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT

31. Financial instruments (Cont'd.)

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : - (Cont'd.)

	←————— Audited —————→						
	Carrying amount RM	Effective interest rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
31.10.2021							
<i>Non-derivative financial liabilities</i>							
Trade payables	3,756,860	-	3,756,860	3,756,860	-	-	-
Other payables and accruals	493,816	-	493,816	493,816	-	-	-
Borrowings	3,684,573	0 – 6.57	4,032,722	2,086,177	449,777	1,156,014	340,754
Lease liabilities	1,276,891	2.23 – 12.80	1,395,405	408,156	378,445	568,335	40,469
	<u>9,212,140</u>		<u>9,678,803</u>	<u>6,745,009</u>	<u>828,222</u>	<u>1,724,349</u>	<u>381,223</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ECA Integrated Solution Berhad

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT

31. Financial instruments (Cont'd.)

- c) Financial risk management (Cont'd.)
 - iii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : - (Cont'd.)

	← Audited →						
	Carrying amount RM	Effective interest rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
31.10.2020							
<i>Non-derivative financial liabilities</i>							
Trade payables	2,737,219	-	2,737,219	2,737,219	-	-	-
Other payables and accruals	3,233,918	-	3,233,918	3,233,918	-	-	-
Borrowings	1,801,000	0 – 6.82	2,023,757	326,854	369,537	1,038,911	288,455
Lease liabilities	722,070	2.23 – 12.80	798,137	184,572	184,572	334,511	94,482
	<u>8,494,207</u>		<u>8,793,031</u>	<u>6,482,563</u>	<u>554,109</u>	<u>1,373,422</u>	<u>382,937</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ECA Integrated Solution Berhad

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT

31. Financial instruments (Cont'd.)

b) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments : - (Cont'd.)

	←———— Audited —————→					
	Carrying amount RM	Effective interest rate %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM
31.10.2019						
<i>Non-derivative financial liabilities</i>						
Trade payables	1,350,082	-	1,350,082	1,350,082	-	-
Other payables and accruals	4,688,135	-	4,688,135	4,688,135	-	-
Amount due to directors	338,399	-	338,399	338,399	-	-
Lease liabilities	292,510	12.80	326,785	89,124	89,124	148,537
	6,669,126		6,703,401	6,465,740	89,124	148,537

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**31. Financial instruments (Cont'd.)****b) Financial risk management (Cont'd.)****iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily Euro ("EUR"), Renminbi ("RMB") Singapore Dollar ("SGD") and US Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The exposure to currency risk is monitored by the management and it is not expected to have a material impact on the financial performance of the Group.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period was :-

	EUR RM	Denominated in RMB RM	SGD RM	USD RM
Balance recognised in the statement of financial position :-				

Audited**30.6.2022**

Trade receivables	482,581	-	364,828	10,397,514
Cash and bank balances	156,880	559,022	159,049	464,166
Trade payables	-	-	(177,289)	(461,011)
	639,461	559,022	346,588	10,400,669

Audited**31.10.2021**

Trade receivables	2,607,496	-	1,098,479	3,908,158
Cash and bank balances	-	-	185,210	444,066
Trade payables	-	-	(215,901)	(361,487)
	2,607,496	-	1,067,788	3,990,737

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**31. Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Currency risk (Cont'd.)*Exposure to foreign currency risk (Cont'd.)*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period was : - (Cont'd.)

	EUR RM	Denominated in RMB RM	SGD RM	USD RM
Balance recognised in the statement of financial position : -				
<u>Audited</u>				
31.10.2020				
Trade receivables	-	-	-	304,916
Cash and bank balances	-	-	222,137	813,723
Trade payables	-	-	-	(768,607)
	-	-	222,137	350,032
<u>Audited</u>				
31.10.2019				
Trade receivables	-	-	694,782	2,187,960
Cash and bank balances	-	-	213,167	853,849
Trade payables	-	-	-	(713,276)
	-	-	907,949	2,328,533

A 5% (31.10.2021 – 5%, 31.10.2020 – 5%, 31.10.2019 – 5%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased equity and post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

	← Audited →			
	30.6.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Changes in equity	(453,938)	(291,309)	(21,742)	(122,986)
Changes in post-tax profit	(453,938)	(291,309)	(21,742)	(122,986)

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**31. Financial instruments (Cont'd.)**

b) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest rate risk (Cont'd.)*Cash flow sensitivity analysis for variable rate instruments*

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM605 (31.10.2021 – RM1,490, 31.10.2020 – RM243, 31.10.2019 – RM47) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

iv) Operational risk

The operational risk arises from the daily activities of the Group which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

c) Fair value information

The carrying amounts of the Group's financial assets and financial liabilities as at the end of the reporting period approximately their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current portion of the lease liabilities are reasonable approximation of fair value due to the insignificant impact of discounting.

