

6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Companies Act 1965 on 21 December 1999 as a private limited company under the name of Impotec Electronics Sdn Bhd and is deemed registered under the Act. Our Company changed its name to Seksun Electronics Sdn Bhd (14 July 2000), Seksun Array Sdn Bhd (3 March 2005) and Toyoplas EMS Manufacturing (M) Sdn Bhd (14 March 2011).

In May 2013, Tee Kim Chin and Alex Miranda Juntado acquired the share capital of our Company, and changed the name of our Company to Cape EMS Manufacturing (M) Sdn Bhd on 16 July 2013. In January 2020, our Company acquired the beneficial interest of the entire share capital of Cape Manufacturing and Cape Singapore from Tee Kim Chin and Alex Miranda Juntado. In July 2021, Alex Miranda Juntado disposed all his Shares in our Company to Tee Kim Yok.

On 9 May 2022, our Company was converted into a public limited company under the name of Cape EMS Manufacturing (M) Berhad. Our Company assumed its present name on 27 May 2022.

Our Company is principally an investment holding company and is involved in electronic manufacturing services. Through our Subsidiaries, we are also involved in aluminium die casting and electronics manufacturing services and supply of electronics products and related activities.

Please refer to **Section 6.3** of this Prospectus for more details of the principal activities of our subsidiaries. We do not have any joint venture company and associated companies.

6.1.1 Pre-IPO Restructuring Exercise

(i) Conversion of ICPS

Fortress, had on 20 April 2022 converted all of the existing ICPS into new ordinary shares in our Company. Upon completion of the conversion of all the ICPS, our Company's resultant issued share capital had increased from RM40,000,000 comprising 40,000,000 ordinary shares to RM100,000,000 comprising 50,000,000 ordinary shares.

(ii) Share Split

Our Company had on 27 April 2022 undertaken a subdivision of every 1 existing Share into 15 Shares.

Upon completion of the Share Split, the resultant number of Shares in the issued share capital of our Company was 750,000,000 Shares. The Share Split had not resulted in any change to our Company's cumulative value of issued share capital.

(iii) Shareholding Restructuring with Fortress and AOF

Pursuant to (a) share subscription agreement dated 28 June 2021 entered into between our Company, Tee Kim Chin, Tee Kim Yok, Alex Miranda Juntado and Fortress (as investor); (b) the share subscription agreement (co-investor) dated 28 September 2021 entered into between AOF (as co-investor), our Company, Tee Kim Chin, Tee Kim Yok, and Fortress (as lead investor); (c) the addendum dated 16 May 2022 to letter of undertaking dated 28 June 2021 from Tee Kim Chin to Fortress (given pursuant to the share subscription agreement dated 28 June 2021); and (d) the addendum dated 16 May 2022 to letter of undertaking dated 28 September 2021 from Tee Kim Chin to AOF (given pursuant to the share subscription agreement dated 28 September 2021), Tee Kim Chin has provided a profit warranty to each of Fortress and AOF on behalf of Tee Kim Chin and Tee Kim Yok.

6. INFORMATION ON OUR GROUP (Cont'd)

On 27 June 2022, Fortress, AOF, Tee Kim Chin and Tee Kim Yok agreed to settle the said profit warranty through the transfer by Tee Kim Yok of 10,687,500 Shares (representing 1.4% of the issued capital of 750,000,000 Shares prior to our IPO) to Fortress and 562,500 Shares (representing 0.1% of the issued capital of 750,000,000 Shares prior to our IPO) to AOF. Upon such transfers, Tee Kim Yok holds 138,750,000 Shares representing approximately 18.5% of the issued capital of 750,000,000 Shares prior to our IPO while Fortress holds 153,187,500 Shares representing 20.4% of the issued capital of 750,000,000 Shares prior to our IPO.

6.1.2 Share capital and changes in share capital

As at the LPD, the issued share capital of our Company is RM100,000,000 comprising 750,000,000 Shares.

The changes in the issued share capital of our Company since its incorporation up to the LPD are as follows:

(i) ordinary shares

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Nature of transaction</u>	<u>No. of cumulative Shares</u>	<u>Cumulative issued share capital (RM)</u>
21 December 1999	3	Subscriber's share	3	3
26 May 2000	2,499,997	Otherwise than cash	2,500,000	2,500,000
30 September 2002	302,109	Cash	2,802,109	2,802,109
30 September 2002	10,197,891	Otherwise than cash	13,000,000	13,000,000
28 May 2004	7,000,000	Otherwise than cash	20,000,000	20,000,000
16 March 2020	5,000,000	Otherwise than cash ⁽¹⁾	25,000,000	25,000,000
7 September 2020	15,000,000	Cash	40,000,000	40,000,000
20 April 2022	10,000,000	Conversion of ICPS	50,000,000	100,000,000
27 April 2022	700,000,000	Share Split	750,000,000	100,000,000

