



**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### Unaudited Condensed Consolidated Statements of Comprehensive Income<sup>(1)</sup> for the Second Quarter Ended 30 June 2024

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Year-to-date
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Revenue		679,710	143,731	886,719	301,138
Cost of sales		(629,694)	(123,244)	(802,445)	(250,703)
<b>Gross profit</b>		<u>50,016</u>	<u>20,487</u>	<u>84,274</u>	<u>50,435</u>
Other income		3,238	4,274	5,956	8,064
Administrative expenses		(14,348)	(7,253)	(26,783)	(22,758)
<b>Operating profit</b>		<u>38,906</u>	<u>17,508</u>	<u>63,447</u>	<u>35,741</u>
Finance costs		(4,110)	(1,919)	(6,869)	(5,740)
Finance income		1,452	544	2,001	1,589
Share of (loss)/profit from an associate		2	1	2	2
Profit before tax	B11	<u>36,250</u>	<u>16,134</u>	<u>58,581</u>	<u>31,592</u>
Income tax	B5	(6,437)	(1,811)	(7,913)	(3,981)
Profit after tax		<u>29,813</u>	<u>14,323</u>	<u>50,668</u>	<u>27,611</u>
Profit attributable to:					
- Owners of the Company		28,538	14,323	49,545	27,611
- Non-controlling interest		1,275	-	1,123	-
		<u>29,813</u>	<u>14,323</u>	<u>50,668</u>	<u>27,611</u>
Total comprehensive profit attributable to:					
- Owners of the Company		28,538	14,323	49,545	27,611
- Non-controlling interest		1,275	-	1,123	-
		<u>29,813</u>	<u>14,323</u>	<u>50,668</u>	<u>27,611</u>
Earnings per share ("EPS")					
- Basic (sen) <sup>(2)</sup>	B10	1.38	0.69	2.39	1.33

#### NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Administrative expenses for preceding year corresponding quarter included non-recurring listing expenses of RM0.052 million. For illustration purposes only, the Group's normalised financial performance after adjusting for the non-recurring listing expenses is as follow:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- to-date	Preceding Year Corresponding Year-to-date
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Profit before tax	36,250	16,134	58,581	31,592
Add : Listing expenses	-	52	-	3,840
Adjusted profit before tax	36,250	16,186	58,581	35,432

- (3) Basic earnings per share ("EPS") is calculated based on the Company's share capital of 2,073,933,300 shares in issue. There are no dilutive instruments as at the end of the current quarter.

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Financial Position<sup>(1)</sup>****As at 30 June 2024**

		(Unaudited) As at 30.06.2024 RM'000	(Audited) As at 31.12.2023 RM'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		297,598	245,560
Right-of-use assets		6,172	8,084
Investment properties		14,661	14,813
Investment in an associate		397	395
		<u>318,828</u>	<u>268,852</u>
<b>Current assets</b>			
Inventories		447,669	230,224
Trade receivables		295,472	132,688
Contract assets		13,869	8,382
Other receivables, deposits and prepayments		22,343	17,811
Investment securities		176	295
Other investments		1,001	-
Short term deposits with licensed banks		12,162	20,687
Cash and bank balances		277,559	55,914
		<u>1,070,251</u>	<u>466,001</u>
<b>TOTAL ASSETS</b>		<b><u>1,389,079</u></b>	<b><u>734,853</u></b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		304,540	304,540
Merger reserve		(133,361)	(133,361)
Non-controlling interest		8,431	7,308
Retained profits		282,745	243,569
<b>Total equity</b>		<u>462,355</u>	<u>422,056</u>
<b>Non-current liabilities</b>			
Borrowings	B7	24,817	23,064
Lease liabilities		2,005	4,539
Deferred tax liabilities		4,007	9,600
		<u>30,829</u>	<u>37,203</u>
<b>Current liabilities</b>			
Trade payables		467,603	129,232
Contract liabilities		22,263	595
Other payables and accruals		62,017	45,642
Borrowings	B7	327,440	94,239
Lease liabilities		4,340	3,753
Income tax payable		12,232	2,133
		<u>895,895</u>	<u>275,594</u>
<b>Total liabilities</b>		<u>926,724</u>	<u>312,797</u>
<b>Total equity and liabilities</b>		<b><u>1,389,079</u></b>	<b><u>734,853</u></b>
Net assets per share (sen) <sup>(2)</sup>		<u>22.79</u>	<u>20.35</u>
Gearing ratio (times)		0.76	0.28

