



**UMS**  
UNIVERSITI MALAYSIA SABAH

**BD20203 MONEY AND CAPITAL MARKETS**

**GROUP ASSIGNMENT 2**

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SECTION : 2

GROUP NAME : GROUP 9, HUFFLEPUFF

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## **1. The nature of IPO**

Evergreen Max Cash Capital is a company that provides cash management and investment services to individuals and businesses in Malaysia. Evergreen Max Cash Capital Berhad (EMCC) made an enormous impact on the Malaysian stock market in September 2023 with a very successful initial public offering (IPO). A lot of initial public offerings (IPOs) take a single route, but EMCC chose a more complex strategy by using an offer for sale as well as a public offer. This essay explores the reasoning behind this dual approach and how it affected the success of EMCC's IPO.

The Public Offer encouraged individual investors to join EMCC on its journey, so acting as an expanding factor. Through a book-building process, EMCC made some of the shares available, opening up the company to a wider range of investors. This increased the amount of capital raised overall and encouraged public participation and ownership. In the Malaysian market, where private investors are a major force behind market activity, this inclusivity struck a chord.

The Offer for Sale was targeted at current shareholders, whilst the Public Offer was intended for potential new investors. EMCC increased the firm's liquidity by enabling them to sell off a portion of their interests, which increased the share price of the company and attracted new investors. Furthermore, the extra funding made possible by the Offer for Sale gave EMCC a financial boost for upcoming growth and wise investments. This increased the trust that current shareholders had in EMCC's direction by reassuring them of the company's dedication to growth and value creation.

The cooperation between the Public Offer and the Offer for Sale is essential to EMCC's success. Each component contributed in a unique but complimentary way to the IPO's overall success. While the Offer for Sale supplied vital cash and liquidity, the Public Offer expanded the pool of potential investors and won support from the general public. This mutually beneficial relationship produced a positive feedback loop that increased the IPO's total effect and helped EMCC make a successful ACE Market debut.

Other businesses thinking about entering the market can learn a lot from EMCC's IPO. The strategy that combines the Public Offer and Offer for Sale highlights the advantages of attracting both new and seasoned investors, promoting diversity, and guaranteeing stability in the financial system. This hybrid model can be especially helpful in developing economies where long-term success depends on investor trust and capital availability.

The IPO of Evergreen Max Cash Capital is evidence of the effectiveness of a well-thought-out, two-pronged strategy. Through the integration of the financial benefit of the Offer for Sale with the democratization of the Public Offer, EMCC successfully garnered a positive response from the market and positioned itself for future growth and success. A new wave of creative approaches to capital raising and market involvement has been inspired by EMCC's IPO, which provides insightful information and lessons for upcoming entrants in a dynamic market like Malaysia.

## **2. Total new shares issued and the IPO price**

### **2.1 Total new shares issued**

#### **Initial Public Offering in Conjunction with Our Listing On The Ace Market Of Bursa Malaysia Securities Berhad Comprising:**

- The total new shares issued by Evergreen Max Cash Capital Berhad (EMCC) in its IPO are 267.6 million, representing 24.0% of its enlarged issued shares.
- New shares available for application by the Malaysian Public; - 55,700,000
- New shares made available for application by the eligible Directors and employees as well as persons who have contributed to the success of EMCC and its subsidiaries collectively (**Group**); - 27,900,000
- New Shares made available by way of placement to selected investors; - 44,600,000
- New Shares made available by way of placement to selected Bumiputera investors approved by the Ministry of Investment, Trade and Industry, Malaysia (**MITI**); - 139,400,000
- Offer for sale of 43,000,000 existing Shares by way of placement to selected investors

### **2.2 IPO Price**

The IPO price is RM0.24 per share, payable in full upon application on the ACE Market of Bursa Malaysia Securities Berhad in conjunction with the listing. The IPO aims to raise RM64.2 million for the expansion and development of EMCC's business.

