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P R O S P E C T U S



SQ ADVANCED INTERCONNECT BERHAD

(formerly known as Qdos Holdings Bhd)

(Registration No.: 199901001962 (476862-P))

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

INITIAL PUBLIC OFFERING ("IPO") OF 337,500,000 ORDINARY SHARES IN SQ ADVANCED INTERCONNECT BERHAD (FORMERLY KNOWN AS QDOS HOLDINGS BHD) ("SQAI" OR THE "COMPANY") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARE OF SQAI ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("MAIN MARKET") COMPRISING AN OFFER FOR SALE OF 135,000,000 EXISTING SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 202,500,000 NEW SHARES ("ISSUE SHARES") INVOLVING:-

- (A) INSTITUTIONAL OFFERING OF 127,500,000 ISSUE SHARES AND 135,000,000 OFFER SHARES TO IDENTIFIED INSTITUTIONAL AND/OR SELECTED INVESTORS; AND
- (B) RETAIL OFFERING OF 75,000,000 ISSUE SHARES TO THE MALAYSIAN PUBLIC, THE DIRECTORS OF SQAI, ELIGIBLE EMPLOYEES OF SQAI AND ITS SUBSIDIARIES ("GROUP") AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS,

AT AN ISSUE PRICE/OFFER PRICE OF RM[•] PER ISSUE SHARE/OFFER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Joint Underwriter and Joint Bookrunner



UOB KAY HIAN (M) SDN BHD

(formerly known as UOB Kay Hian Securities (M) Sdn Bhd)

(Registration No.: 199001003423 (194990-K))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter and Joint Bookrunner



Investment Bank

(Registration No.: 197301002412 (15938-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Securities Commission Malaysia ("SC") has [•] the issue, offer or invitation for the offering under Section 214(1) of the Capital Markets and Services Act 2007.

[This Prospectus has been registered by the SC]. The [•] of the IPO and registration of this Prospectus should not be taken to indicate that the SC recommends our offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our securities being offered for investment.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 38.

THIS PROSPECTUS IS DATED [•]

RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND SELLING SHAREHOLDER (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

UOB KAY HIAN (M) SDN BHD (FORMERLY KNOWN AS UOB KAY HIAN SECURITIES (M) SDN BHD) ("UOBKH"), BEING OUR PRINCIPAL ADVISER, JOINT UNDERWRITER AND JOINT BOOKRUNNER IN RELATION TO OUR IPO, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR OFFERING.

IT IS TO BE NOTED THAT THE ROLE OF MAYBANK INVESTMENT BANK BERHAD IN OUR IPO IS LIMITED TO BEING THE JOINT BOOKRUNNER FOR THE INSTITUTIONAL OFFERING AND JOINT UNDERWRITER FOR THE RETAIL OFFERING.

STATEMENTS OF DISCLAIMER

[●] HAS BEEN OBTAINED FROM BURSA SECURITIES FOR THE LISTING OF AND QUOTATION FOR OUR SHARES. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS (AS DEFINED HEREIN), [HAS ALSO BEEN LODGED] WITH THE REGISTRAR OF COMPANIES MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

OTHER STATEMENTS

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

OUR SHARES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING OUR IPO, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THIS PROSPECTUS HAS BEEN PREPARED IN THE CONTEXT OF AN IPO UNDER THE LAWS OF MALAYSIA, AND OUR IPO WILL NOT BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE SUBJECT TO THE LAWS OF ANY COUNTRY OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. OUR IPO TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA. WE AND OUR PRINCIPAL ADVISER HAVE NOT AUTHORISED AND TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OR INVITATION TO SUBSCRIBE OR PURCHASE, ANY SECURITIES UNDER OUR IPO IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFER OF OUR IPO SHARES (AS DEFINED HEREIN) IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS WHO MAY BE IN POSSESSION OF THIS PROSPECTUS ARE REQUIRED TO INFORM THEMSELVES ACCORDINGLY AND TO OBSERVE THE APPLICABLE RESTRICTIONS.

