



IPO STATISTICS

IPO Price (RM)	0.90 for retail offering Institutional price to be determined by bookbuilding	Use of Proceed (RM155.70 million from new issue)	Proceed Utilisation	RM million
Fund Raised (RM million)	155.70 from new issue 78.03 from offer for sale TOTAL: 233.73		Construction of New Senai 226 Warehouse and installation of automated storage facilities	53.11
Enlarged issued share capital upon listing (million shares)	923.00		Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	62.81
IPO Market Capitalisation (RM million)	830.70		Installation of energy saving cooling system	3.69
Price Earnings Ratio (PER)	31.6x (based on FYE2021 PAT) 25.4x (based on annualised FPE2022 PAT)		Purchase of new machinery and equipment for die cast manufacturing related services	4.60
			Working capital	20.50
			Estimated listing expenses	11.00

BUSINESS OVERVIEW

Business Activities

Cape EMS is an electronics manufacturing services (EMS) provider, offering a range of end-to-end manufacturing services which entail parts and components sourcing and procurement, production, assembly, testing, packaging up to direct shipment fulfilment. Its business activities are segregated as follow:

- **EMS of box build industrial and consumer electronic products** such as wireless communication equipment, smart utility data collection equipment, POS terminals, household appliances and electronic cigarettes.
- **Supporting services** comprising in-house aluminium die cast manufacturing based on customers' requirements as well as supply of parts and components for its box build products.

Headquartered in Johor, the Group operates 2 factories for its EMS operations and 1 factory mainly for die cast manufacturing in Johor, and 1 testing facility in Singapore. It serves customers throughout Asia Pacific (mainly Singapore), Europe and the U.S. where its customers are mainly brand and/or product owners, manufacturers and procurement companies.

Cape EMS does not maintain an order book based on contracts due to the nature of its business. The group has unbilled purchase orders of RM358.7 million to be fulfilled by 2023.

FY2021 Revenue by Geographical Location



Competitive Strength

- **Diversified customers base** from industrial and consumer sectors to mitigate against sector dependency and seasonal factors.
- **Strong financial performance in recent years** which help facilitate its ability to expand and grow its business. (Revenue and PAT registered CAGR of 182.5% and 162.3% respectively between FYE 2019 and FYE 2021)
- **Provision of customised operations and dedicated manufacturing areas** enables the Group to better meet customers' demand for high volume output within a short period of time.
- **Ample factory floor space** to accommodate business expansion of existing customers as well as potential customers.
- **Dedicated machinery and equipment, procure materials and services** to create long term business relationships with its customers.
- **Direct and indirect distribution channels** to optimise market access and coverage.
- **In-house aluminium die cast manufacturing facility** to support EMS operations which serve as an additional source of revenue.
- **Experienced management team.**

FY2021 Major Customers

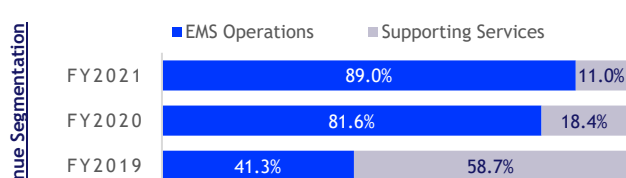
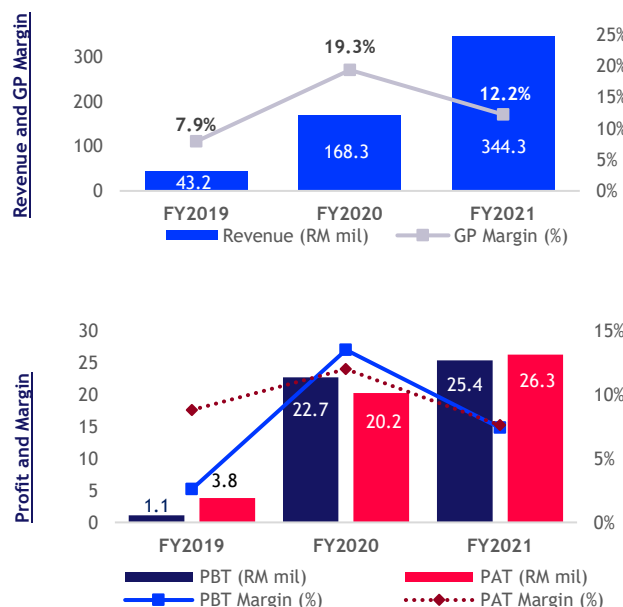
Customer	% of total revenue	Length of relationship* (years)
Mimosa Networks, Inc and Airspan Communications Limited (U.S.)	22.7	4
K & Q Pte Ltd (Singapore)	14.3	4
Customer A (U.S.)	12.3	3
Tastar Electronics Pte Ltd (Singapore)	18.3	3
SOQ Sourcing, LLC and NextCentury Submetering Systems, LLC (U.S.)	18.3	3

*as at FPE 2022

GROWTH STRATEGIES AND FUTURE PLANS

- **Setting up of new production facility for aluminium die cast manufacturing** which includes the purchase and instalment of 10 new production lines and purchase of related machinery and equipment, comprising furnaces and die casting machines and related machinery and equipment such as 9 units of robotic pick and spray equipment, 2 units of CNC lathe machines and 3 units of rotary screw air compressors.
- **Construction of new warehouse in Johor** with a total built-up of approximately 166,917 sq ft, and **installation of automated storage facilities** to enhance its operational efficiencies.
- **Expand production facilities for EMS operations** and invest in 4 new automated production lines for refill pods to cater to the expected expansion of its EMS for electronic cigarettes as well as the setting-up of a new cleanroom facility.
- **Expand factory floor space for EMS operations** to accommodate business expansion for its existing as well as potential customers.

FINANCIAL PERFORMANCE & PEER ANALYSIS



Company	PAT Margin (%)	PER (x)
V.S. Industry Bhd	3.8	19.3
ATA IMS Bhd	loss making	-
SKP Resources Bhd	7.5	13.8
EG Industries Bhd	1.0	19.8
P.I.E. Industrial Bhd	5.9	18.4
NationGate Holdings Bhd	7.8	45.3*
Aurelius Technologies Bhd	6.0	38.3
Cape Group	7.6	31.6
JHM Consolidation Bhd	11.5	13.3
Luster Industries Bhd	5.7	29.2
Salutica Bhd	loss making	-
K-One Technology Bhd	loss making	-

Note: Selected peers listed on Bursa Malaysia as identified in the Independent Market Research Report. PAT margin based on prospectus and annual report. Trailing 12 month PER data from Bloomberg at time of research except for Cape Group PER at IPO. *based on FYE2021 PAT with enlarged share capital of 2,074 million shares and closing price of RM1.25 on 16 Feb 2023

PROMOTERS & SUBSTANTIAL SHAREHOLDERS

Promoter/ Substantial Shareholder	Designation	Shareholding after IPO (%)	
		Direct	Indirect
Tee Kim Chin	Promoter and substantial shareholder. Non-Independent Managing Director/ Chief Executive Officer	40.60	-
Tee Kim Yok	Promoter and substantial shareholder. Non-Independent Executive Director	13.80	-
Fortress Capital Asset Management (M) Sdn Bhd	Substantial shareholder. Investment holding	16.60	-

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