

**EP MANUFACTURING BHD.**

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

**Condensed statements of profit or loss and other comprehensive income**

for the financial period ended 30 June 2022 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/6/2022 RM'000	Preceding year corresponding quarter ended 30/6/2021 RM'000	Current year- to-date 30/6/2022 RM'000	Preceding year- to-date 30/6/2021 RM'000
<b>Revenue</b>	<b>107,626</b>	<b>69,546</b>	<b>205,726</b>	<b>176,829</b>
Operating expenses	(102,661)	(65,103)	(192,976)	(161,173)
Depreciation and amortisation	(6,402)	(7,608)	(13,034)	(15,857)
Other income	1,417	403	2,159	1,144
<b>Results from operating activities</b>	<b>(20)</b>	<b>(2,762)</b>	<b>1,875</b>	<b>943</b>
Finance costs	(1,799)	(1,909)	(3,603)	(3,915)
Finance income	8	21	26	45
Net finance costs	(1,791)	(1,888)	(3,577)	(3,870)
Share of profit of equity-accounted joint venture, net of tax	214	208	580	563
<b>Loss before tax</b>	<b>(1,597)</b>	<b>(4,442)</b>	<b>(1,122)</b>	<b>(2,364)</b>
Tax expense	(130)	(539)	(219)	(1,431)
<b>Loss for the period</b>	<b>(1,727)</b>	<b>(4,981)</b>	<b>(1,341)</b>	<b>(3,795)</b>
<b>Total comprehensive expense for the period</b>	<b>(1,727)</b>	<b>(4,981)</b>	<b>(1,341)</b>	<b>(3,795)</b>
<b>Loss attributable to :</b>				
Owners of the Company	(1,727)	(4,981)	(1,341)	(3,795)
Non-controlling interests	-	-	-	-
<b>Loss for the period</b>	<b>(1,727)</b>	<b>(4,981)</b>	<b>(1,341)</b>	<b>(3,795)</b>
<b>Total comprehensive expense attributable to :</b>				
Owners of the Company	(1,727)	(4,981)	(1,341)	(3,795)
Non-controlling interests	-	-	-	-
<b>Total comprehensive expense for the period</b>	<b>(1,727)</b>	<b>(4,981)</b>	<b>(1,341)</b>	<b>(3,795)</b>
Loss per ordinary share (sen):				
Basic	(0.87)	(3.02)	(0.68)	(2.30)
Diluted	-	-	-	-

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

## Condensed Consolidated Statements of Financial Position

as at 30 June 2022 - (Unaudited)

	30/6/2022 (Unaudited) RM'000	31/12/2021 (Audited) RM'000
<b>Assets</b>		
Property, plant and equipment	219,938	227,367
Right-of-use assets	1,802	2,573
Investment properties	14,417	14,417
Investment in a joint venture	273	477
Intangible assets	85,556	85,555
Deferred tax assets	5,023	5,094
<b>Total non-current assets</b>	<b>327,009</b>	<b>335,483</b>
Inventories	40,578	47,225
Trade and other receivables	54,007	48,399
Current tax assets	4,825	4,642
Prepayments and other assets	20,391	15,618
Cash and cash equivalents	43,782	41,231
	163,583	157,115
Assets classified as held for sales	39,090	39,090
<b>Total current assets</b>	<b>202,673</b>	<b>196,205</b>
<b>Total assets</b>	<b>529,682</b>	<b>531,688</b>
<b>Equity</b>		
Share capital	197,346	197,346
Reserves	63,378	64,719
<b>Equity attributable to owners of the Company</b>	<b>260,724</b>	<b>262,065</b>
<b>Non-controlling interests</b>	<b>(252)</b>	<b>(252)</b>
<b>Total equity</b>	<b>260,472</b>	<b>261,813</b>
<b>Liabilities</b>		
Loan and borrowings	20,242	23,149
Lease liabilities	503	1,145
Deferred income	2,105	2,199
Deferred tax liabilities	4,670	4,670
<b>Total non-current liabilities</b>	<b>27,520</b>	<b>31,163</b>
Loan and borrowings	147,459	144,538
Lease liabilities	1,407	1,489
Deferred income	188	188
Current tax liabilities	-	9
Provision for warranties	207	212
Trade and other payables	92,429	92,276
<b>Total current liabilities</b>	<b>241,690</b>	<b>238,712</b>
<b>Total liabilities</b>	<b>269,210</b>	<b>269,875</b>
<b>Total equity and liabilities</b>	<b>529,682</b>	<b>531,688</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.32</b>	<b>1.52</b>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

