

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), this Statement is not required to be reviewed by Bursa Securities and has not been perused by Bursa Securities before its issuance. Further, Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.



CAPE EMS BERHAD

[Registration No.: 199901026859 (501759-M)]
(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

The ordinary resolution in respect of the above proposal will be tabled at the 2024 Annual General Meeting ("**2024 AGM**") of the Company. The 2024 AGM will be held virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") using the Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**") via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A 282781) on Wednesday, 12 June 2024, at 10:00 a.m.. Shareholders/proxies will not be allowed to attend the 2024 AGM in person at the Broadcast Venue on the day of the 2024 AGM.

The Notice of the 2024 AGM, Form of Proxy and Administrative Guide for 2024 AGM are available at the Company's website at <https://www.cape-group.com.my/corporate-governance-meetings> and Bursa Securities' website at <https://www.bursamalaysia.com>. Please follow the procedures set out in the Administrative Guide for the 2024 AGM to register, participate and vote remotely via the RPV facilities.

If you are unable to participate and vote remotely at the Company's 2024 AGM, you may appoint a proxy(ies) to do so by completing and depositing the Form of Proxy in accordance with the instructions therein at the Company's Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. You also have the option to lodge your Form of Proxy via Tricor's TIIH Online website at <https://tiih.online> by referring the Procedure for Electronic Submission of Form of Proxy as set out in the Administrative Guide for the 2024 AGM before the cut-off time stated below:-

Last date and time for lodging the Form of Proxy : Monday, 10 June 2024 at 10:00 a.m.
Day, date and time of the 2024 AGM : Wednesday, 12 June 2024 at 10:00 a.m.

This Circular is dated 30 April 2024.

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Audit Committee”	:	Audit Committee of the Company comprising Koh Beng San, Yau Yin Wee and Chen Kok Seng all of whom are Independent Non-Executive Directors
“Board”	:	Board of Directors of the Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad [200301033577(635998-W)]
“Cape” or “Company”	:	Cape EMS Berhad [199901026859 (501759-M)]
“Cape Group”	:	Cape EMS Berhad and its subsidiaries
“Cape Share(s)”	:	Ordinary share(s) in Cape
“Code”	:	Malaysian Code on Take-overs and Mergers, 2016, including any amendment that may be made from time to time
“Director”	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and for the purpose of the Proposed Shareholders’ Mandate includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of Cape its subsidiary or holding company or a chief executive officer of Cape, its subsidiary or holding company
“EPS”	:	Earnings per share
“IPO”	:	Initial public offering of 259,700,000 Cape Shares (“ IPO Shares ”) in Cape in conjunction with the listing of and quotation for the entire enlarged issued Cape Shares in Cape on the Main Market of Bursa Securities comprising a public issue of 173,000,000 new Cape Shares and an offer for sale of 86,700,000 existing Cape Shares
“Joint Underwriters”	:	Collectively, Hong Leong Investment Bank Berhad [197001000928 (10209-W)] and AmInvestment Bank Berhad [197501002220 (23742-V)]
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	19 April 2024, being the latest practicable date prior to the printing of this Statement
“Major Shareholder”	:	A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:- (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8(4) of the Act.

A major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of Cape or any other company which is its subsidiary or holding company.

“NA”	:	Net Assets
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DEFINITIONS (CONT'D)

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular (Cont'd):-

- “Proposed Share Buy-Back” or “Proposal”** : Proposed authority for the Company to purchase its own ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company
- “Purchased Shares”** : Cape Share(s) purchased pursuant to the Proposed Share Buy-Back
- “Statement”** : This Statement to Shareholders dated 30 April 2024
- “RM” and “sen”** : Ringgit Malaysia and sen respectively

All references to “we”, “us”, “our”, “ourselves”, “our Company” or “Cape” in this Statement is to Cape EMS Berhad and references to “our Group” is to our Company and subsidiaries. All references to “you” or “your” in this Statement is to the shareholders of Cape who are entitled to attend and vote at the 2024 AGM and whose names appear in our Record of Depositors at the time and on the date to be determined by our Board.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