(ii) ICPS

<u>Date of allotment</u>	<u>No. of ICPS allotted/ (Redeemed)</u>	<u>Nature of transaction</u>	<u>No. of cumulative ICPS</u>	<u>Cumulative issued share capital (RM)</u>
31 December 2021	60,000,000 ICPS	Cash	60,000,000	60,000,000
20 April 2022	(60,000,000) ICPS	Conversion of ICPS	-	-

As at the LPD, our Company does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

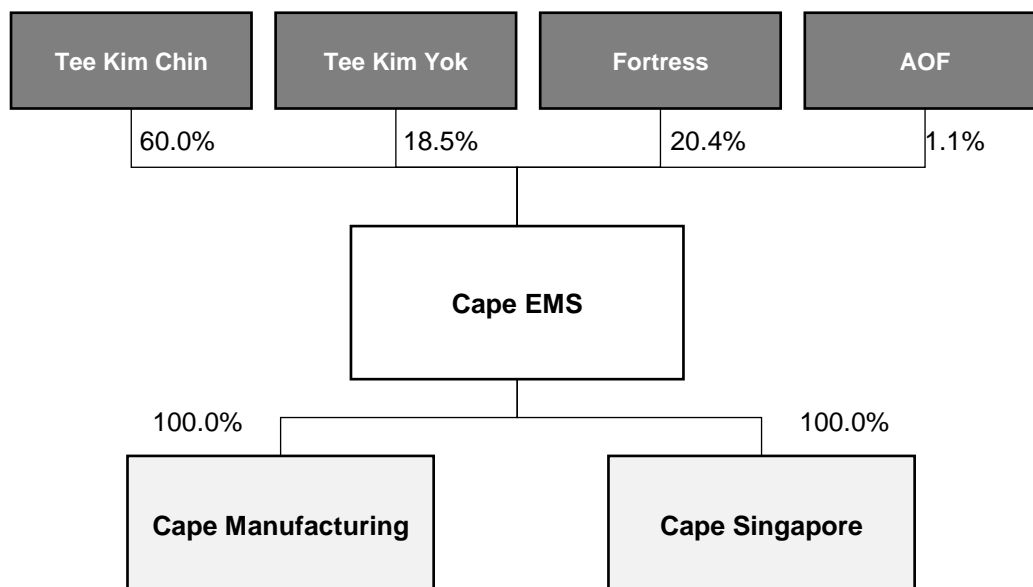
Upon the completion of our IPO, our enlarged issued share capital will increase from RM100,000,000 comprising 750,000,000 Shares to RM[●] comprising 923,000,000 Shares.

6. INFORMATION ON OUR GROUP (Cont'd)**Note:**

- (1) The Shares were allotted by way of capitalising against credit balance in the amount owing to Director.

6.2 OUR GROUP STRUCTURE

Our group structure including our Subsidiaries as at 28 June 2022 is as follows:

**6.3 OUR SUBSIDIARIES**

As at the LPD, our Company has 2 Subsidiaries and does not have any associates. Our Subsidiaries as at the LPD are as follows:

Name and Registration number	Date/ Country of incorporation	Share capital	Our equity interest (%)	Principal activities/ Principal place of business
Cape Manufacturing Registration No.: 201001010428 (895065-A)	25 March 2010/ Malaysia	RM2,500,000 comprising 2,500,000 ordinary shares	100.0	Aluminium die cast manufacturing and electronics manufacturing services/ No. 22 (Lot 1582), Jalan Temenggong 2, Kawasan Perindustrian Temenggong Mukim Tebrau 81100 Johor Bahru, Johor Darul Ta'zim, Malaysia
Cape Singapore Registration No.: 200509673M	14 July 2005/ Singapore	SGD10,000 comprising 10,000 ordinary shares	100.0	Supply of electronic products and related activities/ 18 Sin Ming Lane, #08-17 Midview City, Singapore 573960

Further details of our Subsidiaries as at the LPD are set out below.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.1 Cape Manufacturing

Cape Manufacturing was incorporated in Malaysia under the Companies Act, 1965 on 25 March 2010 as a private limited company under the name of Cape Evergreen Sdn Bhd and is deemed registered under the Act. It subsequently changed its name to Cape Manufacturing (M) Sdn Bhd on 5 September 2012.

Cape Manufacturing is principally involved in aluminium die cast manufacturing and electronics manufacturing services⁽¹⁾.

