

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

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JADI IMAGING HOLDINGS BERHAD
(Registration No. 200001023711 (526319-P))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) PROPOSED PRIVATE PLACEMENT OF UP TO 322,947,000 NEW ORDINARY SHARES IN JADI IMAGING HOLDINGS BERHAD (“JADI” OR THE “COMPANY”) (“JADI SHARES” OR THE “SHARES”), REPRESENTING APPROXIMATELY 30% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES) TO THIRD PARTY INVESTOR(S) AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PRIVATE PLACEMENT”); AND**
- (II) PROPOSED FREE WARRANTS ISSUE OF UP TO 699,718,561 FREE WARRANTS (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING SHARES HELD ON AN ENTITLEMENT DATE WHICH WILL BE DETERMINED LATER (“PROPOSED FREE WARRANTS ISSUE”)**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser and Placement Agent

 **TA SECURITIES**

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“EGM”) of JADI will be conducted on a fully virtual basis through live streaming from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 20 April 2022 at 10.30 a.m., or at any adjournment thereof. The Notice of the EGM and Proxy Form are enclosed in this Circular.

You are entitled to attend and vote at the EGM or appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Proxy Form at the Company’s Poll Administrator office c/o Aldpro Corporate Services Sdn Bhd, at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to admin@aldpro.com.my in not less than 48 hours before the time for holding the meeting or any adjournment thereof.

The lodgment of the Proxy Form shall not preclude you from attending and voting at the EGM should you subsequently wish to do so and in such event, your Proxy Form shall be deemed to have been revoked.

Last day, date and time for lodging the Proxy Form	:	Monday, 18 April 2022 at 10.30 a.m.
Date and time of the EGM	:	Wednesday, 20 April 2022 at 10.30 a.m.

This Circular is dated 5 April 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

5D-VWAP	:	5-day volume weighted average market price
9M-FPE	:	9-month financial period ended 31 December
Act	:	Companies Act 2016 of Malaysia, as amended from time to time including any re-enactment thereof
Board	:	Board of Directors of Jadi
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to the shareholders of Jadi in relation to the Proposals dated 5 April 2022
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
COVID-19	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and is a global pandemic
Deed Poll	:	The deed poll constituting the Warrants to be executed by the Company in relation to the Proposed Free Warrants Issue
Director(s)	:	A natural person who holds a directorship in the Company for the time being, whether in an executive or non-executive capacity, falling within the meaning given in Section 2(1) of the CMSA and Section 2(1) of the Act
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	The shareholders of the Company whose names appear in the Record of Depositors of the Company on the Entitlement Date
Entitlement Date	:	The date (to be determined by the Board and announced by the Company later) as at the close of business at 5.00 p.m. of which the names of shareholders must appear in the Record of Depositors in order to be entitled to the Proposed Free Warrants Issue
EPS	:	Earnings per share
ERP	:	Enterprise resource planning
FYE	:	Financial year ended/ ending, as the case may be
IMR or Providence	:	Providence Strategic Partners Sdn Bhd, the Independent Market Researcher
IMR Report	:	Independent market research report on outlook of the printing inks markets in Malaysia and globally dated 29 March 2022 prepared by Providence
Jadi or Company	:	Jadi Imaging Holdings Berhad
Jadi Group or Group	:	Jadi and its subsidiaries, collectively
Jadi Share(s) or Share(s)	:	Ordinary share(s) in Jadi

DEFINITIONS (Cont'd)

LAT	:	Loss after tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	29 March 2022, being the latest practicable date prior to the printing of this Circular
Maximum Scenario	:	Maximum number of up to 322,947,000 Placement Shares to be issued pursuant to the Proposed Private Placement and up to 699,718,561 Warrants to be issued pursuant to the Proposed Free Warrants Issue
MCO(s)	:	Movement control order(s)
Minimum Scenario	:	322,911,100 Placement Shares to be issued pursuant to the Proposed Private Placement and 699,640,775 Warrants to be issued pursuant to the Proposed Free Warrants Issue
NA	:	Net assets
PAT	:	Profit after tax
Placement Shares	:	Up to 322,947,000 new Jadi Shares to be issued pursuant to the Proposed Private Placement
Price-Fixing Date	:	The date to be announced on which the issue price of each tranche of the Placement Shares will be fixed by the Board
Proposals	:	Proposed Private Placement and Proposed Free Warrants Issue, collectively
Proposed Free Warrants Issue	:	Proposed free warrants issue of up to 699,718,561 Warrants on the basis of 1 Warrant for every 2 existing Shares held on the Entitlement Date
Proposed Private Placement	:	Proposed private placement of up to 322,947,000 Placement Shares, representing approximately 30% of the total number of issued Shares (excluding treasury shares)
Record of Depositors	:	A record consisting of names of depositors established by Bursa Malaysia Depository Sdn Bhd
RM and sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
TA Securities or Adviser	:	TA Securities Holdings Berhad
Treasury Shares	:	119,672 treasury shares of the Company as at the LPD
Warrant(s)	:	Up to 699,718,561 warrants to be allotted and issued pursuant to the Proposed Free Warrants Issue

All references to “**you**” in this Circular are references to shareholders of Jadi.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and/ or neuter genders and *vice versa*. References to persons shall include corporations.

DEFINITIONS (*Cont'd*)

Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the figures included in this Circular between the amount stated and the totals thereof are due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY REPRESENTS ONLY A SUMMARY OF THE PERTINENT INFORMATION ON THE PROPOSALS AS SET OUT IN THIS CIRCULAR. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

Key information	Description	Reference to the Circular																		
Brief details of the Proposals	<p><u>Proposed Private Placement</u></p> <ul style="list-style-type: none"> Proposed private placement entails the issuance of up to 322,947,000 Placement Shares, representing approximately 30% of the total number of issued Shares (excluding treasury shares) to third party investor(s). The issue price for each tranche of the Placement Shares will be determined separately and fixed by the Board and announced on the Price-Fixing Date, after the receipt of Bursa Securities' approval for the Proposed Private Placement. The Placement Shares will not be priced at more than 20% discount to the 5D-VWAP of Jadi Shares immediately before the Price-Fixing Date. Based on an assumed issue price of RM0.0750 per Placement Share, the gross proceeds from the Proposed Private Placement are expected to be utilised by the Jadi Group as follows: <table border="1"> <thead> <tr> <th>Proposed use of proceeds</th> <th>Minimum Scenario RM'000</th> <th>Maximum Scenario RM'000</th> </tr> </thead> <tbody> <tr> <td>Purchase and installation of ERP information technology system</td> <td>10,081</td> <td>10,081</td> </tr> <tr> <td>Repayment of bank borrowings</td> <td>13,470</td> <td>13,470</td> </tr> <tr> <td>Working capital</td> <td>234</td> <td>237</td> </tr> <tr> <td>Estimated expenses for the Proposals</td> <td>433</td> <td>433</td> </tr> <tr> <td>Total estimated gross proceeds</td> <td>24,218</td> <td>24,221</td> </tr> </tbody> </table>	Proposed use of proceeds	Minimum Scenario RM'000	Maximum Scenario RM'000	Purchase and installation of ERP information technology system	10,081	10,081	Repayment of bank borrowings	13,470	13,470	Working capital	234	237	Estimated expenses for the Proposals	433	433	Total estimated gross proceeds	24,218	24,221	<p>Section 2</p> <p>Section 4.1</p>
	Proposed use of proceeds	Minimum Scenario RM'000	Maximum Scenario RM'000																	
Purchase and installation of ERP information technology system	10,081	10,081																		
Repayment of bank borrowings	13,470	13,470																		
Working capital	234	237																		
Estimated expenses for the Proposals	433	433																		
Total estimated gross proceeds	24,218	24,221																		
	<p><u>Proposed Free Warrants Issue</u></p> <ul style="list-style-type: none"> Proposed free warrants issue of up to 699,718,561 Warrants on the basis of 1 Warrant for every 2 existing Shares held on the Entitlement Date. The Company intends to complete the Proposed Private Placement prior to the implementation of the Proposed Free Warrants Issue. The Warrants shall have a tenure of 3 years at an exercise price to be determined later. The Warrants will be issued in registered form and constituted by the provisions of the Deed Poll. The Warrants will be issued at no cost to the Entitled Shareholders. 	Section 3																		

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to the Circular
Rationale	<p>Proposed Private Placement The Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising as:</p> <ul style="list-style-type: none"> (i) it enables the Group to raise funds expeditiously without incurring interest cost and having to service principal repayments as compared to bank borrowings, thereby allowing the Group to preserve its cash flow; (ii) it is comparatively expedient and an efficient avenue to raise the required quantum of funds as opposed to other forms of equity fund-raising such as rights issue exercise, where the proceeds are raised on a “lump-sum” basis and such exercise generally takes a longer implementation time; and (iii) upon completion of the Proposed Private Placement, the enlarged capital base is also expected to strengthen the financial position of the Company. <p>Proposed Free Warrants Issue The Proposed Free Warrants Issue is intended to:</p> <ul style="list-style-type: none"> (i) enable the Company’s shareholders to participate in convertible securities of the Company which are issued at no cost to them and are tradable on the Main Market of Bursa Securities; (ii) strengthen the Group’s capital base and shareholders’ funds as well as potentially provide funds for the Group to finance its working capital requirements as and when the Warrants are exercised without incurring interest cost, as compared to the bank borrowings; (iii) provide the existing shareholders of the Company with an opportunity to increase their equity in the Company at a predetermined price during the tenure of the Warrants; and (iv) allow the existing shareholders of the Company to benefit from any potential capital appreciation of the Warrants. <p>Although the Proposed Private Placement is expected to result in dilution to the shareholdings of existing shareholders of Jadi, the proposed utilisation of proceeds as set out in Section 4.1 of this Circular is expected to have a positive impact on the Group’s earnings and will enhance its shareholders’ value when the benefits are realised.</p>	<p>Section 6.1</p> <p>Section 6.2</p>

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to the Circular
Approvals required	<p>The Proposals are subject to the following approvals being obtained:</p> <ul style="list-style-type: none">(i) the approval of Bursa Securities for the:<ul style="list-style-type: none">(a) listing and quotation of up to 322,947,000 Placement Shares to be issued pursuant to the Proposed Private Placement;(b) admission to the Official List and listing and quotation of up to 699,718,561 Warrants to be issued pursuant to the Proposed Free Warrants Issue; and(c) listing and quotation of up to 699,718,561 new Jadi Shares to be issued arising from the exercise of the Warrants,on the Main Market of Bursa Securities; and(ii) the approval of the Company's shareholders at an EGM to be convened; and(iii) the approvals/ consents of any other relevant authorities/ parties, if required.	Section 9
Interests of directors, major shareholders, chief executive and/ or persons connected with them	<p>None of the Directors, major shareholders, chief executive and/ or persons connected with them have any interest, direct or indirect, in the Proposals other than their respective entitlements under the Proposed Free Warrants Issue as shareholders of the Company, to which all Entitled Shareholders are similarly entitled to.</p>	Section 11
Board's recommendation	<p>The Board, after having considered all aspects of the Proposals including, the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.</p> <p>The Board recommends that you vote IN FAVOUR of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p>	Section 12

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JADI IMAGING HOLDINGS BERHAD

(Registration No. 200001023711 (526319-P))
(Incorporated in Malaysia)

Registered Office:
No. 1, Jalan Peguam U1/25A
Section U1
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan, Malaysia

5 April 2022

Board of Directors

Ong Gim Hai (*Executive Director*)
Dai ShuChun (*Non-Independent Non-Executive Director*)
Tan Su Ning (*Independent Non-Executive Director*)
Ling Chi Hoong (*Independent Non-Executive Director*)
Leow Wey Seng (*Independent Non-Executive Director*)

To: Shareholders of Jadi Imaging Holdings Berhad

Dear Sir/ Madam,

- (I) **PROPOSED PRIVATE PLACEMENT; AND**
(II) **PROPOSED FREE WARRANTS ISSUE**
-

1. INTRODUCTION

On 7 March 2022, TA Securities had, on behalf of the Board announced that the Company proposes to undertake the Proposals.

On 28 March 2022, TA Securities had, on behalf of the Board announced that Bursa Securities had, vide its letter dated on 28 March 2022, resolved to approve ("**Bursa Securities' Approval**") the following:

- (i) listing and quotation of up to 322,947,000 Placement Shares to be issued pursuant to the Proposed Private Placement;
- (ii) admission to the Official List and listing and quotation of up to 699,718,561 Warrants to be issued pursuant to the Proposed Free Warrants Issue; and
- (iii) listing and quotation of up to 699,718,561 new Jadi Shares to be issued arising from the exercise of the Warrants.

The approval of Bursa Securities is subject to the conditions as set out in **Section 9** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

As at the LPD, the Company has an issued share capital of RM108,799,270 comprising 1,076,490,123 Shares (including 119,672 Treasury Shares). As at the LPD, the Company does not have any outstanding convertible securities.

