CAREPLUS GROUP BERHAD ("CAREPLUS" OR THE "COMPANY")

PROPOSED PRIVATE PLACEMENT OF UP TO 63,306,180 NEW ORDINARY SHARES IN THE COMPANY ("CAREPLUS SHARE(S)" OR "SHARE(S)") ("PLACEMENT SHARE(S)") TO THIRD PARTY INVESTOR(S) AND SUPPLIER OF THE COMPANY, REPRESENTING 9.04% OF THE TOTAL NUMBER OF ISSUED SHARES (INCLUDING TREASURY SHARES) OF CAREPLUS ("PROPOSED PRIVATE PLACEMENT")

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1. INTRODUCTION

On behalf of the Board of Directors of Careplus ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that the Company proposes to undertake a Proposed Private Placement to independent third-party investor(s) to be identified and Ten Sang Industries Sdn Bhd ("**Ten Sang**"), at an issue price to be determined at a later date in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act, 2016 ("**Act**").

Further details on the Proposed Private Placement are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Act, whereby the Board had on 25 October 2023 at its 13th annual general meeting ("**AGM**") obtained the approval from its shareholders for the authority to issue and allot new Shares not exceeding 10% of the total number of issued shares in the Company (excluding treasury shares) ("**General Mandate**"). Such authority for the General Mandate will, unless revoked or varied by an ordinary resolution at a general meeting of the Company, will continue to be in force until the conclusion of the next AGM of the Company.

The Proposed Private Placement entails the issuance of up to 63,306,180 Placement Shares, representing approximately 9.04% of the Company's total number of issued shares of 700,161,799 Shares (excluding 400,000 treasury shares) as at 7 June 2024, being the latest practicable date prior to this announcement ("**LPD**"), of which:-

(i) up to 25,000,000 Placement Shares will be placed to Ten Sang, a supplier of the Company representing approximately 3.57% of the Company's total number of issued shares (excluding treasury shares, if any) in exchange for services to be rendered for the construction of the NEV Manufacturing Hub (as defined herein). Further details of the placement arrangement with Ten Sang are set out in **Section 2.2.1** of this announcement; and

(ii) the balance of up to 38,266,180 Placement Shares will be placed to third party investor(s) to be identified at a later date, representing approximately 5.47% of the Company's total number of issued shares (excluding treasury shares, if any) ("**Balance Placement Share(s)**"),

(Ten Sang and the third-party investors are collectively referred to as "**Placee(s)**").

For information purposes, the Company had previously utilised a portion of the Shares available under the General Mandate to satisfy an acquisition of a 30% equity interest in GVT Sdn Bhd for a total purchase consideration of RM2.70 million wherein 6,750,000 Shares were issued and allotted ("**Consideration Share(s)**") at an issue price of RM0.4000 per Consideration Share ("**GVT Acquisition**"). The GVT Acquisition was announced on 29 December 2023 and completed on 18 January 2024 following the listing of the Consideration Shares on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the total number of issued shares of the Company at the relevant point of time.

For illustrative purposes, throughout this announcement, the effects of the Proposed Private Placement shall be illustrated based on the following two (2) scenarios:-

Minimum Scenario : The scenario whereby 63,266,180 Placement Shares have been fully issued pursuant to the Proposed Private Placement based on the assumption all of the 400,000 treasury shares are retained.

Maximum Scenario : The scenario whereby 63,306,180 Placement Shares have been fully issued pursuant to the Proposed Private Placement based on the assumption that all of the 400,000 treasury shares are resold to the open market.

2.1 Placement arrangement

2.1.1 Placement arrangement with Ten Sang

The Company intends to place out up to 25,000,000 Placement Shares to Ten Sang in exchange for services to be rendered in respect of the NEV Manufacturing Hub (as defined herein). On 2 January 2024, the Group engaged Ten Sang as the contractor for the structural steel works and infrastructure works pursuant to the NEV Manufacturing Hub (as defined herein), with a total contract value of approximately RM18.26 million and expected to be completed by 3rd quarter of 2024. Based on the issue price of RM0.2760 per Placement Share, the Company has the option to satisfy its contractual payments of up to RM6.90 million via the issuance of up to 25,000,000 Placement Shares to Ten Sang (provided that Ten Sang are agreeable to the settlement terms).

In the event that Ten Sang insists on cash settlements instead of settlements via Placement Shares, the Placement Shares not taken up by Ten Sang is to be placed out to third-party investors, which is in accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**").

Information on Ten Sang

Ten Sang was incorporated as a private limited company in Malaysia under the Act on 14 September 2002 and having its registered address at 82-A & 83-B, Lorong Haruan 5/4, Oakland Commerce Square, 70300 Seremban, Negeri Sembilan. Ten Sang is principally involved in construction and engineering works.

