

## 12. FINANCIAL INFORMATION

The historical financial information presented below should be read in conjunction with the management's discussion and analysis of financial condition and results of operations as set out in **Section 12.3** of this Prospectus and the Accountants' Report, together with its related notes and assumptions as set out in **Section 13** of this Prospectus. There has been no audit qualification on our audited financial statements for the Financial Years Under Review.

### 12.1 Historical combined financial statements

#### Historical combined statements of comprehensive income

The following table sets out a summary of the audited combined statements of comprehensive income for the Financial Years Under Review:-

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Revenue	313,708	340,425	367,658
Cost of goods sold	(220,347)	(234,115)	(247,690)
<b>GP</b>	<b>93,361</b>	<b>106,310</b>	<b>119,968</b>
Other operating income <sup>(1)</sup>	34,474	28,419	25,523
Administrative and marketing expenses	(47,319)	(44,070)	(40,419)
Net losses on impairment of financial assets <sup>(2)</sup>	(678)	(3,774)	(12,314)
Finance costs	(2,764)	(2,132)	(670)
<b>PBT</b>	<b>77,074</b>	<b>84,753</b>	<b>92,088</b>
Tax expense	(8,474)	(9,937)	(11,922)
<b>PAT</b>	<b>68,600</b>	<b>74,816</b>	<b>80,166</b>
<b>Other comprehensive loss, net of tax:-</b>			
<b><i>Items that may be subsequently reclassified to profit or loss</i></b>			
Foreign currency translations	(2,427)	(209)	(24,715)
<b>Total comprehensive income for the financial year</b>	<b>66,173</b>	<b>74,607</b>	<b>55,451</b>
EBITDA (RM'000) <sup>(3)</sup>	91,505	104,054	118,693
GP margin (%) <sup>(4)</sup>	29.76	31.23	32.63
EBITDA margin (%) <sup>(5)</sup>	29.17	30.57	32.28
PBT margin (%) <sup>(6)</sup>	24.57	24.90	25.05
PAT margin (%) <sup>(7)</sup>	21.87	21.98	21.80
Effective tax rate (%)	10.99	11.72	12.95
No. of Shares in issue after our IPO ('000)	1,500,000	1,500,000	1,500,000
Basic and diluted EPS (sen) <sup>(8)</sup>	4.57	4.99	5.34
<b><u>Adjusted profit excluding disposal of Exora Technologies Private Limited ("Exora"):-</u></b>			
Adjusted PAT <sup>(9)</sup>	60,896	78,187	92,268
Adjusted PAT margin (%)	19.41	22.97	25.10

**12. FINANCIAL INFORMATION (CONT'D)****Notes:-**

- (1) Comprising mainly rental income, gain on foreign exchange, interest income and one-off gain on disposal of Exora.
- (2) Comprising mainly impairment loss of other receivable from the outstanding sum due from Valdel Real Estate Pvt Ltd ("**Valdel**") relating to the disposal of Exora, amounting to RM1.1 million, RM3.4 million and RM12.1 million for the FYE 2023, FYE 2024 and FYE 2025, respectively.
- (3) The table below sets out the reconciliation of our PBT to EBITDA (which also include the adjustment made in relation to the disposal of Exora):-

	<b>Audited</b>		
	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>PBT</b>	77,074	84,753	92,088
Adjusted for:-			
Finance costs	2,764	2,132	670
Finance income	(2,459)	(8,003)	(7,509)
Depreciation	22,353	22,037	21,338
Amortisation	(523)	(236)	4
Gain on disposal of Exora	(8,801)	-	-
Impairment loss on outstanding sum from Valdel, being the purchaser of Exora	1,097	3,371	12,102
<b>EBITDA</b>	<b>91,505</b>	<b>104,054</b>	<b>118,693</b>

- (4) GP margin is computed based on the GP over revenue of our Group.
- (5) EBITDA margin is computed based on the EBITDA over revenue of our Group.
- (6) PBT margin is computed based on the PBT over revenue of our Group.
- (7) PAT margin is computed based on the PAT over revenue of our Group.
- (8) Basic and diluted EPS is computed based on the PAT divided by the enlarged number of issued Shares of 1,500,000,000 Shares after our IPO. There are no dilutive instruments as at the end of the respective financial years.
- (9) Assuming one-off item relating to the gain on disposal of Exora in FYE 2023 and the subsequent impairment losses incurred from the outstanding sum due from Valdel relating to the disposal of Exora had been excluded from the Financial Years Under Review, the breakdown is as out below:-

	<b>Audited</b>		
	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>PAT</b>	<b>68,600</b>	<b>74,816</b>	<b>80,166</b>
Adjusted for:-			
Gain on disposal of Exora	(8,801)	-	-
Impairment loss on outstanding sum from Valdel, being the purchaser of Exora	1,097	3,371	12,102
<b>Adjusted PAT</b>	<b>60,896</b>	<b>78,187</b>	<b>92,268</b>

For information purposes, our Group had entered into a share purchase agreement with Valdel on 11 April 2023 for the disposal of our shares in Exora for a consideration of USD4.0 million, details of which are set out in **Section 14.5(i)** of this Prospectus. However, the purchase consideration was not paid by Valdel within the agreed timeline. Consequently, full impairment losses were recognised in relation to the outstanding sum from Valdel during the Financial Years Under Review as set out above.

**12. FINANCIAL INFORMATION (CONT'D)****Historical combined statements of financial position**

The following table sets out a summary of the audited combined statements of financial position for the Financial Years Under Review:-

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Total non-current assets	230,081	219,356	198,104
Total current assets	342,750	346,255	306,152
<b>Total assets</b>	<b>572,831</b>	<b>565,611</b>	<b>504,256</b>
<b>Equity</b>			
Invested equity	86,380	86,380	86,380
Reserves	346,620	349,308	297,825
<b>Total equity<sup>(1)</sup></b>	<b>433,000</b>	<b>435,688</b>	<b>384,205</b>
Total non-current liabilities	45,910	13,013	5,477
Total current liabilities	93,921	116,910	114,574
<b>Total liabilities</b>	<b>139,831</b>	<b>129,923</b>	<b>120,051</b>
<b>Total equity and liabilities</b>	<b>572,831</b>	<b>565,611</b>	<b>504,256</b>
<b>Net current assets</b>	<b>248,829</b>	<b>229,345</b>	<b>191,578</b>

**Note:-**

- (1) The total equity decreased from RM435.7 million in the FYE 2024 to RM384.2 million in the FYE 2025. This is mainly due to the decrease in foreign currency translation reserve amounting to RM24.7 million and dividend paid during FYE 2025 amounting to RM106.9 million, which was to a certain extent offset by the profit for the year amounting to RM80.2 million.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## 12. FINANCIAL INFORMATION (CONT'D)

### 12.2 Reporting Accountants' report on the pro forma combined statements of financial position as at 31 May 2025



Tel : +604 222 0288  
Fax: +604 222 0299  
www.bdo.my

51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang  
Malaysia  
SST No: P11-1809-32000112

**The Board of Directors**  
**SQ Advanced Interconnect Berhad**  
**(Formerly known as Qdos Holdings Bhd.)**  
Suite 18.05, MWE Plaza,  
No.8, Lebuhr Farquhar,  
10200 Georgetown,  
Pulau Pinang, Malaysia.

Date: 26 February 2026

Our ref: BDO/LBT/LSX/ROYX

Dear Sirs

**SQ ADVANCED INTERCONNECT BERHAD (FORMERLY KNOWN AS QDOS HOLDINGS BHD.) ("SQAI" OR "COMPANY") AND ITS COMBINING ENTITIES ("THE GROUP")**

**REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 31 MAY 2025 ("THIS REPORT")**

We have completed our assurance engagement to report on the compilation of the Pro Forma Combined Statements of Financial Position of the Group as at 31 May 2025. The Pro Forma Combined Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for the purpose of identification, have been compiled by the Board of Directors of the Company ("Board of Directors") for inclusion in the prospectus of the Company ("Prospectus") in connection with the listing of and quotation for the entire enlarged ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Combined Statements of Financial Position are described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and are specified in Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The Pro Forma Combined Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the Notes thereon to the Pro Forma Combined Statements of Financial Position on the Group's financial position as at 31 May 2025 as if the events have occurred or the transactions have been undertaken on 31 May 2025. As part of this process, information about the combined financial position of the Group has been extracted by the Board of Directors from the audited combined statements of financial position of the Group as at 31 May 2025.

#### **Directors' Responsibility for the Pro Forma Combined Statements of Financial Position**

The Board of Directors is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

#### **Our Independence and Quality Control**

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**12. FINANCIAL INFORMATION (CONT'D)****Our Independence and Quality Control (continued)**

The Firm applies Malaysian Approved International Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, the Firm is required to design, implement and operate a system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibility**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the MIA. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis set out in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those whom those reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Combined Statements of Financial Position in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted statements of financial position of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (a) the related pro forma adjustments give appropriate effect to those criteria; and
- (b) the Pro Forma Combined Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position have been compiled and other relevant engagement circumstances.

**12. FINANCIAL INFORMATION (CONT'D)**



**Reporting Accountants' Responsibility (continued)**

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Pro Forma Combined Statements of Financial Position of the Group have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

**Other Matters**

This Report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this Report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this Report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink that reads 'BDO PLT'.

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

A handwritten signature in black ink that reads 'Lee Beng Tuan'.

**Lee Beng Tuan**  
03271/07/2026 J  
Chartered Accountant

Penang  
26 February 2026

**12. FINANCIAL INFORMATION (CONT'D)**

*SQ Advanced Interconnect Berhad*  
(Formerly known as *Qdos Holdings Bhd.*)  
Registration No. 199901001962 (476862-P)  
*Pro Forma Combined Statements of Financial Position*

**1. INTRODUCTION AND BASIS OF PREPARATION****1.1 Introduction**

The Pro Forma Combined Statements of Financial Position of SQ Advanced Interconnect Berhad (formerly known as Qdos Holdings Bhd.) (“Company”) and its combining entities (collectively referred to as “Group”) as at 31 May 2025 (“Pro Forma Combined SOFP”) together with the notes thereon, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus of the Company in connection with the initial public offering (“IPO”) and the listing of and quotation for the entire ordinary shares in the Company (“Shares”) on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”).

**1.2 Basis of Preparation**

The Pro Forma Combined SOFP have been prepared based on the audited combined statements of financial position of the Group as of 31 May 2025, which were prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards, and in a manner consistent with the accounting policies of the Group.

The Pro Forma Combined SOFP have been prepared for illustrative purpose only to show effects of the events or transactions as set out in Note 2 on the audited combined Statements of Financial Position of the Group as at 31 May 2025 had the transactions been effected on 31 May 2025, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma Combined SOFP do not give a true picture of the actual effects of the events and transactions on the financial information presented had the events or transactions occurred on 31 May 2025. Further, such information does not purport to predict the future financial position of the Group.

The audited combined financial statements of the Group for the financial year ended 31 May 2025 used in preparation of the Pro Forma Combined SOFP were not subject to any audit qualification, modification or disclaimer.

**2. LISTING SCHEME**

The material transactions occurred subsequent to the financial year ended 31 May 2025 up to the date of this report (“Material Subsequent Events”), pre-IPO exercise, IPO and utilisation of proceeds received from the IPO (“Utilisation of Proceeds”) as disclosed in Notes 2.1, 2.2, 2.3 and 2.4 are included in the Pro Forma Combined SOFP to show the effects of the transactions on the audited combined statement of financial position of the Group as at 31 May 2025 had these transactions been effected on 31 May 2025 and in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia.

**2.1 Material Subsequent Events****2.1.1 Disposals of other investments to Suiwa Qdos Technology Sdn. Bhd. (“SQTSB”)**

- (a) On 15 August 2025, the Group completed the disposal of its entire equity interest in QS Circuits Pte. Ltd. (formerly known as Qdos (SG) Pte. Ltd.), a company incorporated in Singapore for a consideration of RM6,335 to SQTSB.
- (b) On 19 September 2025, the Group completed the following disposals:
  - i) disposed of its entire equity interest in QS BPO Sdn. Bhd. (“QS BPO”) (formerly known as Qdos BPO Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM1 to SQTSB;
  - ii) disposed of its entire equity interest in QS Dynamics Sdn. Bhd. (formerly known as Qdos Dynamics Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM6,526,569 to SQTSB;
  - iii) disposed of its entire interest in QS Force Sdn. Bhd. (formerly known as Qdos Force Sdn. Bhd.), a company incorporated in Malaysia for a cash consideration of RM9,797,308 to SQTSB; and
  - iv) disposed of its entire interest in Qdos Ventures Sdn. Bhd., a company incorporated in Malaysia for a cash consideration of RM1 to SQTSB.



## 12. FINANCIAL INFORMATION (CONT'D)

*SQ Advanced Interconnect Berhad*  
(Formerly known as *Qdos Holdings Bhd.*)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position

### 2. LISTING SCHEME (continued)

#### 2.1 Material Subsequent Events (continued)

##### 2.1.1 Disposals of other investments to Suiwa Qdos Technology Sdn. Bhd. (“SQTSB”) (continued)

- (c) On 7 February 2026, the Group disposed of its entire equity interest in Qdos Flexcircuits (India) Pvt Ltd., a company incorporated in India, comprising 99.9999% and 0.0001% equity interest to SQTSB and QS BPO for a cash consideration of RM4,572,895 and RM1 respectively.

The collective proceeds from disposals of other investments above were satisfied via settlement of amount owing to SQTSB amounted to RM16,330,214 and via cash amounted to RM4,572,896. The cash consideration amounted to RM4,572,896 is expected to be paid in March 2026. The loss on disposal of other investments was RM1,383,089.

##### 2.1.2 Issuance of Shares

On 29 November 2025, the issued and paid-up share capital of the Company has been increased by RM7,999,499 from RM32,000,002 to RM39,999,501 by way of issuance of 14,999,998 new Shares of RM0.5333 each by way of capitalisation of amount owing to SQTSB. The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

#### 2.2 Pre-IPO Exercise

##### 2.2.1 Pre-IPO Dividends

On 31 December 2025, a combining entity of the Group, Suiwa Electronics (Xiamen) Co. Ltd. (“SECL”) had declared a dividend of approximately RM144.7 million in respect of the financial year ended 31 December 2025 and expected to be paid by end of May 2026.