WE WILL NOT MAKE OR BE BOUND TO MAKE ANY ENQUIRY BEFORE ANY ACCEPTANCE IN RESPECT OF OUR IPO AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA. WE WILL NOT ACCEPT ANY LIABILITY WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION WITH IT. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER OUR IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR OUR SHARES WOULD BE IN COMPLIANCE WITH THE TERMS OF OUR IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THIS IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA CONNECTED TO IT.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR OUR IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. OUR SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. WE AND OUR PRINCIPAL ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION, WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS (AS DEFINED HEREIN) ARE AS PER THE CONTENTS OF THE PROSPECTUS REGISTERED WITH THE SC.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM AND THAT YOUR INTERNET SHARE APPLICATION IS SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS.

IF YOU DOUBT THE VALIDITY OR THE INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD-PARTY INTERNET SITES (REFERRED TO AS "**THIRD-PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD-PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (I) WE AND OUR PRINCIPAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD-PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD-PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD-PARTY INTERNET SITES;
- (II) WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD-PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD-PARTY INTERNET SITES. WE AND OUR PRINCIPAL ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD-PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD-PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS ARE NOT RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS AND SUBSEQUENTLY, COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS ARE NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULTS ON YOUR OR ANY THIRD-PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS OR PARTICIPATING SECURITIES FIRMS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:-

Events	Date
Opening of Applications	10.00 a.m., [date]
Closing of Applications	5.00 p.m., [date]
Balloting of Applications	[date]
Allotment/transfer of our IPO Shares to successful applicants	[date]
Listing	[date]

If there are any changes to this timetable, we will advertise a notice of the changes in widely circulated English and Bahasa Malaysia newspapers within Malaysia and make an announcement of such changes on Bursa Securities' website accordingly.

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PRESENTATION OF INFORMATION

References to “our Company” or “SQAI” in this Prospectus are made to SQ Advanced Interconnect Berhad (formerly known as Qdos Holdings Bhd) (Registration No.: 199901001962 (476862-P)), references to “our Group” or “SQAI Group” are made to our Company and our subsidiaries and references to “we” or “us” or “our” or “ourselves” are made to our Company, and where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, references to “management” are to our Directors and Key Senior Management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our management.

All references to the “Selling Shareholder” are to Twisden and all references to the “Promoters” are to Hwang Shin Hung and Low Loke Chew.

All references to “you” are to our prospective investors.

Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments. Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section. Words denoting the singular will, where applicable, include the plural and *vice versa* and words denoting the masculine gender will, where applicable, include the feminine and/or neuter gender and *vice versa*. Reference to persons will, where applicable, include companies and corporations.

References in this Prospectus to any provisions of statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force and unless specified, is a reference to an enactment by Malaysia. References to a time or date in this Prospectus shall be a reference to a time or date in Malaysian, unless otherwise stated.

All references to the “LPD” in this Prospectus are to [31 January 2026], being the latest practicable date prior to the registration of this Prospectus with the SC.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Prospectus is extracted or derived from report(s) provided by Vital Factor for inclusion in this Prospectus. We have appointed Vital Factor to provide an independent market and industry review relating to an overview of the economy and industry in which we operate in. In compiling their data for the review, Vital Factor relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on it.

Any discrepancy in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments. Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section. Words denoting the singular will, where applicable, include the plural and *vice versa* and words denoting the masculine gender will, where applicable, include the feminine and/or neuter gender and *vice versa*. Reference to persons will, where applicable, include companies and corporations.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:-

- (i) our revenue and profitability;
- (ii) expected growth or decline in demand and business volume;
- (iii) expected industry trends and development;
- (iv) anticipated expansion and development plans and other future plans;
- (v) our strategies and competitive position;
- (vi) our future financial position, earnings, cash flows and liquidity;
- (vii) potential growth opportunities; and
- (viii) regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:-