## Condensed Consolidated Statement of Changes in Equity

for the financial period ended 30 June 2022 - (Unaudited)

	<----- Attributable to equity holders of the Company ----->					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	
<b>At 1 January 2022</b>	197,346	-	64,719	262,065	(252)	261,813
Loss for the period	-	-	(1,341)	(1,341)	-	(1,341)
Total comprehensive expense for the period	-	-	(1,341)	(1,341)	-	(1,341)
<b>At 30 June 2022</b>	197,346	-	63,378	260,724	(252)	260,472
<b>At 1 January 2021</b>	180,029	(5,063)	72,582	247,548	(252)	247,296
Loss for the period	-	-	(3,795)	(3,795)	-	(3,795)
Total comprehensive expense for the period	-	-	(3,795)	(3,795)	-	(3,795)
Disposal of own shares	-	4,699	271	4,970	-	4,970
<b>At 30 June 2021</b>	180,029	(364)	69,058	248,723	(252)	248,471

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

# EP MANUFACTURING BHD.

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## Condensed Consolidated Statements of Cash Flows

for the financial period ended 30 June 2022 - (Unaudited)

	6 months Ended 30/6/2022 RM'000	6 months Ended 30/6/2021 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(1,122)	(2,364)
Adjustments for:		
Non-cash items	12,966	15,763
Non-operating items	3,571	4,041
Share of profit of equity-accounted joint venture, net of tax	(580)	(563)
<b>Operating profit before changes in working capital</b>	<u>14,835</u>	<u>16,877</u>
<b>Changes in working capital:</b>		
Inventories	6,664	(4,688)
Trade and other receivables, prepayments and other assets	(10,340)	24,855
Trade and other payables	118	(11,777)
<b>Cash generated from operations</b>	<u>11,277</u>	<u>25,267</u>
Interest paid	(2,531)	(2,837)
Tax paid	(340)	(601)
Warranties paid	(48)	-
<b>Net cash from operating activities</b>	<u>8,358</u>	<u>21,829</u>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(133)	(70)
Acquisition of property, plant and equipment	(4,557)	(8,019)
Dividend received from a joint venture	784	312
Increase in pledged deposits with licensed banks	(12)	(34)
Interest received	26	45
Proceeds from disposal of property, plant and equipment	-	58
<b>Net cash used in investing activities</b>	<u>(3,892)</u>	<u>(7,708)</u>
<b>Cash flows from financing activities</b>		
Net drawdown of bankers' acceptances	5,103	(6,105)
Net repayment of term loans	(4,984)	(3,215)
Interest paid	(1,158)	(1,078)
Payment of lease liabilities	(783)	(746)
Net repayment of other bank facilities	112	(62)
Net proceeds from disposal of treasury shares	-	4,970
<b>Net cash used in financing activities</b>	<u>(1,710)</u>	<u>(6,236)</u>
Net increase in cash and cash equivalents	2,756	7,885
Cash and cash equivalents at beginning of the year	28,987	17,330
Cash and cash equivalents at end of the year	<u>31,743</u>	<u>25,215</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

### Cash and cash equivalents in the statements of cash flows comprise the following:

Deposits placed with licensed banks	2,655	2,609
Cash and bank balances	41,127	30,900
Cash and cash equivalents in the statements of financial positions	<u>43,782</u>	<u>33,509</u>
Pledged deposits	(2,655)	(2,609)
Bank overdraft	(9,384)	(5,685)
Cash and cash equivalents in the statements of cash flows	<u>31,743</u>	<u>25,215</u>

# EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Second Quarter ended 30 June 2022

## A Notes to the Interim Financial Statements Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134

### A1. Basis of preparation

These condensed consolidated interim financial statements for the second quarter ended 30 June 2022 are unaudited and have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for a full annual financial statements.