In addition, the Company intends to declare a dividend of RM20.0 million in respect of the financial year ended 31 May 2026, which is expected to be declared in March 2026 and paid by April 2026. This dividend is not illustrated in the Pro Forma Combined SOFP as it has not been declared as of the date of this report.

The Pre-IPO dividends are/will be funded through internally generated funds and are not expected to have any material adverse impact on the execution and implementation of the Group’s future plans and strategies.

##### 2.2.2 Bonus Issue

On 10 February 2026, the Company undertook a bonus issue which entails the issuance of 1,122,500,000 new Shares on the basis of approximately 28.0625 for every 1 existing Share held by the existing shareholders for the purpose of increasing the number of issued Shares in order to facilitate the proposed IPO and proposed Listing.

##### 2.2.3 Acquisition of SECL

On 23 February 2026, the Company entered into a conditional equity transfer agreement (“ETA”) with Twisden Limited (“Twisden”) to acquire the entire issued share capital of SECL of USD12.0 million for a total purchase consideration of RM106,515,000, which will be fully satisfied through the issuance and allotment of 135,000,000 new Shares at an issue price of RM0.789 per Share to Twisden.

The total purchase consideration of RM106,515,000 will be based on a willing-buyer willing seller basis after taking into consideration the aggregation of the audited net assets of SECL, Suiwa High Technology Electronic Industries (Xiamen) Co. Ltd. and Ruihua (Xiamen) Property Management Co., Ltd., after intercompany eliminations as at 31 December 2025.

The acquisition of SECL was completed on [●].



## 12. FINANCIAL INFORMATION (CONT'D)

*SQ Advanced Interconnect Berhad*  
(Formerly known as *Qdos Holdings Bhd.*)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position

### 2. LISTING SCHEME (continued)

#### 2.3 IPO

##### 2.3.1 Public Issue

Public issue of 202,500,000 new Shares and an offer for sale of 135,000,000 existing Shares, representing approximately 13.50% and 9.00% respectively of the enlarged total number of issued Shares of the Company, at an issue/offer price of RM[●] per Share.

##### 2.3.2 Listing

Admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Company's entire enlarged issued share capital of RM[●] comprising 1,500,000,000 Shares on the Main Market of Bursa Securities.

#### 2.4 Utilisation of Proceeds

The indicative gross proceeds from the Public Issue amounting to RM[●] are expected to be utilised in the following manner:

	Estimated timeframe from the proposed Listing	Amount RM'000	Percentage of gross proceeds %
Expansion of facilities <sup>1</sup>	Within 36 months	[●]	[●]
Research and development expenditure <sup>1</sup>	Within 36 months	[●]	[●]
Talent development and retention <sup>1</sup>	Within 36 months	[●]	[●]
Working capital	Within 24 months	[●]	[●]
Repayment of existing bank borrowings	Within 3 months	[●]	[●]
Estimated listing expenses <sup>2</sup>	Within 3 months	[●]	[●]
		<u>[●]</u>	

**Notes:**

- (1) *As at latest practicable date of the prospectus, the Group has yet to enter into any contracted binding agreement or issued any purchase order in relation to the proceeds earmarked for expansion of facilities, research and development expenditure, talent development and retention. As such, the utilisation of proceeds earmarked for the abovementioned purpose are not reflected in the Pro Forma Combined SOFP.*
- (2) *The estimated listing expenses totaling RM[●] to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses. A total of RM[●] is assumed to be directly attributable to the Public Issue and as such, will be debited against the share capital of the Company and the remaining expenses of RM[●] are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income. As at 31 May 2025, the Group has not paid any estimated listing expenses.*



**12. FINANCIAL INFORMATION (CONT'D)**

*SQ Advanced Interconnect Berhad  
(Formerly known as Qdos Holdings Bhd.)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position*

**2. LISTING SCHEME (continued)**

**2.5 Proposed Long-Term Incentive Plan (“LTIP”)**

In conjunction with the Listing, the Group has established an LTIP. For avoidance of doubt, the Group does not intend to grant any ESOS Options or ESGS Shares in conjunction with the Listing.

The LTIP will be administered by a committee comprising such Directors and/or senior management of the Group to be appointed and authorised by the Board and governed by the By-Laws. The total number of ordinary shares which may be made available under the LTIP shall not exceed in aggregate 10.00% of the total number of issued ordinary shares (excluding treasury shares, if any) at any point in time during the duration of the LTIP.

The LTIP is not illustrated in the Pro Forma Combined SOFP as the ESOS under the LTIP has yet to be granted as of the date of this report.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]



**12. FINANCIAL INFORMATION (CONT'D)**

*SQ Advanced Interconnect Berhad  
(Formerly known as Qdos Holdings Bhd.)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position*

**3. PRO FORMA COMBINED SOFP AS AT 31 MAY 2025**

The Pro Forma Combined SOFP as at 31 May 2025 has been prepared for illustrative purposes only to show the effects on the audited combined statement of financial position of the Group as at 31 May 2025 based on the assumptions that the transactions as set out in Note 2 had been effected on that date, and should be read in conjunction with the notes thereon.

	<u>Audited</u>		<u>Pro Forma I</u>		<u>Pro Forma II</u>		<u>Pro Forma III</u>
	Combined SOFP as at 31 May 2025 RM'000	Adjustments for Material Subsequent Events and Pre-IPO Exercise RM'000	After adjusted for Material Subsequent Events and Pre-IPO Exercise RM'000	Adjustments for Public Issue RM'000	After Pro Forma I and the Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	After Pro Forma I, II and Utilisation of Proceeds RM'000
Note							
<b>ASSETS</b>							
<b>Non-current assets</b>							
	165,979	-	165,979	-	165,979	-	165,979
	9,321	-	9,321	-	9,321	-	9,321
	393	-	393	-	393	-	393
3.2.1	22,286	(22,286)	-	-	-	-	-
	125	-	125	-	125	-	125
	198,104	(22,286)	175,818	-	175,818	-	175,818
<b>Current assets</b>							
	39,269	-	39,269	-	39,269	-	39,269
	12,234	-	12,234	-	12,234	-	12,234
3.2.2	94,705	4,573	99,278	-	99,278	-	99,278
	7,557	-	7,557	-	7,557	-	7,557
	116	-	116	-	116	-	116
	1,430	-	1,430	-	1,430	-	1,430
	17,422	-	17,422	-	17,422	-	17,422
3.2.3	133,419	-	133,419	[.]	[.]	[.]	[.]
	306,152	4,573	310,725	[.]	[.]	[.]	[.]
	504,256	(17,713)	486,543	[.]	[.]	[.]	[.]
<b>TOTAL ASSETS</b>							
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to equity holders of the Company</b>							
	86,380	60,134	146,514	[.]	[.]	[.]	[.]
3.2.4	297,825	(198,218)	99,607	-	99,607	[.]	[.]
3.2.5	297,825	(198,218)	99,607	-	99,607	[.]	[.]
	384,205	(138,084)	246,121	[.]	[.]	[.]	[.]
	384,205	(138,084)	246,121	[.]	[.]	[.]	[.]



## 12. FINANCIAL INFORMATION (CONT'D)

*SQ Advanced Interconnect Berhad  
(Formerly known as Qdos Holdings Bhd.)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position*

### 3. PRO FORMA COMBINED SOFP AS AT 31 MAY 2025 (continued)

The Pro Forma Combined SOFP as at 31 May 2025 has been prepared for illustrative purposes only to show the effects on the audited combined statement of financial position of the Group as at 31 May 2025 based on the assumptions that the transactions as set out in Note 2 had been effected on that date, and should be read in conjunction with the notes thereon (continued):

	<u>Audited</u>		<u>Pro Forma I</u>		<u>Pro Forma II</u>		<u>Pro Forma III</u>
	Combined SOFP as at 31 May 2025 RM'000	Adjustments for Material Subsequent Events and Pre-IPO Exercise RM'000	After adjusted for Material Subsequent Events and Pre-IPO Exercise RM'000	Adjustments for Public Issue RM'000	After Pro Forma I and the Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	After Pro Forma I, II and Utilisation of Proceeds RM'000
Note							
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Lease liabilities	73	-	73	-	73	-	73
Deferred tax liabilities	2,032	-	2,032	-	2,032	-	2,032
Government grants	320	-	320	-	320	-	320
Borrowings	3,052	-	3,052	-	3,052	-	3,052
	5,477	-	5,477	-	5,477	-	5,477
<b>Current liabilities</b>							
Lease liabilities	548	-	548	-	548	-	548
Government grants	160	-	160	-	160	-	160
Borrowings	17,289	-	17,289	-	17,289	[•]	[•]
Trade and other payables	93,074	120,371	213,445	-	213,445	-	213,445
Contract liabilities	745	-	745	-	745	-	745
Current tax liabilities	2,758	-	2,758	-	2,758	-	2,758
	114,574	120,371	234,945	-	234,945	[•]	[•]
<b>TOTAL LIABILITIES</b>	<b>120,051</b>	<b>120,371</b>	<b>240,422</b>	<b>-</b>	<b>240,422</b>	<b>[•]</b>	<b>[•]</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>504,256</b>	<b>(17,713)</b>	<b>486,543</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
Net assets (RM'000)	384,205		246,121		[•]		[•]
Number of ordinary shares assumed in issue ('000)	25,000		1,162,500		1,500,000		1,500,000
Net assets attributable to equity holders per ordinary share (RM)	15.37		0.21		[•]		[•]



**12. FINANCIAL INFORMATION (CONT'D)**

*SQ Advanced Interconnect Berhad  
(Formerly known as Qdos Holdings Bhd.)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position*

**3. PRO FORMA COMBINED SOFP AS AT 31 MAY 2025 (continued)**

**3.1 Pro Forma Adjustments to the Pro Forma Combined SOFP as at 31 MAY 2025**

**3.1.1 Pro Forma I**

Pro Forma I incorporated the effects for the Material Subsequent Events and Pre-IPO exercise as set out in Note 2.1 and Note 2.2 respectively.

**3.1.2 Pro Forma II**

Pro Forma II incorporated the effects of Pro Forma I above and the effects of the Public Issue as set out in Note 2.3.

**3.1.3 Pro Forma III**

Pro Forma III incorporated the effects of Pro Forma I, II and the effects of the Utilisation of Proceeds as set out in Note 2.4.

**3.2 Notes to the Pro Forma Combined SOFP**

**3.2.1 Other investments**

The movements of other investments are as follows:

	<b>RM'000</b>
<b>As at 31 May 2025</b>	<b>22,286</b>
Disposals of other investments (Note 2.1.1)	<u>(22,286)</u>
<b>Pro Forma I/Pro Forma II/Pro Forma III</b>	<u><u>-</u></u>

**3.2.2 Trade and other receivables**

The movements of trade and other receivables are as follows:

	<b>RM'000</b>
<b>As at 31 May 2025</b>	<b>94,705</b>
Disposals of other investments (Note 2.1.1)	<u>4,573</u>
<b>Pro Forma I/Pro Forma II/Pro Forma III</b>	<u><u>99,278</u></u>



## 12. FINANCIAL INFORMATION (CONT'D)

*SQ Advanced Interconnect Berhad  
(Formerly known as Qdos Holdings Bhd.)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position*

### 3. PRO FORMA COMBINED SOFP AS AT 31 MAY 2025 (continued)

#### 3.2 Notes to the Pro Forma Combined SOFP (continued)

##### 3.2.3 Cash and Bank Balances

The movements of cash and bank balances are as follows:

	<b>RM'000</b>
<b>As at 31 May 2025/ Pro Forma I</b>	<b>133,419</b>
Proceeds from the Public Issue (Note 2.3)	<u>  [•]</u>
<b>Pro Forma II</b>	<b>  [•]</b>
Utilisation of Proceeds (Note 2.4)	
- Estimated listing expenses <sup>1</sup>	[•]
- Repayment of bank borrowings	<u>  [•]</u>
<b>Pro Forma III</b>	<u>  [•]</u>

*Note:*

(1) *The estimated listing expenses totaling RM[•] to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses. As at 31 May 2025, the Group has not paid any estimated listing expenses.*

##### 3.2.4 Invested equity/Share capital

The movements of invested equity/share capital are as follows:

	<b>RM'000</b>
<b>As at 31 May 2025</b>	<b>86,380</b>
Issuance of Shares (Note 2.1.2)	7,999
Acquisition of SECL (Note 2.2.3)	<u>52,135</u>
<b>Pro Forma I</b>	<b>146,514</b>
Proceeds from the Public Issue (Note 2.3)	<u>  [•]</u>
<b>Pro Forma II</b>	<b>  [•]</b>
Utilisation of Proceeds (Note 2.4(2))	
- Estimated listing expenses which are directly attributable to the Public Issue	<u>  [•]</u>
<b>Pro Forma III</b>	<u>  [•]</u>

Upon completion of the transactions as mentioned in Note 2, the enlarged issued share capital of the Company will be RM[•] comprising 1,500,000,000 Shares.