CONTENTS

	PAGE
1. INTRODUCTION	1
2. PROPOSED SHARE BUY-BACK	
2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK	2
2.2 QUANTUM, SOURCE OF FUNDS AND PRICING	2
2.3 REGULATORY REQUIREMENTS	3
2.4 TREATMENT OF THE PURCHASED SHARES	3
2.5 RATIONALE OR POTENTIAL ADVANTAGES AND DISADVANTAGES	3 - 4
2.6 PURCHASE, CANCELLATION AND RE-SALE/TRANSFER IN THE PAST 12 MONTHS	4
2.7 FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK	4 - 6
2.8 IMPLICATIONS RELATING TO THE CODE	7
2.9 PUBLIC SHAREHOLDING SPREAD	7
2.10 HISTORICAL SHARE PRICES	7 - 8
2.11 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	8
2.12 DIRECTORS' RECOMMENDATION	8
3. APPROVALS REQUIRED	8
4. AGM	8
5. FURTHER INFORMATION	8
APPENDIX I: FURTHER INFORMATION	9
APPENDIX II: PROPOSED RESOLUTION ON THE PROPOSAL	10 - 11



CAPE EMS BERHAD

[Registration No.: 199901026859 (501759-M)]
(Incorporated in Malaysia)

Registered Office:

No. 7-1, Jalan 109F, Plaza Danau 2,
Taman Danau Desa,
58100 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur,
Malaysia.

30 April 2024

Board of Directors:

Datuk Mohd Rabin Bin Basir (*Independent Non-Executive Chairman*)
Tee Kim Chin (*Non-Independent Managing Director/Group Chief Executive Officer*)
Tee Kim Yok (*Non-Independent Executive Director*)
Alex Miranda Juntado (*Non-Independent Executive Director*)
Lim Chue Wan (*Non-Independent Executive Director*)
Tan Sik Hui (*Senior Independent Non-Executive Director*)
Yau Yin Wee (*Independent Non-Executive Director*)
Koh Beng San (*Independent Non-Executive Director*)
Chen Kok Seng (*Independent Non-Executive Director*)

To: The Shareholders of Cape

Dear Sirs,

PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ("PROPOSED SHARE BUY-BACK")

1. INTRODUCTION

On 24 April 2024, the Company announced to Bursa Securities its intention to seek shareholders' approval a mandate on the Proposed Share Buy-Back at the forthcoming AGM of the Company. The Proposed Share Buy-Back Authority is subject to compliance with Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

THE PURPOSE OF THIS STATEMENT IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSAL AND TO SEEK YOUR APPROVAL FOR THE PROPOSED RESOLUTION TO BE TABLED AT THE FORTHCOMING 2024 AGM OF THE COMPANY.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT TOGETHER WITH THE ATTACHED APPENDICES BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING 2024 AGM.

2. PROPOSED SHARE BUY-BACK

2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek the authority from the shareholders of the Company to purchase and/or hold its own shares up to 10% of its total number of issued shares at any point in time of the Company through its appointed stockbrokers, subject to compliance with the Act, Listing Requirements, the Company's Constitution, any prevailing laws, regulations, rules, orders, guidelines and requirements of any relevant authorities at the time of purchase(s).

The shareholders' approval for the Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase and/or hold its own shares at any time during the authorised period.

The authorised period for the Proposed Share Buy-Back, if approved at the forthcoming AGM, shall be effective immediately upon the passing of the ordinary resolution pertaining to the Proposed Share Buy-Back at the forthcoming AGM and shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to condition; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

2.2 QUANTUM, SOURCE OF FUNDS AND PRICING

The maximum aggregate number of Cape Shares which may be purchased by the Company shall not exceed 10% of the total number of issued shares in the Company at any point in time.

The actual number of Cape Shares which may be purchased and the timing of the purchase(s) will depend on, *inter alia*, market conditions and sentiments of the stock market as well as the availability of retained earnings and financial resources of the Company. Nevertheless, the Company is required to comply with the Bursa Securities' requirement to maintain the necessary shareholding spread.

