



CAPE EMS BERHAD
(Registration No.: 199901026859 (501759-M))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
THIRD QUARTER ENDED 30 SEPTEMBER 2023

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 ⁽³⁾

	<u>30.9.2023</u> Unaudited RM'000	<u>31.12.2022</u> Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	229,586	217,420
Investment properties	9,800	9,800
Goodwill on acquisition	6,244	6,244
Deferred tax assets	839	839
	<hr/>	<hr/>
Total non-current assets	246,469	234,303
Current assets		
Inventories	71,419	38,616
Trade receivables	275,563	144,345
Other receivables	19,449	16,124
Current tax assets	1,625	797
Fixed deposits with licensed banks	12,999	9,240
Cash and cash equivalents	149,739	32,096
	<hr/>	<hr/>
	530,794	241,218
Non-current assets held for sale	<hr/>	<hr/>
	-	8,818
Total current assets	530,794	250,036
	<hr/>	<hr/>
Total assets	<u>777,263</u>	<u>484,339</u>
EQUITY AND LIABILITIES		
Equity		
Share capital ⁽¹⁾	250,974	100,000
Exchange translation reserve	2,270	420
Revaluation reserve	25,278	25,683
Retained profits	103,126	68,922
	<hr/>	<hr/>
Total equity	381,648	195,025
Liabilities		
Non-current liabilities		
Lease liabilities	10,171	43,160
Loans and borrowings	104,244	74,246
Deferred tax liabilities	9,132	9,261
	<hr/>	<hr/>
Total non-current liabilities	123,547	126,667
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 ⁽³⁾ (CONT'D)

	<u>30.9.2023</u>	<u>31.12.2022</u>
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
Liabilities (Cont'd)		
Current liabilities		
Trade payables	186,501	72,848
Other payables	14,868	13,327
Amount due to related parties	-	11
Lease liabilities	4,679	10,126
Loans and borrowings	60,312	64,361
Current tax liabilities	5,708	1,974
	<hr/>	<hr/>
Total current liabilities	272,068	162,647
	<hr/>	<hr/>
Total liabilities	395,615	289,314
	<hr/>	<hr/>
Total equity and liabilities	777,263	484,339
	<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to owners of the		
Company (RM) ⁽²⁾	<hr/> <hr/>	<hr/> <hr/>
	0.41	0.26

Note:

- (1) Based on 923,000,000 and 750,000,000 ordinary shares in issue as at 30 September 2023 and 31 December 2022 respectively.
- (2) Net assets per share attributable to owners of the Company is calculated based on equity attributable to owners of the Company divided by the total number of ordinary shares in issue.
- (3) The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

CAPE EMS BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 ⁽¹⁾**

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.9.2023</u>	<u>30.9.2022</u>	<u>30.9.2023</u>	<u>30.9.2022</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	135,976	130,028	395,103	319,750
Cost of sales	<u>(114,723)</u>	<u>(115,780)</u>	<u>(330,653)</u>	<u>(278,199)</u>
Gross profit	21,253	14,248	64,450	41,551
Other income	1,343	3,614	5,895	5,992
Finance income	631	24	2,247	72
Administration expenses	(5,103)	(4,373)	(17,795)	(10,266)
Distribution costs	(205)	996	(482)	(290)
Other expenses	-	-	(847)	-
Finance costs	<u>(2,694)</u>	<u>(2,221)</u>	<u>(8,406)</u>	<u>(6,119)</u>
Profit before tax	15,225	12,288	45,062	30,940
Income tax expense	<u>(12)</u>	<u>(1,904)</u>	<u>(6,187)</u>	<u>(6,333)</u>
Profit for the financial period	<u>15,213</u>	<u>10,384</u>	<u>38,875</u>	<u>24,607</u>
Other comprehensive income, net of tax				
Items that will not be reclassified				
subsequently to profit or loss				
Realisation of revaluation reserve upon depreciation of revalued assets	136	319	405	319
Transfer of revaluation reserve to retained profits	(136)	(319)	(405)	(319)
Foreign currency translation differences for foreign operation, net of tax	<u>201</u>	<u>153</u>	<u>1,850</u>	<u>319</u>
Other comprehensive income for the financial period	<u>201</u>	<u>153</u>	<u>1,850</u>	<u>319</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 ⁽¹⁾ (CONT'D)**