### **3. Background of the company**

Evergreen Max Cash Capital Berhad, incorporated in Malaysia under the Companies Act 2016 on September 3, 2021, initially operated as a private limited company. Later, on April 25, 2022, it underwent a conversion to become a public limited company.

The company identifies itself as an investment holding company, implying that its primary function is to manage and hold investments in its subsidiaries rather than engaging directly in operational activities.

One of the core business activities of Evergreen Max Cash Capital Berhad and its subsidiaries involves providing pawnbroking services. This includes offering short-term secured pawn loans to individuals aged 18 and above who seek financial assistance through pawn loans.

In addition to pawnbroking services, the group is actively engaged in the retail and trading of gold and luxury products. This indicates that the company participates in the buying and selling of valuable items, including high-end luxury goods.

Furthermore, Evergreen Max Cash Capital Berhad and its subsidiaries extend their services to include pawnbroking consultancy and IT solutions. This diversification suggests a commitment to providing expertise and technological solutions to third-party pawnbrokers within the industry.

The group's formation took place upon the completion of acquisitions on December 22, 2021. As of the latest available information, there are a total of 17 subsidiaries under the Evergreen Max Cash Capital Berhad umbrella, indicating a diverse portfolio of business operations or a potentially widespread geographical presence.

For the most current and accurate information about Evergreen Max Cash Capital Berhad, it is recommended to refer to the company's official documents, financial reports, and statements, as well as any updates from regulatory authorities. This will provide a comprehensive understanding of the company's status, financial performance, and future plans.

#### **4. Information on the promoters, substantial shareholders, and directors.**

Dato' Low Kok Chuan, a Malaysian aged 60, is the Group Managing Director of Evergreen Max Cash Capital. Appointed in October 2021, he shapes the company's strategic direction. With a background in finance, entrepreneurship, and leadership, he co-founded ventures spanning outdoor retail, property development, software solutions, and pawnbroking. Under his leadership, the pawnbroking business expanded significantly, operating 22 "Pajaking" pawnshops. In 2018, he founded Cahaya Gold for retail and trading of gold and luxury products.

Datin Tea Guat Ngo, a Malaysian aged 60, is a Promoter, substantial shareholder, and Executive Director at Evergreen Max Cash Capital. Appointed in October 2021, she oversees the Group's treasury functions. Starting her career in 1984, she held roles in hardware retail, finance, and admin. In 1995, she co-founded Evergreen Credit Express with Dato' Low, later selling their equity in 2022. Co-founding Insan Tiara in 2004 for property development, she also entered pawnbroking in 2012, later consolidated under Trax Capital. In 2018, through Trax Capital, she founded Cahaya Gold for retail and trading of gold and luxury products.

Low Kai Loon, a 30-year-old Malaysian, serves as the Promoter and Executive Director at Evergreen Max Cash Capital. Appointed in April 2022, he spearheads the Group's business development activities. A graduate in Economics from Singapore Management University, he began his career with the Trax Capital group in a Corporate Relationship Manager role. Progressing to Executive Director in March 2021, he played a pivotal role in the growth of Trax Capital, managing relationships and overseeing business development. After the Acquisitions, he joined Evergreen Max Cash Capital as the Director of Business Development in 2021 and was later promoted to Executive Director in April 2022. His responsibilities include the development and implementation of the Group's business plans and strategies, as well as capital planning.

Sing Suk Fuen, a 47-year-old Malaysian, serves as the Chief Executive Officer of Evergreen Max Cash Capital. Appointed in 2021, she manages day-to-day operations and executes business strategies. Sing Suk Fuen began her career in 1995 at Kenobuild Sdn Bhd, then joined Evergreen Credit Express in 1998. Over the years, she held roles in administration, finance, and operations. Transferred to related companies and subsidiaries, she served as Chief Operating Officer, overseeing various responsibilities. In 2020, she became CEO of Trax Capital before joining Evergreen Max Cash Capital in 2021 as CEO following the Acquisitions.