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. The explanatory notes attached to the unaudited interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

### A2. Significant accounting policies

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2021 except for the adoption of the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) for annual periods beginning on or after 1 January 2022.

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*

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## A2. Significant accounting policies (continued)

### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (continued)**

- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023**

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures 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*

### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 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 Group do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the financial statements of the Group.

## A3. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2021 was not subject to any qualification.

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## A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size or incidence during this financial period-to-date.

## A5. Material changes in estimates

There were no significant estimates or changes in estimates that have had any material effect on the results of the financial period-to-date.

## A6. Changes in the composition of the Group

Save for the events below, there were no major changes in the composition of the Group for the quarter under review and up to the date of this report.

- i) On 1 April 2022 and 25 April 2022, subsidiary of the Company, EP Equity Sdn. Bhd. has incorporated 2 new subsidiaries, EP Blueshark Sdn. Bhd. ("EPBS") and EP 4Wheeler Sdn. Bhd. ("EP4W") respectively:-
  - a) EPBS is a wholly owned subsidiary with a registered share capital of RM100 comprising 100 ordinary shares of RM1 per share. On 11 May 2022, EPBS has increased its paid up capital to RM2,500,000 comprising of 2,500,000 ordinary shares of RM1 per share. The principal activity of EPBS is to carry on the business of manufacture, assemble and distribute electric two wheel vehicles and the related accessories parts. EPBS is in collaboration with Sharkgulf Technologies Group Limited ("Sharkgulf") to establish and develop of a production and localisation plan with the objective of assembling, manufacturing and distribution two wheel electric vehicles ("EVs") and other related product in Malaysia and such other countries in South East Asia.
  - b) EP4W is a wholly owned subsidiary with a registered share capital of RM100 comprising 100 ordinary shares of RM1 per share. The principal activity of EP4W is to carry on the business of manufacture, assemble and distribute of four wheel vehicles and the related accessories. EP4W remained dormant since the date of incorporation.
- ii) On 6 July 2022, EP Equity Sdn. Bhd. had entered into a Share Sale Agreement ("SSA") with Asia Equity (BVI) Limited for the acquisition of 2,000,000 ordinary shares in Q9 Capital Sdn. Bhd. (Q9SB), representing the entire equity interest in Q9SB for a purchase consideration of RM250,000. The principal activity of Q9SB is engaging in the licensed money lending business. Q9SB is in dormant state and has not carried out any form of business which includes providing any loan or entering into any money lending transaction.

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## A7. Seasonality or cyclicity of operations

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

## A8. Segmental information

During the current reporting period, the Group operates under one main business segment which is Automotive. The information contains in the condensed statement of profit or loss and other comprehensive income represent the Automotive segment.

## A9. Valuation of property, plant and equipment

The valuations of certain property, plant and equipment have been brought forward without amendment from the latest audited annual financial statements.

## A10. Material impairment of assets

There was no material impairment of assets during the quarter under review and financial period-to-date.

## A11. Capital commitments

Capital commitments not provided for in the financial statements as at 30 June 2022 are as follows:

	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>52,106</u>

## A12. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2021 are summarised as follows:-

	RM'000
Balance as at 31 December 2021	40,179
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	<u>(4,812)</u>
Balance as at 30 June 2022	<u>35,367</u>

The contingent liabilities were in respect of financial guarantees to banks for banking facilities granted to certain subsidiaries. There was no indication that any subsidiary would default on repayment.



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## **A13. Debt and equity securities**

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter under review.

## **A14. Related party transactions**

The Group has significant related party transactions with companies in which certain directors of the Company have interests. Related parties are those defined under MFRS 124 Related Party Disclosures. Transactions with these related parties have been entered into in the normal course of business and have been established under arms length basis.