- (i) changes in political, social, economic, business and financial conditions and stock or securities market conditions, and the regulatory environment in Malaysia and Chinese Mainland in which we conduct our business or expect to conduct business;
- (ii) the risk that we may be unable to execute or implement our business strategies and future plans;
- (iii) changes in the availability and prices of raw materials and goods which we require to operate our business;
- (iv) our anticipated growth strategies and expected internal growth;
- (v) changes in competitive conditions and our ability to compete under such conditions from time to time;
- (vi) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (vii) changes in currency exchange or interest rates;
- (viii) war or acts of international or domestic terrorism;
- (ix) occurrences of catastrophic events, natural disasters and acts of God that affect our business;
- (x) competitive environment of the industry in which we operate;
- (xi) finance costs, interest rates, tax rates and foreign exchange rates;
- (xii) government policy, legislation or regulation;
- (xiii) activities and financial position of our customers and suppliers;
- (xiv) shortages in labour;
- (xv) reliance on licences, permits and approvals;
- (xvi) changes in accounting standards and policies; and
- (xvii) other factors beyond our control.

FORWARD-LOOKING STATEMENTS (CONT'D)

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in **Section 5** of this Prospectus on risk factors and **Section 12.3** of this Prospectus on management's discussion and analysis of financial condition and results of operations. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. These forward-looking statements are based on information made available to us as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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DEFINITIONS

The following terms in this Prospectus have the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:-

“Acquisition of SECL”	: Acquisition by SQA I of the entire issued registered capital of SECL comprising of USD12.0 million from Twisden for a purchase consideration of RM106.5 million, which was entirely satisfied by the issuance of 135,000,000 SQA I Shares at an issue price of RM0.789 per SQA I Share. The Acquisition of SECL was completed on [date]
“Act”	: Companies Act 2016 of Malaysia
“Act 1965”	: Companies Act 1965 of Malaysia
“ADA(s)”	: Authorised Depository Agent(s)
“AGM”	: Annual general meeting
“Application(s)”	: The application(s) for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
“Application Form(s)”	: Application form(s) for the application of our IPO Shares accompanying this Prospectus
“ATM(s)”	: Automated teller machine(s)
“Authorised Financial Institution(s)”	: Authorised financial institution(s) participating in the Internet Share Application in respect of the payments for our IPO Shares
“Batu Kawan Plant”	: IC substrate manufacturing facility located in Batu Kawan, Penang
“Bayan Lepas Plant”	: FPC manufacturing and assembly facility located in Bayan Lepas, Penang
“BDO PLT” or “Reporting Accountants”	: BDO PLT (Registration No.: 201906000013 (LLP0018825-LCA) & AF 0206)
“Board”	: Board of Directors (including the independent directors) of our Company
“Bonus Issue”	: Bonus issue of 1,122,500,000 Bonus Shares on the basis of 28.0625 Bonus Share for every 1 existing Share
“Bonus Share(s)”	: The new Shares issued pursuant to the Bonus Issue
“Brian Low”	: Low Loke Chew, a Malaysian citizen
“Bumiputera”	: In the context of:- (i) individuals - Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (ii) companies - companies which fulfil, amongst others, the following criteria or such other criteria as may be imposed by the MITI:- (a) established under the Act; (b) its shareholders are 100% Bumiputera; (c) its board of directors (including its staff) are at least 51% Bumiputera; and (iii) co-operatives - cooperatives whose shareholders or cooperative members are at least 95% Bumiputera or such other criteria as may be imposed by the MITI

DEFINITIONS (CONT'D)