Ten Sang has an issue share capital of RM800,000 comprising of 800,000 ordinary shares in Ten Sang as at the LPD.

The directors and shareholders of Ten Sang as well as their respective shareholdings in Ten Sang as at the LPD are as follows:-

		Shareholdings as at the LPD			
		Direct		Indirect	
	Nationality	No. of shares	[(1)]%	No. of shares	[(1)]%
Ku Chen Sang	Malaysia	302,000	37.75	-	-
Ng Mai Wah	Malaysia	298,000	37.25	-	-
Ku Chun Leong	Malaysia	100,000	12.50	-	-
Ku Chun Xiong	Malaysia	100,000	12.50	-	-

Note:-

(1) Based on the existing issued share capital of 800,000 Ten Sang shares.

Ten Sang is neither an interested director or interested major shareholder of Careplus nor a person connected to the interested director, major shareholder or chief executive of Careplus.

2.1.2 Balance Placement Shares

The Company intends to place out the Balance Placement Shares to third-party investors which is in accordance with Paragraph 6.04(c) of the Listing Requirements of which the Placement Shares will not be placed to the following parties:-

(i) the interested director, interested major shareholder or interested chief executive of Careplus or a holding company of the Company ("**Interested Person(s)**");

(ii) a person connected with the Interested Person; and

(iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The details of Placees and the number of Placement Shares to be placed to each Placee in accordance with Paragraph 6.15 of the Listing Requirements will be submitted to Bursa Securities before the listing of the Placement Shares to be issued pursuant to the Proposed Private Placement.

Subject to market conditions and the timing of identification of the third-party investors, the Proposed Private Placement may be implemented in one (1) or multiple tranches within six (6) months from the date of approval from Bursa Securities for the listing of and quotation for the Placement Shares or any extended period as may be approved by Bursa Securities. The implementation of the Proposed Private Placement in multiple tranches would provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares within the period as approved by Bursa Securities.

2.2 Basis of determining and justification for the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares to be issued will be determined and fixed by the Board at a later date after obtaining the relevant approvals for the Proposed Private Placement. In any event, the issue price shall not be priced at a discount of more than 10.0% to the 5-day volume weighted average market price ("**VWAP**") of Careplus Shares up to and including the last trading day immediately prior to the price-fixing date for each tranche.

For illustrative purposes, the indicative issue price for the Placement Shares is assumed to be RM0.2760, which represents a discount of approximately 9.95% to the 5-day VWAP of Shares up to and including the LPD of RM0.3065 per Share.

In the event the Proposed Private Placement is implemented in multiple tranches, there could potentially be several price-fixing dates and issue prices. As such, the issue price for each tranche of the Placement Shares will be fixed and announced separately.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon issuance and allotment and issuance, rank equally in all respects with the existing Shares, save and except that the holders of the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid where the entitlement date precedes the date of issuance and allotment of the said Placement Shares.

2.4 Listing of and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

2.5 Details of fund raising exercises undertaken by the Company in the past 12 months

The Company had on 12 January 2023 announced a private placement of up to 114,604,459 placement shares ("**Placement Shares I**") representing up to approximately 20% of the total number of issued Careplus Shares to third party investors ("**Private Placement I**"). For avoidance of doubt, Bursa Securities had vide its letter dated 7 July 2023 to grant the Company an extension of up to 30 January 2024 to complete the Private Placement I.

The Company had placed out a total 80,463,000 Placement Shares I in multiple tranches raising a total gross proceeds of approximately RM29.32 million, details of which are as follow:-

Listing date	No. of Shares	Issue price (RM)	Total proceeds raised (RM)
3 August 2023	3,600,000	0.2830	1,018,800
21 December 2023	5,000,000	0.3770	1,885,000
22 December 2023	5,000,000	0.3950	1,975,000
5 January 2024	5,000,000	0.4050	2,025,000
9 January 2024	5,000,000	0.4030	2,015,000
10 January 2024	4,796,000	0.4170	1,999,932
11 January 2024	4,900,000	0.4050	1,984,500
30 January 2024	47,167,000	0.3480	16,414,116
Total	**80,463,000**	**-**	**29,317,348**

The proceeds from the Private Placement I of approximately RM29.32 million was mainly for the Company's capital expenditure which consist of the balance payment owed to the contractors in relation to the completion of the construction for the Group's glove factory and part advance payment to contractors for the NEV Manufacturing Hub (as defined herein) which had been fully utilised as at the LPD. The Private Placement I had been completed on 30 January 2024.

Save for the above-mentioned Private Placement I, the Company had not undertaken any other fund raising exercises in the 12 months prior to the date of this announcement.

3. UTILISATION OF PROCEEDS

Based on the issue price of RM0.2760 per Placement Share, the Balance Placement Shares under the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM10.57 million. However, in an event Ten Sang does not take up the 25,000,000 Placement Shares, the expected gross proceeds to be raised from the Proposed Private Placement is approximately RM17.47 million and the total gross proceeds raised will be channeled towards the NEV Manufacturing Hub (as defined herein).