Assuming all 119,672 Treasury Shares are resold in the open market, the Proposed Private Placement will entail the issuance of up to 322,947,000 Placement Shares, representing approximately 30% of the total number of issued Shares.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the actual number of Shares to be placed out at date(s) to be determined later.

2.2 Placement arrangement

The Placement Shares will be placed to third party investor(s) to be identified at a later date and who qualify under Schedules 6 and 7 of the CMSA.

In addition, the Placement Shares are not intended to be placed out to the following parties:

- (i) a director, major shareholder, chief executive of Jadi or the holding company of Jadi ("**Interested Person**");
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Subject to the market conditions and the timing of identification of placees, the Proposed Private Placement may be implemented in multiple tranches within 6 months from the date of approval from Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities. The implementation of the placement arrangement in multiple tranches would provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares within the approval period as approved by Bursa Securities.

For the avoidance of doubt, the issue price for each tranche of the Placement Shares shall be determined separately and will be in accordance with market-based principles.

2.3 Basis and justification of the issue price of the Placement Shares

The issue price for each tranche of the Placement Shares will be determined separately and fixed by the Board and announced on the Price-Fixing Date, after the receipt of Bursa Securities' approval for the Proposed Private Placement.

The Placement Shares will not be priced at more than 20% discount to the 5D-VWAP of Jadi Shares immediately before the Price-Fixing Date.

The maximum discount has been set at 20% to provide the Company with more flexibility when fixing the issue price of the Placement Shares as such discount is deemed to be sufficiently attractive to entice potential investors to subscribe for the Placement Shares for the intended use of proceeds as set out in **Section 4.1** of this Circular. In this regard, the Board has considered, among others, current investor sentiment and Jadi Group's lacklustre financial performance since the FYE 31 March 2020 as set out in **Appendix II** of this Circular.

As the Proposed Private Placement may be implemented in multiple tranches within 6 months from the date of approval from Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an assumed issue price of RM0.0750 per Placement Share, the issue price of the Placement Shares would represent a discount of approximately 18.30% to the 5D-VWAP of Jadi Shares up to and including the LPD of RM0.0918 (*Source: Bloomberg*).

2.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issuance, carry the same rights with the then existing issued Shares. However, the Placement Shares will not be entitled to any dividends, rights, allotments and/ or other distributions which may be declared, made or paid to the Company's shareholders unless such Placement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions.

2.5 Listing and quotation of the Placement Shares

Bursa Securities had, vide its letter dated 28 March 2022, granted its approval for the listing and quotation of up to 322,947,000 Placement Shares on the Main Market of Bursa Securities.

3. DETAILS OF THE PROPOSED FREE WARRANTS ISSUE

3.1 Basis and number of Warrants to be issued

The Proposed Free Warrants Issue entails the issuance of up to 699,718,561 Warrants on the basis of 1 Warrant for every 2 existing Shares held by the Entitled Shareholders.

The basis and number of Warrants to be issued were determined after taking into consideration, among others, the following:

- (i) the potential dilutive effect on Jadi's earnings per Share; and
- (ii) the number of new Jadi Shares arising from the exercise or conversion of all outstanding convertible equity securities* must not exceed 50% of the Company's total number of issued shares (excluding treasury shares and before the exercise of convertible equity securities*) at all times, in compliance with Paragraph 6.50 of the Listing Requirements.

Note:

* "convertible equity securities" shall mean warrants and convertible preference shares, as defined in Paragraph 6.49(2) of the Listing Requirements.

As at the LPD, the Company does not have any convertible equity securities.

For illustrative purpose, the enlarged number of Shares under the Minimum Scenario and Maximum Scenario are as follows:

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Total number of issued Shares as at the LPD (excluding Treasury Shares)	1,076,370,451	1,076,370,451
Assuming full resale of the Treasury Shares in the open market	-	119,672
Placement Shares to be issued	1,076,370,451	1,076,490,123
	322,911,100	322,947,000
Enlarged number of issued Shares after the Proposed Private Placement	1,399,281,551	1,399,437,123
Assuming full exercise of the Warrants	699,640,775	699,718,561
Enlarged number of issued Shares after the Proposals	2,098,922,326	2,099,155,684

The number of Warrants to be issued pursuant to the Proposed Free Warrants as set out in the table above is based on the assumption that the Proposed Free Warrants Issue is implemented after completion of the Proposed Private Placement. The Company intends to complete the Proposed Private Placement prior to the implementation of the Proposed Free Warrants Issue after taking into consideration the potential opportunity to increase investor demand for the Placement Shares if the Proposed Free Warrants Issue is undertaken after the completion of the Proposed Private Placement. Furthermore, the exercise price of the Warrants may be fixed at a discount of not more than 20% to the 5D-VWAP of Jadi Shares prior to the price fixing date. The free Warrants may entice more investors to participate in the Proposed Private Placement thus potentially increasing the likelihood of the Group's ability to secure sufficient funding for the utilisation of proceeds as set out in **Section 4.1** of this Circular.

For the avoidance of doubt, if the Proposed Private Placement:

- (i) is not completed (i.e., Placement Shares are not fully placed out) within 6 months from the date of Bursa Securities' Approval (as defined in **Section 1** of this Circular); or
- (ii) is delayed for an extended period as may be approved by Bursa Securities for the Company to implement the Proposed Private Placement,

the Company will proceed with the implementation of the Proposed Free Warrants Issue. The Company will complete the Proposed Free Warrants Issue within 6 months from the date of Bursa Securities' Approval (as defined in **Section 1** of this Circular).

The Proposed Free Warrants Issue will not result in non-compliance with Paragraph 6.50 of the Listing Requirements as shown below:

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Enlarged number of issued Shares after the Proposed Private Placement [A]	1,399,281,551	1,399,437,123
Number of Warrants [B]	699,640,775	699,718,561
[B] / [A]	50.00%	50.00%

The actual number of Warrants to be issued pursuant to the Proposed Free Warrants Issue will depend on the total number of issued Shares (excluding treasury shares) as at the Entitlement Date.

Fractional entitlements arising from the Proposed Free Warrants Issue, if any, will be disregarded and/ or dealt with by the Board in such manner as the Board at its absolute discretion deems fit and expedient and in the best interest of the Company.

The Proposed Free Warrants Issue is not intended to be implemented in stages over a period of time.

3.2 Salient terms of the Warrants

The Warrants shall have a tenure of 3 years at an exercise price to be determined later. The Warrants will be issued in registered form and constituted by the provisions of the Deed Poll. The salient terms of the Warrants are set out in **Appendix I** of this Circular.

3.3 Basis and justification of the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants shall be determined by the Board at a later date after obtaining all relevant approvals but prior to the announcement of the Entitlement Date. The Board in determining the exercise price of the Warrants will take into consideration, amongst others, the following:

- (i) the Warrants will be issued at no cost to the Entitled Shareholders;
- (ii) the Warrants are exercisable at any time during the tenure of 3 years commencing on the date of issuance of the Warrants; and
- (iii) the 5D-VWAP of Jadi Shares prior to the price fixing date, with a discount of not more than 20%. This abovementioned discount range will allow the Board to fix the exercise price of the Warrants at a sufficiently attractive price to incentivise Warrant holders to exercise the Warrants and increase their equity participation in the Company.

For illustrative purpose, the exercise price of Warrants is assumed to be at RM0.08 each, which represents a discount of RM0.0118 or 12.85% to the 5D-VWAP of Jadi Shares up to and including the LPD of RM0.0918.

The Board wishes to emphasise that the assumed exercise price of the Warrants of RM0.08 each should not be taken as an indication of or reference to the actual exercise price of the Warrants, which will be determined and announced on the price-fixing date. Once the exercise price of the Warrants has been determined, the Company will announce the exercise price, basis and justification in determining the exercise price (together with the discount to be applied) of the Warrants on the price-fixing date. The Company will announce the Warrants Entitlement Date after the announcement of price-fixing date of the Warrants.

3.4 Ranking of the Warrants and the new Shares to be issued arising from the exercise of Warrants

The holders of the Warrants will not be entitled to any voting rights or participation in any form of dividends, distributions and/ or offer of securities in Jadi until and unless such holders of the Warrants exercise their Warrants into new Jadi Shares.

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, carry the same rights with the then existing Jadi Shares. However, such new Shares will not be entitled to any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions.

3.5 Listing and quotation of the Warrants and new Shares to be issued pursuant to the exercise of the Warrants

The Warrants and new Shares to be issued pursuant to the exercise of the Warrants will be listed on the Main Market of Bursa Securities. Bursa Securities had, vide its letter dated on 28 March 2022, granted its approval for the admission of the Warrants to the Official List of the Main Market of Bursa Securities as well as listing of and quotation for the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. Further information is set out in **Section 9** of this Circular.

4. UTILISATION OF PROCEEDS

4.1 Proposed Private Placement

Based on an assumed issue price of RM0.0750 per Placement Share, the gross proceeds from the Proposed Private Placement are expected to be utilised by the Jadi Group as follows:

Proposed use of proceeds	Notes	Minimum Scenario RM'000	Maximum Scenario RM'000	Expected time frame for the use of proceeds (from the date of listing of the Placement Shares)
Purchase and installation of ERP information technology system	(1)	10,081	10,081	Within 18 months
Repayment of bank borrowings	(2)	13,470	13,470	Within 12 months
Working capital	(3)	234	237	Within 12 months
Estimated expenses for the Proposals	(4)	433	433	Immediate
Total estimated gross proceeds		24,218	24,221	

The proceeds to be raised from the Proposed Private Placement will be utilised in the following order of priority:

- (i) estimated expenses for the Proposals;
- (ii) repayment of bank borrowings;
- (iii) purchase and installation of ERP information technology system; and
- (iv) working capital.

Notes:

(1) **Purchase and installation of ERP information technology system**

The Group is headquartered in Hicom-Glenmarie Industrial Park, Shah Alam, and has a factory located in Klang, Selangor, Malaysia. The Group also has an overseas sales office and distribution centre located at Zhuhai, China. The Group intends to use RM10.08 million to purchase, install and implement a new ERP information technology system to replace the existing system. Currently, the Company is using a basic accounting software and spreadsheets to facilitate the analysis of information and data flows between the purchasing, productions department and accounts department. With the new ERP information technology system, it will streamline and integrate various production, inventory, financial and administration functions and processes into one complete system. This is aimed at increasing timely flow of data and information among different departments and business units via internet to facilitate decision making and reporting. In addition, the integrated ERP information technology system is anticipated to provide support for the supply chain from management of inbound logistics (which includes shipment

receiving) to outbound logistics (which includes processing of replenishment and on demand orders from distributors, dealers and online sales channel, as well as transportation/ delivery to the Group's customers).

The Group expects to purchase and commence installation of the new ERP information technology system in the 2nd quarter of 2022.

The cost of RM10.08 million (excluding sales and services tax) for the purchase and installation of ERP information technology system is estimated based on a quotation obtained from a local vendor and subject to change based on the eventual specification of new ERP information technology system. The breakdown of the estimated cost of RM10.08 million are as follows:

	RM'000
Licensing fees for ERP software of up to 25 concurrent users (such ERP software includes financial management, inventory management, customer relationship management, ERP data management tool)	1,700
Installation and implementation services (includes project management, business requirements study, blueprint design, software installation and configuration, system integration, user acceptance test, provision of training to the users)	7,071
Maintenance fee	510
Technical support services	800
Total	10,081

Any shortfall in proceeds for the purchase, installation and implementation of the new ERP information technology system will be funded via the Group's internally-generated funds and/ or bank borrowings, the exact breakdown of which has yet to be determined at this juncture. In the event the final cost of purchase and installation of ERP information technology system is lower than the estimated cost, the surplus in the proceeds will be allocated to fund the working capital requirements such as operating and administrative expenses (e.g., rental expenses, utility charges, maintenance expenses, transportation costs and upkeep of property, plant and equipment), as the Group deems appropriate.

(2) Repayment of bank borrowings

As at the LPD, the Group's total bank borrowings amounted to approximately RM16.92 million, details of which are set out as follows:

Type of facilities	Purpose	As at the LPD	
		Outstanding amount RM'000	Interest rate per annum %
Bills payable*	Purchase of raw material	230	3.76%
Term loan 1*	Working capital	5,857	8.25%
Term loan 2*	Purchase of equipment and machineries	10,833	4.49% (being the effective cost of fund ("ECOF")# + 1.50%)
Total borrowings		16,920	

Note:

ECOF as at the LPD is 2.99%.

The Group intends to utilise a combination of up to RM13.47 million of the proceeds from the Proposed Private Placement and up to RM3.22 million from the Group's internally generated funds for the partial repayment of its bank borrowings. The Company intends to:

- (i) fully repay the Group's term loan 1. The Group expects an annual interest savings of RM0.48 million from full repayment of term loan 1; and
- (ii) fully repay the Group's term loan 2. The Group expects an annual interest savings of RM0.49 million from full repayment of term loan 2.

As these borrowings are subject to prevailing interest rate and repayment from time to time, the outstanding principal amount of these borrowings at the point of repayment may differ from the current amount as at the LPD.