**NOTES:**

(1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per share is calculated based on the Company's number of ordinary shares in issue of 2,073,933,300 shares.

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Changes in Equity<sup>(1)</sup>  
for the Period Ended 30 June 2024**

		<u>Distributable</u>				
	Share Capital RM'000	Merger Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
<b><u>6 months ended 30 June 2024</u></b>						
At 1 January 2024 (Audited)	304,540	(133,361)	243,569	414,748	7,308	422,056
Dividend	-	-	(10,369)	(10,369)	-	(10,369)
Total comprehensive income for the financial period	-	-	49,545	49,545	1,123	50,668
<b>At 30 June 2024 (Unaudited)</b>	<b>304,540</b>	<b>(133,361)</b>	<b>282,745</b>	<b>453,924</b>	<b>8,431</b>	<b>462,355</b>

**NOTES:**

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

[The remainder of this page is intentionally left blank]

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Cash Flows<sup>(1)</sup>  
for the Period Ended 30 June 2024**

	<b>Current Year-to-date 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Year-to-date 30.06.2023 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	58,581	31,592
Adjustments for: -		
Accretion of interest	101	183
Allowance for slow moving inventories	2	-
Depreciation of property, plant and equipment	21,795	18,090
Depreciation of right-of-use assets	1,912	2,186
Depreciation of investment properties	152	152
Dividend income	(3)	-
Fair value loss on investment securities	118	60
Loss/(gain) on disposal of property, plant and equipment	10	(86)
Interest expense	6,768	5,557
Interest income	(2,001)	(1,588)
Listing expenses	-	3,840
Share of gain from associate	(2)	(2)
Unrealised gain on foreign exchange	(2,039)	(4,665)
<b>Operating profit before working capital changes</b>	<b>85,394</b>	<b>55,319</b>
<b>Net changes in:</b>		
Inventories	(217,447)	770
Receivables	(164,189)	70,627
Payables	342,855	(48,789)
Contract assets	(5,486)	23,464
Contract liabilities	21,668	(8,206)
<b>Cash generated from operation</b>	<b>62,795</b>	<b>93,185</b>
Income tax paid	(3,407)	(2,777)
Income tax refund	-	540
Interest paid	(6,768)	(5,557)
<b>Net cash generated from operating activities</b>	<b>52,620</b>	<b>85,391</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend received	3	-
Interest received	1,974	1,498
Withdrawal / (Placement) of fixed deposits with a licensed bank	10,768	(2,000)
Placement of money market fund	(1,001)	-
Proceeds from disposal of property, plant and equipment	28	342
Purchase of property, plant and equipment	(73,871)	(25,657)
<b>Net cash used in investing activities</b>	<b>(62,099)</b>	<b>(25,817)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(5,185)
Payment of lease liabilities	(2,049)	(2,314)
Payment of listing expenses	-	(7,608)
Proceed from issuance of shares	-	165,500
Drawdown / (Repayment) of bankers' acceptance	250,842	(108,143)
Repayment of term loan	(8,323)	(75,226)
Repayment of revolving credit	-	(11,000)
Repayment of hire purchase	(7,130)	(8,969)
<b>Net cash generated from / (used in) financing activities</b>	<b>233,340</b>	<b>(52,945)</b>

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statements of Cash Flows<sup>(1)</sup>  
for the Period Ended 30 June 2024 (Cond't)**