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**32. Capital management**

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may take adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions dividend by total equity.

	<----- Audited ----->			
	30.6.2022	31.10.2021	31.10.2020	31.10.2019
	RM	RM	RM	RM
Total borrowings	<u>5,727,001</u>	<u>4,961,464</u>	<u>2,523,070</u>	<u>292,510</u>
Total equity	<u>21,619,204</u>	<u>17,039,848</u>	<u>8,863,216</u>	<u>2,896,611</u>
Debt-to-equity ratio	<u>0.26</u>	<u>0.29</u>	<u>0.28</u>	<u>0.10</u>

33. Related partiesIdentity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of the senior management of the Group.

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group are show below. The related party balances are shown in Note 17 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**ECA Integrated Solution Berhad**

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT**33. Related parties (Cont'd.)**Significant related party transactions (Cont'd.)

i) Transactions with a company in which the directors of the Company have interest :-

	Audited 1.11.2021 to 30.6.2022 RM	Unaudited 1.11.2020 to 30.6.2021 RM	<----- Audited -----> 1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Related party					
- rental of factory	249,000	210,000	360,000	370,000	385,000
- revenue	-	-	3,329,000	-	-
- purchase of material	-	765,644	765,644	-	52,500

ii) Transactions with a company in which a director of the Company has interest :-

	Audited 1.11.2021 to 30.6.2022 RM	Unaudited 1.11.2020 to 30.6.2021 RM	<----- Audited -----> 1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Related party					
- purchase of material	-	469,319	608,379	377,856	203,026

Compensation of key management personnel

The remuneration paid by the Group to key management personnel during the financial period/year are disclosed in Note 23 in the financial statements.

34. Capital commitment

	30.6.2022 RM	31.10.2021 RM	<----- Audited -----> 31.10.2020 RM	31.10.2019 RM
Authorised and contracted for :-				
- Plant and machinery	<u>2,150,000</u>	<u>2,245,568</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)

ECA Integrated Solution Berhad

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT

35. Significant events

- i) The COVID-19 pandemic has significantly disrupted many business operations around the world. The Group has performed an assessment of the overall impact of the situation on the Group's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there are no material adverse effects on the financial statements for the financial period ended 30 June 2022.

The scale and duration of the economic uncertainty and its related impact on the outlook and prospects of the Group could not be reasonably estimated at this juncture. The Group is closely monitoring the evolving situation of the COVID-19 pandemic and the effects, if any will be reflected in the next annual financial statements.

- ii) On 26 January 2022, the Company completed its sub-division of every one (1) existing issued and fully paid ordinary shares into twenty-five (25) shares ("Share Split").
- iii) On 22 February 2022, the Company entered into a conditional Share Sale Agreement to acquire the entire equity interests in ECA Advanced Solutions Sdn. Bhd. comprising 1,000,000 ordinary shares for a purchase consideration of RM17,100,000 to be fully satisfied by the issuance of 427,500,000 new shares in the Company at an issue price of approximately RM0.04 per share.

The purchase consideration of ECA Advanced Solutions Sdn Bhd of RM17,100,000 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited net assets position of ECA Advanced Solutions Sdn Bhd as at 31 October 2021.

The Acquisition of ECA Advanced Solutions Sdn Bhd was completed on 21 September 2022.

- iv) On 1 March 2022, the Company was converted into a public company limited by shares in accordance with the Companies Act, 2016 and assumed its present name of ECA Integrated Solution Berhad.

13. ACCOUNTANTS' REPORT (CONT'D)

ECA Integrated Solution Berhad

(Incorporated in Malaysia, Registration No. 202101031471 (1431771-P))

ACCOUNTANTS' REPORT
STATEMENT BY DIRECTORS

I, Ooi Chin Siew, being one of the directors of ECA Integrated Solution Berhad, state in the opinion of the directors, the combined financial statements set out on pages 4 to 70 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 October 2019, 31 October 2020, 31 October 2021 and 30 June 2022 and of the financial performance and cash flows for the relevant reporting years/period ended on those dates.