Paragraph 12.10(1) of the Listing Requirements stipulates that the proposed purchase by a listed company of its own shares must be made wholly out of its retained profits based on the latest Audited Financial Statements of the Company and the latest management accounts (where applicable) of the listed company. Therefore, the maximum amount of funds to be allocated for the Proposed Share Buy-Back will be subject to the retained earnings of the Company. The audited retained profits of the Company as at 31 December 2023 amounted to RM68,223,794.00.

The Proposed Share Buy-Back will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of Cape Shares to be purchased and other relevant factors. In the event that the Proposed Share Buy-Back is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Cape Group.

As at LPD, total number of issued shares of Cape was 992,000,000 shares. For illustration purposes, the maximum number of Cape Shares that may be purchased and/or held by the Company shall not be more than 99,200,000 shares based on the total number of issued shares, representing up to 10% of its issued shares as at LPD.

Based on the weighted average market price for the 5 market days as at LPD of RM0.8837 per share, the maximum purchase cost would be about RM87,663,040.00.

The Board will be mindful of the interests of the shareholders when undertaking the Proposed Share Buy-Back and will assess the working capital needs of the Cape Group prior to any purchase of Cape Shares.

2.3 REGULATORY REQUIREMENTS

In accordance with the Listing Requirements, the Company may only purchase the ordinary shares on Bursa Securities at a price which is not more than 15% above the weighted average market price for the 5 market days immediately before the purchase. The Company may only resell/transfer treasury shares on Bursa Securities at:-

- (a) a price which is not less than the weighted average market price for the shares for the 5 market days immediately before the resale or transfer; or
- (b) a discounted price of not more than 5% to the weighted average market price for the shares for the 5 market days immediately before the resale or transfer provided that:
 - i) the resale or transfer takes place not earlier than 30 days from the date of purchase; and
 - ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

Based on the Listing Requirements, the Proposed Share Buy-Back is subject to, *inter alia*, the following:

- (a) the Company must not purchase its own shares on Bursa Securities if the purchase(s) will result in Cape not complying with the public shareholding spread requirement of at least 25% of its total number of issued shares (*excluding treasury shares*) are in the hands of public shareholders;
- (b) the maximum funds to be utilised for the purchase of the Company's own shares cannot exceed the level of retained earnings of the Company;
- (c) the Proposed Share Buy-Back shall only be effected on the market of Bursa Securities. Consequently, the Proposed Share Buy-Back shall be transacted through appointed stockbrokers; and
- (d) the approval of the shareholders at the forthcoming AGM of the Company.

2.4 TREATMENT OF THE PURCHASED SHARES

The Company may retain the shares purchased as treasury shares or cancel the shares or both. Where the Company retains the purchased shares as treasury shares, the Directors of the Company may:-

- (a) distribute the shares as share dividends to shareholders;
- (b) resell the shares through Bursa Securities in accordance with the rules of Bursa Securities;
- (c) transfer all or part of the treasury shares for the purposes of or under an employees' share scheme established by the Company and/or its subsidiaries ;
- (d) transfer all or part of the treasury shares as purchase consideration;
- (e) cancel the shares; or
- (f) sell, transfer or otherwise use the shares for such other purposes as permitted by the Act.

Appropriate announcement(s) and notification(s) will be made to Bursa Securities and the relevant authorities in respect of the Board's decision on the treatment of the Cape Shares bought back in compliance with the Listing Requirements and the Act.

While the purchased shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions, whether cash or otherwise, of the Company's assets (including any distribution of assets upon winding up of the Company) will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.5 RATIONALE OR POTENTIAL ADVANTAGES AND DISADVANTAGES

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources to purchase its own shares. The Proposed Share Buy-Back is expected to stabilise the supply and demand as well as the prices of Cape Shares. The Proposed Share Buy-Back may enhance the EPS and the shares purchased which are held as treasury shares may be realised with potential gain. In

the event the treasury shares are distributed as share dividends, it will serve as a reward to the shareholders of the Company.