	<b>Current Year-to-date 30.06.2024 RM'000</b>	<b>Preceding Year Corresponding Year-to-date 30.06.2023 RM'000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	223,861	6,629
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	65,860	46,869
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>289,721</b>	<b>53,498</b>
<b>Represented by:</b>		
Cash and bank balances	277,559	31,667
Short term deposits with licensed banks	12,162	30,463
Less: Deposits pledge with licensed bank	-	(8,632)
	<b>289,721</b>	<b>53,498</b>

**NOTES:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flow is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

[The remainder of this page is intentionally left blank]

## **NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

---

### **PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

#### **A1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Boards (“MASB”) and Paragraph 9.22 of Listing Requirements of Bursa Securities.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of NGH and its subsidiaries and associated company (“Group”) since the financial year ended 31 December 2023.

#### **A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Group’s audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

##### **Effective for annual periods 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 - Classification of Liabilities as Current or Non-Current*

*Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants*

*Amendments to MFRS 107 Statements of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements.*

##### **Effective for annual periods beginning on or after 1 January 2025**

*Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

##### **Effective 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 adoption of the above MFRSs and amendments to MFRSs are not expected to have any material impact on the financial statements of the Group upon initial application.

#### **A3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2023.

#### **A4. SEASONAL OR CYCLICAL FACTORS**

The Group’s operation was not significantly affected by any unusual seasonal or cyclical factors.

#### **A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 30 June 2024.

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect in the current financial year to date.

### A7. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

### A8. DIVIDEND PAID

The Company did not pay any dividend during the financial period ended 30 June 2024.

### A9. SEGMENTAL INFORMATION

The Group is an electronic manufacturing services (“EMS”) provider focusing on the assembly and testing of electronic components and products to produce completed printed circuit boards (“PCB”), semi-finished sub-assemblies and fully-assembled electronic products, as well as semiconductor devices.

For management purposes, the Group is organised into business units based on their nature of businesses and customer segment as well as geographical sales contribution.

Segmental information is provided based on contribution by business units based on their nature of businesses and customer segment as well as by geographical factors.

#### (a) Contribution by customer segment

By customer segments	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-To-	Corresponding
	30.06.2024	Quarter	Date	Year-To-Date
	RM'000	30.06.2023	30.06.2024	30.06.2023
		RM'000	RM'000	RM'000
Networking and telecommunications	93,401	68,111	200,278	151,922
Industrial instruments	24,003	21,177	50,674	41,188
Data computing	538,168	20,866	586,267	48,607
Consumer electronics	2,022	9,103	4,298	10,475
Automotive	12,348	10,876	24,598	23,627
Semiconductor	1,747	8,036	6,937	15,093
Others <sup>(1)</sup>	8,021	5,562	13,667	10,226
<b>Total</b>	<b>679,710</b>	<b>143,731</b>	<b>886,719</b>	<b>301,138</b>



## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### A9. SEGMENTAL INFORMATION (Cont'd)

#### (b) Contribution by geographical factors

Countries	Current Year	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year-To-	Corresponding
	30.06.2024	30.06.2023	Date	Year-To-Date
	RM'000	RM'000	30.06.2024	30.06.2023
			RM'000	RM'000
Malaysia	312,147	85,415	435,989	179,887
Singapore	307,410	21,588	348,788	49,734
USA	15,451	4,919	31,292	12,873
Germany	12,252	8,312	27,495	16,232
Australia	3,660	3,417	7,956	8,859
Other Asian countries <sup>(2)</sup>	26,990	15,257	30,789	24,155
Other European countries <sup>(3)</sup>	1,104	4,398	3,539	7,826
Other North American countries <sup>(4)</sup>	696	425	871	1,572
<b>Total</b>	<b>679,710</b>	<b>143,731</b>	<b>886,719</b>	<b>301,138</b>

#### Notes:

- (1) Mainly consists of manufacturers of medical devices, Internet of Things, household electronic products, analytical instrumentation devices and warehousing and storage services.
- (2) Other Asian countries include Taiwan, China, Vietnam, Thailand and India.
- (3) Other European countries include France, United Kingdom, and Denmark.
- (4) Other North America countries include Canada and Mexico.