## 12. FINANCIAL INFORMATION (CONT'D)

*SQ Advanced Interconnect Berhad  
(Formerly known as Qdos Holdings Bhd.)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position*

### 3. PRO FORMA COMBINED SOFP AS AT 31 MAY 2025 (continued)

#### 3.2 Notes to the Pro Forma Combined SOFP (continued)

##### 3.2.5 Reserves

The movements of reserves are as follows:

	Capital reserve RM'000	Foreign currency translation reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	Reorganisation debit reserve RM'000	Reserves RM'000
<b>As at 31 May 2025</b>	14,257	(22,752)	48,367	270,953	(13,000)	297,825
- Disposals of other investments (Note 2.1.1)	-	-	-	(1,383)	-	(1,383)
- Dividends (Note 2.2.1)	-	-	-	(144,700)	-	(144,700)
- Acquisition of SECL (Note 2.2.3)	-	-	-	-	(52,135)	(52,135)
<b>Pro Forma I/ Pro Forma II</b>	<b>14,257</b>	<b>(22,752)</b>	<b>48,367</b>	<b>124,870</b>	<b>(65,135)</b>	<b>99,607</b>
Utilisation of proceeds (Note 2.4(2))						
- Estimated listing expenses	-	-	-	[•]	-	[•]
<b>Pro Forma III</b>	<b>14,257</b>	<b>(22,752)</b>	<b>48,367</b>	<b>[•]</b>	<b>(65,135)</b>	<b>[•]</b>

##### 3.2.6 Borrowings

The movements of borrowings are as follows:

	RM'000
<u>Current</u>	
<b>As at 31 May 2025/Pro Forma I/Pro Forma II</b>	<b>17,289</b>
Utilisation of Proceeds (Note 2.4)	
- Repayment of existing bank borrowings	[•]
<b>Pro Forma III</b>	<b>[•]</b>

##### 3.2.7 Trade and other payables

The movements of trade and other payables are as follows:

	RM'000
<b>As at 31 May 2025</b>	<b>93,074</b>
Disposals of other investments (Note 2.1.1)	(16,330)
Issuance of Shares	
- By way of capitalisation of amount owing to SQTSB (Note 2.1.2)	(7,999)
Dividends payable (Note 2.2.1)	144,700
<b>Pro Forma I/Pro Forma II/Pro Forma III</b>	<b>213,445</b>

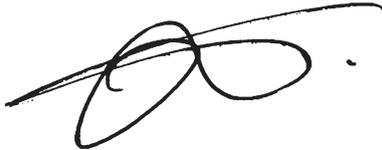


**12. FINANCIAL INFORMATION (CONT'D)**

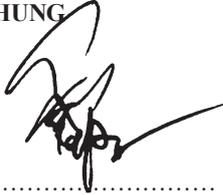
*SQ Advanced Interconnect Berhad  
(Formerly known as Qdos Holdings Bhd.)  
Registration No. 199901001962 (476862-P)  
Pro Forma Combined Statements of Financial Position*

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted on behalf by the Board of Directors of the Company in accordance with a resolution dated **26 FEB 2026**



.....  
**HWANG SHIN HUNG**  
DIRECTOR



.....  
**LOW LOKE CHEW**  
DIRECTOR

Date: 26 February 2026



## 12. FINANCIAL INFORMATION (CONT'D)

### 12.3 Management's discussion and analysis of financial condition and results of operations

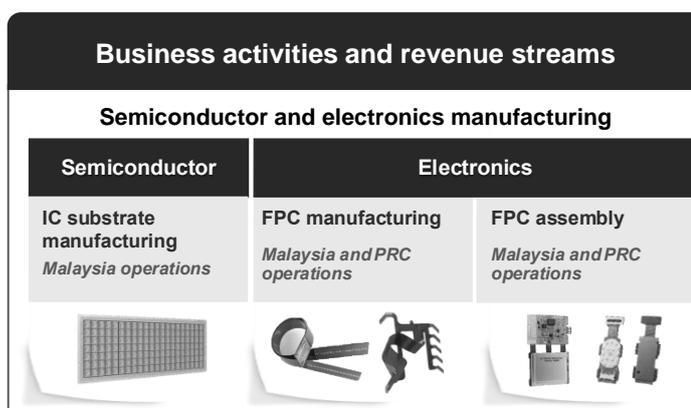
The following management's discussion and analysis of our financial condition and results of operations for the Financial Years Under Review should be read in conjunction with the accompanying notes, assumptions and bases included in the Accountants' Report set out in **Section 13** of this Prospectus. There are no accounting policies that are peculiar to our Group regarding the nature of our business or the industry in which we operate.

This discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set out under risk factors in **Section 5** of this Prospectus.

#### 12.3.1 Overview of our operations

We manufacture and assemble FPCs, and manufacture IC substrates, both critical to the electronics and semiconductor value chain.

We operate in two countries, with our headquarters located in Penang, Malaysia. In Malaysia, we have two manufacturing facilities, the Bayan Lepas Plant and the Batu Kawan Plant. In the PRC, we have 1 manufacturing facility in Xiamen, Fujian Province (Xiamen Plant). For the Financial Years Under Review, our sales to customers are mainly denominated in USD, RMB and RM.



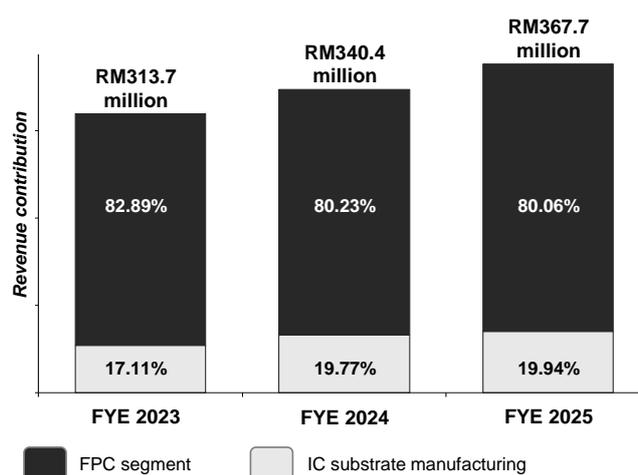
Please refer to **Section 7** of this Prospectus for further information on our business operations.

#### 12.3.2 Overview of our financial results

Our total revenue increased from RM313.7 million in FYE 2023 to RM367.7 million in FYE 2025, representing a CAGR of 8.26%.

During the Financial Years Under Review, our main revenue contribution was derived from the FPC segment, which accounted for 82.89%, 80.23% and 80.06% of our total revenue in FYE 2023, FYE 2024 and FYE 2025, respectively. The remainder of the revenue was derived from the IC substrate manufacturing segment, which accounted for 17.11%, 19.77% and 19.94% of our total revenue in FYE 2023, FYE 2024 and FYE 2025, respectively.

Revenue from product sales in our FPC and IC substrate manufacturing segments is based on confirmed purchase orders for operations in Malaysia and the PRC.



	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000
<b>Revenue</b>			
<b>FPC segment</b>	<b>260,048</b>	<b>273,135</b>	<b>294,330</b>
• FPC manufacturing	215,162	219,554	225,595
• FPC assembly	44,886	53,581	68,735
<b>IC substrate manufacturing</b>	<b>53,660</b>	<b>67,290</b>	<b>73,328</b>
<b>Total revenue</b>	<b>313,708</b>	<b>340,425</b>	<b>367,658</b>

**12. FINANCIAL INFORMATION (CONT'D)**

As at the LPD, we operate in two countries, namely Malaysia and the PRC. The financial statements for our operations in Malaysia are prepared in RM. Shipments from Malaysia are made to both domestic and international destinations, with transactions denominated in RM and USD, respectively. The financial statements for our operations in the PRC are prepared in RMB. Shipments from the PRC are made to both domestic and international destinations, with transactions denominated in RMB and USD, respectively.

The financial statements of our subsidiaries operating in Malaysia and the PRC are prepared in the respective functional currencies as follows:-

Company	Currency
QFSB	RM
QTSB	RM
QISB	RM
SHTEI	RMB
RPM	RMB
SECL	RMB

Our combined financial statements are presented in RM, which is our Group's presentation currency.

The foreign currency exchange rates used in our Group's combined financial statements for conversion of values denominated in RMB from our PRC Operations to RM are summarised in the following table:-

	FYE 2023 (RM)	FYE 2024 (RM)	FYE 2025 (RM)	Change in the value of RM relative to the RMB <sup>(1)</sup>	
				FYE 2023-2024 (%)	FYE 2024-2025 (%)
<b>Average<sup>(2)</sup> exchange rate relative to RMB</b>					
• RMB1.00	0.6456	0.6487	0.6171	0.48	(4.87)
<b>Closing<sup>(3)</sup> exchange rate relative to RMB</b>					
• RMB1.00	0.6503	0.6499	0.5906	(0.06)	(9.12)

**Notes:-**

- (1) A positive change in value indicates that the value of the RM depreciated relative to the RMB, while a negative change in value indicates that the value of the RM appreciated relative to the RMB.
- (2) Average exchange rate used for combined statements of profit or loss and other comprehensive income and cash flow.
- (3) Closing exchange rate used for combined statements of financial position.

**12. FINANCIAL INFORMATION (CONT'D)****12.3.3 Components of financial performance****(i) Revenue**

We recorded revenue of approximately RM313.7 million, RM340.4 million and RM367.7 million for the FYE 2023, FYE 2024 and FYE 2025, respectively. The segmental analysis of our revenue for the Financial Years Under Review is set out in the following tables:-

**(a) Revenue by business segments**

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>FPC segment</b>	<b>260,048</b>	<b>82.89</b>	<b>273,135</b>	<b>80.23</b>	<b>294,330</b>	<b>80.06</b>
FPC manufacturing	215,162	68.59	219,554	64.49	225,595	61.36
FPC assembly	44,886	14.30	53,581	15.74	68,735	18.70
<b>IC substrate manufacturing</b>	<b>53,660</b>	<b>17.11</b>	<b>67,290</b>	<b>19.77</b>	<b>73,328</b>	<b>19.94</b>
<b>Total revenue</b>	<b>313,708</b>	<b>100.00</b>	<b>340,425</b>	<b>100.00</b>	<b>367,658</b>	<b>100.00</b>

**(b) Revenue by operation locations and business segments**

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>Malaysia Operations</b>	<b>156,593</b>	<b>49.92</b>	<b>189,976</b>	<b>55.81</b>	<b>212,073</b>	<b>57.68</b>
<b>FPC segment</b>	<b>102,933</b>	<b>32.81</b>	<b>122,686</b>	<b>36.04</b>	<b>138,745</b>	<b>37.74</b>
FPC manufacturing	76,158	24.28	90,797	26.67	86,688	23.58
FPC assembly	26,775	8.53	31,889	9.37	52,057	14.16
<b>IC substrate manufacturing</b>	<b>53,660</b>	<b>17.11</b>	<b>67,290</b>	<b>19.77</b>	<b>73,328</b>	<b>19.94</b>
<b>PRC Operations<sup>(1)</sup></b>	<b>157,115</b>	<b>50.08</b>	<b>150,449</b>	<b>44.19</b>	<b>155,585</b>	<b>42.32</b>
<b>FPC segment</b>						
FPC manufacturing	139,004	44.31	128,757	37.82	138,907	37.78
FPC assembly	18,111	5.77	21,692	6.37	16,678	4.54
<b>Total revenue</b>	<b>313,708</b>	<b>100.00</b>	<b>340,425</b>	<b>100.00</b>	<b>367,658</b>	<b>100.00</b>

**Note:-**

- (1) Our PRC Operations revenue increased from RMB243.4 million in the FYE 2023 to RMB252.1 million in the FYE 2025, representing a CAGR of 1.78%, with the exchange rate used for reporting revenue of our PRC Operations disclosed below:-

	FYE 2023	FYE 2024	FYE 2025
Revenue (RMB'000)	243,363	231,924	252,123
Average exchange rate (RMB/RM)	0.6456	0.6487	0.6171
Revenue (RM'000)	157,115	150,449	155,585

Notwithstanding the depreciation of the RMB against RM in FYE 2025, the revenue from our PRC Operations, in RM terms, has increased. Hence, the increase in revenue contribution from our PRC Operations was not primarily attributable to movement in the exchange rate.

**12. FINANCIAL INFORMATION (CONT'D)****(c) Revenue by shipment destinations**

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia	107,759	34.35	132,208	38.84	156,854	42.66
Chinese Mainland	86,683	27.63	85,816	25.21	94,886	25.81
Japan	29,499	9.40	34,593	10.16	38,581	10.49
USA	29,207	9.31	30,205	8.87	30,729	8.36
Others <sup>(1)</sup>	60,560	19.31	57,603	16.92	46,608	12.68
<b>Total revenue</b>	<b>313,708</b>	<b>100.00</b>	<b>340,425</b>	<b>100.00</b>	<b>367,658</b>	<b>100.00</b>

**Note:-**

- (1) Others are contributed by Other Asia, EMEA and other regions. Other Asia is contributed by 8 countries (6.89%), 8 countries (6.33%), and 9 countries (7.23%) for FYE 2023, FYE 2024, and FYE 2025, respectively. EMEA is contributed by 12 countries (11.84%), 16 countries (9.03%), and 16 countries (4.92%) for FYE 2023, FYE 2024, and FYE 2025, respectively. Other regions are contributed by 4 countries for each of the FYE 2023, FYE 2024, and FYE 2025, which accounted for less than 2.00% of our total revenue.

**(d) Revenue by operation locations and shipment destinations**

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>Malaysia Operations</b>	<b>156,593</b>	<b>49.92</b>	<b>189,976</b>	<b>55.81</b>	<b>212,073</b>	<b>57.68</b>
Malaysia	105,900	33.76	131,048	38.50	155,509	42.30
USA	12,997	4.14	12,864	3.78	13,670	3.72
Chinese Mainland	2,205	0.70	11,441	3.36	10,522	2.86
Others <sup>(1)</sup>	35,491	11.32	34,623	10.17	32,372	8.80
<b>PRC Operations</b>	<b>157,115</b>	<b>50.08</b>	<b>150,449</b>	<b>44.19</b>	<b>155,585</b>	<b>42.32</b>
Chinese Mainland	84,478	26.93	74,375	21.85	84,364	22.95
Japan	29,463	9.39	32,728	9.61	33,460	9.10
USA	16,210	5.17	17,341	5.09	17,059	4.64
Others <sup>(2)</sup>	26,964	8.59	26,005	7.64	20,702	5.63
<b>Total revenue</b>	<b>313,708</b>	<b>100.00</b>	<b>340,425</b>	<b>100.00</b>	<b>367,658</b>	<b>100.00</b>

**Notes:-**

- (1) For our Malaysia Operations, other shipment destinations were contributed by 20 countries, 22 countries and 25 countries for FYE 2023, FYE 2024 and FYE 2025, respectively.
- (2) For our PRC Operations, other shipment destinations were contributed by 15 countries, 16 countries and 16 countries for FYE 2023, FYE 2024 and FYE 2025, respectively.