The potential advantages and disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

Potential advantages:

- (i) It provides flexibility to the Company in attaining its desired capital structure, in terms of the debt and equity composition and the size of equity;
- (ii) It will reward the shareholders in the event the treasury shares are distributed as share dividends; and
- (iii) It allows the Company to utilise its surplus financial resources to purchase its own shares, hence, stabilise the supply and demand of Cape Shares. The stability of Cape Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

Potential disadvantages:

- (i) the Proposed Share Buy-Back will reduce the financial resources of the Cape Group and may result in the Cape Group foregoing better investment opportunities that may emerge in the future;
- (ii) if the Proposed Share Buy-Back is funded by external borrowing, it will increase the gearing level of the Company and can result in higher interest payments in the long term; and
- (iii) as the Proposed Share Buy-Back can only be made out of retained earnings of the Company, it may result in the reduction of financial resources available for distribution to shareholders of the Company in the immediate future.

The Board will be mindful of the interest of the Company and its shareholders in undertaking the Proposed Share Buy-Back and in the subsequent resale/transfer of treasury shares on Bursa Securities, if any.

2.6 PURCHASE, CANCELLATION AND RE-SALE/TRANSFER IN THE PAST 12 MONTHS

The Company does not have any existing authority to purchase its own ordinary shares. Hence, the Company did not undertake any share buy-back and there was no purchase, resale, transfer and/or cancellation of treasury shares in the preceding 12 months up to the LPD.

2.7 FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

Based on the assumption that the Proposed Share Buy-Back is carried out in full, the effects of the Proposed Share Buy-Back on the share capital, NA, earnings, dividends and working capital of Cape as well as the substantial shareholders and Directors' shareholdings are set out below:

(a) Share Capital

In the event that the Proposed Share Buy-Back is implemented in full and all the Purchased Shares are subsequently cancelled, the proforma effects on the number of issued shares of the Company, are as follows:-

	No. of Shares
Number of Cape shares as at LPD	992,000,000
Less:-	
Maximum number of ordinary shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back (<i>assuming all Purchased Shares are fully cancelled</i>)	(99,200,000)
Total number of issued shares after cancellation of Purchased Shares	892,800,000

If all the Cape Shares purchased are retained as treasury shares, the share repurchase would not have any effect on the share capital and the number of issued shares of Cape, although the rights attached to the treasury shares as to voting, dividends and participation in other distributions or otherwise would be suspended. The treasury shares shall not be taken into account in calculating the percentage of shares or of a class of shares in the Company for any purpose including, without limiting the generality of this provision, the provisions of any law or requirements of the Constitution or the Listing Requirements on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of vote on resolution at a meeting.

(b) NA

The effect of the Proposed Share Buy-Back on the NA per share of the Cape Group is dependent on the purchase price of the Cape Shares as follows:

- (i) If all the purchased Cape Shares are cancelled and the purchase price of the Cape Shares exceeds the NA per share of the Cape Group, the NA per share of the Cape Group will be reduced.
- (ii) Conversely, if all the purchased Cape Shares are cancelled and the purchase price of the Cape Shares is below the NA per share of the Cape Group, the NA per share of the Cape Group will be increased.
- (iii) If the purchased shares are treated as treasury shares and subsequently resold/transferred on the Bursa Securities, the NA per share of the Cape Group will increase if the Company realises a gain from the resale, and vice-versa. If the treasury shares are distributed as share dividends, the NA of the Cape Group will decrease by the cost of the treasury shares.

Based on the audited financial statements for the financial year ended 31 December 2023, the NA per share of the Cape Group is RM0.4588.

(c) Earnings

The effect of the Proposed Share Buy-Back on the EPS of Cape is dependent on the number of Cape Shares purchased and the purchase price(s) of the Cape Shares, wherein the amount spent would no longer be available to generate interest savings and/or for alternative investment income to the Company. The effective reduction in the number of Cape Shares applied in the computation of the consolidated EPS arising from the Proposed Share Buy-Back will generally, all else being equal, have a positive impact on the Cape Group's EPS.