### A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 24 July 2024, the Company had proposed to undertake the Proposed Placement of up to 207,393,330 new ordinary shares in NATGATE ("Shares"), representing up to 10% of the total number of issued shares. The applications for the listing and quotation of Placement Shares have been submitted to the Bursa Securities on 25 July 2024.

On 1 August 2024, the Bursa Securities had vided its letter approved the Company's application for the listing and quotation of up to 207,393,330 Placement Shares on the Main Market of Bursa Securities.

On 2 August 2024, the Company had fixed the issue price for the Placement Shares at RM1.96 per Placement Shares. The issue price of RM1.96 per Placement Share represents a discount of approximately 7.42% to the 5D-VWAP of the Shares up to and including 1 August 2024, being the market day immediately prior to the price-fixing date, of RM2.1170. A total of 207,393,330 Placement Shares, representing 10% of the issued Shares as at 30 June 2024, were made available for subscription by third party investors falling within Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

On 12 August 2024, the Placement has been completed following the listing and quotation of 202,369,310 Shares on the Main Market of Bursa Securities.

Saved as disclosed above, there were no other material events subsequent to the end of the current financial period under review that have not been reflected in this interim financial report.

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### A11. CHANGES IN COMPOSITION OF THE GROUP

During the financial period, the Company acquired the following wholly-owned subsidiary.

Company Name	Acquisition Date	Paid Up Capital	Principal Activity
NationGate Land Sdn. Bhd. (Formerly known as Hesechan Industries Sdn. Bhd.)	21 June 2024	RM2,000,000	Warehousing and storage services

Saved as disclosed above, there were no material changes in the composition of the Group for the current financial quarter under review.

### A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Save for the material litigation as disclosed in Note B8, there were no contingent liabilities or contingent assets in the Group since the date of the last annual statement of financial position.

### A13. RELATED PARTY TRANSACTIONS DISCLOSURES

The following companies are related parties as they relate to companies in which one of the directors of the Group has substantial financial interest.

- VS Solution Services Sdn Bhd (“VS”)
- SkyGate Sciences Sdn Bhd (“SC”)
- SkyGate Precision Sdn Bhd (“SP”)

Type of transactions	Related parties	Individual Quarter		Cumulative Period	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Year-To-Date
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
		RM'000	RM'000	RM'000	RM'000
Purchase and installation of metal racking systems and machinery	VS	708	103	1,004	572
Purchase of spare parts and consumables for the Group's manufacturing activities	VS	36	83	74	117
Purchase of spare parts for maintenance of building and office equipment	VS	46	159	92	206
Purchase of spare parts and consumables for the Group's manufacturing activities	SP	-	-	2	-
Rental Expenses	SC	1,025	893	2,049	1,917

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)  
(Incorporated in Malaysia)

---

**A14. CAPITAL COMMITMENTS**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at 30.06.2024</b>	<b>As at 31.12.2023</b>
	RM'000	RM'000
Approved and contracted for:		
- Property, Plant and Equipment	88,483	53,557
	<u>88,483</u>	<u>53,557</u>

[The remainder of this page is intentionally left blank]

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### PART B – ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. REVIEW OF PERFORMANCE

	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year- To-Date 30.06.2024 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2023 RM'000
Revenue	679,710	143,731	886,719	301,138
Gross Profit	50,016	20,487	84,274	50,435
Profit before interest and tax	38,906	17,508	63,447	35,741
Profit before tax	36,250	16,134	58,581	31,592
Profit after tax	29,813	14,323	50,668	27,611
Profit attributable to owners of the Company	28,538	14,323	49,545	27,611

#### Comparison with preceding year corresponding quarter

For the financial period ended 30 June 2024, the Group recorded RM679.7 million revenue, representing an increase of 372.9% from RM143.7 million revenue recorded in the preceding financial year-to-date. This was mainly caused by the higher demand especially from Data Computing segment.