**12. FINANCIAL INFORMATION (CONT'D)****(e) Revenue by industry applications**

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Communication devices	52,167	16.63	67,518	19.83	80,973	22.02
Semiconductors	60,033	19.14	70,660	20.76	75,801	20.62
Medical devices	72,516	23.12	67,871	19.94	74,912	20.38
Consumer electronics	54,145	17.26	55,153	16.20	67,080	18.25
Automotive electronics	41,790	13.32	53,500	15.72	41,548	11.30
Industrial equipment	33,057	10.53	25,723	7.55	27,344	7.43
<b>Total revenue</b>	<b>313,708</b>	<b>100.00</b>	<b>340,425</b>	<b>100.00</b>	<b>367,658</b>	<b>100.00</b>

**(f) Sales volume by operation locations and business segments**

	FYE 2023	FYE 2024	FYE 2025
	(million pieces)	(million pieces)	(million pieces)
<b>Malaysia Operations</b>			
FPC segment	24	28	33
IC substrate manufacturing	324	356	378
<b>PRC Operations</b>			
FPC segment	43	44	44

**Commentary on past performance****FYE 2023 to FYE 2024**

Our Group's total revenue increased by RM26.7 million or 8.52% to RM340.4 million for the FYE 2024 (FYE 2023: RM313.7 million). This was attributed to the overall increased revenue from our FPC segment and IC substrate manufacturing.

**FPC segment**

Our revenue from the FPC segment increased by RM13.1 million or 5.03% to RM273.1 million for the FYE 2024 (FYE 2023: RM260.0 million), mainly contributed by the increase in revenue from our Malaysia Operations which was partially offset by a decline in revenue from our PRC Operations. The performance of our Malaysia and PRC operations are as follows:-

- **Malaysia Operations:** Revenue from the FPC segment increased by RM19.8 million or 19.19% to RM122.7 million for the FYE 2024 (FYE 2023: RM102.9 million), contributed by higher revenue from FPC manufacturing and FPC assembly.

Revenue of FPC manufacturing increased by RM14.6 million or 19.22% to RM90.8 million for the FYE 2024 (FYE 2023: RM76.2 million). Meanwhile, revenue from the FPC assembly increased by RM5.1 million or 19.11% to RM31.9 million for the FYE 2024 (FYE 2023: RM26.8 million). The increase in revenue from our FPC segment for Malaysia Operations was driven by demand for communication devices and automotive electronic applications.

## 12. FINANCIAL INFORMATION (CONT'D)

The overall growth in the FPC segment for our Malaysia Operations was also reflected in higher shipments volumes which increased to 28 million pieces in FYE 2024 (FYE 2023: 24 million pieces), representing an increase of 16.67%.

- **PRC Operations:** Revenue from the FPC segment decreased by RM6.7 million or 4.24% to RM150.4 million for the FYE 2024 (FYE 2023: RM157.1 million). This was mainly due to the lower revenue from FPC manufacturing, which decreased by RM10.2 million or 7.37% to RM128.8 million for the FYE 2024 (FYE 2023: RM139.0 million). This was attributed to a decrease in demand for medical device applications in Chinese Mainland.

This was partially offset by the increase in revenue of FPC assembly by RM3.6 million or 19.77% to RM21.7 million for the FYE 2024 (FYE 2023: RM18.1 million). This was mainly driven by higher demand from a customer for consumer electronics applications.

### IC substrate manufacturing

Our revenue from IC substrate manufacturing increased by RM13.6 million or 25.40% to RM67.3 million for FYE 2024 (FYE 2023: RM53.7 million), mainly driven by the higher demand for semiconductors applications. This was also reflected in the higher shipments volume which increased to 356 million pieces in FYE 2024 (FYE 2023: 324 million pieces), representing an increase of 9.88%.

### FYE 2024 to FYE 2025

Our Group's total revenue increased by RM27.2 million or 8.00% to RM367.7 million for the FYE 2025 (FYE 2024: RM340.4 million). This was attributed to the overall increased revenue from our FPC segment and IC substrate manufacturing.

### FPC segment

Our revenue from the FPC segment increased by RM21.2 million or 7.76% to RM294.3 million for the FYE 2025 (FYE 2024: RM273.1 million), mainly contributed by the increase in revenue from both of our Malaysia and PRC Operations. The performance of our Malaysia and PRC operations are as follows:-

- **Malaysia Operations:** Revenue from the FPC segment increased by RM16.1 million or 13.09% to RM138.7 million for the FYE 2025 (FYE 2024: RM122.7 million). This was mainly attributed to the higher revenue from FPC assembly, which increased by RM20.2 million or 63.24% to RM52.1 million in FYE 2025 (FYE 2024: RM31.9 million). This was mainly attributed to higher demand for communication devices and consumer electronics applications.

This was partially moderated by the decrease in revenue from the FPC manufacturing by RM4.1 million or 4.52% to RM86.7 million for the FYE 2025 (FYE 2024: RM90.8 million), mainly due to a decrease in demand for automotive electronic applications.

The overall increase in revenue from our FPC segment for our Malaysia Operations was also reflected in higher shipments volumes to 33 million pieces in the FYE 2025 (FYE 2024: 28 million pieces), representing an increase of 17.86%.

**12. FINANCIAL INFORMATION (CONT'D)**

- **PRC Operations:** Revenue from the FPC segment increased by RM5.1 million or 3.41% to RM155.6 million for the FYE 2025 (FYE 2024: RM150.4 million) despite the strengthening of RM against RMB. This was mainly contributed by higher revenue from FPC manufacturing which increased by RM10.2 million or 7.88% to RM138.9 million for the FYE 2025 (FYE 2024: RM128.8 million). This was attributed to the increase in demand for medical devices, consumer electronics applications and industrial equipment applications.

The increase was partially offset by the decrease in revenue of FPC assembly by RM5.0 million or 23.11% to RM16.7 million for the FYE 2025 (FYE 2024: RM21.7 million). This was mainly due to the lower sales orders for automotive electronic applications.

**IC substrate manufacturing**

Our revenue from IC substrate manufacturing increased by RM6.0 million or 8.97% to RM73.3 million for FYE 2025 (FYE 2024: RM67.3 million), mainly driven by the higher demand for semiconductor applications. This was also reflected in the higher shipments volumes which increased to 378 million pieces in the FYE 2025 (FYE 2024: 356 million pieces), representing an increase of 6.18%.

**(ii) Cost of sales****(a) Cost of sales by components**

Cost of sales	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Material costs <sup>(1)</sup>	127,292	57.77	134,968	57.65	144,630	58.39
Labour costs <sup>(2)</sup>	53,347	24.21	58,754	25.10	61,580	24.86
Factory overhead costs <sup>(3)</sup>	39,708	18.02	40,393	17.25	41,480	16.75
<b>Total</b>	<b>220,347</b>	<b>100.00</b>	<b>234,115</b>	<b>100.00</b>	<b>247,690</b>	<b>100.00</b>

**Notes:-**

- (1) Includes mainly input materials consumed for our FPC and IC substrate manufacturing operations, such as electronic components, coverlays, films, and lamination materials, copper-based material, gold-based materials and gold-based chemicals compounds. It also includes consumables and related materials used for product development.
- (2) Includes mainly labour costs for labour involved in the production operations, maintenance of machinery and equipment as well as product development
- (3) Include mainly utilities, upkeep and maintenance costs for our manufacturing facilities as well as depreciation costs for our machinery and equipment.

**(b) Cost of sales by business segments**

Cost of sales	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
FPC segment	177,988	80.78	182,358	77.89	198,287	80.05
IC substrate manufacturing	42,359	19.22	51,757	22.11	49,403	19.95
<b>Total cost of sales</b>	<b>220,347</b>	<b>100.00</b>	<b>234,115</b>	<b>100.00</b>	<b>247,690</b>	<b>100.00</b>

---

**12. FINANCIAL INFORMATION (CONT'D)**

---

**Commentary on the cost of sales****Material costs**

Material costs constitute the largest components of our cost of sales which accounted for 57.77% (RM127.3 million), 57.65% (RM135.0 million) and 58.39% (RM144.6 million) of our total cost of sales for FYE 2023, FYE 2024 and FYE 2025 respectively. Our material costs include mainly electronic components, copper-based material, gold-based chemical compounds as well as coverlays, films, and lamination materials which are used as the of input materials for our FPC manufacturing and assembly operations as well as the IC substrate manufacturing operations. It also includes consumables and related materials used for product development.

In FYE 2024, our material costs increased by RM7.7 million or 6.03% to RM135.0 million in FYE 2024 (FYE 2023: RM127.3 million). This was mainly attributed to the higher consumption of input materials to cater to the higher orders of our FPC and IC substrate segment. This is reflected in the higher shipment volumes from our FPC segment by 7.46% and IC substrate segment by 9.88% in FYE 2024.

In FYE 2025, our material costs increased by RM9.7 million or 7.16% to RM144.6 million in FYE 2025 (FYE 2024: RM135.0 million). This was mainly attributed to the higher consumption of input materials to cater to the higher orders of our FPC and IC substrate segment. This is reflected in the higher shipments from our FPC segment by 6.94% and IC substrate segment by 6.18% in FYE 2025.

**Labour costs**

Labour costs accounted for 24.21% (RM53.3 million), 25.10% (RM58.8 million) and 24.86% (RM61.6 million) of our total cost of sales for FYE 2023, FYE 2024 and FYE 2025, respectively. Our labour costs mainly consist of salaries, bonuses, allowances, and statutory contributions for staff involved in the production operations, maintenance of machinery and equipment and product developments.

In FYE 2024, our labour costs increased by RM5.4 million or 10.14% to RM58.8 million in FYE 2024 (FYE 2023: RM53.3 million). This was mainly attributed to the increase in headcount at our production floor and technical personnel for our manufacturing operations from 802 in FYE 2023 to 943 in FYE 2024.

In FYE 2025, our labour cost increased by RM2.8 million or 4.81% to RM61.6 million in FYE 2025 (FYE 2024: RM58.8 million). This was mainly attributed to the increase in headcount at our production floor and technical personnel for our manufacturing operations from 943 in FYE 2024 to 963 in FYE 2025.

**Factory overhead costs**

Factory overhead costs accounted for 18.02% (RM39.7 million), 17.25% (RM40.4 million) and 16.75% (RM41.5 million) of our total cost of sales for FYE 2023, FYE 2024 and FYE 2025 respectively. Our factory overhead costs mainly consist of utilities, upkeep and maintenance costs for our manufacturing facilities, depreciation costs for our machinery and equipment.

In FYE 2024, our factory overhead costs increased by 1.73% or RM0.7 million to RM40.4 million in FYE 2024 (FYE 2023: RM39.7 million). This was mainly attributed to the higher cost for utility as well as upkeep and maintenance of our manufacturing facilities.

In FYE 2025, our factory overhead costs increased by 2.69% or RM1.1 million to RM41.5 million in FYE 2025 (FYE 2024: RM40.4 million). This was mainly attributed to the higher costs for utility as well as upkeep and maintenance of our manufacturing facilities.

**12. FINANCIAL INFORMATION (CONT'D)****(iii) GP and GP margin****(a) GP and GP margin by business segments**

GP contribution	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>FPC segment</b>	<b>82,059</b>	<b>87.89</b>	<b>90,777</b>	<b>85.39</b>	<b>96,043</b>	<b>80.05</b>
<i>FPC manufacturing</i>	76,711	82.17	82,297	77.41	83,118	69.28
<i>FPC assembly</i>	5,348	5.72	8,480	7.98	12,925	10.77
<b>IC substrate manufacturing</b>	<b>11,302</b>	<b>12.11</b>	<b>15,533</b>	<b>14.61</b>	<b>23,925</b>	<b>19.95</b>
<b>Total GP<sup>(1)</sup></b>	<b>93,361</b>	<b>100.00</b>	<b>106,310</b>	<b>100.00</b>	<b>119,968</b>	<b>100.00</b>
<b>GP margin</b>	<b>FYE 2023</b>		<b>FYE 2024</b>		<b>FYE 2025</b>	
FPC segment	31.56%		33.24%		32.63%	
<i>FPC manufacturing</i>	35.65%		37.48%		36.84%	
<i>FPC assembly</i>	11.91%		15.83%		18.80%	
IC substrate manufacturing	21.06%		23.08%		32.63%	
<b>Group GP margin</b>	<b>29.76%</b>		<b>31.23%</b>		<b>32.63%</b>	

**Note:-**

- (1) Although revenue from our PRC Operations accounted for 50.08%, 44.19% and 42.32% of our Group's total revenue for the Financial Years Under Review, our GP was largely derived from our PRC Operations. This is mainly attributable to our PRC Operations strategy to focus on the medical device applications, which typically command higher margins as compared to other industry applications due to more stringent quality standards and specifications required. In addition, our PRC Operations sources approximately 74.00% to 78.00% of the input materials and services domestically (i.e. within the PRC) for the Financial Years Under Review, resulting in a lower cost base relative to our Malaysia Operations where the domestically sourced materials (i.e. within the Malaysia) accounted for approximately 34.00% to 36.00% of our input materials for the Financial Years Under Review. Please refer to **Section 7.21** of this Prospectus for further details on our purchases of input materials and services.

**FYE 2023 to FYE 2024**

Our GP increased by RM12.9 million or 13.87% to RM106.3 million in FYE 2024 (FYE 2023: RM93.4 million). This was mainly attributed to the higher GP contributions from our FPC and IC substrate business segments:-

- GP contribution from our FPC segment increased by RM8.7 million or 10.62% to RM90.8 million in FYE 2024 (FYE 2023: RM82.1 million). The increase in GP from the FPC segment was also reflected in a 5.03% revenue growth in our FPC segment, driven by higher shipment volumes; and
- GP contribution from our IC substrate manufacturing increased by RM4.2 million or 37.44% to RM15.5 million in FYE 2024 (FYE 2023: RM11.3 million). This was also reflected in a 25.40% revenue growth in our IC substrate segment, driven by higher shipment volumes.