## **A15. Material events subsequent to the end of the financial year**

Save as disclosed in Note B6 of this report on the status of corporate proposals, there were no other material events subsequent to the end of the current quarter and financial period under review and up to the date of this report that have not been reflected in this interim financial report.

## **A16. Dividends Paid**

There is no dividend paid during the quarter under review.

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## B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### B1. Review of the performance

#### Current Quarter

	Individual quarter (2 <sup>nd</sup> quarter)		Changes		Cumulative period		Changes	
	Current year quarter ended 30/6/2022	Preceding year corresponding quarter ended 30/6/2021	Amount	%	Current year-to-date 30/6/2022	Preceding year-to- date 30/6/2021	Amount	%
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Revenue	107,626	69,546	38,080	54.8	205,726	176,829	28,897	16.3
Operating profit/(loss)	194	(2,554)	2,748	107.6	2,455	1,506	949	63.0
Loss before tax	(1,597)	(4,442)	2,845	64.0	(1,122)	(2,364)	1,242	52.5
Loss after tax	(1,727)	(4,981)	3,254	65.3	(1,341)	(3,795)	2,454	64.7
Loss attributable to owners of the Company	(1,727)	(4,981)	3,254	65.3	(1,341)	(3,795)	2,454	64.7

The Group recorded higher revenue of RM107.6mil in the current quarter compared to RM69.5mil in the preceding year corresponding quarter, a 54.8% higher as sales for preceding year quarter was affected by the temporary shutdown of operation under MCO 3 from 1 June 2021. Higher revenue in the current quarter also due to surge in vehicles deliveries before the sales tax exemption end on 30 June 2022. However, the microchips and labour shortages continue limiting total deliveries of vehicles.

Loss after tax decreased by RM3.3mil to RM1.7mil as compared with RM5.0mil in the preceding year corresponding quarter in line with the increase in revenue and lower depreciation expense.

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Interim Financial Report for the Second Quarter ended 30 June 2022

## B2. Comparison with Immediate Preceding Quarter

	Current year quarter ended 30/6/2022	Immediate preceding quarter ended 31/3/2022	Changes	
			Amount	%
	RM'000	RM'000	RM'000	
Revenue	107,626	98,100	9,526	9.7
Operating profit	194	2,261	(2,067)	(91.4)
(Loss)/Profit before tax	(1,597)	475	(2,072)	(436.2)
(Loss)/Profit after tax	(1,727)	386	(2,113)	(547.4)
(Loss)/Profit attributable to owners of the Company	(1,727)	386	(2,113)	(547.4)

For the current quarter ended 30 June 2022, the Group reported higher revenue of RM107.6mil as compared to RM98.1mil in the preceding quarter. The Group's revenue increased by RM9.5mil or 9.7% mainly due to surge in vehicle deliveries in this quarter after the Government announced that vehicle sales tax exemption end on 30 June 2022 but allowing registration of sales tax exempted vehicles until 31 March 2023. However, despite the increased booking volume, automotive industry continues to face disruption in deliveries of vehicles owing to microchips and labour shortage challenges.

The Group recorded net loss of RM1.7mil as compared to net profit of RM0.4mil in the preceding quarter mainly due to increase in material and operating cost. The implementation of new minimum wage effective 1 May 2022 as per Minimum Wages Order 2022 has contributed to the increased in operating cost. However, the Group is continuously claiming from the Original Equipment Manufacturers ("OEMs") for the cost increased.

## B3. Prospects for the financial year

The Government had ended the vehicle sales tax exemption as scheduled on 30 June 2022 but the tax exemption will still be applied for vehicle booked before 1 July 2022 and registered before 31 March 2023. Vehicle sales are expected to increase for the remainder of this year as car makers will rush for deliveries to meet the deadline for the registration of sales tax exempted vehicles before 31 March 2023. However, the issue of labour shortages is expected to continue to impact the automotive industry in this year.