Consequently, both gross profit and profit before tax increased by 144.1% and 124.7% respectively. The improvement in profit was mainly attributed by increased in revenue.

#### Comparison with preceding year corresponding year-to-date

For the financial period ended 30 June 2024, the Group recorded RM886.7 million revenue, representing an increased of 194.4% from RM301.1 million revenue recorded in the preceding financial year-to-date. This was mainly caused by the higher demand especially from Data Computing segment.

Consequently, both gross profit and profit before tax increased by 67.1% and 85.4% respectively. The improvement in gross profit was mainly attributed by increased in revenue.

#### B2. COMPARISON WITH IMMEDIATE-PRECEDING QUARTER'S RESULTS

	Current Year Quarter 30.06.2024 RM'000	Current Year Preceding Quarter 31.03.2024 RM'000
Revenue	679,710	207,009
Gross Profit	50,016	34,258
Profit before interest and tax	38,906	24,541
Profit before tax	36,250	22,331
Profit after tax	29,813	20,855
Profit attributable to owners of the Company	28,538	21,007

The Group's revenue for the quarter under review has increased by 228.3% to RM679.7 million comparing to RM207.0 million in preceding quarter. Increase in revenue was mainly attributed by further increase in revenue generated from Data Computing segments which increased by RM490.1 million.

Furthermore, the Group's gross profit and profit before tax for the quarter under review has increased by 46.0% and 62.3% to RM50.0 million and RM36.3 million mainly due to increase in revenue.

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

### B3. PROSPECTS OF THE GROUP

The E&E industry secured investments worth RM85.4 billion (comprising 56.2% of approved investments in the manufacturing sector) in 2023 (2022: RM29.3 billion), signifying the strategic expansion of global E&E companies in Malaysia that are capitalising on the forecasted recovery in the global technology cycle and the projected 11.8% growth in global semiconductor sales by 2024. In 2023, E&E exports comprised RM575.4 billion or 40.4% of total exports. Under the Twelfth Malaysia Plan, the E&E industry is targeted to contribute RM120.0 billion to Malaysia's GDP in 2025, compared to RM86.1 billion in 2020.

As announced by Bank Negara Malaysia (BNM) on 17 May 2024, MALAYSIA is on track for further economic growth this year, following a 4.2 per cent upturn in the first quarter of 2024. Moreover, an analysis by Ratings Agency Malaysia projected a growth rate of 5.5 per cent in 2024, up from 3.7 per cent recorded in 2023. The manufacturing sector is one of the largest contributors to the Malaysian economy. As a leading player in Southeast Asia, the E&E industry is the backbone for Malaysia's manufacturing sector. The Malaysian Investment Development Authority (MIDA) reported that it accounted for 5.8 per cent of the GDP in 2023. It aims to contribute RM120 billion to the GDP and RM495 billion in export earnings by 2025.

Despite the challenges and risks faced in 2023, our Group remains optimistic and confident with the opportunities that lies ahead, particularly in the EMS industry, which are expected to experience notable developments and transformation driven by the following factors in 2024 and beyond:

- i.) More manufacturing operations to shift out of China exacerbated by the intensifying of US-China trade tension since 2018. This has benefited the ASEAN region underpinned by its geographic, demographic and regulatory advantages.
- ii.) Technological advancements where EMS industry continued to benefit from particularly in areas such as AI technologies, IoT, supercomputers, electric vehicles and data centers.
- iii.) Digital transformation enabled EMS providers to streamline production, improve quality control, and respond more effectively to changing customer demands and market dynamics.
- iv.) Increased enquiries from data center providers where with the proliferation of digital services, cloud computing and data driven technologies, there has been a surge in demand for data center infrastructure in Malaysia.