**12. FINANCIAL INFORMATION (CONT'D)**

Our overall GP margin improved marginally from 29.76% in FYE 2023 to 31.23% in FYE 2024, mainly attributed to:-

- an improvement in GP margin from our FPC segment, which increased from 31.56% in FYE 2023 to 33.24% in FYE 2024. The GP margin from our FPC manufacturing improved from 35.65% in FYE 2023 to 37.48% in FYE 2024, whilst FPC assembly improved from 11.91% in FYE 2023 to 15.83% in FYE 2024. This was mainly attributed to economies of scale and production efficiency on the back of higher sales volume, as reflected in a 4.66% reduction of average unit cost in FYE 2024. Meanwhile, the overall shipment volumes of the FPC product increased by 7.46% in FYE 2024; and
- an improvement in GP margin from our IC substrate segment, which increased from 21.06% in FYE 2023 to 23.08% in FYE 2024. The improvement in GP margin was mainly driven by higher sales volume of the product mix with more complex specifications.

**FYE 2024 to FYE 2025**

Our GP increased by RM13.7 million or 12.85% to RM120.0 million in FYE 2025 (FYE 2024: RM106.3 million). This was mainly attributed to the higher GP contributions from our FPC and IC substrate segments:-

- GP contribution from our FPC segment increased by RM5.3 million or 5.80% to RM96.0 million in FYE 2025 (FYE 2024: RM90.8 million), mainly driven by higher GP from our PRC Operations. The increase in GP from the FPC segment was also reflected in the revenue growth of 7.76% in our FPC segment, driven by higher shipment volumes; and
- GP contribution from our IC substrate manufacturing increased by RM8.4 million or 54.03% to RM23.9 million in FYE 2025 (FYE 2024: RM15.5 million). This was also reflected in the revenue growth of 8.97% in our IC substrate segment, driven by higher shipment volumes.

Our overall GP margin improved marginally from 31.23% in FYE 2024 to 32.63% in FYE 2025. This was mainly attributed to an improvement in GP margin from our IC substrate manufacturing, which increased from 23.08% in FYE 2024 to 32.63% in FYE 2025. This was primarily attributed to economies of scale on the back of higher sales volume, as reflected in a 10.10% reduction of average unit in FYE 2025. Meanwhile, shipment volumes of the IC substrates increased by 6.18%.

Meanwhile, the GP margin from our FPC segment remained relatively consistent at 33.24% in FYE 2024 and 32.63% in FYE 2025.

**12. FINANCIAL INFORMATION (CONT'D)****(iv) Other operating income**

The following table sets out our other income during the Financial Years Under Review:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Rental income <sup>(1)</sup>	8,425	24.44	7,761	27.31	7,220	28.29
Interest income	2,459	7.13	8,003	28.16	7,509	29.42
Gain on foreign exchange	8,041	23.33	2,715	9.55	4,498	17.62
Fair value gain on financial related products and financial guarantee contracts	74	0.21	2,520	8.87	2,108	8.26
Engineering charges income	1,172	3.40	3,329	11.71	1,652	6.47
Subsidy income and amortisation of grant <sup>(2)</sup>	4,169	12.09	1,776	6.25	850	3.33
Gain on disposal of joint venture <sup>(3)</sup>	8,801	25.53	-	-	-	-
Others <sup>(4)</sup>	1,333	3.87	2,315	8.15	1,686	6.61
<b>Total other operating income</b>	<b>34,474</b>	<b>100.00</b>	<b>28,419</b>	<b>100.00</b>	<b>25,523</b>	<b>100.00</b>

**Notes:-**

- (1) Comprise mainly the rental income from the leasing of office units of our 24-storey office block in Xiamen, PRC.
- (2) Comprise government grants for the purchase of machinery and equipment for our Batu Kawan Plant as well as government subsidies for the investment in machinery and technology for our Xiamen Plant.
- (3) Relates to one off gain of disposal of Exora, further details of which are set out in **Section 14.5(i)** of this Prospectus.
- (4) Comprises mainly income from material cost reimbursement and property management income of our 24-storey office block in Xiamen, PRC.

**Commentary on other income****FYE 2023 to FYE 2024**

Other operating income decreased by RM6.1 million or 17.56% to RM28.4 million in FYE 2024 (FYE 2023: RM34.5 million). This was mainly due to the following:-

- the absence of a one-off gain on disposal of Exora of RM8.8 million in FYE 2024;
- the lower gain on foreign exchange, which decreased by RM5.3 million; and
- the lower subsidy income and amortisation of grant, which decreased by RM2.4 million. This was because there were higher government grants in the FYE 2023, attributed to incentive received from Chinese Mainland government for the investment in machinery and technology for our Xiamen Plant.

The decrease was partially moderated by the following:-

- the increase in interest income by RM5.5 million, mainly attributed to interest income from the licenced banks and short-term investments;

**12. FINANCIAL INFORMATION (CONT'D)**

- the increase in fair value gain by RM2.4 million, mainly due to higher fair value gain on financial guarantee contracts amounting to RM2.2 million; and
- the increase in engineering charges income by RM2.2 million.

**FYE 2024 to FYE 2025**

Other operating income decreased by RM2.9 million or 10.19% to RM25.5 million in FYE 2025 (FYE 2024: RM28.4 million). This was mainly due to the following:-

- the decrease in engineering charges income by RM1.7 million;
- the decrease in government subsidy income from PRC Operations and amortisation of grant from Malaysia by RM0.9 million;
- the decrease in rental income by RM0.5 million;
- the decrease in interest income by RM0.5 million, mainly due to lower interest income from the bank; and
- the decrease in fair value gain by RM0.4 million, mainly due to lower fair value gain on financial guarantee contracts.

The decrease was partially moderated by the increase in gain on foreign exchange by RM1.8 million during FYE 2025.

**(v) Administrative, marketing expenses and net losses on impairment of financial assets**

The table below sets out our administrative, marketing expenses and net losses on impairment of financial assets for the Financial years Under Review:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Staff costs and related expenses <sup>(1)</sup>	16,556	34.99	17,137	38.89	16,418	40.62
Upkeep-related expenses <sup>(2)</sup>	6,470	13.67	8,724	19.80	8,367	20.70
Regulatory, tax, and related expenses <sup>(3)</sup>	3,608	7.62	3,588	8.14	3,658	9.05
Depreciation expenses <sup>(4)</sup>	3,619	7.65	3,263	7.40	2,523	6.24
Foreign exchange loss	2,349	4.96	1,664	3.78	1,360	3.37
Travelling expenses	695	1.47	993	2.25	1,317	3.26
Directors' remuneration	793	1.68	1,108	2.51	1,291	3.20
Marketing and related expenses <sup>(5)</sup>	3,566	7.54	2,511	5.70	1,161	2.87
Logistic expenses <sup>(6)</sup>	531	1.12	629	1.43	846	2.09
Professional fee	653	1.38	787	1.79	553	1.37
Property, plant and equipment written-off	3,893	8.23	86	0.20	13	0.03
Others <sup>(7)</sup>	4,586	9.61	3,580	8.11	2,912	7.20
	<b>47,319</b>	<b>100.00</b>	<b>44,070</b>	<b>100.00</b>	<b>40,419</b>	<b>100.00</b>
<b>Net losses on impairment of financial assets</b>	678		3,774		12,314	

**12. FINANCIAL INFORMATION (CONT'D)****Notes:-**

- (1) *Include salaries, expenses for staff welfare and trainings.*
- (2) *Include expenses for upkeep of office buildings, utilities, and communication services.*
- (3) *Include mainly service tax, and others such as license fee.*
- (4) *Include depreciation for property, plant and equipment as well as right-of-use assets.*
- (5) *Include commission paid to representative/distributor for the sales of our FPC products as well as marketing and advertisement expenses.*
- (6) *Include logistic charges for the purchases of input materials delivery of goods to customers, including air freight and courier charges, as well as handling charges.*
- (7) *Include mainly entertainment expenses, sundry expenses, office expenses and others.*

**Commentary on administrative, marketing expenses and net loss on impairment on financial assets****FYE 2023 to FYE 2024**

Administrative and marketing expenses decreased by RM3.2 million or 6.87% to RM44.1 million in FYE 2024 (FYE 2023: RM47.3 million). This was mainly due to the following:-

- the lower in PPE written-off, which decreased by RM3.8 million, mainly due to the absence of a one-off written-off of obsolete machinery and equipment in FYE 2023;
- the lower marketing and related expenses, which decreased by RM1.1 million. This was mainly due to the lower commission paid to representative/distributor for the sales of our FPC products; and
- the lower loss in foreign exchange, which decreased by RM0.7 million.

The decrease was partially moderated by the increase in upkeep-related expenses by RM2.3 million, mainly attributed to the higher upkeep expenses for our office building in the PRC.

In FYE 2024, there was a net loss on impairment of financial assets of RM3.8 million, mainly attributable to impairment losses on other receivables. This impairment losses relate to outstanding sum due from Valdel Real Estate Pvt Ltd ("**Valdel**"), of which RM3.4 million was impaired in the FYE 2024 (FYE 2023: RM1.1 million).

**FYE 2024 to FYE 2025**

Administrative and marketing expenses decreased by RM3.7 million or 8.28% to RM40.4 million in FYE 2025 (FYE 2024: RM44.1 million). This was mainly due to the following:-

- the lower marketing and related expenses, which decreased by RM1.5 million. This was mainly due to the lower commission paid to representative/distributor for the sales of our FPC products;
- the lower staff costs and related expenses, which decreased by RM0.7 million. This was mainly due to the lower incentive payment to our staff; and
- the lower depreciation expenses, which decreased by RM0.7 million, mainly in relation to the depreciation of machinery and equipment for our manufacturing operations.

**12. FINANCIAL INFORMATION (CONT'D)**

In FYE 2025, there was a net loss on impairment of financial assets of RM12.3 million mainly attributable the impairment losses on other receivables. This impairment losses relate to outstanding sum due from Valdel, whereby the remaining balance of RM12.1 million was fully impaired in FYE 2025 (FYE 2024: RM3.4 million).

**(vi) Finance costs**

The following table sets out our finance costs during the Financial Years Under Review:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Interest expense on:						
Borrowings	2,686	97.18	2,059	96.58	637	95.07
Lease liabilities	30	1.09	52	2.44	33	4.93
Amount owing to a related party	8	0.28	-	-	-	-
Unwinding of discount on non-current other payable <sup>(1)</sup>	40	1.45	21	0.98	-	-
	<b>2,764</b>	<b>100.00</b>	<b>2,132</b>	<b>100.00</b>	<b>670</b>	<b>100.00</b>

**Note:-**

(1) This refers to non-cash finance costs that arises from accounting for long-term liabilities measured at the present value under the MFRS requirements.

Our finance costs primarily comprise of interest expenses on term loans and revolving credit facilities which has been on a reducing trend following higher repayment of borrowings during the Financial Years Under Review.

**(vii) PBT, taxation and PAT**

	FYE 2023	FYE 2024	FYE 2025
PBT (RM'000)	77,074	84,753	92,088
PBT margin (%)	24.57	24.90	25.05
<b>Our Group</b>			
Taxation (RM'000)	8,474	9,937	11,922
Effective tax rate (%)	10.99	11.72	12.95
Statutory tax rate (%)			
- Malaysia	24.00	24.00	24.00
- Chinese Mainland	25.00	25.00	25.00
PAT (RM'000)	68,600	74,816	80,166
PAT margin (%)	21.87	21.98	21.80
<u>Adjusted profit excluding disposal of Exora:-</u>			
Adjusted PAT (RM'000) <sup>(1)(2)</sup>	60,896	78,187	92,268
Adjusted PAT margin (%)	19.41	22.97	25.10

**12. FINANCIAL INFORMATION (CONT'D)****Notes:-**

- (1) Assuming one-off item relating to disposal of Exora had been excluded from the Financial Years Under Review, the breakdown is set out below:-

	<b>Audited</b>		
	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>PAT</b>	<b>68,600</b>	<b>74,816</b>	<b>80,166</b>
<i>Adjusted for:-</i>			
<i>Gain on disposal of Exora</i>	<i>(8,801)</i>	<i>-</i>	<i>-</i>
<i>Impairment loss on outstanding sum from Valdel, being the purchaser of Exora</i>	<i>1,097</i>	<i>3,371</i>	<i>12,102</i>
<b>Adjusted PAT</b>	<b>60,896</b>	<b>78,187</b>	<b>92,268</b>

- (2) Similarly to the GP margin, our PAT and adjusted PAT was largely derived from our PRC Operations.

**Comparison between FYE 2024 and FYE 2023**

Our PBT increased by RM7.7 million or 9.96% to RM84.8 million in FYE 2024 (FYE 2023: RM77.1 million), while PBT margin remained relatively consistent at 24.57% in FYE 2023 and 24.90% in FYE 2024.

Similarly, our PAT also increased by RM6.2 million or 9.06% to RM74.8 million in FYE 2024 (FYE 2023: RM68.6 million), and PAT margin also remained relatively consistent at 21.87% in FYE 2023 and 21.98% in FYE 2024.

The increase in our PBT and PAT was mainly attributed to the increase in GP, with a growth of 13.87% in FYE 2024, driven by the revenue growth from our FPC segment and IC substrate manufacturing segment. The improvement is also partly attributed to lower administrative and marketing expenses in FYE 2024. Please refer to **Section 12.3.3 (i) and (v)** of this Prospectus for further details on our revenue analysis and administrative and marketing expenses, respectively.

For FYE 2023, our Group's effective tax rate was 10.99%, lower than the Malaysian statutory rate of 24.00% and the Chinese Mainland statutory rate of 25.00%. This was mainly due to the following:-

- income tax exemptions from QISB, our subsidiary in Malaysia, which has been accorded pioneer status for a period of 10 years beginning from February 2020, reducing the overall tax charge; and
- SHTEI, our subsidiary in the PRC, has been granted a High-Tech Enterprise Certificate where SHTEI enjoys a lower income tax rate of 15% up to December 2028.