Tan Chai Seong, a 53-year-old Malaysian, serves as the Chief Operating Officer of Evergreen Max Cash Capital. Starting as a goldsmith apprentice in December 1987, he gained expertise in crafting gold jewelry. Joining Pajak Gadai Thong Heng Sdn Bhd in 1989, he managed documentation. In 2005, he moved to Pajak Gadai Rakyat Sdn Bhd, handling pawnbroking services. In 2012, he joined PG Insan Tiara, overseeing operations and marketing. Promoted to Chief Operating Officer of Trax Capital in 2020, he continued in the same role for Evergreen Max Cash Capital following the Acquisitions in 2021. His responsibilities include monitoring day-to-day operations and ensuring the security of pawnbroking, gold, and luxury product retail and trading businesses.

Hee Chee Keong, a 51-year-old Malaysian, serves as the Chief Financial Officer of Evergreen Max Cash Capital. Graduating with a Diploma in Accounting from LCCI in 1992, he later completed the ACCA, becoming a member and Fellow. He's also a member of the

MIA. He started as a teacher in 1992 and later worked at SK Tee & Co. In 2000, he joined Wayang Tinggi Production Sdn Bhd as an Accountant. He then worked with various companies, including Pancaran Ikrab Berhad, Global Soft (MSC) Berhad, Apple Green Holding, Inc., and Galasys Plc, gaining experience in financial reporting, planning, fundraising, and corporate advisory services. In 2022, he joined Evergreen Max Cash Capital as Head of Corporate Finance and was later promoted to Chief Financial Officer. He is responsible for planning, managing, and implementing accounting functions, corporate exercises, and overseeing investor relations activities.

## **5. Why and how the IPO proceeds will be utilized**

Evergreen Max Cash Capital Berhad's recent initial public offering (IPO) was oversubscribed by more than 50 times, with a total of 14,568 applications for 3,011,101,300 shares worth RM722,664,312 for the 55,700,000 shares allocated to the Malaysian public, representing a 53.06 times oversubscription rate. The IPO was calculated based on a public offering of 267,600,000 new shares and a placement offer of 43,000,000 existing shares to chosen investors. The IPO price was set at RM0.24 per share, and the business raised a total of RM64.2 million.

The IPO is a crucial event for any company, and the revenues from the IPO are critical for the firm's growth and expansion. In the instance of Evergreen Max Cash Capital Berhad, the prospectus outlines the company's plans for the IPO funds. Evergreen Max Cash Capital Berhad is a company that specialises in the sale and trade of pawnbroking, gold, and luxury merchandise. To support its expansion aspirations, the company intends to go public via an initial public offering (IPO).

To begin, Evergreen Max Cash Capital Berhad has devised a strategic strategy to use a portion of the IPO proceeds to expand its pawnshop business. This growth plan calls for the establishment of five new "Pajaking" pawnshops in strategic locales such as Kuala Lumpur, Selangor, and Pahang. The fundamental goal of this growth is to increase market share and improve the company's brand visibility in these important locations. The business intends to allocate RM20.0 million of its public issue proceeds to enable the development of these new pawnshops. This allocation is particularly designated to pay the paid-up capital of the new pawnshop subsidiaries, which is a critical need for acquiring the licenses and permits required to operate pawnshops in the selected regions. This capital will also be used for the cash capital and remodeling costs associated with opening the new pawnshops. The company's commitment to growing its physical presence and market reach in important commercial locations is underscored by the allocation of RM20.0 million from the IPO proceeds for this purpose. The company intends to strengthen its position in the pawnbroking industry and capitalize on potential market demand in the specified regions by investing in the development of new pawnshops.