In such event, any surplus of the proceeds will be allocated to fund the working capital requirements such as operating and administrative expenses (e.g., rental expenses, utility charges, maintenance expenses, transportation costs and upkeep of property, plant and equipment), as the Group deems appropriate.

(3) Working capital

The Group intends to utilise up to RM0.24 million for the Group's working capital mainly for the marketing expenses for the Group's online sales channel. Any balance/ excess in the proceeds will be allocated to fund other working capital requirements such as operating and administrative expenses (e.g., rental expenses, utility charges, maintenance expenses, transportation costs and upkeep of property, plant and equipment), as the Group deems appropriate.

Through its online sales channel, the Group distributes its products (such as toner, cartridges and refill inks) via Jadi Group's website at <https://shop.jadilife.my/> and through third-party online marketplaces such as Lazada and Shopee. The Group recognises the need to continue to embrace digital strategy in order to grow its sales from the online channel. In order to generate more traffic to the Group's online sales channel and increase awareness of the Group's online sales channel, the Group intends to use up to RM0.24 million as marketing expenses for the following marketing strategies:

No.	Marketing strategies	Allocation (%)
(i)	advertise the Group's products and its online sales channel through various online channels such as Lazada, Shopee, Facebook, Instagram, Twitter and YouTube to build awareness of the Group's online sales channel. Such advertisements through online channels may include social media marketing (such as engage social media influencers to promote its products via social media platform such as Facebook, Instagram and YouTube), push advertisements, interstitials (an advertisement displayed on the websites before visitors can continue on their content path), pre-roll video advertisements (video advertisement that automatically plays directly before a featured video on both mobile applications and/ or websites) and banner advertisements;	50.00

No.	Marketing strategies	Allocation (%)
(ii)	carrying out online promotional campaigns to attract potential audience/ customers to entice potential customers to purchase its products through the online sales channel. Such promotional campaigns or initiatives include discounted prices for selected items, bundled offers, incentives to purchase more units, and other special offers; and	30.00
(iii)	search engine optimisation (SEO) and search engine marketing (SEM) to drive online visibility and exposure of the Group's online sales channel to potential new customers.	20.00

(4) Estimated expenses for the Proposals

The estimated expenses consist of professional fees, fees payable to authorities, placement fee expenses to convene the extraordinary general meeting, printing, advertising and other miscellaneous expenses to be incurred in relation to the Proposals.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the final issue price(s) of the Placement Shares and the actual number of Placement Shares to be issued. Any variation to the amount of estimated expenses in relation to the Proposals will result in an adjustment from/ to the portion being earmarked for working capital purposes.

Further to the order of priority set out above, any shortfall between the actual gross proceeds raised and the intended gross proceeds to be raised from the Proposed Private Placement will be funded via internally generated funds and/ or bank borrowings (as the case may be), the exact breakdown of which has yet to be determined at this juncture. Any excess in the actual gross proceeds raised and the intended gross proceeds to be raised from the Proposed Private Placement will be accordingly allocated to fund the working capital requirements such as operating and administrative expenses (e.g., rental expenses, utility charges, maintenance expenses, transportation costs and upkeep of property, plant and equipment), as the Group deems appropriate. The proceeds to be used for working capital are subject to the operational requirements of the Group at the point of utilisation, and thus the actual timeframe and breakdown of the utilisation of proceeds is not determinable at this juncture. An indicative breakdown of the working capital expenses are as follows:

	Indicative allocation (%)
Operating expenses which include among others, rental expenses and office supplies	50.00
Administrative expenses which include among others, utility charges, maintenance expenses, transportation costs and upkeep of property, plant and equipment	50.00
Total	100.00

Pending utilisation of the proceeds from the Proposed Private Placement for the abovementioned purposes, the proceeds may be placed in deposits with financial institutions and/ or short-term money market instruments as the Board may deem fit. The interest derived from the deposits with financial institutions and/ or any gains arising from the short-term money market instruments will be used as working capital of the Group.

4.2 Proposed Free Warrants Issue

The Proposed Free Warrants Issue are not expected to raise any funds as the Warrants will be issued at no cost to the Company's shareholders.

However, as and when the Warrants are exercised, the exact quantum of proceeds that may be raised by Jadi will depend upon the exercise price and actual number of Warrants exercised during the tenure of the Warrants. As such, the exact timeframe and the breakdown for the utilisation of the proceeds are not determinable at this juncture. For illustrative purposes only, the gross proceeds to be raised upon the full exercise of the Warrants based on the assumed exercise price of RM0.08 each, is set out below:

	Minimum Scenario	Maximum Scenario
No. of Warrants	699,640,775	699,718,561
Total gross proceeds to be raised assuming full exercise of Warrants (RM)	55,971,262	55,977,485

The Company intends to utilise the proceeds arising from the exercise of the Warrants, if any, for the Group's working capital. The working capital raised from the exercise of the Warrants will be utilised to finance the Group's day-to-day operations, including the payment to trade creditors for the purchase of raw materials, operating and administrative expenses (e.g., rental expenses, utility charges, maintenance expenses, transportation costs and upkeep of property, plant and equipment). The allocation of proceeds to be utilised for each component of working capital are subject to the Group's operational requirements at the time of utilisation. As such, the detailed allocation can only be determined by the Board at a later date.

Pending utilisation of the proceeds to be raised as and when the Warrants are exercised, the proceeds may be placed in deposits with licensed financial institutions and/ or short-term money market instruments. The interest derived from the deposits with licensed financial institutions and/ or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of the Group.

5. EQUITY FUND RAISING EXERCISE UNDERTAKEN BY THE COMPANY IN THE PAST 12 MONTHS UP TO THE LPD

On 16 November 2021, on behalf of the Board, TA Securities announced that the Company proposed to undertake a private placement of up to 210,382,000 new Jadi Shares, representing not more than 20% of the total number of issued shares of the Company (excluding treasury shares) to third party investor(s) at an issue price to be determined later ("**General Mandate Private Placement**") ("**General Mandate Private Placement Announcement**"). The General Mandate Private Placement was undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Act obtained from the shareholders of Jadi in its 20th Annual General Meeting ("**20th AGM**") convened on 28 September 2021, authorising the Board to issue new Jadi Shares not more than 20% of the total number of issued shares (excluding treasury shares) ("**20% General Mandate**").

At the 20th AGM, the Company's shareholders approved the 20% General Mandate* which shall be in force until 31 December 2021 and thereafter the general mandate was reinstated from a 20% limit to a 10% limit with effect from 1 January 2022 under Paragraph 6.03(1) of the Listing Requirements.

Note:

* *Bursa Securities had, on 16 April 2020, announced additional relief measures for listed issuers to ease compliance and facilitate their capital raising in a timely and cost-effective manner. In this regard, as an interim measure, a listed issuer is allowed to seek a higher general mandate under Paragraph 6.03 of the Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities (“**Additional Relief General Mandate**”) provided that the following are being complied with:*

- (i) the listed issuer procures its shareholder approval for the Additional Relief General Mandate at a general meeting;*
- (ii) the listed issuer complies with all the relevant applicable legal requirements, including its constitution or relevant constituent document; and*
- (iii) in addition to the existing disclosures required in the statement accompanying the proposed resolution under Paragraph 6.03(3) of the Listing Requirements, the listed issuer must also disclose the views from its board of directors’ that the Additional Relief General Mandate is in the best interest of the listed issuer and its shareholders, as well as the basis for such views.*

Jadi had on 23 November 2021 obtained approval from Bursa Securities for the listing and quotation of up to 210,382,000 new Jadi Shares to be issued pursuant to the General Mandate Private Placement.

Notwithstanding that Bursa Securities had on 23 December 2021 announced, amongst others, the extended time frame for the Relevant Listed Issuers[^] to implement and utilise the Additional Relief General Mandate from 31 December 2021 to 31 December 2022* (i.e., extended for another 12 months) (“**Extended Additional Relief**”), the Board has on 7 March 2022 decided to abort the General Mandate Private Placement as:

- (i) at the 20th AGM, the Company’s shareholders approved the 20% General Mandate, with the 20% limit only in force until 31 December 2021; and
- (ii) with effect from 1 January 2022, the Company’s General Mandate Private Placement was reinstated to the 10% limit under Paragraph 6.03(1) of the Listing Requirements.

Notes:

[^] “**Relevant Listed Issuers**” shall means:

- (i) a listed issuer which has obtained shareholders’ approval for the Additional Relief General Mandate at a general meeting in 2021 but has not utilised it to issue new securities on or before 31 December 2021; or*
- (ii) a listed issuer which has not sought shareholders’ approval for the Additional Relief General Mandate at a general meeting in 2021.*

* *Bursa Securities had, on 23 December 2021, announced among others, extended the time frame for the Relevant Listed Issuer to implement and utilise the Additional Relief General Mandate from 31 December 2021 to 31 December 2022 (i.e., extended for another 12 months) (Extended Additional Relief).*

The Relevant Listed Issuer must comply with the following requirements pursuant to the Extended Additional Relief granted by Bursa Securities:

- (i) procure its shareholders’ approval for the Additional Relief General Mandate at a general meeting;*
- (ii) comply with all the applicable legal requirements, including its constitution or constituent document;*

- (iii) *in addition to the existing disclosures required in the statement accompanying the proposed resolution under Paragraph 6.03(3) of the Listing Requirements, disclose the views from its board of directors' that the Additional Relief General Mandate is in the best interest of the Relevant Listed Issuer and its shareholders, as well as the basis for such views; and*
- (iv) *continue to comply with all the other requirements for new issue of securities under the Listing Requirements.*

After 31 December 2022, the general mandate of 10% for new issue of securities under Paragraph 6.03(1) of the Listing Requirements will be reinstated.

The Extended Additional Relief is not available to a listed issuer which has fully or partly utilised the Additional Relief General Mandate to issue new securities on or before 31 December 2021. Such listed issuer will be subjected to the reinstated 10% limit under Paragraph 6.03(1) of the Listing Requirements in 2022.

The Company has not issued any Placement Shares under the General Mandate Private Placement.

At this juncture, the Company does not have plans to utilise its General Mandate Private Placement (at 10% limit with effect from 1 January 2022). Should the Company intend to undertake the General Mandate Private Placement, the Company will make the necessary announcement(s) and additional listing application in accordance with the Listing Requirements.

Save for the General Mandate Private Placement, Jadi has not undertaken any other equity fund-raising exercises in the past 12 months up to the LPD.

6. RATIONALE FOR THE PROPOSALS

6.1 Proposed Private Placement

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising as:

- (i) it enables the Group to raise funds expeditiously for the proposed utilisation of proceeds as set out in **Section 4.1** of this Circular without incurring interest cost and having to service principal repayments as compared to bank borrowings, thereby allowing the Group to preserve its cash flow.

Furthermore, the Group intends to undertake the Proposed Private Placement in place of the General Mandate Private Placement to raise funds expeditiously for the proposed utilisation of proceeds as set out in **Section 4.1** of this Circular after considering:

- (a) the General Mandate Private Placement was subsequently aborted on 7 March 2022 notwithstanding that Bursa Securities had, on 23 December 2021 granted the Extended Additional Relief (as defined in Section 5 of this Circular) as:
- at the 20th AGM, the Company's shareholders approved the 20% General Mandate, with the 20% limit only in force until 31 December 2021; and
 - with effect from 1 January 2022, the General Mandate Private Placement was reinstated from a 20% limit to the 10% limit under Paragraph 6.03(1) of the Listing Requirements.

Therefore, the Company would not be able to raise sufficient funds for the purposes as set out in the General Mandate Private Placement Announcement;

- (b) the proposed utilisation of proceeds for the Proposed Private Placement are largely the same for the General Mandate Private Placement (i.e., mainly for (aa) purchase and installation of ERP information technology system; (bb) repayment of bank borrowings; and (cc) marketing expenses for the Group's online sales channel).

In addition, as set out in **Section 4.1** of this Circular, a portion of the proceeds to be raised from the Proposed Private Placement will be used for partial repayment of the Group's bank borrowings. The Group will benefit from interest savings arising from the lower borrowings; and

- (c) the Placement Shares under the Proposed Private Placement are intended to be priced at a discount of not more than 20% as opposed to not more than 10% under the General Mandate Private Placement, to the 5D-VWAP. This allows the Company greater flexibility when fixing the issue price as such discount is deemed to be sufficiently attractive to entice potential investors to subscribe for the Placement Shares. In this regard, the Board has considered, among others, current investor sentiment and the Group's lacklustre financial performance since the FYE 31 March 2020 as set out in **Appendix II** of this Circular;
- (ii) it is comparatively expedient and an efficient avenue to raise the required quantum of funds as opposed to other forms of equity fund-raising such as rights issue exercise, where the proceeds are raised on a "lump-sum" basis and such exercise generally takes a longer implementation time. In addition, a rights issue will also require Jadi to identify certain shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares. With a private placement, the placees are required to pay the placement funds for a particular tranche within 5 market days from the price fixing date; and
 - (iii) upon completion of the Proposed Private Placement, the enlarged capital base is also expected to strengthen the financial position of the Company.