For FYE 2024, our Group's effective tax rate was 11.72%, which was lower than the statutory tax rates in Malaysia and Chinese Mainland, mainly due to income tax exemptions for QISB in Malaysia, as well as the High-Tech Enterprise Certificate granted to SHTEI in Chinese Mainland as mentioned above.

**12. FINANCIAL INFORMATION (CONT'D)****Comparison between FYE 2025 and FYE 2024**

Our PBT increased by RM7.3 million or 8.65% to RM92.1 million in FYE 2025 (FYE 2024: RM84.8 million), while PBT margin remained relatively consistent at 24.90% in FYE 2024 and 25.05% in FYE 2025. The increase in our PBT was mainly attributed to the increase in GP, with a growth of 12.85% in FYE 2025, driven by revenue growth from our FPC segment and IC substrate manufacturing segment. The improvement is also partly attributed to lower administrative and marketing expenses in FYE 2025. Please refer to **Sections 12.3.3 (i) and (v)** of this Prospectus for further details on our revenue analysis, as well as administrative and marketing expenses, respectively.

Similarly, our PAT also increased by RM5.4 million or 7.15% to RM80.2 million in FYE 2025 (FYE 2024: RM74.8 million), and PAT margin remained relatively consistent at 21.98% in FYE 2024 and 21.80% in FYE 2025.

For FYE 2025, our Group's effective tax rate was 12.95%, which was lower than the statutory tax rates in Malaysia and Chinese Mainland, mainly due to income tax exemptions for QISB in Malaysia, as well as the High-Tech Enterprise Certificate granted to SHTEI in Chinese Mainland as mentioned above.

**12.3.4 Significant factors affecting our financial position and results of operations**

Our business operations and financial conditions have been and will continue to be affected by factors including, but not limited to, the following:-

**(i) Our business operations and financial performance are subject to customers' demand for our products and services, and also dependent on our ability to secure new orders**

Our business performance depends on customer demand for FPC and IC substrates. Such demand is primarily driven by customers' purchase orders, which are influenced by their production plans, end-market conditions, inventory levels and overall industry conditions. Any reduction, delay, or cancellation of purchase orders may adversely affect our business and results of operations, including order book replenishment, capacity utilisation, revenue visibility and financial performance.

As such, our business and financial performance depend on our ability to consistently secure new orders from existing and new customers. Furthermore, sales performance is subject to various factors, including market demand driven by changes in economic conditions, developments in government policies and geopolitical conditions, pricing and competitive conditions. In the event of a significant decline in sales performance, it could affect our results of operations and financial performance.

**(ii) Our IC substrate manufacturing segment relies on a major customer and is also dependent on our ability to retain the major customer**

Our IC substrate manufacturing segment relies on our major customer, Customer A Group, which contributed more than 10.00% of our Group's revenue for the Financial Years Under Review. Within our IC substrate manufacturing segment, Customer A Group contributed 80.30% (RM43.1 million), 80.15% (RM53.9 million), and 75.24% (RM55.2 million) of our revenue from the IC substrate manufacturing segment for FYE 2023, FYE 2024 and FYE 2025, respectively.

As at the LPD, we have a master supply agreement with Customer A Group, and there is forecast visibility for 6 to 12 months. Nevertheless, we do not have a long-term purchase contract with this major customer. The sales to this major customer are made based on purchase orders issued at its discretion. As such, there is no assurance of the continuity, volume, or timing of future orders. Any significant reduction in sales to this major customer, or the loss of this customer, if not timely replaced by new customers, would materially and adversely affect our results of operations and financial performance.

**12. FINANCIAL INFORMATION (CONT'D)****(iii) Initial capital expenditure in technology and investment in R&D resources for expansion into advanced semiconductor packaging business presents a financial risk**

Our expansion into advanced semiconductor packaging business requires significant upfront capital expenditure on specialised equipment and sustained investment in R&D resources. This expansion exposes us to additional execution, technological and financial risks, such as semiconductor-specific risks, including prolonged yield ramp-up periods, process integration complexities between substrate manufacturing and packaging and lower initial yields with higher production costs during the early stage.

Additionally, the advanced packaging market is competitive and subject to technological evolution and shifting customer technology roadmaps. In the event of slower than anticipated market adoption, customer demand not materialising, or broader acceptance of competing technologies, our investments may not generate the expected returns, which could affect the results of our operations and financial performance in the future.

**(iv) Foreign exchange rate fluctuations**

We have business operations in Malaysia and the PRC. For the Financial Years Under Review, our revenue was derived from operations in Malaysia and the PRC, and transactions were conducted in the domestic currencies of our operating countries and in foreign currencies for export sales. In addition, our procurement of input materials is transacted in foreign currencies, which may expose us to foreign currency risk. We are exposed to foreign exchange fluctuations, mainly the USD and RMB.

For the Financial Years Under Review, our revenue and purchases were denominated in RM and in foreign currencies, primarily USD and RMB. Please refer to **Section 5.1.2** of this Prospectus for further details. As such, our business is subject to foreign currency risk, and any unfavourable exchange rate fluctuations may affect our business operations and financial performance through transactions denominated in foreign currencies.

The details of our foreign exchange gains and losses are as follows:-

	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net realised gains on foreign exchange	7,712	2,665	2,182
Net unrealised (losses)/gains on foreign exchange	(2,020)	(1,614)	956
<b>Net gains</b>	<b>5,692</b>	<b>1,051</b>	<b>3,138</b>

As at the LPD, we maintain bank accounts in RM, RMB and USD, allowing us to use collections to settle payments in the same currency, where possible. We have some natural hedging against USD and RMB, as we generate revenue and make purchases in these currencies. This helps reduce our exposure to foreign exchange fluctuations to some extent. In addition, as at the LPD, we have entered into forward foreign currency contracts hedge against foreign currency movements for USD. However, we cannot guarantee that adverse fluctuations in USD and RMB against the RM will not materially impact our financial performance.

**12. FINANCIAL INFORMATION (CONT'D)****(v) Tax consideration**

We currently benefit from certain tax exemption and tax incentives for Malaysia where QISB has been granted Pioneer Status from February 2020 to January 2030. In the PRC, SHTEI has been granted a High-Tech Enterprise Certificate and enjoys an income tax rate of 15.00%. SHTEI have successfully renewed this tax incentive since 2016. On an overall basis, our effective tax rate was 10.99%, 11.72% and 12.95% for FYE 2023, FYE 2024 and FYE 2025, respectively which is lower than the Malaysian statutory tax rate of 24.00% and the Chinese Mainland statutory tax rate of 25.00%.

Although we expect to maintain our tax incentive eligibility status over the prescribed period of time, no assurance can be given that our eligibility for such tax breaks will not be reviewed and revoked, or that we will continue to enjoy effective tax rates which are lower than the current statutory levels. If we are unable to satisfy the requisite qualifying criteria for such tax incentives, we may not be able to maintain similar levels of profitability in the future.

**(vi) Interest rate fluctuations**

All of our borrowings are interest-bearing and as such, any hike in interest rates would affect our financial performance. For the Financial Years Under Review, our weighted average effective interest rates are set out below:

	FYE 2023	FYE 2024	FYE 2025
Weighted average effective interest rates	4.68%	6.57%	4.99% to 6.09%

As at 31 May 2025, our outstanding bank borrowings were RM20.3 million, comprising revolving credit facilities and term loans, which are based on a floating interest rate. Our finance cost in relation to interest expenses on bank borrowings was RM2.8 million, RM2.1 million and RM0.7 million for the FYE 2023, FYE 2024 and FYE 2025, respectively.

For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings.

**(vii) Impact of inflation**

Our manufacturing costs primarily consist of input materials, labour and factory overheads which are subject to various operating conditions, including inflation, changes in government policy on minimum wages and any increases in utilities such as electricity tariffs, water and related surcharges.

For the Financial Years Under Review and up to the LPD, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that future inflation will not affect our business and financial performance.

**(viii) Impact of government, economic, fiscal or monetary policies**

Our business is subject to risks associated with government, economic, fiscal, or monetary policies. Any unfavourable changes in the government policies, economic conditions or fiscal or monetary policies may materially affect our operations in Malaysia. For further details, please refer to Risk Factors in **Section 5.2** of this Prospectus.

## 12. FINANCIAL INFORMATION (CONT'D)

### 12.3.5 Order book

Generally, our sales are derived from confirmed purchase orders. In this regard, we do not maintain an order book based on contracts, given the nature of our business.

As at the LPD, we have confirmed purchase orders amounting to RM227.9 million, to be fulfilled progressively between FYE 2026 and FYE 2027.

### 12.3.6 Significant changes

There have been no significant changes that may have a material effect on our financial position and results from the FYE 2025 up to the LPD.

## 12.4 Liquidity and capital resources

### 12.4.1 Working capital

Our working capital is funded through cash generated from our operating activities, borrowings from financial institutions as well as our existing cash and cash equivalents.

As at 31 May 2025, we had cash and bank balances of RM133.4 million and total borrowings of RM20.3 million. As at 31 May 2025, our working capital, calculated as the difference between our current assets of RM306.2 million and current liabilities of RM114.6 million, was RM191.6 million.

As at the LPD, our Group had available banking facilities amounting to RM56.00 million, of which RM31.1 million has yet to be utilised.

Based on the above and taking into consideration our funding requirements for our committed capital expenditure of RM11.3 million as at the LPD (as further detailed in **Section 12.4.6** of this Prospectus), expected cash flows from operations, our existing level of cash and bank balances, credit sources, proceeds to be raised from our Public Issue, as well as dividends paid and to be paid LPD (as further detailed in **Section 12.6** of this Prospectus), our Board is of the view that we will have sufficient working capital for at least 12 months from the date of this Prospectus.

### 12.4.2 Cash flow

The table below sets out the summary of our combined statements of cash flows for the Financial Years Under Review and should be read in conjunction with the Accountants' Report as set out in **Section 13** of this Prospectus.

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Net cash from operating activities	96,022	97,077	88,708
Net cash (used in)/from investing activities	(97,887)	22,366	(11,856)
Net cash used in financing activities	(20,528)	(81,486)	(99,136)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(22,393)</b>	<b>37,957</b>	<b>(22,284)</b>
Effects of exchange rate changes on cash and cash equivalents	(581)	99	(2,593)
Cash and cash equivalents at beginning of the financial year	44,889	21,915	59,971
<b>Cash and cash equivalents at end of the financial year</b>	<b>21,915</b>	<b>59,971</b>	<b>35,094</b>

**12. FINANCIAL INFORMATION (CONT'D)**

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
<b>Cash and cash equivalents comprise the following:-</b>			
Deposits with licensed banks	150,039	107,781	115,747
Cash and bank balances	15,798	40,338	17,672
Short-term funds	6,117	19,633	17,422
Less: Fixed deposits with maturity more than 3 months	(149,680)	(107,646)	(34,778)
Less: Deposits with maturity more than 3 months	(359)	(135)	(80,969)
	<b>21,915</b>	<b>59,971</b>	<b>35,094</b>

Most of our cash and cash equivalents are held in RM, RMB, USD and CAD. Transfers of funds from our subsidiaries to our Company are subject to compliance with applicable laws and regulations, including the Chinese Mainland regulations governing capital repatriation and profit remittance (further details are set out in **Section 14.7.2** of this Prospectus). Subject to such compliance, and the availability of distributable reserves, and compliance with any applicable financial covenants, there are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, loans or advances.

**(a) Net cash from operating activities****FYE 2023**

For the FYE 2023, we recorded net cash from operating activities of RM96.0 million after taking into consideration our operating profit before changes in working capital of RM99.1 million and mainly the following:-

- (i) increase of RM5.3 million in trade and other payables mainly attributed to higher outstanding of trade payables our Malaysia Operations resulting from higher purchases of input materials;
- (ii) decrease of RM5.0 million in inventories, mainly attributed to lower inventory of raw materials and finished goods;
- (iii) decrease of RM2.5 million in contract liabilities resulted from the recognition of revenue for orders fulfilled during the year that been paid upfront in the previous financial year; and
- (iv) net tax payments of RM11.4 million.

**FYE 2024**

For the FYE 2024, we recorded net cash from operating activities of RM97.1 million after taking into consideration our operating profit before changes in working capital of RM105.8 million and mainly the following:-

- (i) decrease of RM5.6 million in trade and other receivables attributed to the lower outstanding of trade receivables following collections of outstanding amounts from customers;
- (ii) increase of RM2.3 million in trade and other payables, mainly attributed to the higher outstanding amount of trade payables, following the increase in purchases during the financial year;

## 12. FINANCIAL INFORMATION (CONT'D)

- (iii) decrease of RM2.3 million in contract liabilities resulted from the recognition of revenue for orders fulfilled during the year that been paid upfront in the previous financial year;
- (iv) increase of RM2.2 million in inventories attributed to higher work-in-progress inventories for our FPC manufacturing in Malaysia, driven by ongoing purchase orders that remained in progress as at the reporting date;
- (v) increase of RM2.0 million in contract assets arising from higher orders fulfilled but pending billing to customers as at the end of the financial year; and
- (vi) net tax payments of RM10.3 million.

### **FYE 2025**

For the FYE 2025, we recorded net cash from operating activities of RM88.7 million after taking into consideration our operating profit before changes in working capital of RM117.7 million, and mainly the following:-

- (i) increase of RM5.7 million in trade and other receivables, mainly attributed to higher outstanding trade receivables arising from increased order fulfilments toward the end of the financial year;
- (ii) increase of RM4.8 million in inventories attributed to higher inventories of raw materials from our Malaysia Operations, resulting from increased procurement to support ongoing customer orders. The increase was partly attributed to higher inventories of finished goods from our PRC Operations arising from completed production that had yet to be delivered at the end of the financial year;
- (iii) decrease of RM3.5 million in trade and other payables was mainly attributed to the lower outstanding of trade payables following timely payments made to our suppliers;
- (iv) decrease of RM3.4 million in contract liabilities resulted from the recognition of revenue for orders fulfilled during the year that been paid upfront in the previous financial year; and
- (v) net tax payments of RM11.7 million.