Signed in accordance with a resolution of the directors dated **28 SEP 2022**



Ooi Chin Siew

14. ADDITIONAL INFORMATION

14.1 Share capital

- i. As at the date of this Prospectus, we have only 1 class of shares, namely ordinary shares, all of which rank equally with one another.
- ii. Save as disclosed in **Sections 3.1, 6.3 and 6.5(ii)** of this Prospectus, no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, during the Financial Years/ Period Under Review and up to the date of this Prospectus.
- iii. Save for the Issue Shares reserved for our Eligible Persons as disclosed in **Section 4.3.2(ii)** of this Prospectus:-
 - (a) none of our Group's Director or employee has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares, stocks, debentures or other securities of our Group; and
 - (b) there is currently no other scheme involving our Directors or employees in the capital of our Group.
- iv. Neither our Company nor our subsidiary has any capital that is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- v. Neither our Company nor our subsidiary has any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this Prospectus.
- vi. No securities will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of the issue of this Prospectus.

14.2 Limitation of rights

There are no limitations imposed by law or by the constituent documents of our Company on the right to own our securities, including limitations on the right of non-residents or foreign shareholders to hold or exercise voting rights on our securities.

14.3 Extracts of our Constitution

The following provisions are reproduced from our Constitution and are qualified in their entirety by the remainder of the provisions of our Constitution and by applicable law. The words, terms and expressions appearing in the following provision shall bear the same meanings used in our Constitution unless they are otherwise defined here or the context otherwise requires:-

i. Share capital and variation of class rights

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

Clause 9 – Power to issue shares with special rights

Subject to the Act and this Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 10 – Allotment of Shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (b) every issue of shares or options to employees and/ or Directors shall be approved by members in general meeting and in respect of issuance of shares or options to Directors, such approval shall specifically detail the amount of shares or options to be issued to such Directors;
- (c) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive and the Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive has abstained from voting on the relevant resolution;

In this Clause, "Major Shareholder", "Chief Executive" and "Person connected to any Director, Major Shareholder or Chief Executive" shall have the same meaning described thereto in the Listing Requirements.

- (d) subject to the Listing Requirements and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue; and
- (e) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 11 – Issuance of preference capital

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and / or privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

Clause 12 – Repayment of preference capital

Notwithstanding Clause 11, the repayment of preference share capital other than redeemable preference capital or any other alteration of preference shareholder's rights, may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from not less than 75% of the total voting rights of the preference shareholders within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Clause 13 - Modification of class rights

Subject to the provisions of Sections 71 and 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than 75% of the total voting rights of the shareholders of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy holding at least one-third (1/3) of the number of issued shares of the class, excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll. For adjourned meeting, quorum is one person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

Clause 14 – Ranking of class rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 15 – Commission on subscription of Shares

The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company PROVIDED THAT (i) the rate in percentage or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, that such commission shall not exceed the rate of ten per cent (10%) of the price at which such shares are issued, or an amount equivalent to such percentage of that price, whichever is the lesser, and (ii) the requirements of Section 80 of the Act shall be observed. Such commission may be satisfied by the payment of cash or allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

Clause 16 – Interest on share capital during construction

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

Clause 17 – Trusts not to be recognised

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

Clause 18 – Issue of Securities

The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such Securities save and except where they are specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event they shall so similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Bursa Depository of the names of the allottees and all such particulars required by the Bursa Depository, to enable the Bursa Depository to make the appropriate entries in the Securities Accounts of such allottees. The Company must not cause or authorise its Registrar to cause the Securities Accounts of the allottees to be credited with the additional securities until after the Company has filed with the Exchange an application for listing of such additional securities and has been notified by the Exchange that they have been authorised for listing.

Clause 19 – Timing for allotment of securities

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

14. ADDITIONAL INFORMATION (CONT'D)**Clause 20 - Issue of Share certificates**

The certificate of title to share, stock, debentures, debenture stock, notes and other securities of the Company shall be issued under the Seal and bear the signatures or the autographic signatures of one Director and the Secretary or a second Director or such other person as may be authorised by the Board, and shall specify the shares to which it relates, and the amount paid up thereon provided that the Board may by resolution determine that such signatures, or either of them, shall be dispensed with or shall be affixed by such other person as may be authorised by the Board or some method or system of mechanical signature.