Although the Proposed Private Placement is expected to result in dilution to the shareholdings of existing shareholders of Jadi, the proposed utilisation of proceeds as set out in **Section 4.1** of this Circular is expected to have a positive impact on the Group's earnings and will enhance its shareholders' value when the benefits are realised. For illustrative purposes, assuming the Placement Shares are fully placed out (i.e., based on the enlarged number of issued Shares after completion of the Proposed Private Placement), the placee(s) will collectively hold 23.08% equity interest in Jadi and the collective shareholdings of the existing shareholders of Jadi will reduce from 100% to 76.92% equity interest in Jadi.

6.2 Proposed Free Warrants Issue

The Proposed Free Warrants Issue is intended to:

- (i) enable the Company's shareholders to participate in convertible securities of the Company which are issued at no cost to them and are tradable on the Main Market of Bursa Securities;
- (ii) strengthen the Group's capital base and shareholders' funds as well as potentially provide funds for the Group to finance its working capital requirements as and when the Warrants are exercised without incurring interest cost, as compared to the bank borrowings;

- (iii) provide the existing shareholders of the Company with an opportunity to increase their equity in the Company at a predetermined price during the tenure of the Warrants; and
- (iv) allow the existing shareholders of the Company to benefit from any potential capital appreciation of the Warrants.

7. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

Jadi Group is predominantly involved in development, formulation, and manufacturing of toners for laser printers, photocopiers, facsimile machines, and multi-function printers. Notwithstanding that Jadi Group's main manufacturing as well as research and development facilities are located in Malaysia, the Group's revenue contributions are substantially generated from export sales to foreign markets. Based on the Company's latest annual report for the FYE 31 March 2021, Jadi Group's primary geographical market is Asia (i.e., East Asia, South East Asia, South Asia and North Asia), which contributed 90.66% to the Group's revenue. Other regions (comprising Middle East, Europe, South America, and others) collectively contributed 9.34% to the Group's revenue for the FYE 31 March 2021.

As such, the Company has set out the overview and outlook as follows:

- (i) overview and outlook of Malaysia (where the Group's main operation is currently based); and
- (ii) overview of the global economy.

7.1 Overview and outlook of Malaysia and global market

The Malaysian economy experienced the full adverse impact of the COVID-19 pandemic in 2020, with real gross domestic product ("GDP") contracting by 5.6%. However, signs of recovery emerged in late 2020, followed by a significant increase in GDP growth of 16.1% in the second quarter of 2021 compared to a plunge of 17.2% in the corresponding quarter last year. The growth was attributed to the low base effect, recovery in external demand and the gradual reopening of economic sectors amid various Movement Control Orders ("MCOs") to contain the viral infections. The implementation of eight stimulus and assistance packages totalling RM530 billion since 2020 and 2021 Budget measures to mitigate the impact on households and businesses also contributed to the growth. The growth momentum is expected to continue in the second half of the year with the implementation of the National Recovery Plan ("NRP"), an exit strategy from the health and economic crisis. The NRP entails opening up the economy in stages in line with the progress made in managing the pandemic. The acceleration of the National COVID-19 Immunisation Programme, an integral component of the NRP, is expected to enable the economy to fully open in the fourth quarter. With the favourable outlook for the fourth quarter, the economy is expected to grow between 3% – 4% in 2021.

In line with favourable global growth prospects, Malaysia's GDP is expected to grow between 3% – 4% in 2021 and further expand in the range of 5.5% – 6.5% in 2022. The growth is projected to be driven by normalisation in economic activities arising from a high nationwide vaccination rate, resumption of projects with high multiplier effects, strong external demand and targeted travel activities, particularly for business, health and education purposes. Nevertheless, there are still downside risks to the country's economic prospects. These include a prolonged COVID-19 outbreak with the emergence of new variants, volatility in global financial markets, slower labour market recovery, commodity supply shocks and geopolitical uncertainties.

(Source: Macroeconomic outlook, Economic Outlook 2022, Ministry of Finance Malaysia)

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3rd quarter 2021: -4.5%). Growth was supported mainly by an improvement in domestic demand as economic activity normalised following the easing of containment measures under the NRP. The improvement also reflected recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the demand side, growth was driven by higher consumption and trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered an increase of 6.6% (3rd quarter 2021: -3.6%).

(Source: Fourth quarter 2021, Bank Negara Quarterly Report, Bank Negara Malaysia)

Global economy

Global growth is projected to rebound in 2021 before moderating in 2022, after a sharp contraction in 2020. The contraction in 2020 was mainly due to the worldwide impact of the COVID-19 pandemic. Based on the World Health Organization (“WHO”), as at 13 October 2021, there were 238.5 million confirmed COVID-19 cases, including 4.9 million deaths globally. The WHO also reports that a total of 6.4 billion vaccine doses have been administered globally. Efforts to mitigate the pandemic, primarily through vaccine rollouts, fiscal stimulus and policy support, are expected to improve business and consumer sentiments and revive economic activities in advanced economies as well as emerging market and developing economies (“EMDEs”). Nevertheless, downside risks to growth remain, following uncertainties surrounding the COVID-19 pandemic. The spread of new strains and mutations of the virus as well as differences in vaccine rollout rates and policy support, are expected to result in an uneven recovery among economies.

The global economy is projected to expand by 5.9% in 2021. Growth is anticipated to be underpinned by widespread vaccine rollouts, accommodative policy support, and rising commodity prices. Nevertheless, higher infection rates and new variants of the COVID-19 virus are expected to be the headwinds to economic improvement.

The GDP in advanced economies is expected to grow by 5.2% in 2021, driven by the easing of pandemic restrictions, speedy vaccine rollouts and large-scale fiscal support. The United States economy is estimated to expand by 6%, where its economic recovery packages amounting approximately to USD4 trillion that was passed by the Senate are expected to strengthen the social safety net, deliver a strong boost to growth and provide sizable positive spillovers to its trading partners. The GDP in the euro area is expected to rise by 5% with firming external demand.

Growth in the EMDEs is projected to turn around by 6.4%, supported by elevated commodity prices and improved external demand. China is expected to lead the recovery in the region with strong growth of 8% in 2021, bolstered by higher private consumption and exports. The economy of India is estimated to rebound by 9.5% on the back of strong consumer demand. The GDP of Association of Southeast Asian Nations – 5, comprises of Indonesia, Malaysia, the Philippines, Thailand and Vietnam (“ASEAN-5”) is anticipated to turn around by 2.9% on account of robust domestic consumption, higher investment and a favourable trade environment. Indonesia’s economy is projected to recover by 3.2%, driven by export-oriented and labour-intensive industries such as automotive, construction and mining.

The global economy is projected to expand by 4.9% in 2022, following the expected gradual improvement in both advanced economies as well as EMDEs. In 2022, GDP in the advanced economies is forecast to moderate to 4.5% but remain robust, led by the normalisation of economic activities. Growth in the US is expected to record 5.2% due to reduced fiscal support and a slow recovery in the services sector. GDP in the euro area is anticipated to record 4.3%, as the demand for consumer goods continues to increase.

Growth in the EMDEs is projected to moderate to 5.1% in 2022, owing to the gradual unwinding of fiscal support and subdued investment. Growth in China is expected to be slower at 5.6% compared to 2021, reflecting reducing fiscal and monetary support as well as tighter property and macroprudential regulations. India is estimated to record a high growth of 8.5%, supported by government expenditure and investment in public infrastructure. The GDP of ASEAN-5 is anticipated to record 5.8%, supported by expected improvements in trade.

(Source: Macroeconomic outlook, Economic Outlook 2022, Ministry of Finance Malaysia)

The global economy continued to recover in the fourth quarter of 2021. Services activity initially improved as advanced economies (AEs) reopened. However, towards the end of the quarter, the recovery momentum was affected by measures to contain a resurgence in COVID-19 infections in some countries. The resurgence also dampened consumer confidence, further affecting services activity. Strength in manufacturing and trade activity continued, amid early signs of easing in global supply disruptions. Nonetheless, strains in the global supply chain remained elevated.

(Source: Fourth quarter 2021, Bank Negara Quarterly Report, Bank Negara Malaysia)

7.2 Overview and outlook of the manufacturing sector in Malaysia

For 2021, the manufacturing sector is expected to post a sturdy growth of 8.1% attributed to both the export- and domestic-oriented industries. Within the export-oriented industries, the electrical and electronic (“E&E”) segment is projected to improve, following higher demand for semiconductor items, which is reflected by the rising sales across the range of chip products. In addition, the rubber and textiles segments are anticipated to expand, following increasing demand for rubber gloves and personal protective equipment (PPE) amid the prolonged COVID-19 pandemic. Similarly, within the domestic-oriented industries, the basic pharmaceuticals and medicinal chemical products, and food products segments are projected to increase in line with the economic expansion.

The manufacturing sector is expected to expand by 4.7% in 2022, attributed to the steady performance of both export- and domestic-oriented industries. As one of the key players in the world semiconductor trade, the stronger global demand for E&E products will continue to provide the impetus for Malaysia’s manufacturing sector. Stricter global healthcare regulations and increasing hygiene awareness will help in boosting production in the rubber and chemical related segments. Concurrently, the anticipation of more vibrant industrial and construction activities as well as higher demand for household-related products are expected to give an additional boost to the sector.

(Source: Macroeconomic outlook, Economic Outlook 2022, Ministry of Finance Malaysia)

Growth in the manufacturing sector recorded a marked improvement of 9.1% (3rd quarter 2021: -0.8%). This was driven by continued strength in export oriented industries such as E&E and primary related clusters, and recovery in domestic oriented industries such as consumer- and construction-related clusters. Robust demand for E&E products persisted throughout the quarter in line with the continued tech upcycle. Meanwhile, growth in the primary-related cluster was supported by continued demand for refined petroleum, chemical and plastic products. On the domestic front, the relaxation of containment measures and increased consumer confidence amid strong vaccination progress facilitated a recovery in demand for consumer products such as food, clothing and vehicles.

(Source: Fourth quarter 2021, Bank Negara Quarterly Report, Bank Negara Malaysia)

7.3 Overview and outlook of the printer market and printing inks market

7.3.1 Overview and outlook of the printer market

According to the International Data Corporation's ("IDC") Quarterly Hardcopy Peripherals Tracker, Malaysia's HCP (Hardcopy Peripherals) shipments, comprising inkjet, laser, and serial dot matrix, showed a growth of 4.6% quarter-on-quarter ("QoQ") and 21.1% year-on-year ("YoY"). The high YoY growth is attributable to the high demand for entry-level printers for work and learning from home purposes since 2nd quarter of 2020 due to recurring lockdowns. Parents would purchase an entry-level printer for printing their children's school materials and teachers would have to print and distribute modules to students who do not have electronic devices to access online classes. While the global shortage of semiconductors and chip supply has led to an increase in printer pricing due to higher supply costs, this has not hindered end-users from purchasing them. Any further delay in school reopening will result in sustained demand for home-based printers.

The demand from large corporates and small and medium enterprises (SMEs) remained low in 2nd quarter of 2021 as there was a stricter lockdown in May and June. The uncertainty caused by the pandemic and businesses trying to stay afloat since the start of the outbreak last year meant that investing in new print devices may not be their top priority as they prioritize on managing their cash flow. As the pandemic has led to many processes being shifted online, many physical appointments and physical documents are not required anymore. This is true not only for the private sector but for the public sector as well.

For the remaining of 2021, IDC Malaysia expects the demand for home printers to sustain as Malaysia's daily Covid-19 cases remains high. With Government ramping up vaccination rate and opening the economy for fully vaccinated individuals, consumer and business sentiments are expected to improve. As there are still some supply chain issues and production delays, shipments are expected to be lower than the market demand over the next few quarters. Consumer demand is expected to sustain a bit longer due to work from home and remote learning. Commercial segment is expected to show a recovery over next one year, driven by pending/ delayed projects and recovery in the small- and medium-sized businesses (SMB) market.

(Source: "Home User Demand Drives Malaysia Home/Office Printer Market Growth in 2021Q2", <https://www.idc.com/getdoc.jsp?containerId=prAP48200921>)

COVID-19 pandemic has had a large impact on the overall printing market since 2020. However, it also opened opportunities for those that stayed to provide extensive services to cope with the change in printing demand and trend. Despite a sharp dip in 2020, IDC sees a gradual rebound of the production printer market through 2025, albeit not to pre-pandemic levels.

IDC forecasts that the Asia/ Pacific (excluding Japan) (APEJ production printer shipment market will increase at a compound annual growth rate ("CAGR") of 3.4% CAGR through 2025.

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According to IDC Asia/ Pacific's Imaging Printing and Document Solution (IPDS) Group, they have not seen the light as the end of the COVID-19 pandemic tunnel. As the virus continues to mutate, they expect a sluggish recovery in most regions. The same goes for the printing industry. Hence, consumer behavior and printing trends have changed. They anticipate the market to gradually grow from 2021 and recover by 2023 at a lower shipment level than pre-pandemic levels. The pandemic lockdowns and movement restrictions impacted most businesses, resulting in high unemployment rates and loss of income. This triggered many stay-at-home entrepreneurs to kick-start new businesses through digital platforms as well as digital transformation by the offset printing businesses.