Second, Evergreen Max Cash Capital Berhad has set aside a sizable amount of the IPO revenues to fund its current 22 "Pajaking" pawnshops. The RM30.0 million set aside for this purpose is based on each pawnshop's historical progress and is designed to further strengthen the company's pawnbroking operation. The company's decision to allocate RM30.0 million as cash capital for existing pawnshops is a strategic step to assist in the growth and expansion of its pawnbroking industry. The cash capital will be used to fund the disbursement of pawn loans to existing pawnshops as their businesses expand. This allocation is based on each pawnshop's previous growth, which suggests the possibility for future growth and profitability. The allocation of cash capital to the existing pawnshops demonstrates the company's dedication to offering high-quality services to its clients. By providing adequate financial capital, the corporation can ensure that its pawnshops have the finances they need to service the needs of their consumers in a timely and effective manner. This is especially significant in the pawnbroking profession, as customers frequently want immediate access to funds.

Evergreen Max Cash Capital Berhad has established a strategic plan to use a portion of the IPO proceeds to repay RM4.0 million in existing bank borrowings. This strategic investment is intended to minimize the company's debt burden and improve its overall financial situation.



The company's choice to use a portion of the IPO proceeds to repay current bank borrowings indicates its commitment to strengthening its financial position and decreasing its debt obligations. By retiring these debts, the corporation hopes to reduce its overall debt burden, which could lead to greater financial flexibility and cheaper interest costs. Furthermore, the payback of existing bank loans is projected to improve the company's financial performance. By decreasing its debt commitments, the company may be able to strengthen its creditworthiness and financial stability, potentially leading to increased access to financing at favorable conditions in the future. Furthermore, the reduction in interest expenditures linked with the retired borrowings might contribute to the company's increased profitability and cash flow.

Furthermore, Evergreen Max Cash Capital Berhad's significant allocation of RM5.6 million from the IPO proceeds for working capital reflects the company's strategic focus on supporting its gold and luxury products retail and trade operations while also paying day-to-day operating expenses. This allocation is intended to provide the financial resources required to sustain and expand the company's retail and trade operations, ensuring smooth business operations and accommodating anticipated sales volume increases. A large percentage of the working capital, specifically RM3.5 million, has been set aside for the acquisition of gold product stocks. This allocation indicates the company's proactive strategy for anticipating projected increases in sales volume in its retail and trading of gold and luxury products. Evergreen Max Cash Capital Berhad seeks to guarantee that its retail outlets, notably the "Cahaya Gold" retail outlets, are well-stocked with gold products to meet consumer demand and capitalize on possible sales possibilities by allocating funds for the acquisition of inventory. Aside from inventory purchases, the allocation of RM2.1 million for operational expenses demonstrates the company's dedication to maintaining day-to-day business operations. Staff expenditures, utility rates, and rental prices are all included in these operational expenses. By allocating cash for operational expenses, the company hopes to ensure the smooth operation of its retail and trading businesses, retain talented personnel, and cover necessary overhead costs, thereby supporting the overall sustainability and efficiency of its operations.

Evergreen Max Cash Capital Berhad has set aside RM4.6 million of the IPO proceeds to cover projected listing costs. These charges include a variety of costs linked with the IPO process, including underwriting fees, legal fees, printing and advertising costs, and other related costs. The projected listing expenses are broken out as follows: The projected underwriting, placement, and brokerage costs are RM2,205,000, the fees to authorities are RM85,000, and the printing, advertising, and other miscellaneous charges are RM267,000. The company's commitment to ensuring a successful and well-executed IPO process is shown in the allocation of money for projected listing expenses. These costs are necessary for the company's shares to be listed on the stock exchange and include a variety of professional services, regulatory fees, and promotional activities related to the IPO. Professional fees represent the costs of hiring professional consultants, such as legal and financial specialists, to help with the IPO process, maintain regulatory compliance, and provide expert counsel along the listing journey.

## **6. How the IPO price was determined**

An initial public offering (IPO) is determined by a multidimensional decision-making process that includes strategic, financial, regulatory, and market-related concerns. The decision to pursue an IPO by Evergreen Max Cash Capital Berhad indicates a strategic move targeted at attaining certain business objectives and utilizing capital markets to support the company's growth and expansion aspirations. The following essay delves into the factors and considerations that most likely drove Evergreen Max Cash Capital Berhad's decision to go public.