Premised on the foregoing, the Board anticipate the performance of the Group for the current financial year to be challenging and will stay focus on its long-term strategies of further cost savings and new market opportunities.

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## B4. Profit forecast or profit guarantee

There were no profit forecast or profit guarantee issued by the Group.

## B5. Tax expense

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/6/2022 RM'000	Preceding year corresponding quarter ended 30/6/2021 RM'000	Current year- to-date 30/6/2022 RM'000	Preceding year-to- date 30/6/2021 RM'000
<b><u>Income tax:</u></b>				
-Current year	87	501	148	1,360
	87	501	148	1,360
<b><u>Deferred tax:</u></b>				
-Current year	43	38	71	71
	43	38	71	71
	<b>130</b>	<b>539</b>	<b>219</b>	<b>1,431</b>

The effective tax rate of the Group for the current year was higher than the statutory tax rate mainly due to certain expenses which are not tax deductible.

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Interim Financial Report for the Second Quarter ended 30 June 2022

## B6. Status of corporate proposals

There were no corporate proposals announced as at the date of this announcement save for the following:

i) Private Placement

On 7 May 2021, the Company proposed to undertake a placement of up to 20% of Company's total number of issued Shares to third party investors ("Private Placement 1").

On 3 November 2021, the Company had completed the Private Placement 1, raising total gross proceeds of RM17,316,700 for listing a total of 31,600,000 new ordinary shares.

The status of utilisation of proceeds raised from the Private Placement 1 were as follows:

Details of utilisation	Actual proceeds from and the proposed utilisation of private placement	Estimated timeframe of utilisation after completion	Utilisation as at 30 June 2022	Balance to be utilised
	RM'000		RM'000	RM'000
Working capital requirements	17,036	Within 24 months	17,036	-
Estimated expenses for the Proposed Private Placement	281	Within 1 month	281	-
<b>Total</b>	<b>17,317</b>		<b>17,317</b>	<b>-</b>

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## B6. Status of corporate proposals (continued)

ii) Proposed acquisition of 5,000,000 ordinary shares in Kensington Development Sdn. Bhd. ("Kensington Development")

The Company had on 19 July 2021, entered into a Share Sale Agreement ("SSA") with Bestempire Limited ("Bestempire") for the proposed acquisition of 5,000,000 ordinary shares in Kensington Development, representing the entire equity interest in Kensington Development, from Bestempire for a purchase consideration of RM45.6 million to be satisfied.

Based on the audited financial statements of Kensington Development for the financial year ended December 2020, Kensington Development would not contribute to 25% or more of the Group's net profit and/or result in a diversion of 25% or more of the Group's net assets.

Nevertheless, the Company expects the profit of Kensington Development in the future to potentially contribute to 25% or more of the Group's net profits. Pursuant thereto, the Company had sought shareholders' approval in the Extraordinary General Meeting ("EGM") on 31 May 2022 for the proposed diversification of the Group's business to include property development, construction, project management and its related activities pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

All conditions precedent to the SSA have been fulfilled and accordingly, the SSA has become unconditional on 18 October 2021.

On 31 March 2022, the Company announced that Company and Bestempire had mutually agreed to extend the Completion Date for a further period of 6 months to 18 October 2022.

iii) Memorandum Of Understanding

On 10 November 2021, the Board of Directors announced that the Company had entered into a Memorandum of Understanding ("MOU") with Malaysia Automotive Robotics and IoT Institute ("MARii") to collaborate and venture into a Super Delivery Ecosystem and Electric Vehicles ("EV").

The Company and MARii agree to explore the establishment of a Production and Localisation plan to assemble 2-wheel and 4-wheel EVs. This will include a Marketing infrastructure to sell these EVs in the local Malaysian market, together with a charging network to support them.

As the first application, both parties also agree to establish a Super Delivery Ecosystem, and to incorporate this with an Electronic Payment system. There will be a redefinition of the present delivery infrastructure, and a consolidation to take it to the next level. This will give rise to a Structured Integrated Platform to better serve all involved.