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.9.2023</u>	<u>30.9.2022</u>	<u>30.9.2023</u>	<u>30.9.2022</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income for the financial period	<u>15,414</u>	<u>10,537</u>	<u>40,725</u>	<u>24,926</u>
Profit attributable to:-				
Owners of the Company	<u>15,213</u>	<u>10,384</u>	<u>38,875</u>	<u>24,607</u>
Total comprehensive income attributable to:-				
Owners of the Company	<u>15,414</u>	<u>10,537</u>	<u>40,725</u>	<u>24,926</u>
Earnings per share				
- Basic (sen)	<u>1.65</u>	<u>1.38</u>	<u>4.42</u>	<u>5.04</u>
- Diluted (sen)	<u>1.65</u>	<u>1.38</u>	<u>4.42</u>	<u>5.04</u>

Note:

- (1) The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 ⁽¹⁾**

	← Attributable to owners of the Company →				Total equity RM'000
	Share capital RM'000	Non-distributable Exchange translation reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	
Unaudited					
Balance at 1 January 2022	100,000	34	21,607	47,921	169,562
Transaction with owners:					
Dividends to owners of the Company	-	-	-	(12,965)	(12,965)
Total transaction with owners	-	-	-	(12,965)	(12,965)
Profit for the financial period	-	-	-	24,607	24,607
Other comprehensive income for the financial period	-	319	(319)	319	319
Total comprehensive income for the financial period	-	319	(319)	24,926	24,926
Balance at 30 September 2022	100,000	353	21,288	59,882	181,523

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 ⁽¹⁾ (CONT'D)**

	← Attributable to owners of the Company →				Total equity RM'000
	Share capital RM'000	Non-distributable Exchange translation reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	
Unaudited					
Balance at 1 January 2023	100,000	420	25,683	68,922	195,025
Transaction with owners:					
Share issued	155,700	-	-	-	155,700
Share issuance expenses	(4,726)	-	-	-	(4,726)
Dividends to owners of the Company	-	-	-	(5,076)	(5,076)
Total transaction with owners	150,974	-	-	(5,076)	145,898
Profit for the financial period	-	-	-	38,875	38,875
Other comprehensive income for the financial period	-	1,850	(405)	405	1,850
Total comprehensive income for the financial period	-	1,850	(405)	39,280	40,725
Balance at 30 September 2023	250,974	2,270	25,278	103,126	381,648

Note:

- (1) The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 ⁽¹⁾

	9 months ended	
	<u>30.9.2023</u> Unaudited RM'000	<u>30.9.2022</u> Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax	45,062	30,940
Adjustments for:-		
Depreciation of property, plant and equipment	12,110	7,124
Depreciation of right-of-use assets	2,897	6,286
Gain on disposal of non-current assets held for sale	-	(149)
Property, plant and equipment written off	-	7
Fair value gain on financial assets measured at fair value through profit or loss	(675)	-
Interest expense	7,133	3,719
Interest income	(2,247)	(72)
Lease liabilities interest expense	1,273	2,400
Unrealised gain on foreign exchange	(4,194)	(2,258)
	<hr/>	<hr/>
Operating profit before working capital changes	61,359	47,997
Changes in working capital:-		
Inventories	(32,803)	(1,638)
Receivables	(128,059)	(26,210)
Payables	116,142	(4,791)
Contract assets	-	(10,835)
Related parties	(11)	12
	<hr/>	<hr/>
Cash flows generated from operations	16,628	4,535
Tax paid	(3,760)	(1,752)
	<hr/>	<hr/>
Net cash flows from operating activities	12,868	2,783
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Interest received	2,177	5
Proceeds from disposal of property, plant and equipment	-	1
Payments to acquire property, plant and equipment	(12,156)	(15,124)
Proceeds from non-current assets held for sale	-	3,241
	<hr/>	<hr/>
Net cash flows used in investing activities	(9,979)	(11,877)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 ⁽¹⁾ (CONT'D)**