Barring any unforeseen circumstances, the Board of Directors of the Company ("Board") is optimistic about the future prospects of the Group.

### B4. VARIANCE OF ACTUAL PROFITS FROM FORECAST PROFITS

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

### B5. TAXATION

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year Quarter</u> <u>30.06.2024</u> <u>RM'000</u>	<u>Preceding Year Corresponding Quarter</u> <u>30.06.2023</u> <u>RM'000</u>	<u>Current Year- to-date</u> <u>30.06.2024</u> <u>RM'000</u>	<u>Preceding Year Corresponding Year-to-date</u> <u>30.06.2023</u> <u>RM'000</u>
In respect of current period:				
Income tax expense	6,437	1,811	7,913	3,981
Effective tax rate (%)	17.8	11.2	13.5	12.6
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate was lower than statutory tax rate mainly due to reinvestment allowance claimed on qualifying capital expenditure incurred on machineries and equipment besides pioneer status incentive.

### B6. STATUS OF CORPORATE PROPOSALS

On 8 February 2024, the Company has announced that it has on even date entered into a share sale

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

agreement with Heap Seong Chan Company Sdn Berhad (“HSCSB” or “Vendor”) to acquire the entire equity interest, amounting to 2,000,000 ordinary shares in Hesechan Industries Sdn Bhd (“Hesechan”), for a total cash purchase consideration of RM25,000,000 (“Acquisition”). The Acquisition represents a strategic investment for the Group to acquire additional manufacturing space to facilitate its expansion plans.

Hesechan was incorporated in Malaysia under the Companies Act, 1965 on 17 October 1992. The paid-up share capital of Hesechan is RM2,000,000 comprising 2,000,000 ordinary shares. Hesechan is principally involved in the business of warehousing, manufacturer, general carriers, agents, importers and exporters, wholesalers and retailer, manufacturers, and general trading\*. The Directors of Hesechan are Por Woon Seng, Goh Huck Sun, Saw Lip Teik and Alvin Poh Guan Qun, all of whom are Malaysians. The sole shareholder of Hesechan is HSCSB.

Note: \* Amongst the conditions precedent of the share sale agreement entered between the Company and HSCSB for the Acquisition, Hesechan shall transfer out its operating business and shall merely remain as an investment holding company in holding the 99 years’ leasehold land (expiring on 26 August 2070) known as Plot 49, Plot 50, Plot 51, Plot 52, Plot 53 and Plot 54, Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under HSD 44396 together with all buildings and structures erected thereon.

The Acquisition was completed on 21 June 2024.

Saved as disclosed above, there were no corporate proposals announced but not completed as at the date of this interim financial report.

### B7. GROUP BORROWINGS AND DEBTS SECURITIES

As at 30 June 2024	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
<b>Secured</b>			
Bankers’ acceptance	-	288,496	288,496
Finance leases	16,443	13,249	29,692
Term loans	8,374	1,695	10,069
Revolving credit	-	24,000	24,000
<b>Total</b>	<b>24,817</b>	<b>327,440</b>	<b>352,257</b>

The bank borrowings are secured and denominated in both Ringgit Malaysia and US Dollar.

### B8. MATERIAL LITIGATION

- (a) **Kuala Lumpur High Court Civil Suit No.: WA-22NCVC-535-08/2020 BMW Credit (Malaysia) Sdn Bhd (“Plaintiff” or “BMW Credit”) -v-  
1. Lumileds Malaysia Sdn Bhd (“1st Defendant” or “Lumileds”)  
2. NationGate System Sdn Bhd (“2nd Defendant” or “NSY”)**

Optotronics Semiconductors Sdn Bhd (“Optotronic”) was appointed to manufacture products for Lumileds with the machines of which Lumileds claimed ownership (“the Machines”). In 2018, Optotronic obtained hire purchase facilities from BMW Credit to lease the Machines but it defaulted in payment and was in liquidation. Subsequently, BMW Credit obtained a court order for Optotronic and/or any third party to deliver the machineries to BMW Credit.