(Source: "IDC Forecasts Asia/Pacific ex. Japan Production Printer Market to Rebound", <https://www.idc.com/getdoc.jsp?containerId=prAP48871322>)

The global printer market accounted for USD42.35 billion in revenue for 2020. It is expected to reach USD54.83 billion by 2026, registering a CAGR of 4.55% during 2021-2026. With the outbreak of COVID-19, people started stocking up on lockdown essentials, a trend with the home printer market that grew considerably amid work-from-home situations. For instance, from April to June 2020, Brother Industries Limited experienced a surge in demand and witnessed a rise of 30% in sales for its mono laser printers and 42% in colour laser printers, mainly catering to the home environment.

(Source: "Global Printer Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021 - 2026)", <https://www.reportlinker.com/p06129748/Global-Printer-Market-Growth-Trends-COVID-19-Impact-and-Forecasts.html>)

7.3.2 Overview and outlook of printing inks market

Malaysia

In Malaysia, the printing industry dipped from RM10.1 billion in 2019 to RM9.4 billion in 2020 and rose to RM9.7 billion in 2021 due to the COVID-19 pandemic. The printing industry is expected to grow from RM9.7 billion in 2021 to RM12.4 billion in 2027 at a CAGR of 4.2%.

The growing consumption of packaged food items is a major driver for printing inks in Malaysia. A robust growth in the packaging industry is expected to play a crucial role in the printing toners market. Packaging has become an integral part of all sectors that require accurate labelling to assure the sale of authentic final products to end-users. Factors such as increasing disposable incomes and the emergence of various businesses including food and beverage industry, healthcare sector, and other consumer goods have contributed to the growth in demand for printing toners in Malaysia. Further, growth in commercial printing applications including brochures, catalogues, signages, and posters will propel demand for printing inks. Additionally, several benefits associated with toners, such as faster printing, better print quality and its cost-effectiveness will also support the demand for print toners.

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In the government sector and its related institutions and departments, apart from sharing information or files in electronic forms, paper documents are required to support daily works. For example, public awareness campaign materials are typically printed on paper so that they are better publicised and can reach more people. Meanwhile, official reports and informational publications are printed to make it more convenient for information spreading and communication. As a result, the sustained demands from the government and related sectors are expected to stimulate the continuous growth in the commercial printing industry, thereby boding well for the demand for printing toners in Malaysia.

(Source: *Independent market research report on outlook of the printing inks markets in Malaysia and globally prepared by Providence Strategic Partners Sdn Bhd*)

Global

Globally, the printing toners market grew from USD8.8 billion in 2018 to USD10.7 billion in 2019, before dipping to USD10.4 billion and USD9.8 billion in 2020 and 2021 respectively due to the COVID-19 pandemic affecting the printing packaging industries globally. Historically, the growing demand from the publishing and packaging industry had contributed to an increase in the global demand for printing inks. The increasing use of household printing devices had further supported growth of the global ink market. Other factors such as growth in letterpress and lithographic printing, affordability, constant innovations, popularity of environment-friendly inks and rising demand from emerging countries such as the People's Republic of China ("**China**") and India had further facilitated the growth of the global printing toners market.

The COVID-19 pandemic has affected the printing toners market, resulting in declined printing and packaging industries in 2020. The COVID-19 outbreak in China impacted the production and consumption of toners. A decline in commercial printing, such as magazines, newspapers, books, and brochures affected the demand for toners in the printing industry. Additionally, lockdown in economies including China, India, North America, Brazil, Italy, France, and the United Kingdom has also affected the consumption of toners by various end-users.

The global printing toners market is projected to increase from USD9.8 billion in 2021 to USD14.6 billion in 2027 at a CAGR of 6.9%. The growth in demand for printing toners globally will be driven by the rapidly growing food and beverages, pharmaceutical, apparel, electronic gadgets, and other industries globally due to the widespread usage of print toners in the packaging of products in these industries. Food and beverages will continue to be a key end-user industries of print toners alongside commercial printing.

(Source: *Independent market research report on outlook of the printing inks markets in Malaysia and globally prepared by Providence Strategic Partners Sdn Bhd*)

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The Group also noted that the proliferation of mobile devices such as smart phones, tablets, digital transformation and changes in the printing technology may have impacted consumer printing demand of the Group's products. Premised on the above, in summary, the Board noted that notwithstanding the continued recovery of the Malaysian and global economies, the overview and outlook of the printer and printing inks markets appeared mixed. While COVID-19 has impacted the overall printing market since 2020, it has also opened opportunities thus growth is expected to continue. Historically, the demand from the publishing and packaging industry had contributed to the demand for printing ink but the COVID-19 pandemic had affected the printing toner markets, resulting in declined printing and packaging industries in 2020. Nevertheless, the printing toners market is projected to grow as there are other factors contributing to the demand for printing toners. As such, the Board is cautiously optimistic for the demand of its products for the financial year ending 31 March 2023 after having considered the relevant aspects, such as the global economic recovery from the COVID-19 pandemic, the change in printing demand and trend as well as consumer behaviour.

7.4 Prospects of Jadi Group

Jadi Group is predominantly involved in development, formulation, and manufacturing of toners for laser printers, photocopiers, facsimile machines, and multi-function printers. The recent COVID-19 pandemic has disrupted many business operations globally. While the outbreak of COVID-19 pandemic continues to evolve, the Board believes that the global economy will gradually improve on the back of various government initiatives. Moving forward, the Group's main focus is to pursue sustainable growth despite challenging environment. Jadi Group had executed/ endeavours to continue with the strategies as set out in **Section 7.4.1** of this Circular below to improve the financial condition of the Group while emphasizing the quality of its products in order to stay competitive in the business it is operating in.

7.4.1 Steps or actions which have been taken/ will be taken to improve the financial condition of the Group

The Group has undertaken and will continue to undertake the strategies and measures below to improve its financial performance and strengthen its financial position:

- (i) establish and maintain strong customer base of compatible cartridge and parts manufacturers in China through its sales office and warehouse located in Zhuhai. The Group via its sales office in Zhuhai will continue to build rapport with its existing customers as well as reaching out to potential customer base of compatible cartridge and parts manufacturers in China. Such initiative includes continue with its business development efforts such as visiting the customers' and potential customers' offices to gain feedbacks from the existing and potential customers. This will help the Group to improve its products offerings by understanding the latest developments in the industry which will contribute in meeting customers' needs;
- (ii) developing more higher margin and higher value toner products using the Company's know-how and technology in conventional toner and emulsion aggregation (chemical) toner;

The Group manufactures both the monochrome and colour toners, using the conventional melt pulverise toner process as well as the polymerization process (commonly known as chemically-produced toner). During the FYE 31 March 2021 and up to the LPD, the Group expanded its production capacity of chemically-produced toners to 660 metric tons per annum. The Group had only in FYE 31 March 2021 commenced the sales of chemically-produced toner as mentioned in

the financial commentary for the FYE 31 March 2021 compared to FYE 31 March 2020. These chemically-produced toners generally are selling at higher margin compared to the Group's conventional toners. The Group has also been continuing to develop the chemically-produced toner to cater for wider range of printer series and promote the chemically-produced toners to its customers. Concurrently, the Group will continue to increase its efforts to expand its customers' base particularly in (Europe and South America in order to secure more customers and increase its overall sales). The Group will continue to explore and establish stronger partnership with new and existing distributors/ dealers to further boost the Group's clientele with the intention of sustaining and growing the Group's revenue over the long term.

- (iii) implement lean management practices ("lean" is a concept of efficient manufacturing/ operations) and kaizen ("kaizen" is a Japanese term meaning "continuous improvement") to continuously improve productivity, quality, capacity, capability and costs for all manufacturing facilities.

The Group has been carrying out cost saving measures which includes exercising prudence in manpower planning and spending by striving to maintain its workforce at the optimum level to meet its operational requirements to mitigate the impact of COVID-19 on the Group's operations. In addition, the Group regularly reviews and monitors its manufacturing efficiency to prevent manufacturing downtime during production process, which will lead to wastage and production delays.

With the Group's plan to migrate to a new ERP information technology system, it is expected to further improve the Group's operation management and efficiency. The Group will continue to be on the lookout for further improvement opportunities with data captured through the Group's ERP information technology system allowing the team to gather and analyse information on cycle time and capacity utilisation which feeds the Group's continuous improvement efforts to drive higher efficiency.

- (iv) venture into other new business activities/ opportunities

In 2020, the Company has attempted to venture into other new business activities to diversify its source of revenue. On 1 September 2020, the Company's wholly-owned subsidiary, Jadi Life Solutions Sdn Bhd ("**JLS**") entered into an exclusive distribution agreement ("**Distribution Agreement**") with Pentavite International Co., Ltd. ("**Pentavite**"), a wholly-owned subsidiary of By-Health Co., Ltd ("**By-Health**") to promote and sell the Pentavite's probiotic products under the Life-Space brand for the Malaysian market. The Distribution Agreement was effective from 1 September 2020 until 31 August 2026 and may be extended for a further period to be mutually agreed by the parties. The Distribution Agreement is one of the Group's initiatives to explore other businesses which will potentially provide an additional source of income to the Group. However, the Distribution Agreement was terminated on 10 December 2021 primarily due to the extended delay encountered by JLS during the registration process for the registration of the probiotic products with the National Pharmaceutical Regulatory Agency under the Ministry of Health Malaysia.

In FYE 31 March 2021, the Group commenced sale of stationery products (under the Nusign brand, 3D printers and consumables under the Anet brand for the Office, School and Information Technology Supplies (OSIT) category) and sale of face masks and hand sanitizer under the JADICARE private label.

Notwithstanding the above, the Company intends to continue its efforts to seek for other opportunities to venture into other new business activities to improve its financial performance and strengthen its financial position.

7.4.2 Impact of the Proposed Private Placement and value creation to the Group

As set out in **Section 4.1** of this Circular, the Proposed Private Placement is intended to raise funds for, among others, purchase and installation of ERP information technology system and marketing expenses for the Group's online sales channel without incurring interest cost and having to service principal repayments as compared to bank borrowings, thereby allowing the Group to preserve its cash flow. These are expected to have a positive impact on the Group's earnings and will enhance its shareholders' value. The Board expects the Group's operational efficiency to improve arising from the investment in new ERP information technology system as the system is aimed at increasing timely flow of data and information among different departments and business units via internet to facilitate decision making and reporting. The ERP information technology system will provide a platform for the Group to, among others, gather and analyse information on cycle time and capacity utilization which feeds the Group's continuous improvement efforts to drive higher efficiency.

In addition, as set out in **Section 4.1** of this Circular, a portion of the proceeds to be raised from the Proposed Private Placement will be used for partial repayment of the Group's bank borrowings. The Group will benefit from interest savings arising from the lower borrowings.

With the injection of new funds, the Company will be able to finance the proposed utilisation as set out in **Section 4.1** of this Circular, without drawing upon its existing cash and bank balances, which is required for the Group's existing operations and working capital. This is expected to create value to the shareholders in long term and contribute positively to the financial performance of the Group.

Notwithstanding the above, the consolidated EPS of the Group is expected to be diluted as a result of the increased number of Shares arising from the Proposed Private Placement. The effects of the Proposed Private Placement on the share capital, NA and gearing, earnings and EPS, substantial shareholders' shareholdings of the Group are set out in **Section 8** of this Circular.

7.4.3 Adequacy of the Proposed Private Placement in addressing the financial concerns of the Group

Jadi Group's cash and bank balances stood at approximately RM17.92 million as at 31 December 2021 of which will be conserved for its working capital purposes (such as payment to its trade and other payables) and enhance/ upgrade the Group's equipment/ machineries. Hence, the proceeds to be raised from the Proposed Private Placement will fund mainly the purchase and installation of ERP information technology system and partial repayment of bank borrowings as stated in **Section 4.1** of this Circular. The Board expects that this would in turn enhance the Group's financial performance in the future.

Premised on the above, the Board is of the view that the Proposed Private Placement would be sufficient to address the Group's financial requirements at this juncture. Concurrently, the Group intends to continue with the business strategies as set out in **Section 7.4.1** of this Circular as part of its on-going efforts to continuously enhance its business performance and improve its financial position. Notwithstanding the above, the Group will continuously assess its financial position and will address its financial requirements as and when required.

Barring any unforeseen circumstances, the Board is cautiously optimistic of the Group's prospects for the financial year ending 31 March 2023 after having considered all relevant aspects, including the economic and industry outlook. The Board will continue to monitor the status and progress of COVID-19 and will endeavour, to the extent possible, to review the performance and progress of the Group's operations and financial performance, and to introduce measures to minimise the operating costs, where required.