	9 months ended	
	<u>30.9.2023</u> Unaudited RM'000	<u>30.9.2022</u> Unaudited RM'000
FINANCING ACTIVITIES		
Share capital issued	150,974	-
Dividends paid	(5,076)	(12,965)
Interest paid	(7,133)	(3,719)
Lease liabilities interest paid	(1,273)	(2,399)
Net short-term borrowings	(5,926)	24,832
Drawdown of term loans	-	7,334
Payments of listing expenses	-	(3,317)
Placement of fixed deposits pledged to licensed banks	(3,690)	(1,677)
Repayment of term loans	(7,323)	(4,578)
Repayment of lease liabilities - principal portion	(4,536)	(9,654)
	<u>116,017</u>	<u>(6,143)</u>
Net cash flows from / (used in) financing activities		
CASH AND CASH EQUIVALENTS		
Net changes	118,906	(15,237)
Effect of exchange rate changes	2,190	1,945
At beginning of year	25,665	37,810
	<u>146,761</u>	<u>24,518</u>
At end of year		
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	48,771	32,315
Money market fund	100,968	-
Fixed deposits with licensed banks	12,999	7,760
Bank overdrafts	(2,978)	(7,797)
	159,760	32,278
Less: Fixed deposits with licensed banks pledged to banks	(12,999)	(7,760)
	<u>146,761</u>	<u>24,518</u>

Note:

- (1) The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.



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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING AND INTERNATIONAL ACCOUNTING STANDARDS (“IAS”) 34: INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

This condensed consolidated interim financial report is unaudited and has been prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) (“MFRS 134”) and IAS 34: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”) (“IAS 34”).

This unaudited condensed consolidated interim financial report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

A2. Significant Accounting Policies

The accounting policies and presentations adopted by the Company and its subsidiaries (“Group”) are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2022, except for the adoption of the following new accounting standards, interpretations and amendments issued by Malaysian Accounting Standards Board (“MASB”).

MFRS and amendments to MFRS adopted during the financial period

The Group has applied the following amendments to published standards approved by MASB for the first time for the period beginning on or after 1 January 2023:

- MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*
- Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112 Income Taxes : International Tax Reform - Pillar Two Model Rules

* Not applicable to the Group’s operations.

The adoption of abovementioned MFRS and amendments to MFRS do not have material impact on the interim financial statements of the Group.



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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)

A2. Significant Accounting Policies (Cont'd)

Amendments to MFRS in issue but not yet effective

The following are Amendments to MFRS with effective date on or after 1 January 2024 issued by MASB and they have not been early adopted by the Group. The Group intends to adopt these amendments to the published standards, if applicable, when they become effective in the respective period.

(a) Effective for period beginning on or after 1 January 2024

- Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Non-Current Liabilities with Covenants
- Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

(b) Effective for period beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

(c) Amendments effective for a date yet to be confirmed

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

The initial application of the above amendments to the published standards is not expected to have any material impact to the current year and prior year financial statements of the Group upon its first adoption.

A3. Auditors' Report

The audited consolidated financial statements of the Group for the financial year ended 31 December 2022 were not subject to any audit qualification.

A4. Seasonal or Cyclical Factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group for the current quarter and financial period under review.



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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)

A6. Significant Changes in Accounting Estimates

There were no material changes in estimates that have any material effect in the current quarter and financial period under review.

A7. Debt and Equity Securities

Save as disclosed below, there were no issuance and repayment of debts and equity securities during the current quarter and financial period under review.

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad, the Company undertook an initial public offering (“IPO”) comprising the public issue of 173,000,000 new ordinary shares in the Company and the offer for sale of 86,700,000 ordinary shares in the Company at a price of RM0.90 per share.

The listing of and quotation for the Company’s entire issued share capital on the Main Market of Bursa Malaysia Securities Berhad was completed on 10 March 2023.