In the event that the shares purchased are treated as treasury shares and subsequently resold, the extent of the effect on the EPS of Cape will depend on the number and price(s) of treasury shares resold, and the effect gain or interest saving arising therefrom.

(e) Dividends

The Proposed Share Buy-Back is not expected to have a material impact on the rate of dividend to be declared and/or paid by Cape for the financial year ending 31 December 2024, if any.

(f) Working Capital and Cash Flow

The Proposed Share Buy-Back is likely to reduce the working capital of the Cape Group, the quantum of which depends on, amongst others, the number of shares purchased and the purchase price of the shares. The cash flow of the Cape Group will be reduced relatively to the number of shares eventually purchased and the purchase prices of the shares.

However, if the purchased shares are treated as treasury shares and subsequently resold/transferred on the Bursa Securities, the working capital and cash flow of the Cape Group will increase should the Company realise a gain from the resale. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold/transferred.

(g) Substantial Shareholders' and Directors' Shareholdings

The effects of the Proposed Share Buy-Back on the shareholdings of substantial shareholders and Directors based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at LPD are as follows:

	As at the LPD				After the Proposed Share Buy-Back ⁽³⁾			
	Direct		Indirect		Direct		Indirect	
	Number of Cape Shares	%	Number of Cape Shares	%	Number of Cape Shares	%	Number of Cape Shares	%
SUBSTANTIAL SHAREHOLDERS								
Tee Kim Chin	377,500,000 ⁽¹⁾	38.054	-	-	377,500,000 ⁽¹⁾	42.283	-	-
Tee Kim Yok	67,533,900 ⁽²⁾	6.808	-	-	67,533,900 ⁽²⁾	7.564	-	-
DIRECTORS								
Datuk Mohd Rabin Bin Basir	420,000	0.042	-	-	420,000	0.047	-	-
Tee Kim Chin	377,500,000 ⁽¹⁾	38.054	-	-	377,500,000 ⁽¹⁾	42.283	-	-
Tee Kim Yok	67,533,900 ⁽²⁾	6.808	-	-	67,533,900 ⁽²⁾	7.564	-	-
Alex Miranda Juntado	-	-	-	-	-	-	-	-
Lim Chue Wan	1,850,000	0.186	-	-	1,850,000	0.207	-	-
Tan Sik Hui	50,600	0.005	-	-	50,600	0.006	-	-
Yau Yin Wee	22,000	0.002	-	-	22,000	0.002	-	-
Koh Beng San	100,000	0.010	-	-	100,000	0.011	-	-
Chen Kok Seng	900,000	0.091	-	-	900,000	0.101	-	-

Notes:-

⁽¹⁾ The direct shareholdings of 377,500,000 ordinary shares are held as follows:-

(a) 34,650,000 shares are registered in the name of Tee Kim Chin

(b) 46,150,000 shares are registered in the name of CIMSEC Nominees (Tempatan) Sdn Bhd. CIMB for Tee Kim Chin (PB)

(c) 65,000,000 shares are registered in the name of AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank Islamic Berhad for Tee Kim Chin

(d) 60,000,000 shares are registered in the name of Affin Hwang Nominees (Tempatan) Sdn Bhd. Pledged Securities Account for Tee Kim Chin

(e) 46,000,000 shares are registered in the name of Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin

(f) 45,500,000 shares are registered in the name of RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin

(g) 39,200,000 shares are registered in the name of Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin (7007085)

(h) 36,000,000 shares are registered in the name of CGS International Nominees Malaysia (Tempatan) Sdn Bhd. Pledged Securities Account for Tee Kim Chin (MY4671)

(i) 5,000,000 shares are registered in the name of Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)

⁽²⁾ The direct shareholdings of 67,533,900 ordinary shares are held as follows:-

(a) 22,493,900 shares are registered in the name of Tee Kim Yok

(b) 27,040,000 shares are registered in the name of Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Yok (E-TSA)

(c) 13,000,000 shares are registered in the name of Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Yok (7000833)

(d) 5,000,000 shares are registered in the name of Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)

⁽³⁾ Assuming the maximum of 99,200,000 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back.