“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
“By-Laws”	: By-Laws governing the LTIP
“CAGR”	: Compound annual growth rate
“CCC”	: Certificate of Completion and Compliance
“CDS”	: Central Depository System
“CDS Account(s)”	: Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
“CEO”	: Chief Executive Officer
“CFO”	: Chief Financial Officer
“CF”	: Certificate of Fitness for Occupation
“China” or the “PRC”	: The People's Republic of China
“Chinese Mainland”	: The PRC, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan of the PRC
“Chinese Mainland Legal Adviser”	: Grandall Law Firm (Shanghai), our legal adviser to our Company as to the laws of the Chinese Mainland
“CMSA”	: Capital Markets and Services Act 2007
“Constitution”	: Constitution of our Company
“CSRC”	: China Securities Regulatory Commission
“Director(s)”	: Director(s) (executive and non-executive) of our Company and within the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
“Disposal of Non-Core Subsidiaries”	: The disposal of the entire equity interest of the Non-Core Subsidiaries for a total cash consideration of approximately RM20.9 million
“E&E”	: Electrical and electronics
“EBITDA”	: Earnings before interest, taxation, depreciation and amortisation
“Electronic Prospectus”	: A copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium, including but not limited to compact disc read-only memory (CD-ROMs)
“Electronic Share Application(s)”	: Application(s) for the IPO Shares through a Participating Financial Institution's ATM
“Eligible Person(s)”	: Eligible Directors and employees of our Group as well as persons who have contributed to the success of our Group, who are eligible to participate in the Pink Form Allocation

DEFINITIONS (CONT'D)

“EPS”	: Earnings per Share
“Equity Guidelines”	: Equity Guidelines issued by the SC
“ESG”	: Environment, Social and Governance
“ESGS”	: Employees’ share grant scheme
“ESGS Share(s)”	: The existing SQA Shares to be granted to the eligible Directors (excluding independent Directors) and employees of our Group with no consideration payable
“ESOS”	: Employees’ share option scheme which involves ESOS Options to be offered to the eligible Directors (including independent Directors) and employees of our Group
“ESOS Option(s)”	: The right of the eligible Directors (including independent Directors) and employees of our Group to subscribe for new Shares at a predetermined exercise price pursuant to the contract constituted by the acceptance of an offer made in accordance with the terms and conditions of the By-Laws
“Financial Years Under Review”	: The financial years under review for the purpose of this Prospectus comprising the FYE 2023, FYE 2024 and FYE 2025
“FYE”	: Financial year ended/ending 31 May, as the case may be
“GP”	: Gross profit
“IMR” or “Vital Factor”	: Vital Factor Consulting Sdn Bhd (Registration No.: 199301012059 (266797-T)), the independent business and market research consultants for our IPO
“IMR Report”	: Independent industry assessment of the manufacturing of FPC boards and IC substrates in Malaysia prepared by Vital Factor, as set out in Section 8 of this Prospectus
“Internet Participating Financial Institution(s)” or “Participating Securities Firm(s)”	: Participating financial institution(s) or participating securities firm(s) for the Internet Share Application
“Internet Share Application”	: Application(s) for the IPO Shares through an Internet Participating Financial Institution or Participating Securities Firm
“Institutional Offering”	: Offering of 127,500,000 Issue Shares and 135,000,000 Offer Shares, will be allocated by way of private placement to identified institutional and/or selected investors at the IPO Price
“IPO”	: Initial public offering comprising the Public Issue and the Offer for Sale
“IPO Price” or “Issue Price” or “Offer Price”	: The issue price/offer price of RM[●] per Issue Share/Offer Share
“IPO Share(s)”	: Collectively, the Issue Shares and Offer Shares
“Issuing House” or “Share Registrar”	: AscendServ Capital Markets Services Sdn Bhd (Registration No.: 202401031272 (1577121-P))

DEFINITIONS (CONT'D)