A8. Dividends Paid

On 21 August 2023, the Company declared a first interim single-tier dividend of 0.55 sen per ordinary share in respect of the financial year ending 31 December 2023, amounting to RM5.1 million, which was paid on 29 September 2023 to the shareholders of the Company whose names appear in the Record of Depositors on 18 September 2023. The dividend was accounted for in equity as an appropriation of retained earnings in current quarter.

A9. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM18.1 million during the financial period under review.

There were no material disposals of property, plant and equipment during the financial period under review.

A10. Impairment losses

There were no significant impairment losses or reversal of impairment losses arising from property, plant and equipment, financial assets or other assets during the current quarter and financial period under review.

A11. Segment Information

The Group is principally involved in electronics manufacturing services (“EMS”) and other related supporting goods and services. The Managing Director/Group Chief Executive Officer, who is the Group’s chief operating decision maker monitors the segment performance of electronics manufacturing services and other related supporting goods and services in aggregate due to the inter-related nature of the two revenue streams. Segmental information is not prepared as the die casting and machining segment has not met the quantitative thresholds for reporting segment.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)**A11. Segment Information (Cont'd)**

The Group's non-current assets located outside Malaysia are not material and therefore not separately disclosed.

Revenue segmented by geographical markets

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.9.2023</u>	<u>30.9.2022</u>	<u>30.9.2023</u>	<u>30.9.2022</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Asia	26,508	32,585	143,579	120,860
Americas	107,528	75,307	242,536	176,047
Europe	1,940	22,136	8,988	22,843
	<u>135,976</u>	<u>130,028</u>	<u>395,103</u>	<u>319,750</u>

A12. Material Events Subsequent to the Statement of Financial Position Date

On 6 October 2023, the Group has entered into Joint Venture Agreement with Vectrix Technology Pte. Ltd. for the purpose of conducting business including but not limited to selling and distribution of electrical vehicles and related accessories and infrastructures.

The Company has not commenced its operations as of the date of this unaudited condensed consolidated interim financial report.

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period under review.

A14. Contingent Liabilities

There were no material contingent liabilities since the end of the last audited consolidated financial statements for the financial year ended 31 December 2022.

A15. Capital Commitments

	<u>30.9.2023</u>	<u>31.12.2022</u>
	Unaudited	Audited
	RM'000	RM'000
Authorised and contracted for:		
Plant and machinery	399	11,280
Renovation and electrical installation	1,915	178
	<u>2,314</u>	<u>11,458</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)**A16. Significant Related Party Transactions**

There were no significant related party transactions for the current quarter and financial period under review.

A17. Derivatives

There were no derivatives used in the current quarter and financial period under review.

A18. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS**B1. Review of Performance****Current quarter against corresponding quarter**

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.9.2023</u>	<u>30.9.2022</u>	<u>30.9.2023</u>	<u>30.9.2022</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	135,976	130,028	395,103	319,750
Profit before tax ("PBT")	15,225	12,288	45,062	30,940
Profit after tax ("PAT")	15,213	10,384	38,875	24,607

For the current quarter, the Group achieved revenue of RM136.0 million, and for the financial period-to-date, the Group achieved revenue of RM395.1 million. The Group's revenue increased in the current quarter and financial period-to-date, was mainly attributable to the increase of sales from Group's EMS segment for both industrial and consumer electronic products, particularly in wireless communication equipment and electronic cigarettes respectively. During the financial period under review, the Group successfully secured a new customer for EMS of industrial electronic products for thermal energy devices, which contributed to the positive sales momentum.

The Group's PBT increased by RM2.9 million or 23.9% in the current quarter and by RM14.1 million or 45.6% in the financial period-to-date, was mainly attributable to a favourable product mix arising from higher sales in higher margin products.

The Group's PAT increased by RM4.8 million or 46.5% in the current quarter and by RM14.3 million or 58.0% in the financial period-to-date reflected the increase in revenue, as well as the increase in finance income from higher interest income received and favourable exchange movement between the Malaysia Ringgit and United States Dollar.