(Source: Management of Jadi)

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8. EFFECTS OF THE PROPOSALS

For illustrative purposes, the pro forma effects of the Proposals are based on the following scenarios:

Minimum Scenario	Based on the total issued number of 1,076,370,451 Jadi Shares (excluding 119,672 Treasury Shares) as at the LPD and assuming none of the 119,672 Treasury Shares are resold in the open market before the implementation of the Proposals.
Maximum Scenario	Based on the total issued number of 1,076,490,123 Jadi Shares (including 119,672 Treasury Shares) as at the LPD and assuming all of the 119,672 Treasury Shares are resold in the open market before the implementation of the Proposals.

8.1 Share capital

The pro forma effect of the Proposals on the share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	1,076,490,123	108,799,270	1,076,490,123	108,799,270
Less: Treasury shares	(119,672)	-	-	-
Shares to be issued pursuant to the Proposed Private Placement	1,076,370,451	108,799,270	1,076,490,123	108,799,270
After the Proposed Private Placement	322,911,100	(1)24,218,333	322,947,000	(1)24,221,025
Shares to be issued assuming full exercise of the Warrants	1,399,281,551	133,017,603	1,399,437,123	133,020,295
	699,640,775	(2)55,971,262	699,718,561	(2)55,977,485
Enlarged share capital	2,098,922,326	188,988,865	2,099,155,684	188,997,780

Notes:

- (1) Based on an assumed issue price of RM0.0750 per Placement Share.
- (2) Assuming the Warrants are exercised at the assumed exercise price of RM0.08 each.

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8.2

NA and gearing

The pro forma effects of the Proposals on the NA and gearing of the Group are as follows:

Minimum Scenario

	Audited as at 31 March 2021	(I) After subsequent events	(II) After (I) and the Proposed Private Placement ⁽³⁾	(III) After (II) and the Proposed Free Warrants Issue	(IV) After (III) and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	107,185	(2)108,799	133,018	133,018	(6)188,989
Treasury Shares	(22)	(22)	(22)	(22)	(22)
Other reserves	28,221	(2)27,834	27,834	27,834	27,834
Accumulated losses	(23,298)	(23,249)	(4)(23,682)	(23,682)	(23,682)
Total equity/ NA	112,086	113,362	137,148	137,148	193,119
No. of Shares in issue ⁽¹⁾ ('000)	1,051,910	1,076,370	1,399,282	1,399,282	2,098,922
NA per Share (RM)	0.11	0.11	0.10	0.10	0.09
Total borrowings (RM'000)	21,805	21,805	(5)5,115	5,115	5,115
Gearing (times)	0.19	0.19	0.04	0.04	0.03

Notes:

- (1) Excluding 119,672 Treasury Shares.
- (2) After accounting for:
 - (i) the exercise of a total of 24,460,000 employees' share option ("ESOS Options") at an exercise price of RM0.0522 each and accounting for reversal of the share option reserve amounting to RM0.34 million to the share capital; and
 - (ii) forfeiture of 3,548,000 ESOS Options.
- (3) Based on the assumed issue price of RM0.0750 per Placement Share.
- (4) After deducting estimated expenses of RM0.43 million for the Proposals.
- (5) After adjusting for the utilisation of proceeds pursuant to the Proposals for the partial repayment of bank borrowings of RM16.69 million.
- (6) Assuming Warrants are exercise at the assumed exercise price of RM0.08 each.

Maximum Scenario

	Audited as at 31 March 2021 RM'000	(I) After subsequent events RM'000	(II) After (I) and assuming all the Treasury Shares are resold in the open market ⁽³⁾ RM'000	(III) After (II) and the Proposed Private Placement ⁽⁴⁾ RM'000	(IV) After (III) and the Proposed Free Warrants Issue RM'000	(V) After (IV) and assuming full exercise of Warrants RM'000
Share capital	107,185	(2)108,799	108,799	133,020	133,020	(7)188,998
Treasury Shares	(22)	(22)	-	-	-	-
Other reserves	28,221	(2)27,834	27,834	27,834	27,834	27,834
Accumulated losses	(23,298)	(23,249)	(23,249)	(5)(23,682)	(23,682)	(23,682)
Total equity/ NA	112,086	113,362	113,384	137,172	137,172	193,150
No. of Shares in issue ('000)	(1)1,051,910	1,076,370	1,076,490	1,399,437	1,399,437	2,099,156
NA per Share (RM)	0.11	0.11	0.11	0.10	0.10	0.09
Total borrowings (RM'000)	21,805	21,805	21,805	(6)5,115	5,115	5,115
Gearing (times)	0.19	0.19	0.19	0.04	0.04	0.03

Notes:

- (1) Excluding 119,672 Treasury Shares.
- (2) After accounting for:
 - (i) the exercise of a total of 24,460,000 ESOS Options at an exercise price of RM0.0522 each and accounting for reversal of the share option reserve amounting to RM0.34 million to the share capital; and
 - (ii) forfeiture of 3,548,000 ESOS Options.
- (3) Assuming all of the 119,672 Treasury Shares are resold in the open market at cost.
- (4) Based on the assumed issue price of RM0.0750 per Placement Share.
- (5) After deducting estimated expenses of RM0.43 million for the Proposals.
- (6) After adjusting for the utilisation of proceeds pursuant to the Proposals for the partial repayment of bank borrowings of RM16.69 million.
- (7) Assuming Warrants are exercise at the assumed exercise price of RM0.08 each.

8.3 Earnings and EPS

8.3.1 Proposed Private Placement

The effect of the Proposed Private Placement on the future earnings and EPS of the Group cannot be ascertained at this juncture as it would depend on, among others, the actual issue price(s), number of the Placement Shares and the future earnings of the Group.

The Proposed Private Placement is not expected to have a material effect on the earnings of the Group for the FYE 31 March 2022 and FYE 31 March 2023. However, the EPS of the Group is expected to be correspondingly diluted as a result of the increase in the number of Shares to be issued pursuant to the Proposed Private Placement.

8.3.2 Proposed Free Warrants Issue

The Proposed Free Warrants Issue is not expected to have any material effect on the earnings of the Group for the FYE 31 March 2022. However, there will be a corresponding dilution in Jadi's consolidated EPS as a result of the increase in the number of Shares arising from the Proposed Free Warrants Issue (when the Warrants are exercised).

The potential effect of the Proposed Free Warrants Issue on the future earnings and EPS of the Group will depend upon, among others, the number of Shares issued pursuant to the exercise of Warrants at any point in time and the potential benefits from the utilisation of the proceeds. Although the EPS shall be correspondingly diluted as a result of the increase in the number of Shares upon the exercise of the Warrants, the Proposed Free Warrants Issue is expected to contribute positively to the Company's earnings thereafter through the utilisation of proceeds.

For illustration purposes, assuming that the Proposals had been completed and the Warrants had been fully exercised at the beginning of the FYE 31 March 2021, the pro forma effects of the Proposals on the consolidated earnings and EPS of the Company are as follows:

Minimum Scenario

	Audited as at 31 March 2021 RM'000	(I) After subsequent events RM'000	(II) After (I) and the Proposed Private Placement RM'000	(III) After (II) and the Proposed Free Warrants Issue RM'000	(IV) After (III) and assuming full exercise of Warrants RM'000
LAT attributable to the owners of the Company	(1,849)	(1,849)	(2,282)	(2,282)	(2,282)
No. of Shares in issue ('000) ⁽¹⁾	*1,051,910	⁽²⁾ 1,076,370	⁽³⁾ 1,399,437	1,399,437	2,099,156
Basic loss per Share (sen)	*(0.18)	(0.17)	(0.16)	(0.16)	(0.11)

Notes:

* The basis loss per Share is as extracted from the audited financial statements of the Group for the FYE 31 March 2021 and computed based on weighted average number of Shares.

- (1) Excluding 119,672 Treasury Shares.
- (2) After accounting for exercise of a total of 24,460,000 ESOS Options at an exercise price of RM0.0522 each and forfeiture of 3,548,000 ESOS Options.
- (3) After deducting estimated expenses of RM0.43 million for the Proposals.

Maximum Scenario

	Audited as at 31 March 2021 RM'000	(I) After subsequent events RM'000	(II) After (I) and assuming all the Treasury Shares are resold in the open market RM'000	(III) After (II) and the Proposed Private Placement RM'000	(IV) After (III) and the Proposed Free Warrants Issue RM'000	(V) After (IV) and assuming full exercise of Warrants RM'000
LAT attributable to the owners of the Company	(1,849)	(1,849)	(1,849)	(4)(2,282)	(2,282)	(2,282)
No. of Shares in issue ('000) ⁽¹⁾	*1,051,910	(2)1,076,370	(3)1,076,490	1,399,437	1,399,437	2,099,156
Basic loss per Share (sen)	*(0.18)	(0.17)	(0.17)	(0.16)	(0.16)	(0.11)

Notes:

* The basis loss per Share is as extracted from the audited financial statements of the Group for the FYE 31 March 2021 and computed based on weighted average number of Shares.

- (1) Excluding 119,672 Treasury Shares.
- (2) After accounting for exercise of a total of 24,460,000 ESOS Options at an exercise price of RM0.0522 each and forfeiture of 3,548,000 ESOS Options.
- (3) Assuming all of the 119,672 Treasury Shares are resold in the open market at cost.
- (4) After deducting estimated expenses of RM0.43 million for the Proposals.

8.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the substantial shareholders' shareholdings in the Company as at the LDP based on the Company's register of substantial shareholders are as follows:

Minimum Scenario

	As at the LPD				(i) After the Proposed Private Placement ⁽²⁾				(ii) After (i) and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares ('000)	% ⁽¹⁾	No. of shares ('000)	% ⁽¹⁾	No. of shares ('000)	% ⁽³⁾	No. of shares ('000)	% ⁽³⁾	No. of shares ('000)	% ⁽⁴⁾	No. of shares ('000)	% ⁽⁴⁾
Substantial shareholders												
XOX (Hong Kong) Limited	299,528	27.83	-	-	299,528	21.41	-	-	449,292	21.41	-	-
XOX Bhd	-	-	⁽⁵⁾ 299,528	27.83	-	-	⁽⁵⁾ 299,528	21.41	-	-	⁽⁵⁾ 449,292	21.41
Static Control Holdings Limited	94,170	8.75	-	-	94,170	6.73	-	-	141,255	6.73	-	-
Ninestar Corporation	-	-	⁽⁶⁾ 94,170	8.75	-	-	⁽⁶⁾ 94,170	6.73	-	-	⁽⁶⁾ 141,255	6.73
Zhuhai Seine Technology Co., Ltd	-	-	⁽⁷⁾ 94,170	8.75	-	-	⁽⁷⁾ 94,170	6.73	-	-	⁽⁷⁾ 141,255	6.73
Zhuhai Hengxinfengye Technology Co., Ltd	-	-	⁽⁸⁾ 94,170	8.75	-	-	⁽⁸⁾ 94,170	6.73	-	-	⁽⁸⁾ 141,255	6.73
Placee(s)	-	-	-	-	322,911	23.08	-	-	484,367	23.08	-	-

Notes:

(1) Based on the issued share capital of 1,076,370,451 Jadi Shares (excluding 119,672 Treasury Shares) as at the LPD.

(2) Assuming the Proposed Private Placement does not give rise to the emergence of any new substantial shareholder(s).

For illustration purpose, the shareholdings of placees as set out in the table above represents the collective shareholdings of the placees. At this juncture the Board is not able to determine the number of placees subscribing for the Placement Shares.

Notwithstanding the above, the Board does not intend to place the Placement Shares to a placee whereby after completion of the Proposed Private Placement, the placee will emerge as a new major shareholder of Jadi.

(3) Based on the enlarged issued share capital of 1,399,281,551 Jadi Shares (excluding 119,672 Treasury Shares).

(4) Based on the enlarged issued share capital of 2,098,922,326 Jadi Shares (excluding 119,672 Treasury Shares).

(5) Deemed interested by virtue of its shareholding in XOX (Hong Kong) Limited pursuant to Section 8 of the Act.

(6) Deemed interested by virtue of its shareholding in Static Control Holdings Limited pursuant to Section 8 of the Act.

(7) Deemed interested by virtue of its shareholding in Ninestar Corporation pursuant to Section 8 of the Act.

(8) Deemed interested by virtue of its shareholding in Zhuhai Seine Technology Co., Ltd pursuant to Section 8 of the Act.