### **(b) Net cash (used in)/from investing activities**

#### **FYE 2023**

For the FYE 2023, we recorded net cash used in investing activities of RM97.9 million, mainly attributed to RM98.6 million in net changes in deposits with licensed banks with maturity more than 3 months.

In addition, there were RM3.5 million used as capital expenditure for the purchase of property, plant, and equipment, including mainly RM1.5 million of work-in-progress capital expenditure for our Xiamen Plant and Bayan Lepas Plant, RM0.8 million of renovation on the office building in the PRC, and RM0.6 million for the purchase of machinery and equipment for FPC manufacturing at our Bayan Lepas Plant and Xiamen Plant.

This was partially offset by RM2.5 million of interest received and RM1.5 million of proceeds received from the reduction of other investments. Such reduction primarily comprised redemption of short term bank-issued wealth management products, partially offset by additional investments in companies (Qforce and Qdynamic).

**12. FINANCIAL INFORMATION (CONT'D)****FYE 2024**

For the FYE 2024, we recorded net cash from investing activities of RM22.4 million, mainly attributed to RM42.1 million of net changes in deposits with licensed banks, as well as RM8.0 million of interest received.

This was partially offset by the following:-

- RM16.4 million used for placement in short term investments; and
- RM11.5 million used as capital expenditure for the purchase of property, plant, and equipment, mainly includes RM10.4 million of work-in-progress capital expenditure for our Batu Kawan Plant, Bayan Lepas Plant, and Xiamen Plant.

The remaining mainly comprises RM0.4 million of renovation of the office building in the PRC, RM0.3 million of purchase of machinery and equipment for our Xiamen Plant and Bayan Lepas Plant and the purchase of office equipment and motor vehicles.

**FYE 2025**

For the FYE 2025, we recorded net cash used in investing activities of RM11.9 million, mainly attributed to RM18.6 million of net changes in deposits with licensed banks with maturity more than 3 months.

In addition, there were RM10.1 million used as capital expenditure for the purchase of property, plant, and equipment, mainly including:-

- RM4.4 million of work-in-progress capital expenditure for our Xiamen Plant and Batu Kawan Plant;
- RM2.0 million of additional property comprising RM1.2 million for the acquisition of long-term leasehold apartment in Malaysia and RM0.8 million for renovation of a leasehold building in the PRC;
- RM1.9 million for the purchase of machinery and equipment mainly for our Bayan Lepas Plant; and
- RM1.2 million for the purchase of motor vehicles for our operations in Malaysia and the PRC, while the remaining RM0.6 million for the purchase of office equipment as well as furniture and fittings.

This was partially offset by RM9.1 million of proceeds received from a reduction in other investments comprising bank issued wealth management products and RM7.5 million of interest received.

**(c) Net cash used in financing activities****FYE 2023**

For the FYE 2023, we recorded net cash used in financing activities of RM20.5 million, attributed to RM16.8 million for the repayments of term loans, RM2.7 million of interest paid in relation to the term loans and RM1.0 million for the repayment of lease liabilities pertaining to rental payments for our hostel in Malaysia and the PRC.

**FYE 2024**

For the FYE 2024, we recorded net cash used in financing activities of RM81.5 million, mainly attributed to RM68.1 million of dividend payments. In addition, there were RM38.0 million in repayments of term loans, RM2.1 million in interest paid in relation to the term loans and RM1.0 million of repayment of lease liabilities pertaining to rental payment for our hostel in Malaysia and the PRC.

This was partially offset by the net advances of RM27.7 million received from a related party. As at the LPD, these advances have been settled.

## 12. FINANCIAL INFORMATION (CONT'D)

### FYE 2025

For the FYE 2025, we recorded net cash used in financing activities of RM99.1 million, mainly attributed to RM106.9 million of dividend payments. In addition, there were RM5.7 million for the repayments of term loans, RM0.9 million of repayment of lease liabilities pertaining to rental payments for our hostel in Malaysia and the PRC, as well as RM0.6 million for interest paid in relation to the term loans and revolving credit.

This was partially offset by the RM15.0 million of net drawdown of revolving credit used for our working capital purposes.

#### 12.4.3 Capitalisation and indebtedness

The table below summarises the capitalisation and indebtedness of our Group as at 31 December 2025, and after taking into account the Public Issue as well as the utilisation of proceeds as set out in **Section 4.6** of this Prospectus. The pro forma financial information below does not represent our Group's actual capitalisation and indebtedness as at 31 December 2025 and is provided for illustration purposes only.

	Unaudited	Pro forma I	Pro forma II	Pro forma III
	As at 31 December 2025 (RM'000)	After the adjustments for material subsequent event and Pre-IPO exercise (RM'000)	After pro forma I and the Public Issue (RM'000)	After pro forma II and the utilisation of IPO proceeds (RM'000)
<b>Capitalisation</b>				
Total shareholders' equity	281,788	[•]	[•]	[•]
<b>Total capitalisation</b>	<b>281,788</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
<b>Indebtedness</b>				
<b>Non-current</b>				
<b><u>Secured and guaranteed</u></b>				
Term loan	2,916	[•]	[•]	[•]
<b>Current</b>				
<b><u>Secured and guaranteed</u></b>				
Term loan	912	[•]	[•]	[•]
Revolving credits	15,000	[•]	[•]	[•]
Invoice financing facility	4,639	[•]	[•]	[•]
	<b>20,551</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
<b>Total indebtedness</b>	<b>23,467</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
<b>Total capitalisation and indebtedness</b>	<b>305,255</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>
<b>Gearing ratio</b>	<b>0.08</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

## 12. FINANCIAL INFORMATION (CONT'D)

### 12.4.4 Bank borrowings

As at 31 May 2025, our Group's total outstanding bank borrowings was RM20.3 million, all of which were interest-bearing with interest ranging from 4.98% to 6.09% per annum, which are based on floating interest rates and .

As at 31 May 2025, the details of our bank borrowings are set out below:-

Type of facility	Purpose	Effective interest rate per annum (%)	Less than 1 year (RM'000)	Between 1 to 5 years (RM'000)	Outstanding amount as at 31 May 2025 (RM'000)
Term loans	To finance the purchase of machineries and equipment for Malaysia Operations	6.09	2,289	3,052	5,341
Revolving credits	To finance working capital for our Malaysia Operations	4.98	15,000	-	15,000
<b>Total</b>					<b>20,341</b>

The currency profile of our bank borrowings as at 31 May 2025 is set out below:-

Type of facility	In RM currency (RM'000)	In USD currency (RM'000)	Outstanding amount as at 31 May 2025 (RM'000)
Term loans	-	5,341	5,341
Revolving credits	15,000	-	15,000
<b>Total</b>			<b>20,341</b>

Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for Financial Years Under Review, and up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**12. FINANCIAL INFORMATION (CONT'D)****12.4.5 Capital expenditure and divestitures****Capital expenditure**

Our capital expenditure for the Financial Years Under Review and up to LPD is set out below:

	FYE 2023		FYE 2024		FYE 2025		1 June 2025 up to LPD	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Capital work-in-progress <sup>(1)</sup>	1,550	44.82	10,353	89.93	4,438	43.73	-	-
Long-term leasehold apartments	-	-	-	-	1,229	12.11	-	-
Leasehold building	-	-	57	0.50	758	7.47	-	-
Renovation	810	23.42	409	3.55	-	-	-	-
Plant and machinery	596	17.24	279	2.42	1,888	18.60	6,108	89.72
Motor vehicles	285	8.24	193	1.68	1,197	11.80	-	-
Furniture, fixtures and office equipment	131	3.79	191	1.66	602	5.93	581	8.53
Electrical equipment	86	2.49	30	0.26	36	0.36	119	1.75
<b>Total capital expenditure</b>	<b>3,458</b>	<b>100.00</b>	<b>11,512</b>	<b>100.00</b>	<b>10,148</b>	<b>100.00</b>	<b>6,808</b>	<b>100.00</b>

**Note:-**

- (1) Capital work-in-progress mainly comprising machineries to be assembled and installed in our manufacturing facilities and leasehold buildings.

For the Financial Years Under Review, all of our capital expenditures are funded through internally generated funds.

**FYE 2023**

In FYE 2023, our capital expenditure was RM3.5 million including the purchase of property, plant, and equipment, including mainly RM1.5 million of work-in-progress capital expenditure for our Xiamen Plant and Bayan Lepas Plant, RM0.8 million of renovation on the office building in the PRC, as well as RM0.6 million of the purchase of machinery and equipment for FPC manufacturing at our Bayan Lepas Plant and Xiamen Plant.

**FYE 2024**

In FYE 2024, our capital expenditure was RM11.5 million, used for the purchase of property, plant, and equipment, mainly including RM10.4 million of work-in-progress capital expenditure for our Batu Kawan Plant, Bayan Lepas Plant, and Xiamen Plant.

The remaining mainly comprises RM0.4 million of renovation of the office building in the PRC, RM0.3 million of purchase of machinery and equipment for our Xiamen Plant and Bayan Lepas Plant and the purchase of office equipment and motor vehicles.

**12. FINANCIAL INFORMATION (CONT'D)****FYE 2025**

In FYE 2025, our capital expenditure was RM10.1 million for the purchase of property, plant, and equipment, mainly including:-

- RM4.4 million of work-in-progress capital expenditure for our Xiamen Plant and Batu Kawan Plant;
- RM2.0 million of additional property comprising RM1.2 million for the acquisition of long-term leasehold apartment in Malaysia and RM0.8 million for the renovation of a leasehold building in the PRC;
- RM1.9 million for the purchase of machinery and equipment mainly for our Bayan Lepas Plant; and
- RM1.2 million for the purchase of motor vehicles for our operations in Malaysia and the PRC, while the remaining RM0.6 million was for the purchase of office equipment as well as furniture and fittings.

**1 June 2025 and up to the LPD**

Between 1 June 2025 and up to the LPD, our capital expenditure was RM6.8 million for the purchase of property, plant, and equipment, mainly comprising RM6.1 million for the purchase of machinery and equipment for our Xiamen Plant and Bayan Lepas Plant.

**Capital divestiture**

Our capital divestiture for the Financial Years Under Review and up to LPD is set out below:-

	FYE 2023		FYE 2024		FYE 2025		1 June 2025 up to LPD	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Plant and machinery	1,544	77.05	5,584	97.64	2,092	81.59	1,387	59.78
Motor vehicles	175	8.73	-	-	416	16.22	-	-
Electrical equipment	-	-	135	2.36	56	2.19	893	38.49
Capital work-in-progress	285	14.22	-	-	-	-	-	-
Furniture, fixtures and office equipment	-	-	-	-	-	-	40	1.73
<b>Total capital divestiture</b>	<b>2,004</b>	<b>100.00</b>	<b>5,719</b>	<b>100.00</b>	<b>2,564</b>	<b>100.00</b>	<b>2,320</b>	<b>100.00</b>

**FYE 2023**

In FYE 2023, our capital divestiture was RM2.0 million, comprising:-

- RM1.5 million of disposal of plant and machinery from our Xiamen Plant, including equipment for electroplating and inspection processes;
- RM0.3 million of divestiture in capital work-in-progress from our Batu Kawan Plant including laser cutting machine; and
- RM0.2 million of disposal of motor vehicles from our PRC Operations.

**12. FINANCIAL INFORMATION (CONT'D)****FYE 2024**

In FYE 2024, our capital divestiture was RM5.7 million, comprising mainly RM5.6 million of disposal of plant and machinery from our Batu Kawan Plant, including laser imaging machine, and Xiamen Plant, including exposure and lamination machine.

**FYE 2025**

In FYE 2025, our capital divestiture was RM2.6 million, comprising mainly RM2.1 million of disposal of plant and machinery from our Xiamen Plant, including plasma processing and pressure machines, and Bayan Lepas Plant, including laser cutting and printing machines.

**1 June 2025 and up to the LPD**

Between 1 June 2025 and up to the LPD, our capital divestiture was RM2.3 million, comprising mainly RM1.4 million of the disposal of plant machinery from our Xiamen Plant, including mainly inspection equipment and surface finishing equipment, and Bayan Lepas Plant, including laminating machine as well as RM0.9 million of the disposal of electrical equipment from Xiamen Plant, including forklift and oven.

**12.4.6 Material capital commitment**

We have proposed investments of RM[●] million that have been approved but not yet contracted, as part of our strategies and plans for our operations in Malaysia and the PRC. Please refer to **Section 7.28** of this Prospectus for further details on our business strategies and plans.

Save as disclosed above, there are no material capital commitments incurred or to be incurred by us that have not been provided for which, upon becoming enforceable, may have a material impact on our financial results or financial position as at the LPD.

**12.4.7 Material litigation or claims**

Save for an on-going litigation matter pertaining to the disposal of Exora, further details are set out in **Section 14.6** of this Prospectus, as at the LPD, neither our Company nor our subsidiaries is engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability.

**12.4.8 Contingent liabilities**

As at the LPD, there are no material contingent liabilities which upon becoming enforceable may have a material impact on the financial position of our Group.

**12.4.9 Key financial ratios**

	FYE 2023	FYE 2024	FYE 2025
Trade receivables turnover period (days) <sup>(1)</sup>	104	96	87
Trade payables turnover period (days) <sup>(2)</sup>	83	75	70
Inventory turnover period (days) <sup>(3)</sup>	66	58	56
Current ratio (times) <sup>(4)</sup>	3.65	2.96	2.67
Gearing ratio (times) <sup>(5)</sup>	0.11	0.03	0.05

**12. FINANCIAL INFORMATION (CONT'D)****Notes:-**

- (1) Computed based on the average closing balance of trade receivables divided by revenue for the respective financial year, multiplied by the number of days in the respective financial year. The average closing balance was derived based on the sum of the closing balance of the previous financial year and the closing balance of the financial year divided by 2.
- (2) Computed based on the average closing balance of trade payables divided by the cost of sales for the respective financial year, multiplied by the number of days in the respective financial year. The average closing balance was derived based on the sum of the closing balance of the previous financial year and the closing balance of the financial year divided by 2.
- (3) Computed based on the average closing balance of inventory divided by the cost of sales for the respective financial year, multiplied by the number of days in the respective financial year. The average closing balance was derived based on the sum of the closing balance of the previous financial year and the closing balance of the financial year divided by 2.
- (4) Computed based on current assets over current liabilities.
- (5) Computed based on total bank borrowings (excluding lease liabilities recognised under MFRS 16) over total shareholders' equity.