Clause 58 – Power to increase capital

The Company may from time to time, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and (subject to any special, limited or conditional voting rights for the time being attached to any existing class of shares) to carry such preferential rights or to be subjected to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may, by the resolution authorising such increase, direct.

Clause 59 – Issue of new securities to members

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

Clause 60 – New Shares to rank with original Shares

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

Clause 61 - Power to alter capital

The Company may by ordinary resolution:-

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe; or
- (b) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or

14. ADDITIONAL INFORMATION (CONT'D)

- (c) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or
- (d) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or
- (e) cancel any shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 62 – Share buy back

Subject to and in accordance with the provisions of the Act and the requirements of the Exchange and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to purchase its own shares. Any shares in the Company so purchased by the Company shall be dealt with as provided by the Act, the Listing Requirements of the Exchange and any other relevant authority.

Clause 63 – Power to reduce capital

The Company may reduce its share capital by:-

- (a) a special resolution and confirmation by the Court in accordance with Section 116 of the Act; or
- (b) a special resolution supported by a solvency statement in accordance with Section 117 of the Act.

Clause 80 – Votes of members

Subject to any rights or restrictions for the time being attached to any class of shares at meetings of members or classes of members and Clause 67, Clause 68 and Clause 69 above, each member shall be entitled to be present and to vote at any general meeting in respect of any share or shares of which he is the registered holder and upon which all calls due to the Company have been paid, and may vote in person or by proxy or by attorney or by duly authorised representative for a corporation, and on a resolution to be decided on a show of hands, each holder of an ordinary share or, each holder of a preference share who is personally present and entitled to vote, shall be entitled to one (1) vote and on a poll, every such member present in person or by proxy or attorney or representative for a corporation shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands or on a poll, on any question, at any general meeting. In a voting by poll, each proxy shall be entitled to such number of votes equal to the proportion of the member's shareholdings represented by such proxy. A proxy may only vote as directed in the proxy form. However, if the appointor or representative attend and vote on a resolution, the proxy or attorney must not vote.

Clause 133 – Restriction on voting

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he and/ or person connected has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

14. ADDITIONAL INFORMATION (CONT'D)

Clause 162 – Payment of dividends

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purposes of this Constitution as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

ii. Remuneration of Directors

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

Clause 104 – Directors' remuneration

The fees and any benefits payable to the Directors of the Company and its subsidiaries including any compensation for loss of employment of Director or former Director shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

- (a) fee payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by shareholders in a general meeting;
- (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to Executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;
- (c) fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting;
- (d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and/ or benefits payable to Non-Executive Directors who is also Director of the subsidiaries includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiaries, but does not include insurance premium or any issue of securities.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 105 – Reimbursement of expenses

- (1) The Directors shall be paid for all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of Non-Executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

Clause 139 – Remuneration of Director holding executive office

The remuneration of a Director holding an executive office pursuant to this Constitution shall, subject to Clause 104, be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

iii. Voting and borrowing powers of the Directors

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

Clause 108 - Limitation on Directors' powers

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

- (a) exercise any power of the Company to issue shares unless otherwise permitted under the Act;
- (b) arrange or enter or carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or controlling interest in the Company's undertaking or property (includes the whole or substantially the whole of the rights, including developmental rights and benefits);
- (c) subject to Sections 228(2) and 229 of the Act, enter or carry into effect any arrangement or transaction with a Director or a substantial shareholder of the Company or its holding company, or its subsidiary or with a person connected with such a Director or substantial shareholder to acquire from or dispose to such Director or substantial shareholder or person connected with such a Director any shares or non-cash assets of the requisite value as stated in the Act; or
- (d) issue any securities on such terms and subject to such conditions which confer a right to subscribe for new shares of the Company.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 109 - Directors' borrowing power

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 110 - Restriction on borrowing powers

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

Clause 111 - Power to maintain funds

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme, share option/ incentive scheme and trusts or other funds for the benefit of, or pay a gratuity, pension or emolument, and to issue and allot and / or transfer shares or securities to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him under this Clause subject only, where the Act requires, for proper disclosure to the members and the approval of the Company in general meeting.

Clause 118 - Director may hold other office

Subject always to the Act and requirements of the Exchange, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contracts, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature and extent of interest must be declared by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case, at the first meeting of the Directors after the acquisition of the interest.