Maximum Scenario

	As at the LPD			(I) Assuming all the Treasury Shares are resold in the open market			(II) After (I) and the Proposed Private Placement ⁽³⁾			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of shares ('000)	% ⁽¹⁾	No. of shares ('000)	% ⁽²⁾	No. of shares ('000)	% ⁽²⁾	No. of shares ('000)	% ⁽⁴⁾	No. of shares ('000)	% ⁽⁴⁾
Substantial shareholders										
XOX (Hong Kong) Limited	299,528	27.83	-	27.82	299,528	-	299,528	21.40	-	-
XOX Bhd	-	-	⁽⁶⁾ 299,528	27.83	-	⁽⁶⁾ 299,528	27.82	-	⁽⁶⁾ 299,528	21.40
Static Control Holdings Limited	94,170	8.75	-	8.75	94,170	-	94,170	6.73	-	-
Ninestar Corporation	-	-	⁽⁷⁾ 94,170	8.75	-	⁽⁷⁾ 94,170	8.75	-	⁽⁷⁾ 94,170	6.73
Zhuhai Seine Technology Co., Ltd	-	-	⁽⁸⁾ 94,170	8.75	-	⁽⁸⁾ 94,170	8.75	-	⁽⁸⁾ 94,170	6.73
Zhuhai Hengxinfengye Technology Co., Ltd	-	-	⁽⁹⁾ 94,170	8.75	-	⁽⁹⁾ 94,170	8.75	-	⁽⁹⁾ 94,170	6.73
Placee(s)	-	-	-	-	-	-	-	322,947	23.08	-

	(III) After (II) and assuming full exercise of Warrants		
	Direct		Indirect
	No. of shares ('000)	% ⁽⁵⁾	No. of shares ('000)
Substantial shareholders			
XOX (Hong Kong) Limited	449,292	21.40	-
XOX Bhd	-	-	⁽⁶⁾ 449,292
Static Control Holdings Limited	141,255	6.73	-
Ninestar Corporation	-	-	⁽⁷⁾ 141,255
Zhuhai Seine Technology Co., Ltd	-	-	⁽⁸⁾ 141,255
Zhuhai Hengxinfengye Technology Co., Ltd	-	-	⁽⁹⁾ 141,255
Placee(s)	484,421	23.08	-

Notes:

(1) Based on the issued share capital of 1,076,370,451 Jadi Shares (excluding 119,672 Treasury Shares) as at the LPD.

(2) Based on the enlarged issued share capital of 1,076,490,123 Jadi Shares.

(3) Assuming the Proposed Private Placement does not give rise to the emergence of any new substantial shareholder(s).

For illustration purpose, the shareholdings of placees as set out in the table above represents the collective shareholdings of the placees. At this juncture the Board is not able to determine the number of placees subscribing for the Placement Shares.

Notwithstanding the above, the Board does not intend to place the Placement Shares to a placee whereby after completion of the Proposed Private Placement, the placee will emerge as a new major shareholder of Jadi.

(4) Based on the enlarged issued share capital of 1,399,437,123 Jadi Shares.

(5) Based on the enlarged issued share capital of 2,099,155,684 Jadi Shares.

(6) Deemed interested by virtue of its shareholding in XOX (Hong Kong) Limited pursuant to Section 8 of the Act.

(7) Deemed interested by virtue of its shareholding in Static Control Holdings Limited pursuant to Section 8 of the Act.

(8) Deemed interested by virtue of its shareholding in Ninestar Corporation pursuant to Section 8 of the Act.

(9) Deemed interested by virtue of its shareholding in Zhuohai Seine Technology Co., Ltd pursuant to Section 8 of the Act.

8.5 Convertible securities

As at the LPD, the Company does not have any other outstanding convertible securities.

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9. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained:

- (i) the approval of Bursa Securities for the:
 - (a) listing and quotation of up to 322,947,000 Placement Shares to be issued pursuant to the Proposed Private Placement;
 - (b) admission to the Official List and listing and quotation of up to 699,718,561 Warrants to be issued pursuant to the Proposed Free Warrants Issue; and
 - (c) listing and quotation of up to 699,718,561 new Jadi Shares to be issued arising from the exercise of the Warrants,

on the Main Market of Bursa Securities;

The approval has been given by Bursa Securities in its letter dated 28 March 2022 subject to, amongst others, the following conditions:

	Conditions	Status of compliance
(a)	Jadi and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	Noted
(b)	Jadi is required to furnish Bursa Securities with certified true copy of the resolutions passed by the shareholders at the EGM approving the Proposals;	To be complied
(c)	Jadi and TA Securities are required to inform Bursa Securities upon completion of the Proposals;	To be complied
(d)	Jadi is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied
(e)	TA Securities is required to furnish Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement;	To be complied
(f)	Jadi and TA Securities are required to provide a written confirmation that the terms of the Warrants are in compliance with Paragraph 6.54(3) of the Listing Requirements;	To be complied
(g)	Jadi and TA Securities are required to make the relevant announcements in accordance with Paragraphs 6.35(2)(a) and (b) of the Listing Requirements; and	To be complied

	Conditions	Status of compliance
(h)	payment of additional listing fees pertaining to the exercise of Warrants, if relevant. In this respect, Jadi is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

(ii) the approval of the Company's shareholders at the forthcoming EGM to be convened; and

(iii) the approvals/ consents of any other relevant authorities/ parties, if required.

The Proposed Private Placement is not conditional upon the Proposed Free Warrants Issue and vice versa.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

10. CORPORATE EXERCISE/ SCHEME ANNOUNCED BUT PENDING COMPLETION

The Board confirms that the Company does not have any other outstanding corporate exercise/ scheme which has been announced by the Company but is pending implementation or completion prior to the printing of this Circular.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive and/ or persons connected with them has any interest, direct or indirect, in the Proposals other than their respective entitlements under the Proposed Free Warrants Issue as shareholders of the Company, to which all Entitled Shareholders are similarly entitled to.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposals including, the rationale and effects of the Proposals, use of proceeds and future prospects of the Group, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals is expected to be completed by the 2nd quarter of 2022.

The tentative timetable for the Proposals is as follows:

Events	Tentative timeline
<ul style="list-style-type: none"> • EGM for the Proposals 	20 April 2022
<ul style="list-style-type: none"> • Listing of and quotation for the Placement Shares and completion of the Proposed Private Placement 	Mid/ End May 2022
<ul style="list-style-type: none"> • Announcement of the Entitlement Date 	End May/ early June 2022
<ul style="list-style-type: none"> • Entitlement Date 	Mid June 2022
<ul style="list-style-type: none"> • Listing of Warrants and completion of the Proposed Free Warrants 	End June 2022

14. EGM

The EGM, the notice which is set out in this Circular, to be conducted on a fully virtual basis through live streaming from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 20 April 2022 at 10.30 a.m., or at any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

You are entitled to attend and vote at the EGM or appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the Proxy Form at the Company's Poll Administrator office c/o Aldpro Corporate Services Sdn Bhd, at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan or email to admin@aldpro.com.my not less than 48 hours before the time for holding the meeting or any adjournment thereof. The lodgment of the Proxy Form shall not preclude you from attending and voting at the EGM should you subsequently wish to do so and in such event, your Proxy Form shall be deemed to have been revoked.

15. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Your faithfully
 For and on behalf of the Board
JADI IMAGING HOLDINGS BERHAD

ONG GIM HAI
 Executive Director

SALIENT TERMS OF THE WARRANTS

The indicative salient terms of the Warrants are set out as follows:

Terms	Details
Issue size	: Up to 699,718,561 Warrants
Form and constitution	: The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by the Company.
Tenure	: 3 years commencing from and including of the date of issuance of the Warrants (" Issue Date ")
Expiry date	: The day preceding the third (3rd) anniversary of the Issue Date and if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day (" Expiry Date ")
Exercise price	: The exercise price of the Warrants (" Exercise Price ") shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the announcement of the Entitlement Date. The Exercise Price and/ or the number of Warrants in issue during the exercise period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Exercise period	: The period commencing on and including the Issue Date and ending at 5.00 p.m. on the Expiry Date (" Exercise Period "). Any Warrant not exercised by the Expiry Date (as defined herein) will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	: A Warrant holder is required to lodge an exercise form with the Company's share registrar which is duly completed, signed and stamped together with payment by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office operating in Malaysia or by way of interbank transfer for the credit of an account maintained by the Company for the amount equal to the Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Exercise rights	: Each Warrant shall entitle the Warrant holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Board lot	: For the purposes of trading on Bursa Securities, a board lot for the Warrants shall be 100 Warrants or such other denominations as permitted by any relevant authorities.
Adjustment in the exercise price and/ or number of Warrants	: The Exercise Price and/ or number of Warrants may be adjusted by the Board in consultation with an approved adviser appointed by the Company or the auditors of the Company in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the terms and conditions of the Deed Poll.

SALIENT TERMS OF THE WARRANTS (Cont'd)

Terms	Details
Rights of the Warrant Holders in the event of winding-up, liquidation, compromise or arrangement	<p data-bbox="582 302 1380 459">: Where a resolution has been passed for a members' voluntary winding-up of the Company, or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:</p> <p data-bbox="582 481 1380 728">(i) for the purposes of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution of the Warrants holders, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and</p> <p data-bbox="582 750 1380 1400">(ii) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions of Deed Poll, every Warrant holder shall thereupon be entitled to exercise his Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if the Warrant holder had on such date been the holder of the new Shares to which the Warrant holder would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all exercise rights shall lapse and cease to be valid for any purpose.</p>
Modifications of rights of the Warrant holders	<p data-bbox="582 1433 1380 1668">: Subject to the provisions of the Deed Poll, no amendment or addition may be made to the provisions of Deed Poll without the sanction of a special resolution of the Warrants holders unless the amendments or additions are required to correct any manifest errors or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders.</p>
Transferability	<p data-bbox="582 1702 1380 1803">: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.</p>
Listing	<p data-bbox="582 1825 1380 1859">: The Warrants will be listed on the Main Market of Bursa Securities.</p>
Governing law	<p data-bbox="582 1881 1380 1915">: The laws of Malaysia.</p>

FINANCIAL INFORMATION OF JADI GROUP

	Audited			Unaudited	
	FYE 31 March			9M-FPE	
	2019	2020	2021	2020	2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	47,792	47,263	45,092	34,353	33,678
Profit/ (Loss) before tax ("PBT"/ "LBT")	1,297	(34,848)	(1,708)	(1,941)	(2,230)
Profit/ (Loss) after tax ("PAT"/ "LAT")	459	(34,748)	(1,849)	(1,951)	(2,148)
Share capital	94,185	106,126	107,185	106,126	108,799
Shareholders' funds/ NA	121,954	111,169	112,086	111,315	111,885
Number of Shares in issue ('000)*	941,700	1,035,870	1,051,910	1,035,870	1,076,370
Weighted average number of Shares in issue ('000)*	941,700	1,035,870	1,051,910	1,035,870	1,076,370
NA per Share (sen)	12.95	10.73	10.66	10.75	10.39
Basic earnings/ (loss) per Share (sen) ⁽¹⁾	0.05	(3.35)	(0.18)	(0.19)	(0.20)
- from continuing operations	0.13	(3.35)	(0.18)	(0.19)	(0.20)
- from discontinued operations	(0.08)	-	-	-	-
Current assets	75,912	76,072	69,727	67,955	65,161
Current liabilities	12,578	9,139	13,319	12,604	10,467
Current ratio (times)	6.04	8.32	5.24	5.39	6.23

(Source: Jadi's annual reports and latest unaudited quarterly reports for the financial years/ periods under review.)

Notes:

* Excluding treasury shares.

(1) Calculated based on profit/ (loss) for the financial year/ period over weighted average number of Shares in issue*.

Financial commentary

(a) 9M-FPE 2021 compared to 9M-FPE 2020

The Group's revenue decreased by RM0.67 million or 1.96% from RM34.35 million for the 9M-FPE 2020 to RM33.68 million for the 9M-FPE 2021. The lower revenue for the 9M-FPE 2021 was mainly due to lower sales volume of the Group's toner as a result from some of the Group's customers experienced lock down/ movement restrictions imposed by the governments.

The Group's LAT increased by RM0.20 million or 10.10% to RM2.15 million for the 9M-FPE 2021 from RM1.95 million for the 9M-FPE 2020 mainly due to lower gross profit. The Group's gross profit decreased by RM0.59 million or 12.18% to RM4.30 million (gross profit margin of 12.76%) for the 9M-FPE 2021 from RM4.89 million (gross profit margin of 14.24%) for the 9M-FPE 2020, in line with the decreased revenue. The lower gross profit margin was mainly due to supply chain disruption, resulting in higher raw material cost and freight charges in 9M-FPE 2021.