**(i) Trade receivables turnover period**

A summary of our trade receivables for the Financial Years Under Review is set out as follows:-

	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Opening trade receivables	86,525	91,692	86,778
Closing trade receivables	91,692	86,778	88,917
Average trade receivables	89,109	89,235	87,848
Revenue	313,708	340,425	367,658
<b>Trade receivables turnover period (days)<sup>(1)</sup></b>	<b>104</b>	<b>96</b>	<b>87</b>

**Note:-**

- (1) Computed based on the average closing balance of trade receivables divided by revenue for the respective financial year, multiplied by the number of days in the respective financial year.

The normal credit period granted to our customers ranges from 30 to 120 days. Other credit terms to customers are assessed and approved by our management on a case-by-case basis, taking into consideration factors such as our relationship with the customer, the financial position and payment history, as well as the creditworthiness of our customers.

Our trade receivables turnover period decreased from 104 days in the FYE 2023 to 96 days in the FYE 2024 and 87 days in the FYE 2025, which fall within the credit term granted to our customers. The decrease was mainly due to timely collections from our customers.

Our Group will assess the collectability of trade receivables on an individual and collective customer basis, and impairment will be made for customers where recoverability is uncertain, based on our past dealings, current, and forward-looking economic conditions. In addition, for any trade receivables that have exceeded the credit period, we will follow up with our customers on the outstanding receivables, and where appropriate, provide for specific impairment on those trade receivables where recoverability is uncertain based on our dealings with these customers.

**12. FINANCIAL INFORMATION (CONT'D)**

The ageing analysis of our trade receivables as at 31 May 2025 is as follows:-

	Trade receivables as at 31 May 2025	Subsequent collections as at the LPD	Net trade receivables after subsequent collections up to the LPD
	RM'000	RM'000	RM'000
Not past due	79,065	78,883	182
Past due:-			
1 – 30 days	8,065	8,009	56
31 – 60 days	1,701	1,701	-
61 – 90 days	16	13	3
More than 90 days	70	35	35
	<b>88,917</b>	<b>88,641</b>	<b>276</b>

As at the LPD, we have collected approximately RM88.64 million or 99.69% of the total trade receivables which were outstanding as at 31 May 2025.

In addition, we recorded impairment losses of RM0.9 million on outstanding trade receivables as at 31 May 2025. Nevertheless, we will closely monitor the recoverability of the outstanding trade receivables on a regular basis and take proactive measures, including regularly following up with our customers on outstanding debts and conducting credit assessments before undertaking any future projects.

**(ii) Trade payables turnover period**

Our trade payables are the outstanding amounts due to our suppliers. The normal credit terms granted by our suppliers typically range from 30 days to 90 days.

A summary of our trade payables for the Financial Years Under Review is set out as follows:-

	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Opening trade payables	53,329	46,553	49,266
Closing trade payables	46,553	49,266	46,019
Average trade payables	49,941	47,910	47,643
Cost of sales	220,347	234,115	247,690
<b>Trade payables turnover period (days)<sup>(1)</sup></b>	<b>83</b>	<b>75</b>	<b>70</b>

**Note:-**

(1) Computed based on the average closing balance of trade payables divided by cost of sales for the respective financial years multiplied by number of days in the respective financial years.

Our trade payables turnover period decreased from 83 days in the FYE 2023 to 75 days in the FYE 2024 and 70 days in the FYE 2025, which fall within the credit term granted to our suppliers. The decrease was mainly due to timely payments made to our suppliers.

As at the LPD, there is no dispute in respect of trade payables and no legal action initiated by our suppliers to demand for payment.

**12. FINANCIAL INFORMATION (CONT'D)**

The ageing analysis of our trade payables as at 31 May 2025 is as follows:-

	Trade payables as at 31 May 2025	Subsequent payments as at the LPD	Net trade payables after subsequent payments up to the LPD
	RM'000	RM'000	RM'000
Not past due	26,444	26,444	-
Past due:-			
1 – 30 days	13,235	13,235	-
31 – 60 days	5,227	5,227	-
61 – 90 days	925	925	-
More than 90 days	188	48	140
	<b>46,019</b>	<b>45,879</b>	<b>140</b>

As at the LPD, our Group has paid off RM45.9 million or 99.69% of the total trade payables outstanding as at 31 May 2025.

**(iii) Inventory turnover period**

Our inventory consists of the following:-

- Raw materials were input materials for our manufacturing operations, comprising gold-based chemical compounds, copper-based materials, coverlays, films, and lamination materials;
- Work-in-progress inventories refer to goods that are partially completed, and semi-finished goods are more complete than work-in-progress but not yet finished goods, and commonly await the next production step before they can be sold or delivered to customers;
- Finished goods refer to fully completed products that are ready for sales and shipment;
- Spare parts inventory comprises mainly replacement components and parts that are held to support maintenance and repair of our existing operational facilities and systems; and
- Inventory-in-transit includes raw materials shipped from suppliers awaiting arrival at our plants, as well as finished goods that have been dispatched and are in transit to customers.

A summary of our inventory for the Financial Years Under Review is set out as follows:-

	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Opening inventory	43,341	36,631	37,180
Closing inventory	36,631	37,180	39,269
Average inventory	39,986	36,906	38,225
Cost of sales	220,347	234,115	247,690
<b>Average inventory turnover period (days)<sup>(1)</sup></b>	<b>66</b>	<b>58</b>	<b>56</b>

**Note:-**

- (1) Computed based on the average closing balance of inventory divided by cost of sales for the respective financial years multiplied by the number of days in the respective financial year.

**12. FINANCIAL INFORMATION (CONT'D)**

We recorded inventory turnover period between 66 days to 56 days for the Financial Years Under Review.

As at 31 May 2024, our average inventory turnover period was 58 days compared to 66 days as at 31 May 2023, mainly attributed to the lower inventory of raw materials and finished goods as at the end of 31 May 2023.

Our inventory turnover period improved from 66 days as at 31 May 2023 to 58 days as at 31 May 2024 and 56 days as at 31 May 2025. This was mainly attributed to lower work-in-progress inventories as at the end of the reporting date, driven by faster movement of finished goods. The work-in-progress inventories were RM13.1 million as at 31 May 2025 (31 May 2024: RM15.7 million).

We review our inventories on a product-by-product and ageing basis during the periodic stock count in accordance to our inventory management practices and we make allowances for obsolete and slow-moving inventories, when necessary.

We recognised inventory write-down of RM1.9 million, RM1.6 million and RM1.4 million for the FYE 2023, FYE 2024 and FYE 2025, respectively, which were not material relative to our total inventories and revenue.

**(iv) Current ratio**

Our current assets mainly comprise inventories, trade and other receivables, contract assets, other investments, current tax assets, cash and bank balances and short-term funds. Meanwhile, our current liabilities mainly comprise trade and other payables, borrowings, current tax liabilities, contract liabilities and lease liabilities.

Our current ratio for the Financial Years Under Review is set out as follows:-

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Current assets	342,750	346,255	306,152
Current liabilities	93,921	116,910	114,574
<b>Current ratio (times)<sup>(1)</sup></b>	<b>3.65</b>	<b>2.96</b>	<b>2.67</b>

**Note:-**

(1) Computed based on current assets over current liabilities.

Our current ratio declined from 3.65 times as at 31 May 2023 to 2.96 times as at 31 May 2024 and 2.67 times as at 31 May 2025. This was mainly attributed to the payment of dividend amounting to RM68.1 million and RM106.9 million in the FYE 2024 and FYE 2025, respectively.

**(v) Gearing ratio**

A summary of our gearing ratio for the Financial Years Under Review is set out as follows:

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Total bank borrowings <sup>(1)</sup>	49,333	13,280	20,341
Shareholders' equity	433,000	435,688	384,205
<b>Gearing ratio (times)<sup>(2)</sup></b>	<b>0.11</b>	<b>0.03</b>	<b>0.05</b>

## 12. FINANCIAL INFORMATION (CONT'D)

### Notes:-

- (1) *Excluding lease liabilities recognised under MFRS 16.*
- (2) *Computed based on our total borrowings over total shareholders' equity.*

Our gearing ratio decreased from 0.11 times as at 31 May 2023 to 0.03 times as at 31 May 2024, mainly attributed to the repayments of term loans during the financial year.

Our gearing ratio increased slightly from 0.03 times as at 31 May 2024 to 0.05 times as at 31 May 2025, mainly attributed to the drawdown of revolving credits of RM15.0 million during the financial year for working capital purposes. In addition, there was a decline in shareholders' equity arising from dividends paid and the effect of the negative foreign currency translation reserve of RM24.7 million.

### 12.4.10 Type of financial instruments used

As at the LPD, we have entered into forward foreign currency contracts to manage foreign currency movements against USD. In addition, our Group's banking facilities from financial institutions consist of the following:-

- term loans used for the purchase of machineries;
- tradeline used for bank guarantee; and
- revolving credits and invoice financing for working capital purposes.

The interest rates for our bank borrowings are typically based on the prevailing market rates at the dates of the respective transactions. As at the LPD, our Group has available credit facilities, namely, tradeline, revolving credits, invoice financing and term loans amounting to RM56.0 million, of which RM31.1 million remains unutilised.

The main objective of our capital management is to ensure sustainable shareholders' equity and the ability to support and grow our business, thereby maximising shareholders' value. We review and manage our capital structure to maintain an optimal debt-to-equity ratio aligned with business requirements and prevailing economic conditions.

We are exposed to foreign currency risk as we deal with customers and suppliers in both domestic and foreign markets, where transactions are denominated in both domestic and foreign currencies. Hence, we maintain bank accounts mainly in RM, RMB and USD, so that collections can be used to settle payments in the same currency where possible. This, to some extent, provides a natural hedge against foreign exchange fluctuations and mitigates our exposure to foreign exchange risk. In addition, as at the LPD, we have entered into forward foreign currency contracts hedge against foreign currency movements for USD.

### 12.4.11 Treasury policies and objectives

We have been financing our operations through a combination of internal and external sources. Our internal funds consist of cash generated from operating activities, while our external funds mainly consist of credit and loan facilities from financial institutions. Our funding policy is to secure the most suitable type of financing at the most favourable cost of funds, whereas our treasury policy is to maintain sufficient working capital to finance our operations, coupled with adequate credit facilities to meet estimated commitments arising from our operational expenditure and financial liabilities.

The decision to either utilise banking facilities or internally generated funds for our operations depends on factors such as our cash reserves, expected cash inflows or receipts from customers, future working capital requirements, future capital expenditure and the prevailing interest rates of the banking facilities.

## 12. FINANCIAL INFORMATION (CONT'D)

### 12.5 Trend information

As at the LPD, our Board confirms that there are no:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, positions and operations, other than those disclosed in this **Section 12**, and **Sections 5** and **7** of this Prospectus;
- (ii) material capital commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this **Section 12**, and **Section 5** of this Prospectus;
- (iv) known trends, demands, commitments, events, or uncertainties that have resulted in a material impact on our total revenue and/or profits, save for those that have been disclosed in this **Section 12**, and **Section 5** of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position, other than those disclosed in this **Section 12**, and **Section 5** of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, other than those disclosed in this **Section 12**, and **Section 5** of this Prospectus.

### 12.6 Dividend policy

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future. The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below, as well as any other factors deemed relevant by our Board.

In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors, including:-

- (i) our level of cash, gearing, return on equity, and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other investment plans;
- (iv) our working capital requirements; and
- (v) any contractual restrictions and/or commitments.

We target a payout ratio of 30.00% of our PAT attributable to owners of our Company for each financial year on a combined basis after taking into account our Group's working capital requirements, subject to any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

**12. FINANCIAL INFORMATION (CONT'D)**

As at the LPD, save for any applicable financial covenants, the Act as well as the Chinese Mainland's Company Law, Foreign Investment Law, Enterprise Income Tax Law and Regulations on the Administration of Foreign Exchange, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on us or our subsidiaries.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends, which are subject to modifications (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See **Section 5.3.4** of this Prospectus for factors that may affect or restrict our ability to pay dividends.

The following table sets out the dividends declared and paid by our Group for the Financial Years Under Review:-

	FYE 2023	FYE 2024	FYE 2025
Dividend declared (RM'000)	-	68,114	106,934
Dividend paid (RM'000)	-	68,114	106,934
PAT (RM'000)	68,600	74,816	80,166
Dividend payout <sup>(1)</sup> (%)	-	91.04	133.39

**Note:-**

(1) Calculated based on the dividend declared divided by our Group's PAT.

During the Financial Years Under Review and up to the LPD, dividends paid were funded entirely by internally generated funds.

SECL had on 31 December 2025 declared a dividend of RMB249.00 million (equivalent to RM144.7 million based on exchange rate of RMB1.00 to RM0.5812 as at the 31 December 2025) in respect of the financial year ended 31 December 2025 and is expected to be paid to Twisden by May 2026 ("**Pre-IPO Dividend**"). In addition, our Company may declare and pay another dividend of up to RM20.0 million by April 2026 ("**Potential Dividend**"). Both dividends will be funded through internally-generated funds. The Pre-IPO Dividend and the Potential Dividend represent a return of capital to our existing shareholders, being Twisden and SQTSB, respectively, for their investment and support of our Group's growth and development.

The Pre-IPO Dividend and the Potential Dividend are not expected to have any material adverse impact on the execution and implementation of our future plans and strategies for the following reasons:-

- (i) our Group generated surplus cash with cash and bank balances amounting to RM205.3 million as at 31 December 2025;
- (ii) our Group is expected to have sufficient working capital for at least 12 months from the date of this Prospectus; and
- (iii) the declaration and payment of the Pre-IPO Dividend and Potential Dividend will not adversely affect our Group's ability to meet our operational, capital expenditure and expansion requirements.