2.8 IMPLICATIONS RELATING TO THE CODE

In the event that the Company acquires the full amount of the Cape Shares authorised under the Proposed Share Buy-Back and all Cape Shares so acquired are held as treasury shares, the equity interest of the substantial shareholders and their respective parties acting in concert triggering the obligation to undertake a mandatory offer under Part B, Rule 4 of the Code, an exemption will be sought from the Securities Commission Malaysia before the purchase is made.

For illustration, if the equity interest of any one of the substantial shareholders and their respective parties acting in concert increases to more than 33% but less than 50% of the voting shares of Cape and such that their shareholdings of Cape increases in a period of six (6) months from the dates of purchase by more than 2%, the affected substantial shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remaining Cape Shares not held by the said affected substantial shareholder and parties acting in concert.

Securities Commission Malaysia may grant a waiver to undertake a mandatory offer, subject to the affected substantial shareholder and parties acting in concert complying with certain conditions, if obligation is triggered as a result of any action outside its direct participation. The substantial shareholder of Cape as disclosed in Section 2.7 (g) herein has indicated that he/she intends to apply for the proposed exemption under Part B, Rule 4 of the Code if the obligation is expected to be triggered as a result of the Proposed Share Buy-Back. The effects of the Proposed Share Buy-Back on his/her shareholdings are set out in Section 2.7 (g) herein.

The Company intends to implement the Proposed Share Buy-Back in a manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Share Buy-Back.

2.9 PUBLIC SHAREHOLDING SPREAD

As at LPD, public shareholding spread was approximately 54.80%. According to Paragraph 8.02(1) of the Listing Requirements, a listed company must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders (“**Public Shareholding Spread Requirement**”).

Assuming we implement the Proposed Share Buy-Back in full and all the Cape Shares so purchased are held as treasury shares, the public shareholding spread of our Company will be reduced to approximately 49.78%. The Directors will endeavour to ensure that the Company complies with the Public Shareholding Spread Requirement as prescribed in the Listing Requirements in the event that the Public Shareholding Spread Requirement is not met as a result of the Proposed Share Buy-Back

2.10 HISTORICAL SHARE PRICES

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

	High (RM)	Low (RM)
2023		
May	1.410	1.220
June	1.360	1.220
July	1.300	1.050
August	1.240	1.120
September	1.300	1.130
October	1.180	1.090
November	1.150	1.040
December	1.130	1.040
2024		
January	1.120	0.945
February	1.190	0.860
March	0.965	0.860
April	0.920	0.860

(Source: Bursa Malaysia Berhad at https://www.bursamalaysia.com/trade/trading_resources/listing_directory/company-profile?stock_code=5311)

The last transacted price of Cape shares on Bursa Securities on LPD was RM0.875.

2.11 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, Major Shareholders and persons connected with a Director and/or Major Shareholder of the Company have any interest, direct or indirect, in the Proposed Share Buy-Back or resale/transfer of treasury shares.

2.12 DIRECTORS' RECOMMENDATION

The Board after having considered all aspects of the Proposed Share Buy-Back is of the opinion that the Proposed Share Buy-Back is fair, reasonable and in the best interest of the Company and its shareholders and therefore recommends that you vote in favour of the ordinary resolution in relation to the Proposed Share Buy-Back to be tabled at the forthcoming 2024 AGM.

3. APPROVALS REQUIRED

The Proposal is conditional upon approval being obtained from the shareholders of the Cape at the forthcoming 2024 AGM. However, the Proposal is not inter-conditional.

4. AGM

The notice convening the 2024 AGM to consider and, if thought fit, passing the ordinary resolution in respect of the Proposal is set out in the 2023 Annual Report. The 2024 AGM will be held virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") using the Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**") via its TIIH Online website at <https://tiih.online> on Wednesday, 12 June 2024, at 10:00 a.m..