“Issue Shares”	: 202,500,000 new Shares to be issued by our Company under the Public Issue
“Jeffrey Hwang”	: Hwang Shin Hung, a Malaysian citizen
“Joint Bookrunners”	: Collectively, UOBKH and Maybank IB
“Joint Underwriters”	: Collectively, UOBKH and Maybank IB
“Key Senior Management”	: Key senior management of our Group
“Listing”	: Admission of our Company to the Official List and the listing of and quotation for the entire enlarged issued share capital of SQA1 comprising 1,500,000,000 Shares on the Main Market
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: [31 January 2026], being the latest practicable date prior to the registration of this Prospectus
“LTIP”	: Establishment of a long-term incentive plan of our Company comprising the ESOS and ESGS, of up to 10% of the total number of issued Shares in SQA1 (excluding treasury shares, if any) at any point in time during the LTIP for the eligible Directors and employees of our Group which shall be administered in accordance with the By-Laws
“MAICSA”	: Malaysian Institute of Chartered Secretaries and Administrators
“Main Market”	: Main Market of Bursa Securities
“Malaysia Operations”	: Operations of the Bayan Lepas Plant and Batu Kawan Plant
“Malaysian Public”	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
“Market Day(s)”	: A day(s) on which Bursa Securities is open for trading of securities, which may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
“Maybank IB”	: Maybank Investment Bank Berhad (Registration No.: 197301002412 (15938-H))
“MCCG”	: Malaysian Code on Corporate Governance issued by the SC
“MFRS”	: Malaysian Financial Reporting Standards as issued by the Malaysian Accounting Standards Board
“MITI”	: Ministry of Investment, Trade and Industry of Malaysia
“Moratorium Providers”	: Collectively or individually, Jeffrey Hwang, Brian Low, SQ Venture, SQT Holdings, being shareholders of our Company and Dato’ Hwang Thean Long, as a person connected to Jeffrey Hwang, who have been allocated Issue Shares under the Public Issue, whose Shares are subject to moratorium under the Equity Guidelines

DEFINITIONS (CONT'D)

“NA”	: Net assets
“NBV”	: Net book value
“Non-Core Subsidiaries”	: Collectively, QBPO, Qdynamics, Qforce, QSC, Qventures and QIndia
“Offer for Sale”	: The offer for sale of 135,000,000 Offer Shares at the Offer Price by the Selling Shareholder to identified institutional and/or selected investors
“Offer Share(s)”	: 135,000,000 existing SQAI Share(s) to be offered by the Selling Shareholder pursuant to the Offer for Sale
“Official List”	: A list specifying all securities listed on Bursa Securities
“Participating Financial Institution(s)”	: Participating financial institutions for the Electronic Share Application
“PAT”	: Profit after taxation
“PBT”	: Profit before taxation
“Pink Application Form(s)”	: Application form(s) for the application of Issue Shares by our Eligible Person(s) accompanying this Prospectus
“Pink Form Allocations”	: Allocation of Pink Form Shares
“Pink Form Share(s)”	: Allocation of 45,000,000 Issue Shares to our Eligible Persons, which forms part of our Public Issue
“PRC Operations”	: Operations of the Xiamen Plant
“Pre-IPO Restructuring”	: Collectively, the Disposal of Non-Core Subsidiaries, Bonus Issue and Acquisition of SECL. Further details are set out in Section 6.4 of this Prospectus
“Prescription Period”	: 1 day after the launching date of this Prospectus up to a period of 30 days
“Promoter(s)”	: Collectively or individually, Jeffrey Hwang and Brian Low
“Prospectus”	: This prospectus dated [●] issued by our Company in respect of our IPO
“Prospectus Guidelines”	: Prospectus Guidelines issued by the SC
“Public Issue”	: Public issue of 202,500,000 Issue Shares at the Issue Price, comprising the following:- (a) 30,000,000 Issue Shares made available for application by the Malaysian Public through a balloting process, of which 15,000,000 IPO Shares will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions; (b) 45,000,000 Issue Shares reserved for application by our Eligible Persons; and (c) 127,500,000 Issue Shares by way of private placement to identified institutional and/or selected investors

DEFINITIONS (CONT'D)