For illustrative purposes, the gross proceeds to be raised from the Balance Placement Shares under the Proposed Private Placement are expected to be utilised by Careplus and the subsidiaries ("**Careplus Group" or the "Group**") in the following manner:-

Details of utilisation	Timeframe for utilisation of proceeds	Minimum Scenario		Maximum Scenario	
		(RM'000)	**(%)**	**(RM'000)**	**(%)**
(i) Construction of the NEV Manufacturing Hub (as defined here in)	Within 12 months	10,380	98.29	10,391	98.29
(ii) Estimated expenses for the Proposed Private Placement	Within 1 month	181	1.71	181	1.71
Total		**10,561**	**100.0**	**10,572**	**100.0**

Notes:-

(i) ***<u>Construction of the NEV Manufacturing Hub</u>***

*Careplus Properties Sdn Bhd ("**CPP**"), a wholly-owned subsidiary of Careplus* owns a *vacant industrial development land in Chembong Negeri Semilan measuring approximately 73.34 acres ("**Chembong Land**"). The Chembong Land was acquired from Time Aircraft Manufacturing Sdn Bhd (now known as CPP) for RM23.00 million on 21 August 2020. The acquisition of the Chembong Land was made with the intention for the Company's expansion plan to build a new factory ("**Factory 6**"). However, the expansion plan to build Factory 6 was cancelled in the first quarter of 2022 due to slowdown of the glove industry and has now been catered for a project to build a New Energy Vehicle ("**NEV**") manufacturing and/or assembly hub ("**NEV Manufacturing Hub**") as part of the Group's electrical vehicle ("**EV**") division.*

Based on the current estimations, the Group intends to utilise up to approximately RM10.39 million of the proceeds raised from the Proposed Private Placement to part finance the construction of the NEV Manufacturing Hub. The NEV Manufacturing Hub has a project cost of approximately RM400.00 million of which approximately RM60.00 million had been funded through the Group's internally generated funds and bank borrowings.

The NEV Manufacturing Hub will be constructed over 2-3 phases details over a period of time, details of which are set out below:-

Phases	***Description***	***Estimated cost (RM'000)***
1	*The Group has commenced the first phase in the 1st quarter of 2024, involving land clearing on the Chembong Land and the construction of the assembly line building. For information purposes, as at the LPD, the Group has completed the land clearing on the Chembong Land and is currently in the midst of building construction*	*150,000*
2	*To commence construction in 2026, involving the construction of the administrative block and body and paint production building*	*250,000*

*Phase 3 of the NEV Manufacturing Hub is currently in its conceptual stage contingent upon growth and demand of hybrid and EV passenger and commercial motor vehicles ("**Phase 3**"). As we move forward, we will closely monitor and access the sales of the Group's EV business and will consider appointing an independent market researcher to further study the demand and growth prospects before proceeding with Phase 3.*

*The entire construction of the NEV Manufacturing Hub is targeted to be completed by 2028. Upon completion, the NEV Manufacturing Hub is targeted to have a capacity of 30,000 vehicles per year in which one third will comprise of the assembly of NETA models through the joint venture between Careplus and Intro Synergy Sdn Bhd ("**ISSB**").*

The proceeds raised from the Balance Placement Shares pursuant to the Proposed Private Placement of up to approximately RM10.39 million shall potentially also be channelled towards, amongst others, payments to contractors and consultants, purchase of plant and equipment, fixtures and fittings, and payments to the relevant authorities for the permits as well as approvals required. The breakdown of such payments has not been determined at this juncture and will be dependent on the funding requirements at the time of utilisation. Any shortfall required to fund the NEV Manufacturing Hub will be financed through Careplus Group's internally generated funds and/or bank borrowings, the breakdown of which shall be determined by the Group at the time of requirement.

(ii) ***<u>Estimated expenses for the Proposed Private Placement</u>***

The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised in the following manner:-

	(RM'000)
Professional fees (i.e. adviser, placement agent, company secretary and share registrar)	*142*
Regulatory fees	*22*
Contingencies and other incidental expenses in relation to the Proposed Private Placement	*17*
Total	***181***

If the actual expenses in relation to the Proposed Private Placement are higher than estimated, the deficit will be funded via internally generated funds of the Group. Conversely, any surplus of funds following the payment of the expenses will be utilised for the general working capital requirements of the Group which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures).

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the actual issue price and the number of Placement Shares to be issued. Any variance in the actual gross proceeds raised will be adjusted against the amount allocated for the construction of the NEV Manufacturing Hub.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds (including accrued interest, if any) or any balance thereof will be placed as interest-bearing deposits with licensed financial institutions or short-term money market instruments, as the Board may deem fit. Any interest income earned from such deposits or instruments will be utilised as working capital of the Group which includes, but are not limited to general admirative expenses (such as staff related expenses, utilities, statutory payments and any other overhead expenditure), the breakdown of which has not been determined at this juncture and will be dependent on the operating and funding requirements at time of utilisation.

4. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will enable the Group to raise additional funds as set out in **Section 3** of this announcement.

After due consideration of the various options available, the Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds for the Group due to the following reasons:-

(i) as it will enable the Group to raise funds expediently in a cost-effective manner as opposed to a pro-rata issuance of securities such as rights issue, which would typically entail a longer implementation process. In addition, the implementation of a rights issue also requires an underwriting agreement of undertaking commitment from shareholders;

(ii) will serve as additional source of funding for the Group without incurring interest expense as compared to conventional bank borrowings; and

(iii) strengthen the Company's equity and capital base.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023: 2.9%), driven by stronger private expenditure and positive turnaround in exports. Household spending was higher amid continued growth in employment and wages. Better investment activities were supported by higher capital spending by both the private and public sectors. Exports rebounded amid higher external demand. On the supply side, most sectors registered higher growth. The manufacturing sector was lifted by a rebound across both the electrical and electronic ("**E&E**") and non-E&E industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (4Q 2023: -1%).

Headline inflation remained moderate at 1.7% during the quarter (4Q 2023: 1.6%). The modest increase in headline inflation reflects the policy adjustments to water tariffs in February and services tax for high-usage electricity in March, which increased by 20.8% (4Q 2023: 2.1%) and 0.7% (4Q 2023: 0%) respectively. Core inflation moderated to 1.8% (4Q 2023: 2%), largely driven by continued easing in the food and beverages segment. Inflation pervasiveness edged higher, as the share of Consumer Price Index (CPI) items recording monthly price increases rose to 44.2% during the quarter (4Q 2023: 36.3%). Nonetheless, this remains well below the first quarter long-term average (corresponding first quarter periods during 2011-2019) of 52.2%.

For 2024, headline and core inflation are projected to remain moderate between 2%-3.5% and 2%-3%, respectively. These broadly reflect stabilising demand and contained cost pressures, coupled with some potential upside that could arise from the implementation of fuel subsidy rationalisation. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(Source: BNM Quarterly Bulletin, Economic and Financial Developments in Malaysia in the First Quarter of 2024, Bank Negara Malaysia)

5.2 Overview and outlook of the EV industry in Malaysia

The Government will continue to boost growth in the local EV industry and encourage the acceptance of the rakyat towards the usage of EVs. The Government welcomes investment of more than RM170 million by leading companies such as Tenaga National Berhad, Gentari and Tesla Malaysia to install 180 EV charging stations. To encourage the use of electric motorcycles, the Government will introduce the Electric Motorcycle Usage Incentive Scheme to the rakyat with an annual income of below RM120,000. This scheme will provide up to RM2,400 rebate to buyers.

To support the needs of the Light-Rail Transit (LRT) 3 projects, Prasarana Malaysia Berhad has agreed to acquire 150 electric buses and build 3 bus depots at a cost of RM600 million. The Government suggests to extend individual income tax relief of up to RM2,500 on expenses for EV charging facilities for a period of 4 years and to extend tax deduction for EV rental costs for a period of 2 years.

(Source: Budget 2024 Speech, Ministry of Finance Malaysia)

5.3 Prospects of Careplus Group

The Group's glove business outlook remains challenging marked by low average selling prices, stiff competition and low utilisation rate. The Group has placed greater emphasis on cost management, reducing overhead by maintaining lower resources, and aligning demand with projections to ensure long-term suitability in the market place.

With concerns surrounding the glove business, the Group has planned to explore and venture into viable renewable energy such as EV. As per the announcement dated 6 July 2023, the establishment of Careplus' EV Division represents a strategic pivot towards sustainable growth and diversification beyond the traditional glove manufacturing business. This new division is not just an addition to the portfolio of the Company, but a key driver of the long-term growth strategy. By entering the EV market, the Company is also emphasising on environmental, social and governance (ESG) being one of the pillars of its business going forward.

The global EV car market has experienced significant and tremendous growth and demand in recent years, driven by factors such as increasing environmental concerns, government incentives, technological advancements, and growing consumer demand for sustainable transportation solutions. While the electric car market in Malaysia is still emerging, there has been notable increase in interest, and the Malaysian Government has recognised the importance of sustainable transportation, taking steps to encourage EV adoption.

By investing in the EV sector, the Company aims to tap into an industry that is experiencing rapid global expansion and align itself with global trends towards greener technologies. This strategic move is expected to generate new revenue streams, reduce the Company's dependency on the glove business, and enhance its resilience against market fluctuations.