As at the LPD, the issued share capital of Cape Manufacturing is RM2,500,000 comprising 2,500,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Cape Manufacturing for the past 3 years preceding the LPD:

Date of allotment	No. of ordinary shares allotted	Consideration	Cumulative issued share capital	
			No. of ordinary shares	RM
5 August 2019	500,000	Cash	2,500,000	2,500,000

As at the LPD, Cape Manufacturing does not have any outstanding warrants, options, convertible securities or uncalled capital. Cape Manufacturing is our wholly-owned direct subsidiary. Cape Manufacturing does not have any subsidiary, associate company or joint venture as at LPD.

Note:

- (1) Save for NextCentury Submetering Systems, LLC ("**NextCentury**") and Next Meters, LLC, which are served by Cape Manufacturing, all the Group's EMS customers under our Group's EMS segment are served by Cape EMS. NextCentury and Next Meters have a common shareholder. Cape Manufacturing originally provided die casting services for the aluminium enclosure required for NextCentury's products, and eventually expanded to provide EMS for NextCentury's products. Cape Manufacturing worked with NextCentury, the brand and design owner, on the product design of NextCentury and Next Meters, LLC.

6.3.2 Cape Singapore

Cape Singapore was incorporated in Singapore on 14 July 2005 as a private limited company under the name of Aerocraft Pte Ltd and deemed registered under the laws of Singapore. Our company changed its name to APL Toyo Pte Ltd (with effect from 26 February 2007), Toyoplas UK Pte Ltd (with effect from 28 October 2010), Cape ACV Holdings Pte Ltd (with effect from 21 March 2014) and Cape Holdings (S) Pte Ltd (with effect from 27 January 2016).

Cape Singapore is principally involved in supply of electronic products and related activities.

As at the LPD, the issued share capital of Cape Singapore is SGD10,000 comprising 10,000 ordinary shares. There has been no change in the issued share capital of Cape Singapore for the past three years preceding the LPD.

As at the LPD, Cape Singapore does not have any outstanding warrants, options, convertible securities or uncalled capital. As at the LPD, Cape Singapore is our wholly-owned direct subsidiary. Cape Singapore does not have any subsidiary, associate company or joint venture as at LPD.

6.4 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to the LPD, there were:

- (i) no public take-over offers by third parties in respect of our Shares; and
- (ii) no public take-over offers by our Company in respect of other companies' shares.

6. INFORMATION ON OUR GROUP (Cont'd)**6.5 CAPITAL EXPENDITURES AND DIVESTITURES****6.5.1 Capital expenditures**

Save as disclosed below, there was no other material capital expenditures incurred by our Group for the Period Under Review and up to the LPD:

Description	FYE 2019	FYE 2020	FYE 2021	Between 1 January 2022 up to the LPD
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Freehold land ⁽¹⁾	-	-	6,364	-
Leasehold land ⁽¹⁾	2,852	6,472	16,333	-
Factory buildings ⁽¹⁾	3,690	16,684	18,676	52
Plant and machinery ⁽²⁾	719	20,000	76,271	10,293
Equipment, furniture and fittings ⁽³⁾	1,927	1,876	2,565	514
Renovation and electrical installation ⁽⁴⁾	1,537	3,004	2,627	225
Capital work in-progress ⁽⁵⁾	-	105	4,769	1,384
Total	10,725	48,141	127,605	12,468

Notes:

- (1) Relates mainly to the purchase of (i) PLO 103 Factory in FYE 2019; (ii) Senai 227 Factory in FYE 2020; and (iii) Kempas 6 Factory, Temenggong 22 Factory and extension of the Senai 227 Factory in FYE2021.
- (2) Relates mainly to the purchase of (i) plant and machinery mainly comprising 2 SMT lines and 2 CNC machines in FYE 2020; (ii) 11 automation lines, 6 die casting machines, 6 melting and holding furnaces in FYE 2021; and (iii) 3 automation lines as at LPD at Senai 227 Factory and Temenggong 22 Factory respectively.
- (3) Relates mainly to the purchase of factory equipment, office equipment, computers and software, furniture, fittings and air conditioners at Senai 227 Factory and Temenggong 22 Factory.
- (4) Relates mainly to renovation and electrical installation works for PLO 103 Factory, Senai 227 Factory and Temenggong 22 Factory .
- (5) Relates mainly to capital work-in-progress comprising, among others, installation of automation lines at Senai 227 Factory in FYE 2021 and renovation works at Senai 227 Factory as at LPD.

Our material capital expenditure was primarily funded via a combination of bank borrowings, proceeds from the issuance of the ICPS and internally generated funds.

6.5.2 Material capital divestitures

We do not have any material capital divestitures for the Period Under Review and as at the LPD.