If you are unable to participate and vote remotely at the Company's 2024 AGM, you may appoint a proxy(ies) to do so by completing and depositing the Form of Proxy in accordance with the instructions therein at the Company's Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via Tricor's TIIH Online website at <https://tiih.online> no later than Monday, 10 June 2024 at 10.00 a.m.. Please refer to Procedure for Electronic Submission of Form of Proxy as set out in the Administrative Guide for the 2024 AGM.

5. FURTHER INFORMATION

Shareholders are requested to refer to Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
CAPE EMS BERHAD

TEE KIM CHIN
Managing Director/Group Chief Executive Officer

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of Cape and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, Cape and its subsidiaries have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the past two (2) years immediately preceding the LPD:-

- (i) The Underwriting Agreement dated 18 January 2023 entered into between Cape and the Joint Underwriters for the underwriting of 54,200,000 IPO Shares; and
- (ii) A conditional stock purchase agreement dated 18 September 2023 entered into between Cape with (a) Turker Hidirlar and Rabia Hidirlar, being the trustees of the Hidirlar Family Trust dated September 2, 2011; (b) Richard Muehling, being the trustee of the Rabia Hidirlar Investment Trust dated August 25, 2023; (c) Turker Hidirlar; and (d) Low Kim Teck Henry for the proposed acquisition by the Company of 50,072 common stock in iConn Inc., representing all the issued capital stock in iConn, for a total cash consideration of USD16.5 million (equivalent to approximately RM76.6 million).

3. MATERIAL LITIGATION

Neither Cape nor its subsidiaries are engaged in any material litigation, claims or arbitration and the Board is not aware and do not have any knowledge of any proceedings pending or threatened against the Company or its subsidiaries or any fact likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 7-1, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia following the publication of this Statement from Mondays to Fridays (except public holidays) during business hours up to and including the date of the 2024 AGM:

- (i) Constitution of Cape;
- (ii) Audited Financial Statements of the Cape for the two (2) financial years ended 31 December 2022 and 31 December 2023; and
- (iii) The material contracts referred to in Section 3 of the Appendix I.

PROPOSED RESOLUTION ON THE PROPOSAL

EXTRACT OF THE NOTICE OF 2024 ANNUAL GENERAL MEETING**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following ordinary resolution:-

ORDINARY RESOLUTION

- **PROPOSED SHARE BUY-BACK OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY AT ANY GIVEN POINT IN TIME ("PROPOSED SHARE BUY-BACK")**

***“THAT** subject always to the Companies Act 2016 (**“the Act”**), the Constitution of the Company, the Main Market Listing Requirements (**“MMLR”**) of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) and approvals of the relevant government and/or regulatory authorities, where such approval is required, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company on the Main Market of Bursa Securities and/ or hold from upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:-*

- (i) the aggregate number of ordinary shares in the Company purchased (**“Purchased Share(s)”**) and/or held as treasury shares pursuant to this ordinary resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities at any point in time; and*
- (ii) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.*

***THAT** upon purchase by the Company, the Board of Directors of the Company shall have the absolute discretion to decide whether such Purchased Shares are to be cancelled and/or retained as treasury shares, or dealt with in such manner as provided under Section 127(7) of the Act.*

***THAT** the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-*

- (i) the conclusion of the next Annual General Meeting (**“AGM”**) of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to condition;*
- (ii) the expiration of the period within which the AGM of the Company is required by law to be held; or*
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,*

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of its own shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the Act, the MMLR and any applicable laws, rules, regulations, guidelines, requirements and/or orders issued by any other relevant government and/or regulatory authorities.

PROPOSED RESOLUTION ON THE PROPOSAL (CONT'D)

EXTRACT OF THE NOTICE OF 2024 ANNUAL GENERAL MEETING (CONT'D)

***THAT** the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, MMLR and/or any applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-*

- (i) To cancel all or part of the Purchased Shares;*
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;*
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;*
- (iv) To resell all or part of the treasury shares;*
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;*
- (vi) To transfer all or part of the treasury shares as purchase consideration; and/or*
- (vii) To sell, transfer or otherwise use the shares for such other purposes as permitted by the Act.*

***AND THAT** the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back."*

(Ordinary Resolution 7)