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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B2. Comparison with Immediate Preceding Quarter (Q2'23 vs Q3'23)

	Individual quarter 3 months ended		Variance (%)
	<u>30.9.2023</u>	<u>30.6.2023</u>	
	Unaudited RM'000	Unaudited RM'000	
Revenue	135,976	121,778	11.7
Profit before tax ("PBT")	15,225	18,274	(16.7)
Profit after tax ("PAT")	<u>15,213</u>	<u>15,162</u>	<u>0.3</u>

The Group's revenue increased by RM14.2 million or 11.7%, from RM121.8 million in the preceding quarter to RM136.0 million in the current quarter. The increase was attributed to an increase in sales from industrial electronic products, particularly in wireless communication equipment and consumer electronic products, particularly in electronic cigarettes.

Despite the increase in revenue, the Group's PBT decreased by RM3.1 million or 16.7% from RM18.3 million in the preceding quarter to RM15.2 million in the current quarter after taking into account of the other income from favourable exchange movement between Malaysia Ringgit and United States Dollar in the preceding quarter.

The slight increase in Group's PAT was mainly attributable to the decrease in finance costs from lower interest costs incurred on short-term financing.

B3. Prospects for the Group

The Group's strategic focus revolves around its core competency in providing EMS of industrial electronic products, complemented by its capabilities in aluminium die cast manufacturing, sourcing, procurement capabilities, marketing and distribution added services.

The Group believes that the EMS markets holds favourable prospects globally, driven by increasing demand for outsourced manufacturing, technological advancements, market expansion in emerging economies and integration of Industry 4.0 technologies. These factors present opportunities for the Group as an EMS provider to meet diverse industries' needs.

Despite facing a challenging global landscape characterised by factors such as continuous interest rate hikes, persistent US-China trade tension, ongoing Ukraine-Russia conflict, latest Israeli-Palestinian conflict, higher utility prices, recessionary pressures and inflationary pressures are abound, the Group remains vigilant. The Group continues to monitor the strong demand in the industrial electronic products' market while also expanding the number of community-based programmes, providing life science services in underserved areas and offering green tech products. At this juncture, the order flow from our customers remains strong.

Barring any unforeseen circumstances, the Board is optimistic about the Group's performance and leveraging on its competitive advantages expects the Group's expansion to contribute positively to its financial performance in the future.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B4. Profit Forecast**

Not applicable as the Group did not issue any profit forecast during the financial period under review.

B5. Taxation

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	<u>30.9.2023</u> Unaudited RM'000	<u>30.9.2022</u> Unaudited RM'000	<u>30.9.2023</u> Unaudited RM'000	<u>30.9.2022</u> Unaudited RM'000
Current tax expense	55	(1,479)	6,315	1,359
Deferred tax expense	-	3,383	-	4,974
Realisation of deferred tax upon depreciation of revalued assets	(43)	-	(128)	-
	12	1,904	6,187	6,333
Effective tax rate (%) ⁽¹⁾	0.1	15.5	13.7	20.5

Note:

⁽¹⁾ The overall effective tax rate for the financial period-to-date was lower than the statutory tax rate of 24.0% mainly due to lower income tax rates applied for a foreign subsidiary.

B6. Status of Corporate Proposals

The Company had, on 18 September 2023, entered into a conditional stock purchase agreement 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 (collectively, the "Sellers") for the proposed acquisition by the Company of 50,072 common stock in iConn Inc. ("iConn"), representing all the issued capital stock in iConn, for a total cash consideration of USD16.5 million (equivalent to approximately RM76.6 million), subject to the adjustments as set out in the said conditional stock purchase agreement.

The Company proposes to undertake a private placement of up to 69,000,000 new ordinary shares in Cape EMS ("Cape EMS Shares"), representing up to 7.5% of the total number of existing Cape EMS Shares (excluding treasury shares) to independent third-party investor(s) to be identified and at such issue price(s) to be determined later.