The decision to pursue an IPO is frequently driven by a company's strategic growth goals. In the case of Evergreen Max Cash Capital Berhad, the company's expansion plans, particularly the establishment of additional "Pajaking" pawnshops in crucial regions like Kuala Lumpur, Selangor, and Pahang, are believed to have played a significant factor in the IPO decision. The IPO allows the company to raise significant funds from public investors, allowing it to support expansion projects, strengthen its market position, and capitalize on growth prospects in the pawnbroking and gold trading industries.

The company's assessment of its capital requirements and funding needs would have influenced the IPO decision. Evergreen Max Cash Capital Berhad's decision to use IPO proceeds to fund cash capital and renovation costs, working capital requirements, technology and digitalization initiatives, and debt repayment highlights the company's need for additional capital to support its expansion plans and operational needs. The IPO is a strategic instrument for raising funds to drive the company's growth trajectory and meet its capital requirements.

The IPO would have been determined by taking current market conditions, investor sentiment, and the overall appetite for new stock exchange listings into account. Favorable market conditions, such as high investor demand for the company's offers and a favorable economic climate, may have impacted the decision to proceed with the offering. The company would have most likely performed extensive market research and worked with financial consultants to determine the timing and viability of the IPO, ensuring that it coincided with positive market dynamics and investor sentiment.

The company's financial performance, valuation, and prospects Key considerations in the IPO selection process would have included delivering value to investors. The decision to proceed with the offering would have been informed by a thorough examination of the company's financial position, growth potential, and market placement. Financial due diligence, valuation exercises, and meetings with underwriters and investment banks to measure investor interest and identify a fair valuation for the company may have been part of this review.

The company's long-term corporate strategy was the IPO determination process would have included its objectives of increasing market awareness, growing corporate operations, and creating value for shareholders. The IPO is likely to be in line with the firm's strategic vision and growth trajectory, offering a platform for the company to fulfill long-term goals and strengthen its competitive position in the pawnbroking and gold trading industries. The company's decision to pursue an IPO underscores its commitment to leverage financial markets to support strategic growth plans and create long-term value for its stakeholders.

In conclusion, Evergreen Max Cash Capital Berhad's IPO decision reflects a strategic and comprehensive decision-making process that incorporates a variety of factors, including

growth objectives, capital requirements, market conditions, regulatory considerations, financial performance, and long-term strategic vision. The IPO is expected to provide the company with the resources it needs to pursue its growth ambitions, improve its operational capabilities, and position itself for long-term success in the pawnbroking and gold trading industries.