“QBPO”	: QS BPO Sdn Bhd (formerly known as Qdos BPO Sdn Bhd) (Registration No.: 200701021614 (779629-X)), a wholly-owned subsidiary of SQTSTB
“Qdynamics”	: QS Dynamics Sdn Bhd (formerly known as Qdos Dynamics Sdn Bhd) (Registration No.: 201601043143 (1214085-V)), a wholly-owned subsidiary of SQTSTB
“Qforce”	: QS Force Sdn Bhd (formerly known as Qdos Force Sdn Bhd) (Registration No.: 201601043138 (1214080-T)), a wholly-owned subsidiary of SQTSTB
“QIndia”	: Qdos Flexcircuits (India) Pvt Ltd (Registration No.: U32106KA2000PTC027905), a 99.9999%-owned subsidiary of SQTSTB and 0.0001%-owned subsidiary of QBPO
“QSC”	: QS Circuits Pte Ltd (formerly known as Qdos (SG) Pte Ltd) (Unique Entity No.: 201824613G), a wholly-owned subsidiary of SQTSTB
“Qventures”	: Qdos Ventures Sdn Bhd (Registration No.: 201601025513 (1196452-M))
“Retail Offering”	: Offering of 75,000,000 Issue Shares at the Issue Price, subject to the clawback and reallocation provisions, to be allocated in the following manner:- (i) 45,000,000 Issue Shares reserved for application by the Eligible Persons; and (ii) 30,000,000 Issue Shares for application by the Malaysian Public, via balloting
“R&D”	: Research and development
“SC”	: Securities Commission Malaysia
“SCB”	: Suiwah Corporation Bhd (Registration No.: 199201022333 (253837-H))
“SCB Group”	: SCB and its subsidiaries
“Share Transfer”	: Transfer of 1,162,500,000 Shares held by SQTSTB in the following manner:- (a) 796,875,000 Shares to SQT Holdings; (b) 262,500,000 Shares to SQ Venture; (c) 75,000,000 Shares to Jeffrey Hwang; and (d) 28,125,000 Shares to Brian Low
“Selling Shareholder” or “Twisden”	: Twisden Limited (Registration No.: 607260), a company incorporated in the British Virgin Islands, 75.00% owned by Jeffrey Hwang and 25.00% owned by Brian Low
“SICDA”	: Securities Industry (Central Depositories) Act, 1991
“Specified Shareholder(s)”	: Collectively or individually, Jeffrey Hwang, Brian Low, Dato’ Hwang Thean Long, SQ Venture and SQT Holdings
“SQAI” or “Company”	: SQ Advanced Interconnect Berhad (formerly known as Qdos Holdings Bhd) (Registration No.: 199901001962 (476862-P))
“SQAI Group” or “Group”	: Collectively, SQAI and our subsidiaries

DEFINITIONS (CONT'D)

“SQAI Share(s)” or “Share(s)”	: Ordinary share(s) in our Company
“SQT SB”	: Suiwa Qdos Technology Sdn Bhd (Registration No.: 201901035998 (1345328-M))
“SQT Holdings”	: SQT Holdings Limited (Registration No.: 2070197), a company incorporated in the British Virgin Islands, wholly-owned by Jeffrey Hwang
“SQ Venture”	: SQ Venture Ltd (Registration No.: 2089331), a company incorporated in the British Virgin Islands, wholly-owned by Brian Low
“Underwriting Agreement”	: Underwriting agreement dated [date] entered into between our Company and the Joint Underwriters to underwrite 30,000,000 Issue Shares under the Malaysian Public portion as set out in Section 4.3.1(i) of this Prospectus and 45,000,000 Pink Form Shares under the Pink Form Allocation as set out in Section 4.3.1(ii) of this Prospectus
“UOBKH” or “Principal Adviser” or “Joint Underwriter” or “Joint Bookrunner”	: UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd) (Registration No.: 199001003423 (194990-K))
“USA”	: United States of America
“White Application Form(s)”	: Application form(s) for the application of the IPO Shares by the Malaysian Public accompanying this Prospectus
“Xiamen Plant”	: FPC assembly and manufacturing facility located in Xiamen, PRC

Currencies

“CND”	: Canadian Dollar, the lawful currency of Canada
“Euro”	: Euro, the official currency of the European Union
“JPY”	: Japanese Yen, the lawful currency of Japan
“NTD”	: New Taiwan Dollar, the lawful currency of Taiwan
“RM” and “sen”	: Ringgit Malaysia and sen, the lawful currency of Malaysia
“RMB”	: Renminbi, the lawful currency of the Chinese Mainland
“SGD”	: Singapore Dollar, the lawful currency of Singapore
“USD”	: United States dollar, the lawful currency of the USA

DEFINITIONS (CONT'D)