(Source: Management of the Group)

6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Issued share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of Careplus are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued share capital as at the LPD	700,561,799	215,331,528	700,561,799	215,331,528
Less: Treasury shares, at cost	(400,000)	(234,771)	-	-
Total issued Shares (A)	700,161,799	215,096,757	700,561,799	215,331,528
10% of the total issued shares (B)	70,016,179	-	70,056,179	-
Shares issued pursuant to the GVT Acquisition (C)	6,750,000	(1)2,700,000	6,750,000	(1)2,700,000
Placement Shares to be issued pursuant to the Proposed Private Placement (B) - (C) = (D)	63,266,179	(2)17,461,465	63,306,179	(2)17,472,505
Enlarged issued share capital after the Proposed Private Placement (A) + (D)	**763,427,978**	**232,558,222**	**763,867,978**	**232,804,033**

Notes:-

*(1) As disclosed in **Section 2** of this announcement, a total of 6,750,000 Shares have been issued pursuant to the GVT Acquisition under the General Mandate. Therefore, the total number of Placement Shares that can be issued under the General Mandate in relation to the Minimum Scenario and Maximum Scenario are 63,266,179 Placement Shares and 63,306,180 Placement Shares, respectively.*

(2) Based on the indicative issue price of RM0.2760 per Placement Share.

6.2 Net assets ("NA"), NA per Share and gearing

For illustration purposes, the pro forma effects of the Proposals on the NA, NA per Share and gearing based on the audited consolidated statement of financial position of the Group for the financial year ended ("**FYE**") 30 June 2023 are set out below:-

Minimum Scenario

	Audited as at 30 June 2023 (RM'000)	(1)Subsequent adjustment up to the LPD (RM'000)	Pro forma I After the Proposed Private Placement (RM'000)
Share capital	175,429	214,793	(2)233,937
Treasury shares	(235)	(235)	(235)
Share-based payment reserve	213	213	213
Retained profits	92,723	90,403	(3)90,222
Shareholders' equity/NA	**268,130**	**305,175**	**324,137**
Non-controlling interests	425	425	425
Total equity	**268,555**	**305,600**	**324,562**
No. of Shares in issue ('000)	578,493	*700,161	*763,427
NA per Share (RM)	**0.46**	**0.44**	**0.42**
Total borrowings (RM'000)	44,602	40,573	40,573
Gearing ratio (times)	**0.17**	**0.13**	**0.13**

Notes:-

* *Excluding 400,000 treasury shares in Careplus.*

(1) After adjusting the following:-

(a) Private Placement I which was completed on 30 January 2024 with a total expense of approximately RM0.97 million. The breakdown are as follows:-

Listing date	***No. of Shares***	***Issue price (RM)***
3 August 2023	*3,600,000*	*0.2830*
21 December 2023	*5,000,000*	*0.3770*
22 December 2023	*5,000,000*	*0.3950*
5 January 2024	*5,000,000*	*0.4050*
9 January 2024	*5,000,000*	*0.4030*
10 January 2024	*4,796,000*	*0.4170*
11 January 2024	*4,900,000*	*0.4050*
30 January 2024	*47,167,000*	*0.3480*
Total	***80,463,000***	***-***

(b) issuance of 9,854,800 share grants pursuant to the Company's existing share grant plan which were listed on 20 September 2023 and 12 April 2024.

(c) issuance of Consideration Shares at an issue price of RM0.4000 per Consideration Share pursuant to the GVT Acquisition which was completed on 18 January 2024.

(d) issuance of 25,000,000 consideration shares at an issue price of RM0.2400 per consideration share pursuant to the acquisition of a 30% equity interest in ISSB which was completed on 22 January 2024.

(2) Based on the indicative issue price of RM0.2760 per Placement Share.

(3) After deducting the estimated expenses pertaining to the Proposed Private Placement amounting to approximately RM0.181 million.

Maximum Scenario

	Audited as at 30 June 2023 (RM'000)	[1]Subsequent adjustment up to the LPD (RM'000)	Pro forma I Assuming all treasury shares are resold to the open market (RM'000)	Pro forma II After pro forma I and the Proposed Private Placement (RM'000)
Share capital	175,429	214,793	[2]214,793	[3]232,085
Treasury shares	(235)	(235)	-	-
Share-based payment reserve	213	213	213	213
Retained profits	92,723	90,403	90,403	[4]90,222
Shareholders' equity/NA	**268,130**	**305,175**	**305,409**	**322,520**
Non-controlling interests	425	425	425	425
Total equity	**268,555**	**305,600**	**305,835**	**322,945**
No. of Shares in issue ('000)	578,494	*700,161	700,561	763,868
NA per Share (RM)	**0.46**	**0.44**	**0.44**	**0.42**
Total borrowings (RM'000)	44,602	40,573	40,573	40,573
Gearing ratio (times)	**0.17**	**0.13**	**0.13**	**0.13**