By a manufacturing agreement dated 15 July 2020, Lumileds formally appointed NSY, the wholly-owned subsidiary of NSM to manufacture products for Lumileds with the Machines. To be appointed as the contract manufacturer of Lumileds, NSY was required by Lumileds to enter into the said manufacturing services agreement where it sets out the general terms and conditions in relation to the engagement of NSY as the contract manufacturer to Lumileds to provide certain manufacturing and assembly services and to consign to NSY certain materials to be used in the connection therewith. It is a normal arrangement for NSY to retain its customers’ machines in its premises under the said consignment arrangement. The value of these machineries is not recorded as our property, plant and equipment and

## NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

as such the value of these machineries cannot be ascertained. In BMW Credit's attempt to recover the Machines through the court's execution process, NSY successfully denied BMW Credit access to the premises. Although the machineries do not belong to NSY, we may still be potentially liable for any damages or if these machineries are stolen from our manufacturing facilities, hence NSY could not permit BMW Credit to have access to the machineries without the permission of Lumileds. BMW then filed the above civil suit No. WA-22NCVC-535-08/2020 against Lumileds and NSY for recovery of the machineries.

The case had been resolved and the Plaintiff had filed Notice of Discontinuance on 7th August 2024.

### B9. DIVIDENDS

On 29 February 2024, the Company proposed a final single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2023. The entitlement date and payment date are on 3 July 2024 and 16 July 2024 respectively.

On 31 May 2024, the Company proposed a first interim single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2024. The entitlement date and payment date are on 16 July 2024 and 15 August 2024 respectively.

On 29 August 2024, the Company proposed a second interim single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2024. The entitlement date and payment date are on 13 September 2024 and 30 September 2024 respectively.

### B10. EARNINGS PER SHARE ("EPS")

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Year-to-date
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to the Owners of the Company (RM'000)	28,538	14,323	49,545	27,611
Number of ordinary shares in issue ('000)	2,073,933	2,073,933	2,073,933	2,073,933
Basic EPS (sen)	1.38	0.69	2.39	1.33

### B11. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit for the period was derived after taking into consideration of the following:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-to-date	Preceding Year Corresponding Year-to-date
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
<b>After charging/(crediting):</b>				
Allowance for slow moving inventories	2	-	2	-
Depreciation of investment property	76	76	152	152
Depreciation of property,				

**NATIONGATE HOLDINGS BERHAD**

Registration No. 202101004230 (1404529-K)

(Incorporated in Malaysia)

plant and equipment	11,134	9,230	21,795	18,090
Depreciation on right-of-use ("ROU") assets	922	1,095	1,912	2,186
Fair value loss/(gain) on investment securities	34	(12)	118	60
Interest expense on:				
-Accretion of interest on lease liabilities	47	91	101	183
-Bankers' acceptance	3,087	288	4,788	1,293
-Bank overdraft	7	4	13	11
-Finance lease	442	753	935	1,577
-Letter of credit	69	-	69	-
-Revolving credit	298	23	560	156
- Term loans	160	760	403	2,520
Lease payment for:				
- Low value assets	24	19	38	36
- Short term leases	(597)	2	(430)	4
<b>And crediting:</b>				
Dividend income	3	-	3	-
(Loss)/gain on disposal of property, plant and equipment	(10)	86	(10)	86
Interest income	1,452	543	2,001	1,588
Rental income	406	525	820	952
Realised gain on foreign exchange	418	3,421	1,775	989
Unrealised gain on foreign exchange	1,433	2,140	2,039	4,665

**B12. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 29 August 2024.

**BY ORDER OF THE BOARD  
NATIONGATE HOLDINGS BERHAD**