Our subsidiaries

“QFSB”	:	Qdos Flexcircuits Sdn Bhd (Registration No.: 199701001333 (416829-W))
“QISB”	:	Qdos Interconnect Sdn Bhd (Registration No.: 201301011134 (1040971-U))
“QTSB”	:	Qdos Technology Sdn Bhd (Registration No.: 199801002768 (458894-P))
“SECL”	:	Suiwa Electronics (Xiamen) Co Ltd (Registration No.: 91350200MA33KCHF8N)
“SHTEI”	:	Suiwa High Technology Electronic Industries (Xiamen) Co Ltd (Registration No.: 91350200612039010J)
“RPM”	:	Ruihua (Xiamen) Property Management Co Ltd (Registration No.: 91350203MA34NW3X8E)

Unit of measurements

“sq. ft.”	:	Square feet
“sqm”	:	Square metre

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GLOSSARY OF TECHNICAL TERMS

The following commonly used terms in our Group's business and operations shall apply throughout this Prospectus unless the term is defined otherwise or the context otherwise requires:-

Advanced driver assistance systems (ADAS)	:	It is a technological system designed to enhance vehicle safety and driving convenience by assisting drivers with tasks such as collision avoidance, lane keeping, adaptive cruise control, parking assistance, and driver monitoring.
Air gap	:	It refers to the physical distance between adjacent copper traces when the space between them is filled with air rather than dielectric material. When no dielectric is present, the air gap is equivalent to line spacing.
Application-specific integrated circuits (ASIC)	:	It is a type of chip designed to execute a specific task or application, as opposed to a general-purpose chip such as a central processing unit. An ASIC is designed and optimised for a specific task or application, enabling enhanced performance, such as faster processing speeds and lower power consumption.
Artificial intelligence (AI)	:	It refers to systems or technologies that mimic human intelligence to perform tasks such as learning, reasoning, problem-solving and generating text, sound, still and moving images, and videos. It encompasses techniques such as machine learning and deep learning, which enable machines to analyse data, recognise patterns, make decisions, and generate images. AI systems may also incorporate inference engines, expert systems, and other advanced tools to simulate cognitive functions traditionally associated with human intelligence.
Central processing unit (CPU)	:	It refers to the primary processor in a computer or digital device, which is responsible for executing most processing tasks. It reads (retrieves) input data, processes it according to a set of instructions, and outputs the processed information to other components or devices, such as memory or display monitors.
Copper traces	:	It refers to thin lines of copper that form the electrical pathways on an FPC or rigid PCB, connecting components and enabling electrical current to flow between them.
Coverlay	:	It refers to a flexible insulating protective layer, typically made of polyimide film with adhesive, laminated onto FPCs to encapsulate and insulate circuit traces.
Design-for-Manufacturing	:	It refers to a design methodology that ensures products are optimised for efficient, reliable, and cost-effective manufacturing by considering process limitations, yield requirements and cost during the design stage.
Developing, etching and stripping (DES)	:	It refers to a sequence of FPC fabrication processes in which exposed photoresist is developed, unwanted copper is chemically etched away, and the remaining photoresist is stripped to reveal the final circuit pattern.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Dielectric	: It refers to an insulating material that does not conduct electricity and is used to separate conductive layers in FPCs and IC substrates.
	- In FPCs, the dielectric is usually polyimide, which provides flexibility, mechanical strength, and thermal stability while securely supporting fine copper traces.
	- In IC substrates, high-performance dielectrics such as Ajinomoto Build-up Film (ABF) or Bismaleimide-Triazine (BT) Resin are used to enable extremely fine-pitch wiring and microvias, supporting high-density interconnections between the IC and the PCB while maintaining signal integrity.
Electronics manufacturing services (EMS)	: It refers to outsourcing activity where the electronics manufacturing service provider undertakes the assembly and testing of electronic components, parts or products on behalf of its customer.
Flexible printed circuit board (FPC)	: It refers to a bendable electronic interconnect in which circuits are formed on a flexible substrate. In the context of this Prospectus, FPCs are formed through photolithography and subtractive etching process technology, and the types of FPCs include single-sided, double-sided and multi-layer.