The MOU shall remain in effect for a period of two years commencing from 10 November 2021.

On 31 May 2022, the Company announced that there is no material development pertaining to the MOU. Any material and significant development will be updated accordingly.

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## B6. Status of corporate proposals (continued)

- iv) Multiple proposals i) Proposed disposal and leaseback; ii) Proposed private placement; iii) Proposed ESOS; and iv) Proposed diversification (collectively the "Proposals")

On 29 November 2021, the Board of Directors announced that the Company had entered into a conditional sale and purchase agreement with Precious Vision Sdn. Bhd. ("Precious Vision") and EP Properties (M) Sdn. Bhd. for the proposed disposal of the Glenmarie Properties for a total cash consideration of RM53.5 million ("SPA"). Simultaneously with the execution of the SPA, the Company has entered into a conditional lease agreement with Precious Vision to lease part of the Glenmarie Properties ("Lease Agreement"), which is currently used by the Group as its manufacturing plant and office premise, for a lease term of 5 years commencing from the unconditional date of the Lease Agreement ("Proposed Disposal and Leaseback").

The Company also proposed to undertake the followings:

- i) Proposed private placement of up to 30% of the total number of issued ordinary shares of the Company to third party investors to be identified later ("Proposed private placement");
- ii) Proposed establishment of an employee's share option scheme ("ESOS") of up to 15% of Company's total number of issued ordinary shares, excluding treasury shares, if any, at any point in time over the duration of the ESOS for the eligible Directors and employees of the Group ("Proposed ESOS"); and
- iii) Proposed diversification of the Group's principal activities to include the undertaking of property development, construction, project management and related activities ("Proposed diversification").

Bursa Securities had on 22 April 2022 approved the Proposals.

On 26 May 2022, the Company announced that the Company and the Purchaser had on 26 May 2022 mutually agreed to extend the conditional period of the SPA for an additional 1 month to 28 June 2022 as well as the conditional period of the Lease Agreement for an additional 4 months to 28 September 2022.

On 20 June 2022, the Company announced that all conditions precedent to the SPA have been fulfilled and accordingly, the SPA has become unconditional on 20 June 2022.

The proposals were also approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 May 2022.

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## B6. Status of corporate proposals (continued)

- v) Memorandum of Agreement between EP Manufacturing Bhd, CIS Pride Silver Rock Fund ("CIS") and Sharkgulf Technologies Group Limited ("Sharkgulf")

On 8 March 2022, the Board of Directors announced that the Company has entered into a Memorandum of Agreement ("MOA") with CIS and Sharkgulf for the establishment and development of a production and localisation plan with the objective of assembling, manufacturing and distributing 2-wheel Electronic Vehicles ("EVs") and other related products in Malaysia and such other countries in Southeast Asia.

The Parties are still in the discussion on the definitive agreement for the Strategic Cooperation. Further announcement(s) on the progress will be made accordingly.

On 31 May 2022, the Board of Directors announced that the Company is in the process of applying for the vehicle type approval ("VTA") and homologation of 2-wheel EVs with Malaysia's Road Transport Department ("JPJ"). The Company had also submitted the application for the manufacturing license with Malaysian Investment Development Authority ("MIDA") for assembly of 2-wheel EVs.

On 25 July 2022, EPBS, a wholly owned subsidiary of the Company, had received conditional/interim approval from the Ministry of International Trade and Industry ("MITI") on EPBS application dated 4 July 2022 for the assembly of electric bike under the Industrial Co-ordination Act 1975 [Act 156] subject to the conditions to be fulfilled by EPBS within six (6) months from the Letter of Approval ("Conditional/Interim Approval")

- vi) Memorandum of Agreement between EP 4Wheeler Sdn. Bhd. ("EP4W") and Cahaya Bumi Sdn. Bhd. ("CB")

On 17 August 2022, the Board of Directors announced that a wholly owned subsidiary of the Company, EP4W had entered into a Memorandum of Understanding ("MOU") with CB to collaborate and venture into the business of new and used imported car distribution in particular Electric Vehicles ("EVs") and its localisation activity ("Collaborative Project").