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Notes:-

* *Excluding 400,000 treasury shares in Careplus.*

(1) After adjusting the following:-

(a) Private placement I which was completed on 30 January 2024 with total expenses of approximately RM0.97 million. The breakdown are as follows:-

Listing date	***No. of Shares***	***Issue price (RM)***
3 August 2023	*3,600,000*	*0.2830*
21 December 2023	*5,000,000*	*0.3770*
22 December 2023	*5,000,000*	*0.3950*
5 January 2024	*5,000,000*	*0.4050*
9 January 2024	*5,000,000*	*0.4030*
10 January 2024	*4,796,000*	*0.4170*
11 January 2024	*4,900,000*	*0.4050*
30 January 2024	*47,167,000*	*0.3480*
Total	***80,463,000***	***-***

(b) issuance of 9,854,800 share grants pursuant to the Company's existing share grant plan which were listed on 20 September 2023 and 12 April 2024.

(c) issuance of Consideration Shares at an issue price of RM0.4000 per Consideration Share pursuant to the GVT Acquisition which was completed on 18 January 2024.

(d) issuance of 25,000,000 consideration shares at an issue price of RM0.2400 per consideration share pursuant to the acquisition of a 30% equity interest in ISSB which was completed on 22 January 2024.

(2) Assuming the resale of all 400,000 treasury shares held by the Company to the open market at their respective acquisition cost.

(3) Based on the indicative issue price of RM0.2760 per Placement Share.

(4) After deducting the estimated expenses pertaining to the Proposed Private Placement amounting to approximately RM0.181 million.

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6.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Private Placement on the shareholdings of the substantial shareholders of Careplus are set out below:-

Minimum Scenario

	As at the LPD				Pro forma I After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Lim Kwee Shyan	95,387,500	13.62	30,690,225	(3)4.38	95,387,500	12.49	30,690,225	(3)4.02
Ng Shu Si	29,247,825	4.18	95,387,500	(4)13.62	29,247,825	3.83	95,387,500	(4)12.49

Notes:-

(1) Based on the existing issued share capital of 700,161,799 Shares (which excludes 400,000 treasury shares held by the Company) as at the LPD.

(2) Based on the enlarged issued share capital comprising 763,427,978 Shares (which excludes 400,000 treasury shares held by the Company) after the implementation of the Proposed Private Placement.

(3) Deemed interest by virtue of the shareholdings of his spouse and children.

(4) Deemed interest by virtue of the shareholdings of her spouse.

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Maximum Scenario

Name	As at the LPD				Pro forma I Assuming all treasury shares are resold to the open market			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Lim Kwee Shyan	95,387,500	13.62	30,690,225	(4)4.38	95,387,500	13.62	30,690,225	(4)4.38
Ng Shu Si	29,247,825	4.18	95,387,500	(5)13.62	29,247,825	4.17	95,387,500	(5)13.62

Name	Pro forma II After pro forma I and the Proposed Private Placement			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Lim Kwee Shyan	95,387,500	12.49	30,690,225	(4)4.02
Ng Shu Si	29,247,825	3.83	95,387,500	(5)12.49

Notes:-

(1) Based on the existing issued share capital of 700,161,799 Shares (which excludes 400,000 treasury shares held by the Company) as at the LPD.

(2) Based on the issued share capital comprising 700,561,799 Shares assuming all 400,000 treasury shares held by the Company are resold to the open market.

(3) Based on the enlarged issued share capital comprising 763,867,978 Shares after the implementation of the Proposed Private Placement.

(4) Deemed interest by virtue of the shareholdings of his spouse and children.

(5) Deemed interest by virtue of the shareholdings of her spouse.

6.4 Earnings/Loss and earnings per Share ("EPS") / loss per Share ("LPS")

The Proposed Private Placement is not expected to have any material effect on the earnings/loss and EPS/LPS of the Group for the FYE 30 June 2024. However, there will be a dilution in the EPS/LPS of the Group for the FYE 30 June 2024 due to the increase in the number of Shares in issue arising from the Proposed Private Placement.

Notwithstanding that, the Proposed Private Placement is expected to contribute positively to the future earnings of the Group in the ensuing financial year(s) via the utilisation of the proceeds as set out in **Section 3** of this announcement.

6.5 Existing convertible securities

As at the LPD, the Group does not have any convertible securities in issuance.

7. APPROVALS REQUIRED AND INTER-CONDITIONALITY OF THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement is subject to and conditional upon the following approvals being obtained:-

(a) Bursa Securities, for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities; and

(b) any other relevant authorities, if required.

The Proposed Private Placement will not require the approval of the shareholders of the Company as the Placement Shares will be issued and allotted pursuant to the General Mandate.

The Proposed Private Placement is not conditional upon any other corporate exercises undertaken or to be undertaken by Careplus.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive of Careplus and/or persons connected to them has any interest, direct or indirect, in the Proposed Private Placement.