## 7. Analysis of the financial information

EVERGREEN MAX CASH CAPITAL BERHAD						
FYE ('000)	2019	2020	2021	2022	2023E	2024F
Revenue	14,802	24,426	60,903	67,173	69,860	72,654
Cost of sales	-10,761	-13,963	-42,336	-43,737	-46,108	-47,952
<b>Gross Profit (GP)</b>	<b>4,041</b>	<b>10,463</b>	<b>18,567</b>	<b>23,436</b>	<b>23,752</b>	<b>24,702</b>
Other operating income	647	1,364	2,575	10,107	4,890	5,086
General and administration expenses	-1,933	-1,838	-3,493	-6,413	-6,287	-6,539
<b>Profit from operations</b>	<b>2,755</b>	<b>9,989</b>	<b>17,649</b>	<b>27,130</b>	<b>22,355</b>	<b>23,249</b>
Finance costs	-971	-808	-2,090	-2,903	-2,794	-2,906
<b>Profit before tax (PBT)</b>	<b>1,784</b>	<b>9,181</b>	<b>15,559</b>	<b>24,227</b>	<b>19,561</b>	<b>20,343</b>
Tax expenses	-989	-2,856	-3,603	-4,176	-5,589	-5,812
<b>Profit after tax (PAT)</b>	<b>795</b>	<b>6,325</b>	<b>11,956</b>	<b>20,051</b>	<b>13,972</b>	<b>14,531</b>
Share Capital	847,392,499	847,392,499	847,392,499	847,392,499	847,392,499	847,392,499
<b>1. TREND ANALYSIS</b>						
FYE ('000)	2019	2020	2021	2022	AVERAGE	
Revenue		65.02	149.34	10.30	74.88	
Cost of sales		29.76	203.20	3.31	78.76	
<b>Gross Profit (GP)</b>		<b>158.92</b>	<b>77.45</b>	<b>26.22</b>	87.53	
Other operating income		110.82	88.78	292.50	164.04	
General and administration expenses		-4.91	90.04	83.60	56.24	
<b>Profit from operations</b>		<b>262.58</b>	<b>76.68</b>	<b>53.72</b>	130.99	
Finance costs		-16.79	158.66	38.90	60.26	
<b>Profit before tax (PBT)</b>		<b>414.63</b>	<b>69.47</b>	<b>55.71</b>	179.94	
Tax expenses		188.78	26.16	15.90	76.95	
<b>Profit after tax (PAT)</b>		<b>695.60</b>	<b>89.03</b>	<b>67.71</b>	284.11	
<b>2. COMMON SIZE ANALYSIS</b>						
FYE ('000)	2019	2020	2021	2022	AVERAGE	
Revenue	100	100	100	100	100.00	
Cost of sales	-72.70	-57.16	-69.51	-65.11	-63.93	
<b>Gross Profit (GP)</b>	<b>27.30</b>	<b>42.84</b>	<b>30.49</b>	<b>34.89</b>	36.07	
Other operating income	4.37	5.58	4.23	15.05	8.29	
General and administration expenses	-13.06	-7.52	-5.74	-9.55	-7.60	
<b>Profit from operations</b>	<b>18.61</b>	<b>40.89</b>	<b>28.98</b>	<b>40.39</b>	36.75	
Finance costs	-6.56	-3.31	-3.43	-4.32	-3.69	
<b>Profit before tax (PBT)</b>	<b>12.05</b>	<b>37.59</b>	<b>25.55</b>	<b>36.07</b>	33.07	
Tax expenses	-6.68	-11.69	-5.92	-6.22	-7.94	
<b>Profit after tax (PAT)</b>	<b>5.37</b>	<b>25.89</b>	<b>19.63</b>	<b>29.85</b>	25.13	
<b>3. FINANCIAL RATIO ANALYSIS</b>						
FYE ('000)	2019	2020	2021	2022	2023E	2024F
<b>a) Liquidity ratio</b>						
Current Ratio	3.12	6.05	6.99	7.24		
Quick Ratio	3.12	6.01	6.79	7.22		
Cash Ratio	0.05	0.14	0.18	0.67		
Net Working Capital Ratio	54,120	83,370	108,280	159,692		
<b>b) Profitability ratio</b>						
Gross Profit Ratio	27.30	42.84	30.49	34.89		
Profit Before Tax Ratio	12.05	37.59	25.55	36.07		
Net Profit Ratio	5.37	25.89	19.63	29.85		
<b>c) Efficiency ratio</b>						
Inventory Turnover Ratio	123.03	9.33	9.11	54.39		
Account Payable Turnover Ratio	2.56	28.54	29.88	27.59		
Account Receivable Turnover Ratio	0.23	0.28	0.51	0.4		
Assets Turnover Ratio	0.12	0.18	0.38	0.32		
Day's sale in Inventory	0.01	0.11	0.11	0.02		
<b>d) Gearing ratio</b>						
	0.2	0.4	0.3	0.5		
<b>e) Market valuation ratio</b>						
Offer Price (RM)	0.24	0.24	0.24	0.24	0.24	0.24
Net EPS (RM)	0.001	0.007	0.014	0.024	0.016	0.017
Net EPS (SEN)	0.1	0.7	1.4	2.4	1.65	1.71
Price-Earning Ratio (PER)	255.82	32.15	17.01	10.14	14.56	14.00
						17.57
<b>DECISION</b>						
Offer Price (RM)	0.24					
Net Tangible Assets Banking (NTAB)(RM)	0.17					DON'T BUY
Estimated price based on Market PER @ 20x 9(RM)	0.33					BUY
Average PER @18x(RM)	0.30					BUY
Industry PER@ 23x (RM)	0.38					BUY