FINANCIAL INFORMATION OF JADI GROUP (Cont'd)**(b) FYE 31 March 2021 compared to FYE 31 March 2020**

The Group's revenue decreased by RM2.17 million or 4.59% from RM47.26 million for the FYE 31 March 2020 to RM45.09 million for the FYE 31 March 2021. The lower revenue for the FYE 31 March 2021 was mainly due to the lower sales volume of the Group's toner particularly the lower margin monochrome laser toner due to competitive pricing. The Group in FYE 31 March 2021 commenced the sales of chemically-produced toner, a higher margin toner compared to the Group's conventional toner. Despite lower revenue, the Group's LAT decreased by RM32.90 million or 94.68% from RM34.75 million for the FYE 31 March 2020 to RM1.85 million for the FYE 31 March 2021 mainly due to the following:

- (i) decrease in inventories written off by RM11.05 million or 89.05% to RM1.36 million in FYE 31 March 2021 (FYE 31 March 2020: RM12.41 million);
- (ii) absence of reversal of inventories written down in FYE 31 March 2021. In FYE 31 March 2020, there was a reversal of inventories written down of RM5.96 million;
- (iii) absence of impairment on property, plant and equipment in FYE 31 March 2021. The Group has plant and machinery with a carrying amount of RM12.88 million as at 31 March 2020. Following the losses reported during the FYE 31 March 2020 and a review of the business, the management assessed and concluded that there was further impairment required to reduce the carrying amount of the Group's plant and machinery as the carrying amounts were higher than its estimated recoverable values. As such total impairment of RM6.21 million was made in FYE 31 March 2020 for the plant and machinery which had low recoverable amount, thereby reducing the carrying amount of plant and machinery to RM6.67 million as at 31 March 2020;
- (iv) absence of impairment on rights-of-use assets in FYE 31 March 2021. In FYE 31 March 2020, the Group continued to report losses under its manufacturing segment which indicated existence of impairment. The Group assessed the recoverable amount and recognised an impairment loss of RM4.07 million on right-of-use assets (leased factory located in Glenmarie, Shah Alam). During FYE 31 March 2021, the Group expanded the business to product distribution segment via e-commerce channel. In FYE 31 March 2021, the Group reassessed the recoverable amount of right-of-use assets (leased factory located in Glenmarie, Shah Alam) occupied by product distribution segment and reversed part of the initially recognised impairment by RM1.30 million;
- (v) absence of provision for restatement cost in FYE 31 March 2021. In the FYE 31 March 2020, the Group made a provision for restatement cost of RM0.74 million for a leased property by Jadi Imaging Solutions (UK) Limited (the Company's wholly-owned subsidiary) ("JIS UK") located in United Kingdom. JIS UK ceased operation in March 2020 and stop leasing the said property in April 2020. The provision for restatement cost was made as JIS UK was required to reinstate and repair the leased property to its original state pursuant to the lease agreement; and
- (vi) decrease in depreciation of property, plant and equipment by RM5.48 million or 60.27% to RM3.61 million in FYE 31 March 2021 (FYE 31 March 2020: RM9.09 million).

(c) FYE 31 March 2020 compared to FYE 31 March 2019

The Group's revenue decreased by RM0.53 million or 1.11% from RM47.79 million in the FYE 31 March 2019 to RM47.26 million for the FYE 31 March 2020. The decrease in revenue was mainly due to lockdowns in foreign countries because of the COVID-19 pandemic. The Group recorded a LAT of RM34.75 million for the FYE 31 March 2020 as compared to a PAT of RM0.46 million for the FYE 31 March 2019 mainly due to the following:

- (i) inventories written off in FYE 31 March 2020 of RM12.41 million (FYE 31 March 2019: nil);

FINANCIAL INFORMATION OF JADI GROUP (Cont'd)

- (ii) increase in reversal of inventories written down by RM5.74 million or 1,172.70% to RM6.23 million in FYE 31 March 2020 (FYE 31 March 2019: RM0.49 million);
- (iii) decrease in other income in FYE 31 March 2020 by RM14.25 million (91.91%). In FYE 31 March 2019, the Group recorded a gain on disposal of RM12.68 million from the disposal of entire equity interest in Jadi Imaging Technologies (Suzhou) Co., Ltd.;
- (iv) impairment on property, plant and equipment of RM6.21 million for the FYE 31 March 2020 as mentioned in section (b)(iii) above; and
- (v) impairment on right-of-use of the leased factory located in Glenmarie, Shah Alam of RM4.07 million for the FYE 31 March 2020 as mentioned in section (b)(iv) above.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved this Circular, and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. The Board confirms that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

TA Securities, being the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular. TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

Providence, being the Independent Market Researcher, has given and has not subsequently withdrawn its written consent to the inclusion of its name, extracts of the IMR Report and all references in the form and context in which they are included in this Circular. Providence has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Independent Market Researcher.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board confirmed that there are no proceeding pending or threatened against the Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of the Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

4.2 Contingent liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

FURTHER INFORMATION (Cont'd)

5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Shares as traded on Bursa Securities for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2021		
April	0.135	0.100
May	0.105	0.080
June	0.105	0.085
July	0.095	0.080
August	0.090	0.080
September	0.145	0.085
October	0.135	0.090
November	0.100	0.080
December	0.110	0.080
2022		
January	0.115	0.100
February	0.110	0.100
March	0.105	0.080

Last transacted market price on 4 March 2022 (being the last trading date prior to the announcement of the Proposals) was RM0.10 per Jadi Share.

Last transacted market price on 29 March 2022 (being the LPD prior to the printing of this Circular) was RM0.095 per Jadi Share.

(Source: Bloomberg)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at No. 1, Jalan Peguam U1/25A, Section U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia during normal business hours from 8.30 a.m. to 5.30 p.m. Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Company's Constitution;
- (ii) the audited consolidated financial statements of the Company for the FYE 31 March 2020 and FYE 31 March 2021 as well as the latest unaudited financial results of the Group for the 9M-FPE 2021;
- (iii) the letter of consent and conflict of interest as referred to in **Section 2** above;
- (iv) the draft Deed Poll in relation to the Proposed Free Warrants Issue; and
- (v) the IMR Report.



JADI IMAGING HOLDINGS BERHAD

(Registration No. 200001023711 (526319-P))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Jadi Imaging Holdings Berhad (“**Jadi**” or “**Company**”) will be conducted on a fully virtual basis through live streaming from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 20 April 2022 at 10.30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the resolutions below:

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF UP TO 322,947,000 NEW ORDINARY SHARES IN JADI (“JADI SHARES” OR THE “SHARES”) (“PLACEMENT SHARES”), REPRESENTING APPROXIMATELY 30% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES) (“PROPOSED PRIVATE PLACEMENT”)

“**THAT** subject to the approvals of all relevant authorities or parties being obtained (where required), the Board of Directors of the Company (“**Board**”) be and is hereby authorised to allot and issue up to 322,947,000 Placement Shares, representing approximately 30% of the total number of issued shares of Jadi, by way of private placement to third party investor(s) to be identified later in 1 or multiple tranches at an issue price of each tranche of the Placement Shares to be determined at a later date by the Board (“**Price-Fixing Date**”), upon such terms and conditions as disclosed in the circular to the shareholders (“**Shareholders**”) of the Company dated 5 April 2022 (“**Circular**”);

THAT the issue price for each tranche of the Placement Shares will not be priced at more than 20% discount to the 5-day volume weighted average market price (“**5D-VWAP**”) of Jadi Shares immediately before the Price-Fixing Date;

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes and in such manner as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/ or purpose of the utilisation of such proceeds in the manner as the Board may deem fit, necessary and/ or expedient, subject to the approvals of the relevant authorities (where required) and in the best interest of the Company;

THAT the Placement Shares shall, upon allotment, issuance and full payment of the issue price, carry the same rights with the then existing issued Shares. However, the Placement Shares will not be entitled to any dividends, rights, allotments and/ or other distributions which may be declared, made or paid to the Company’s shareholders unless such Placement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions;

THAT the Board be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/ or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities or as Directors may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Private Placement have been duly allotted and issued in accordance with the terms of the Proposed Private Placement.”

ORDINARY RESOLUTION 2

PROPOSED FREE WARRANTS ISSUE OF UP TO 699,718,561 FREE WARRANTS (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING SHARES HELD ON AN ENTITLEMENT DATE WHICH WILL BE DETERMINED LATER (“PROPOSED FREE WARRANTS ISSUE”)

“**THAT** subject to the approvals of all relevant authorities or parties being obtained, where required, the Board be and is hereby authorised to allot and issue up to 699,718,561 Warrants in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants (“**Deed Poll**”), to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business at 5.00 p.m. on a day to be determined and announced later (“**Entitled Shareholders**”), on the basis of 1 Warrant for every 2 existing Shares held by the Entitled Shareholders;

THAT the Board be and is hereby authorised to fix the exercise price of the Warrants at a later date and that the Board be and is hereby authorised to allot and issue the new Jadi Shares arising from the exercise of the Warrants by the holders of the Warrants in accordance with the Deed Poll and such new Jadi Shares shall, upon allotment and issuance, carry the same rights with the then existing Jadi Shares. However, such new Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company’s shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions. The holders of the Warrants will not be entitled to any voting rights or participation in any form of dividends, distributions and/ or offer of securities in Jadi until and unless such holders of the Warrants exercise their Warrants into new Jadi Shares;

THAT the Board be and is hereby authorised to deal with fractional entitlements (if any), including disregarding and/ or to be dealt with under the Proposed Free Warrants Issue, in such manner at its absolute discretion as the Board may deem fit and expedient and in the best interests of the Company;

THAT the proceeds arising from the exercise of the Warrants, if any, be utilised for the purposes set out in the Circular, and the Board be authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient, subject to the approval of the relevant authorities, where required;

THAT approval be and is hereby given to the Board to allot and issue such appropriate number of Warrants in accordance with the provisions of the Deed Poll, including any additional Warrants as may be required or permitted to be issued as a consequence of any adjustments in accordance with the terms and conditions of the Deed Poll and to adjust from time to time the exercise price and/ or number of the Warrants to which the holder(s) of the Warrants are entitled to be issued as a consequence of the adjustments under the provisions of the Deed Poll and to allot and issue further new Shares as may be required or permitted to be issued pursuant to such adjustments and upon any exercise by the holders of such additional Warrants;

THAT the Board be and is hereby authorised to finalise, enter into, execute and deliver for and on behalf of the Company, the Deed Poll with full power to assent to any conditions, modifications, variations and/ or amendments as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Board, and to take all steps as the Board may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll (including, without limitation, the affixing of the Company’s common seal, where necessary);

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Free Warrants Issue with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or imposed by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may consider necessary or expedient to implement, finalise and give full effect to Proposed Free Warrants Issue.”

BY ORDER OF THE BOARD

TAN KOK SIONG (LS0009932)
(SSM PC NO. 202008001592)
Company Secretary

Kuala Lumpur

5 April 2022

NOTES:

1. IMPORTANT NOTICE

The Broadcast Venue **is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the Meeting to be at the main venue of the meeting.

Shareholders/ proxies **WILL NOT BE ALLOWED** to present physically at the Broadcast Venue on the day of the meeting. Shareholders who wish to participate the meeting will therefore have to register via the Remote Participation and Voting facilities ("**RPV**") operated by Mlabs Research Sdn Bhd at <https://rebrand.ly/JADI-EGM>.

Please read these Notes carefully and kindly refer to the Administrative Guide for further information on the procedures to participate remotely via RPV at the meeting.

2. APPOINTMENT OF PROXY

- (i) For the purpose of determining who shall be entitled to participate this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 12 April 2022. Only a member whose name appears on this Record of Depositors shall be entitled to participate this EGM or appoint a proxy to participate and vote on his/ her/ its behalf.
- (ii) A member entitled to participate and vote at this EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place. A proxy may but need not be a member of the Company.
- (iii) A member of the Company who is entitled to participate and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate and vote instead of the member at the EGM.
- (iv) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (v) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (vi) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (vii) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (viii) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote:
 - (a) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited by hand or post at the Company's Poll Administrator office c/o Aldpro Corporate Services Sdn Bhd, at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
 - (b) By electronic means via email

The proxy form can be electronically lodged with the Company's Poll Administrator via email to admin@aldpro.com.my. The Company and Poll Administrator may request any member to deposit original executed proxy form to its Poll Administrator office before or on the day of meeting for verification purpose.
- (ix) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Poll Administrator office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

- (x) *Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.*
- (xi) *Last date and time for lodging the proxy form is Monday, 18 April 2022 at 10.30 a.m.*
- (xii) *For a corporate member who has appointed an authorised representative instead of a proxy to participate in this EGM, please deposit the **ORIGINAL** certificate of appointment of authorised representative executed in the manner as stated in the proxy form at the Company's Poll Administrator office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.*

Voting by Poll

Pursuant to Paragraph 8.29A(1) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions set out in this Notice are to be voted by poll.

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JADI IMAGING HOLDINGS BERHAD
(Registration No. 200001023711 (526319-P))
(Incorporated in Malaysia)

No. of Shares Held:	
CDS Account No.:	

I/ We _____ NRIC/ Passport/ Registration No. _____
[Full name in block]

of _____
[Address]

Email Address: _____ Contact No.: _____

being member(s) of **JADI IMAGING HOLDINGS BERHAD**, hereby appoint:

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address:		Contact No.:	

and/ or*

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address:		Contact No.:	

or failing him/ her, the Chairperson of the Meeting as *my/ our proxy to participate and vote for *me/ us and on *my/ our behalf at the Extraordinary General Meeting of the Company, which will be conducted on a fully virtual basis through live streaming from the Broadcast Venue at Lot 18.2, 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 20 April 2022 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:

Resolution	Description of Ordinary Resolution	First Proxy		Second Proxy	
		For	Against	For	Against
1	Proposed Private Placement				
2	Proposed Free Warrants Issue				

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy(ies) will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2022

Signature^
Member

* Delete whichever is not applicable

^ Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

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- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.



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AFFIX
STAMP

**The Poll Administrator of
JADI IMAGING HOLDINGS BERHAD** (Registration No. 200001023711 (526319-P))

c/o Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan

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Fold This Flap For Sealing