9. DIRECTORS' STATEMENT

After considering all aspects of the Proposed Private Placement, the Board is of the opinion that the Proposed Private Placement is in the best interest of the Company.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to obtaining all the required approvals, the Proposed Private Placement is expected to be completed by the end of 2024.

11. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities for the Proposed Private Placement shall be made within one (1) month from the date of this announcement.

12. ADVISER AND PLACEMENT AGENT

UOBKH has been appointed as the Adviser and the Placement Agent for the Proposed Private Placement.

This announcement is dated 13 June 2024.

1. FINANCIAL PERFORMANCE OF CAREPLUS GROUP

The audited financial performance of Careplus Group for the FYE 31 December 2020, FYE 31 December 2021, FYE 30 June 2023^ and 9-month financial period ended ("**FPE**") 31 March 2024 is set out below:-

Key financial performance	Audited			Unaudited
	FYE 31 December		FYE 30 June	9-month FPE 31 March 2024
	2020	2021	2023	2023
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	475,629	700,213	307,398	58,376
Profit before tax ("**PBT**") / (Loss before tax ("**LBT**"))	148,547	276,038	(230,254)	(26,202)
Profit after tax ("**PAT**') / (Loss after tax ("**LAT**")) attributable to the owners of the Company	122,466	220,912	(220,744)	(26,302)

Note:-

^ *There was a change in the financial year end of the Group from 31 December to 30 June which was announced on 30 November 2022.*

<u>Commentary on past performance</u>

<u>FYE 31 December 2019 ("FYE 2019") to FYE 31 December 2020 ("FYE 2020")</u>

For the FYE 2020, the Group recorded an increase of RM110.52 million or 30.27% in revenue to RM475.63 million (FYE 2019: RM365.11 million). The increase was mainly attributed to increase in ASP arising from the surge in demand for rubber gloves, driven by the COVID-19 pandemic. Further, the Group, had in 2020, undertaken the following:-

(i) the acquisition of the remaining 49.9998% equity interest in Careglove Global Sdn Bhd ("**Careglove**"), resulting in Careglove becoming a wholly-owned subsidiary of the Group, which was completed on 12 February 2020; and

(ii) the disposal of 50% interest of its wholly-owned subsidiary, Careplus (M) Sdn Bhd ("**CPMSB**"), which was completed on 14 May 2020. As such, CPMSB's revenue was deconsolidated from the Group since 15 May 2020.

The Group recorded PBT of RM148.55 million in FYE 2020 compared to LBT of RM7.93 million in the FYE 2019, mainly due to higher revenue, gross profit ("**GP**") and GP margin recorded in the FYE 2020 attributed to an increase in ASP and higher sales volumes arising from the surge in demand for rubber gloves, driven by the COVID-19 pandemic. In addition, the Group also recognised a one-off gain of RM15.45 million arising from the disposal of 50% equity interest in CPMSB pursuant to a joint venture arrangement with Ansell Services (Asia) Sdn Bhd. Subsequent to the disposal, the Group recognised a share of profit in CPMSB amounting to RM9.99 million in the FYE 2020. As a result of the above, the Group recorded PAT attributable to owners of the Company of RM122.47 million in the FYE 2020, as compared to a LAT attributable to owners of the Company of RM5.75 million in the FYE 2019.

FYE 2020 to FYE 31 December 2021 ("FYE 2021")

For the FYE 2021, the Group recorded an increase of RM224.58 million or 47.22% in revenue to RM700.21 million (FYE 2020: RM475.63 million). The increase was mainly attributed to the strong demand for gloves globally in the first half of 2021, for gloves following the global outbreak of the COVID-19 pandemic which started in 2019 as the ASP of glove peaked at an unprecedented high before gradually declining in the second half of the year. The increase in revenue was partially offset by rising material costs which had doubled during the pandemic particularly during the first half of the FYE 2021 due to a shortage of key raw materials.

The Group recorded PBT of RM276.04 million in the FYE 2021, representing an increase of 85.82% compared to PBT of RM148.55 million in the FYE 2020, mainly due to the increase in the Group's ASP and revenue. Further, the Group recorded PAT attributable to owners of the Company of RM220.91 million in the FYE 2021, representing an increase of 80.38% as compared to a PAT attributable to owners of the Company of RM122.47 million in the FYE 2020.

FYE 30 June 2023 ("FYE 2023")

For the FYE 2023, the Group recorded a revenue of RM307.40 million and a LBT of RM230.25 million. The Group recorded a LAT attributable to owners of the Company of RM220.74 million. The LBT recorded was mainly due to one-off impairment loss for plant and machineries and additional losses incurred from the cancellation of five planned production lines of the new factory.

For information purposes, there is no comparison with FYE 2023 due to the change in the financial year end of the Group.