## TREND ANALYSIS

### 1. Revenue

Over the years, the revenue has shown a strong increasing trend, with an important peak in 2021 and a subsequent increase in 2022. Over time, the average growth rate has been very high.

### 2. Gross Profit

The gross profit also shows a positive trend, but the growth rate is not as pronounced as in revenue. It is important to monitor the relationship between revenue and cost of sales.

### 3. Profit from operation

Although profit from operations has increased, there has been an obvious decrease in 2022 compared to the previous year. Additional investigation may be necessary on this.

### 4. Profit before tax (PBT)

Although it has been increasing profit before taxes decrease in 2022. Comprehending the causes of this decline is essential to a comprehensive analysis.

### 5. Profit after tax (PAT)

Similar to PBT, there is a dip in PAT in 2022. Understanding the factors contributing to this decline is essential.

## COMMON SIZE ANALYSIS

### 1. Gross Profit

The gross profit ratio has been fairly steady, according to the common size analysis, indicating efficient cost control.

### 2. Profit before tax (PBT)

The profit before tax has been increasing, indicating efficiency

### 3. Profit after tax (PAT)

The profit after tax has been increased, indicating operational efficiency and performance.

## FINANCIAL RATIO ANALYSIS

### 1. Liquidity Ratios

The liquidity ratios (current ratio, quick ratio, and cash ratio) are healthy and have improved over the years, indicating strong short-term financial health.

2. Profitability Ratios:

Gross profit, profit before tax, and net profit ratios are at satisfactory levels, but the dip in 2022 requires attention.

3. Efficiency Ratios:

Inventory turnover has improved significantly, but the sudden increase in 2021 may require investigation. The receivables turnover is low and needs attention.

4. Gearing Ratio:

The Gearing Ratio has been fairly steady between 2019 and 2021, but in 2022 the gearing ratio has increased to 0.5, which indicates could be exposed to increased risk during economic downturns or interest rate increases.

5. Market Valuation Ratios:

The Price-Earnings Ratio (PER) has decreased over the years, suggesting that the stock might be undervalued.

## 8. Evaluation on the IPO price

<b>DECISION</b>		
<b>Offer Price (RM)</b>	<b>0.24</b>	
<b>Net Tangible Assets Banking (NTAB)(RM)</b>	<b>0.17</b>	<b>DON'T BUY</b>
<b>Estimated price based on Market PER @ 20x (RM)</b>	<b>0.33</b>	<b>BUY</b>
<b>Average PER @18x(RM)</b>	<b>0.30</b>	<b>BUY</b>
<b>Industry PER@ 23x (RM)</b>	<b>0.38</b>	<b>BUY</b>

The IPO price for Evergreen Max Cash Capital Berhad is RM0.24 based on NPA the price is lower by percentage compared to the offer price. Based on NTAB the IPO is overprice. However, based on market NPE evaluation the result will be more variable. The Net Tangible Assets Banking (NTAB) has a lower price which is RM0.17 decrease of 4% from the offer price this indicates the stock shouldn't be bought. Based on the market PER ratio 20 times the estimated price is RM0.33 which is double from offer price. The stock should be bought. This indicates that the stock is affordable and its price may rise in the future. Then based on the average per ratio 18 times the price is RM0.30 which is an increase of 7% from the offer price the stock also should buy. High PER is considered to be a growth stock. This indicates positive future performance. Based on the industry PER ratio 23 times, the price is RM0.38 higher than the offer price which is an increase of 9%. The stock should be bought.

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