Clause 129 - Votes by majority and Chairman to have casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. The Chairman of the meeting shall however not have a second or casting vote where two (2) Directors form a quorum and only such a quorum is present at the meeting or only two (2) Directors are competent to vote on the question at issue.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 131 - Disclosure of interest

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director.

Clause 133 - Restriction on voting

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he and/ or person connected has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

Clause 135 - Relaxation of restriction on voting

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

Clause 136 - Directors may become Directors of other corporation

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

14. ADDITIONAL INFORMATION (CONT'D)

iv. Transfer of securities

The provisions in our Constitution dealing with the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:-

Clause 32 - Transferor's right

The instrument of transfer of any securities shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed securities or class of listed securities of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

Clause 33 - Suspension registration

Subject to the Rules and Listing Requirements, the transfer of any securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Clause 34 - Refusal to register transfer

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 35 – Renunciation

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Clause 36 – Indemnity

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of securities apparently made by a member or any person entitled to the securities by reason of death, bankruptcy or insanity of a member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in the blank as to the name of the transferee, of the particulars of the securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

14. ADDITIONAL INFORMATION (CONT'D)

Clause 37 – Reasonable diligence

Where by the exercise of reasonable diligence, the Company is unable to discover the whereabouts of a member for a period of not less than ten (10) years, the Company may cause an advertisement to be published in a newspaper circulating in the place shown in the Register or the Record of Depositors as the address of the member stating that the Company, after expiration of thirty (30) days from the date of the advertisement, intends to transfer the shares to the Minister charged with the responsibility for finance.

Clause 38 – Transfer of shares to Minister charged with responsibility for finance

If after the expiration of thirty (30) days from the date of the advertisement the whereabouts of the member remains unknown, the Company may transfer the shares held by the member to the Minister charged with the responsibility for finance and for that purpose may execute for and on behalf of such member, a transfer of those shares to the Minister charged with the responsibility for finance.

Clause 39 – Recognition of persons on death

In the case of the death of a member, the legal representative(s), the executors or administrators of the deceased shall be the only person(s) recognised by the Company and / or Bursa Depository as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been held by him.

Clause 40 – Share of deceased or bankrupt member

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Rules and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors and/ or Bursa Depository shall in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy PROVIDED ALWAYS that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the shares may be carried out by the person becoming so entitled.

Clause 41 – Notice of election

If any person so becoming entitled to a share in consequence of the death or bankruptcy of a member elects to register himself as the holder of the share, he shall deliver or send to the Company, a notice in writing signed by him and stating that he so elects, provided that where the share is a Deposited Security and the person becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Bursa Depository. If he elects to have another person registered, he shall evidence his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer is a transfer signed by that member.

14. ADDITIONAL INFORMATION (CONT'D)

14.4 Deposited Securities and rights of Depositors

As our Shares are proposed for quotation on the Official List, such Share must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.5 Material litigation

As at the LPD, our Group is not engaged in any material litigation and/ or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

14.6 Material contracts

Save as disclosed below, our Group has not entered into any materials contracts (not being contracts entered into in the ordinary course of business) within the Financial Years/ Period Under Review and up to the date of this Prospectus:-

- i. Tenancy Agreement, in which ECA Solutions (tenant) had on 1 December 2021 entered into a tenancy agreement with ECA Automation (landlord) to set forth the terms and conditions governing the tenancy of a factory premise located at Perindustrian Bukit Minyak measuring 31,055 sq ft in area for a period of 1 year at a monthly rental of RM31,000, subject to an automatic renewal of 1 year, and an option for further renewal of another 1 year;
- ii. Conditional share sale agreement dated 22 February 2022 entailing the acquisition by our Company of the entire issued share capital of ECA Solutions comprising 1,000,000 ordinary shares from the Promoters for a purchase consideration of RM17,100,000 which was fully satisfied by the issuance of 427,500,000 ECA Integrated Shares at an issue price of RM0.04 per Share. The Acquisition of ECA Solutions was completed on 21 September 2022; and
- iii. Underwriting Agreement dated 28 September 2022 between our Company and the Underwriter for the underwriting of 43,280,000 Issue Shares under the Public Issue, for the underwriting commission at the rate set out in **Section 4.10.2** of this Prospectus. Please refer to **Section 4.11** of this Prospectus for further details of the Underwriting Agreement.