FPE 31 March 2024 ("FPE 2024")

For the FPE 2024, the Group recorded a revenue of RM58.38 million and a LBT of RM26.20 million. The Group recorded a LAT attributable to owners of the Company of RM26.30 million. The LBT recorded was mainly due to the contribution by shares of loss in associates of RM0.50 million, fixed overhead expenses and start-up costs for the Group's EV business division. Further, for gloves division, the cost of sales was higher due to lower capacity utilisation and higher fixed overhead costs.

For information purposes, there is no comparison with FPE 2024 due to the change in the financial year end of the Group.

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2. THE ADEQUACY OF THE PROPOSED PRIVATE PLACEMENT IN ADDRESSING THE COMPANY'S FINANCIAL CONCERNS

The Board is of the view that the Proposed Private Placement serves as a means to meet Careplus Group's immediate cashflow needs in the short-term without relying on conventional debt financing (which will result in higher finance costs to be incurred) as set out in **Section 3** of **Appendix I** of this announcement. Premised on the above, the Board believes that the Proposed Private Placement will be beneficial to the Group and its shareholders and is deemed adequate in addressing the Group's current financial requirements for our present business expansion plans (i.e. the NEV Manufacturing Hub). The proceeds raised from the Proposed Private Placement will also serve to support the Company in improving its financial position. Moving forward, the Group intends to continue with our long-term business expansion plans as part of our ongoing efforts to continuously enhance our business performance, maximise shareholders' value and improve the Group's financial position.

3. VALUE CREATION FROM THE PROPOSED PRIVATE PLACEMENT TO CAREPLUS GROUP AND THE SHAREHOLDERS OF THE COMPANY

The Company, after considering various financing options, is of the view that the Proposed Private Placement is the most appropriate and expedient avenue to raise funds for the purposes set out in the **Section 3** of this announcement. Further, as set out in **Section 4** of this announcement, the Board considers the Proposed Private Placement to be more expedient as compared to other larger-scale equity fundraising exercises such as a rights issue, given that the placement exercise may be implemented within a shorter time period (as opposed to the implementation time period of a rights issue). In respect thereof, the Group will be able to raise necessary funds for the intended purposes on an expedient basis via the placement route.

The Proposed Private Placement will also serve as an additional source of funding for the working capital of the Group without incurring interest expenses as compared to conventional means of debt financing, in addition to strengthening the capital structure of the Group by increasing the capital base of the Company. The Balance Placement Shares pursuant to the Proposed Private Placement will enable the Group to raise up to RM10.57 million (based on the indicative issue price of RM0.2760 per Placement Share) to be channelled towards capital expenditure.

For illustration purposes only, should the requisite funds of up to approximately RM10.39 million be raised (after deducting estimated expenses of RM0.18 million in relation to the Proposed Private Placement) through bank borrowings, Careplus would incur additional finance costs of approximately RM0.42 million to RM0.50 million per annum (based on Careplus' current average interest rate of 3.99% to 4.74% per annum). Therefore, the Proposed Private Placement will allow Careplus to preserve funds for its business operations as opposed to incurring additional finance costs.

In addition, the Proposed Private Placement will provide an opportunity for the introduction of new investors to participate in the equity of the Company, its future prospects and growth as well as broadening the shareholding base of the Company.

4. STEPS UNDERTAKEN OR TO BE UNDERTAKEN TO IMPROVE THE FINANCIAL CONDITION OF THE GROUP

Careplus Group is principally involved in the manufacturing, processing and trading of latex and nitrile gloves globally with manufacturing operations principally in Malaysia. The prospects of the Group are subject to global demand for gloves, prices of latex and the movement in foreign exchange rates. While the business environment remains challenging arising amidst the uncertainty of the rubber glove demand, the Group has diversified into the EV market and has adopted the following strategies to improve its financial performance and strengthen its financial position:-

(i) On 6 July 2023, Careplus entered into a Joint Venture and Shareholders Agreement ("**JVSA**") with GoAuto Group Sdn Bhd ("**GoAuto**") to establish a dealership for the NETA brand of EVs under Nexv Synergy Sdn Bhd. This venture will set the foundation for expanding the dealership to include other EV brands, leveraging GoAuto's expertise;

(ii) On 4 September 2023, Careplus entered into a JVSA with GoAuto to establish the importation of EV under the Neta Brand for exclusive distribution in Malaysia under ISSB; and

(iii) On 4 September 2023, Careplus entered into a JVSA with GoAuto to establish the NEV Manufacturing Hub for the NETA brand of EVs under Nexv Manufacturing Sdn Bhd. This venture will set the foundation for expanding the ability for assembly to include other EV brands, leveraging GoAuto's expertise.

In view of the above, the Board is of the opinion that the Group's plans and growth strategies are expected to improve the financial performance and financial position of the Group.

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