The MOU is intended to enable EP4W and CB to obtain the local exclusive distribution agent or franchise holder for the country and assembly of EVs from a reputable EVs manufacturer in the form of completely built-up ("CBU") and completely knocked-down ("CKD"), and to establish a production and localisation plan to assemble the EVs in Malaysia. There will be a redefinition of the present EVs market in Malaysia, and help in the innovation and the establishment of EVs industry in Malaysia by bringing in the technology know-how of EVs.



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## B6. Status of corporate proposals (continued)

- vi) Memorandum of Agreement between EP 4Wheeler Sdn. Bhd. ("EP4W") and Cahaya Bumi Sdn. Bhd. ("CB") (continued)

The MOU shall remain in effect for a period of 6 months from 17 August 2022 and the Company will make further announcements on the progress of the MOU when appropriate.

Save for the above, there was no other corporate proposals that have been announced by the Group as at the date of this report.

## B7. Loans and borrowings

	As at 30/6/2022 RM'000	As at 30/6/2021 RM'000
<b>Non- Current</b>		
Term loans	20,010	27,661
Other bank facilities	232	234
Total	20,242	27,895
<b>Current</b>		
Term loans	15,184	16,639
Banker's acceptance	97,714	93,685
Revolving credit	25,000	25,000
Bank overdraft	9,384	5,685
Other bank facilities	177	126
Total	147,459	141,135
Total loans and borrowings	167,701	169,030

Borrowings are secured and denominated in Ringgit Malaysia.

Borrowings of the Group have reduced to RM167.7mil as at 30 June 2022 from RM169.0mil as at 30 June 2021. Loans and borrowings have decreased mainly due to repayment of term loans.

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## B7. Loans and borrowings (continued)

The weighted average interest rate of borrowings is 3.77% and the proportion of debt that is based on fixed and floating interest rates are as follows:

	As at 30/6/2022 RM'000	As at 30/6/2021 RM'000
Fixed interest rate borrowings	120,690	117,742
Floating interest rate borrowings	47,011	51,288
Total loans and borrowings	167,701	169,030

## B8. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2022.

## B9. Changes in material litigation

As at the date of this report, there is no pending material litigation.

## B10. Dividend

The Board of Directors does not declare any dividend for the current quarter ended 30 June 2022.

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## B11. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to owners of the Company for the period divided by the weighted average number of ordinary shares:

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/6/2022	Preceding year corresponding quarter ended 30/6/2021	Current year-to-date 30/6/2022	Preceding year-to-date 30/6/2021
Loss for the period attributable to owners of the Company (RM'000)	(1,727)	(4,981)	(1,341)	(3,795)
Weighted average number of ordinary shares ('000)	197,560	164,972	197,560	164,972
Basic loss per share (sen)	(0.87)	(3.02)	(0.68)	(2.30)
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

No diluted EPS is disclosed in these condensed consolidated interim financial statements as there are no dilutive potential ordinary shares.

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## B12. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/6/2022 RM'000	Preceding year corresponding quarter ended 30/6/2021 RM'000	Current year-to-date 30/6/2022 RM'000	Preceding year-to-date 30/6/2021 RM'000
Finance income	8	21	26	45
Other income	1,417	403	2,159	1,144
Finance costs	(1,799)	(1,909)	(3,603)	(3,915)
Depreciation and amortisation	(6,402)	(7,608)	(13,034)	(15,857)
Reversal of inventories written down/(Inventories written off)	52	(74)	52	(184)
Foreign exchange gain/(loss)	426	(165)	361	(184)
Gain on disposal of property, plant and equipment	-	-	-	58

The above disclosure is prepared in accordance with the paragraph 16 of Appendix 9B of the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to Paragraph 16 of MMLR are not applicable to the Group.

By order of The Board  
EP Manufacturing Bhd.

Teo Wei Theng  
Company Secretary  
Shah Alam  
Date: 26 August 2022