14.7 Consents

- i. Our Principal Adviser, Sponsor, Placement Agent and Underwriter, Legal Adviser, Share Registrar, Issuing House and Company Secretary have, before the issuance of this Prospectus, given and have not subsequently withdrawn their written consents to the inclusion of their names in the form and context in which they appear in this Prospectus;

14. ADDITIONAL INFORMATION (CONT'D)

- ii. Our Auditors and Reporting Accountants have, before the issuance of this Prospectus, given and have not subsequently withdrawn their written consents to the inclusion of their name, the Accountants' Report and its letter on the pro forma combined statement of financial position of our Group and all references herein in the form and context in which they are contained in this Prospectus; and
- iii. Our Independent Market Researcher has, before the issuance of this Prospectus, given and has not subsequently withdrawn its written consent to the inclusion of its name, the IMR Report and all references herein in the form and context in which they are contained in this Prospectus.

14.8 Documents available for inspection

Copies of the following documents may be inspected at our registered office during normal business hours for a period of 6 months from the date of this Prospectus:-

- i. our Constitution;
- ii. Reporting Accountants' letter on the pro forma combined statement of financial position of our Group referred to in **Section 12.2** of this Prospectus;
- iii. Accountants' Report referred to in **Section 13** of this Prospectus;
- iv. material contracts referred to in **Section 14.6** of this Prospectus;
- v. letters of consent referred to in **Section 14.7** of this Prospectus;
- vi. IMR Report prepared by PROVIDENCE referred to in **Section 8** of this Prospectus; and
- vii. Director Service Agreements entered into between ECA Solutions and Mr Ooi and Mr Chua referred to in **Section 9.6** of this Prospectus.

14.9 Responsibility statements

- i. Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained herein. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.
- ii. UOBKH, being our Principal Adviser, Sponsor, Placement Agent and Underwriter, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE

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

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

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

15.1 Opening and closing of Applications

Opening of the application period: 10:00 a.m., 4 November 2022.

Closing of the application period: 5:00 p.m., 11 November 2022.

Applications for our IPO Shares will open and close at the times and dates stated above. If there are any changes to this timetable, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia.

Late Applications will not be accepted.

15.2 Methods of Application

15.2.1 Application for our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed. You agree to be bound by our Constitution.

Types of Application and category of investors	Application Method
Applications by Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:- (a) Individuals	- White Application Form; or - Electronic Share Application; or - Internet Share Application
(b) Non-individuals	White Application Form only

15.2.2 Placement portion

Applications for the IPO Shares may be made using any of the following:-

Types of Application and category of investors	Application Method
Applications by:- (a) institutional and/ or selected identified investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.3 Eligibility**15.3.1 General**

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

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

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

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

15.3.2 Application by the Malaysian Public

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

- (i) You must be one of the following:-
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (b) a corporation/ institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/ trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit an Application by using only one of the following methods:-
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.3.3 Application by Eligible Persons

Our Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, the Issuing House, UOBKH, Participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 Procedures for Application by way of Application Forms

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

The FULL amount payable is RM0.17 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO. 621**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

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

- (i) despatched by **ORDINARY POST** in the official envelopes provided to the following address:-

Malaysian Issuing House Sdn Bhd
(Registration No.: 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than **5.00 p.m.** on **11 November 2022** or by such other time and date specified in any change to the date or time for closing. We will not accept late Applications.

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

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.5 Application by way of Electronic Share Application

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

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

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15.6 Application by way of Internet Share Application

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

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

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

15.7 Authority of our Board and Issuing House

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

- (i) reject Applications which:-
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/ partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** below.

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

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.8 Over/ under-subscription

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/ or Eligible Persons, subject to the clawback and reallocation provisions as set out in **Section 4.3.4** of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15.9 Unsuccessful/ partially successful applicants

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

15.9.1 For applications by way of Application Form

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/ registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/ registered post to your address as stated in the NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or by issuance of banker's draft sent by ordinary/ registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

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

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

15.10 Successful applicants

If you are successful in your Application:-

- (i) Our IPO Shares allotted to you will be credited into your CDS Account.
- (ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our IPO Shares issued/ offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**15.11 Enquiries**

Enquiries in respect of your Applications may be directed as follows:-

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. +603-7890 4700
Electronic Share Application	The relevant Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA at the telephone number as stated in the list of ADAs as set out in **Section 12** of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities or the Issuing House at the telephone no. +603-7890 4700 between 5 to 10 Market Days (during office hours only) after the final ballot day.

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