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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B7. Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue of RM155,700,000 are expected to be used in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of Listing	Proposed utilisation RM'000	Re-allocation RM'000	Actual utilisation up to 30.9.2023 RM'000	Balance unutilised RM'000
Construction of New Senai 226 Warehouse and installation of automated storage facilities	Within 48 months	53,105	-	-	53,105
Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	Within 24 months	62,810	-	-	62,810
Installation of energy saving cooling system	Within 24 months	3,688	-	-	3,688
Purchase of new machinery and equipment for die cast manufacturing related services	Within 12 months	4,599	-	(212)	4,387
Working capital	Within 12 months	20,498	1,479 ⁽¹⁾	(21,193)	784
Estimated listing expenses	Within 3 months	11,000	(1,479) ⁽¹⁾	(9,521)	-
Total estimated proceeds		155,700	-	(30,926)	124,774

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.

Note:

⁽¹⁾ The unutilised balance of RM1.5 million allocated for estimated listing expenses were allocated to working capital.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B8. Borrowings and Lease Liabilities**

	<u>30.9.2023</u> Unaudited RM'000	<u>31.12.2022</u> Audited RM'000
Borrowings		
<i>Secured:</i>		
<u>Current</u>		
Term loans	15,670	6,837
Bank overdrafts	2,978	6,430
Short-term financing	41,664	51,094
	<u>60,312</u>	<u>64,361</u>
<u>Non-current</u>		
Term loans	104,244	74,246
	<u>164,556</u>	<u>138,607</u>
 Borrowings denominated in the following currencies:		
Ringgit Malaysia	141,470	108,825
United States Dollar	23,086	29,782
	<u>164,556</u>	<u>138,607</u>
 Lease liabilities		
Current	4,679	10,126
Non-current	10,171	43,160
	<u>14,850</u>	<u>53,286</u>

B9. Material litigation

The Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of the Group.

B10. Dividends

As of the date of this unaudited condensed consolidated interim financial report, the Company declared a second interim single-tier dividend of 0.55 sen per ordinary share in respect of the financial year ending 31 December 2023, amounting to RM5.1 million, to be paid on 2 February 2024 to the shareholders of the Company whose names appear in the Record of Depositors on 19 January 2024.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B11. Earnings per share (“EPS”)**

The basic and diluted EPS for the current quarter and financial period under review is computed as follows:

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	<u>30.9.2023</u> Unaudited RM'000	<u>30.9.2022</u> Unaudited RM'000	<u>30.9.2023</u> Unaudited RM'000	<u>30.9.2022</u> Unaudited RM'000
Profit attributable to the owners of the Company	15,213	10,384	38,875	24,607
Weighted average number of ordinary shares in issue (basic) (unit)	923,000 ⁽¹⁾	750,000 ⁽¹⁾	879,434 ⁽¹⁾	488,571 ⁽²⁾
Basic EPS (sen)	<u>1.65</u>	<u>1.38</u>	<u>4.42</u>	<u>5.04</u>

Note:

- ⁽¹⁾ Calculated on the basis of the weighted average of 750,000,000 ordinary shares before listing and 923,000,000 ordinary shares after the listing of Company on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023.
- ⁽²⁾ Calculated on the basis of the weighted average of 40,000,000 ordinary shares before conversion of irredeemable convertible preference shares, 50,000,000 ordinary shares after conversion of irredeemable convertible preference shares on 20 April 2022 and 750,000,000 ordinary shares after the share split on 27 April 2022.
- ⁽³⁾ The Company does not have any dilutive potential ordinary shares as at end of the current quarter and financial period under review.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B12. Profit before tax ⁽¹⁾**

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.9.2023</u>	<u>30.9.2022</u>	<u>30.9.2023</u>	<u>30.9.2022</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	4,485	2,915	12,110	7,124
Depreciation of right-of-use assets	460	1,714	2,897	6,286
Expenses relating to short-term leases	276	10	572	390
Finance costs	2,694	2,221	8,406	6,119
Fair value gain on financial assets measured at fair value through profit or loss	(671)	-	(675)	-
Finance income	(631)	(24)	(2,247)	(72)
Foreign exchange (gain)/loss:				
- realised	(888)	(2,658)	(41)	(2,480)
- unrealised	298	(1,157)	(4,194)	(2,258)

Note:

⁽¹⁾ Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.