Flip-chip ball grid array (FCBGA)	: It refers to an IC packaging method in which the chip is mounted face-down onto a substrate, and an array of solder balls on the bottom of the package connects the IC to the circuit board.
Flip-chip land grid array (FCLGA)	: It refers to an IC packaging method in which the chip is mounted face-down onto a substrate, and flat metal contact pads on the bottom of the package are used to connect the chip to the circuit board, typically via a socket or solder applied on the board side.
Foundry	: It is a semiconductor manufacturing facility that produces ICs and other semiconductor devices based on designs provided by other companies. Also referred to as a semiconductor foundry.
Gold plating	: A surface-finishing process used to prevent copper oxidation, improve solderability, and ensure reliable electrical and mechanical connections during component assembly. Common types include electroless nickel/immersion gold (ENIG), electroless nickel/electroless palladium/immersion gold (ENEPIG), and electrolytic hard or soft gold.
Graphics processing unit (GPU)	: It is a processor optimised for rendering graphics and performing parallel computations, widely used in gaming, AI and data analysis. Unlike the central processing unit (CPU), which is optimised for general-purpose tasks and sequential processing, the GPU is optimised for parallel processing and the execution of multiple tasks simultaneously, making it highly efficient for rendering graphics and performing calculations related to visual data.
Integrated circuit (IC) substrates	: It refers to a semiconductor package-level interconnect platform that bridges silicon devices to the system by enabling chip-to-board electrical, mechanical and thermal connection. In the context of this Prospectus, IC substrates are formed through semi-additive process technology, and the types of IC substrates include coreless IC substrates and sputtered-core IC substrates.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Integrated circuit (IC)	: It refers to a chip or microchip, and is a miniature electronic device consisting of interconnected transistors, resistors, capacitors and other components etched onto a tiny piece of semiconductor material, primarily silicon. These highly miniaturised circuits perform specific electronic functions, including data processing, system control, signal amplification, and power management.
Laser direct imaging	: It refers to a digital imaging process that uses laser technology to directly expose photoresist without the need for physical photomasks, enabling higher accuracy and faster design changes.
Line space	: It refers to the distance between adjacent copper traces.
Line width	: It refers to the minimum width of a copper trace that can be reliably manufactured on a FPC or PCB.
Outsourced semiconductor assembly and test (OSAT)	: It refers to an outsourcing activity where the service providers provide backend semiconductor services, including IC packaging, assembling it onto substrates, and performing electrical and reliability testing.
Photolithography	: It refers to a patterning process that uses light to transfer circuit designs from a photomask onto a photoresist-coated substrate.
Photomask	: It refers to a plate containing circuit patterns, typically transparent with opaque regions, used during ultraviolet photolithography to transfer patterns onto a FPC or IC substrate.
Photoresist	: It refers to a light-sensitive material applied to the surface of an FPC or IC substrate during photolithography. Its solubility changes upon exposure to light, enabling the development and transfer of circuit patterns onto the substrate.
Polyimide	: It refers to a polymer widely used as a flexible dielectric material due to its thermal stability, mechanical flexibility, and chemical resistance.
Printed circuit boards (PCBs)	: It refers to a flat base of insulating material bearing patterned conductive materials, typically copper, that form electrical circuits. PCB is a system-level interconnect platform that provides the physical foundation and electrical connectivity for assembling and operating electronic components in an electronic product. A PCB can be made using a rigid base or a flexible base.
Roll-to-roll lamination	: It refers to manufacturing methods that continuously laminate dielectric and copper layers in roll form.
Seed layer	: It refers to a thin conductive layer, typically copper, deposited on a substrate to enable subsequent electroplating of thicker metal layers during FPC or IC substrate manufacturing. The seed layer provides a continuous conductive path for plating and ensures accurate formation of circuit traces or vias.
Semi-additive processes (SAP)	: In the context of this Prospectus, it refers to advanced IC substrates manufacturing methods that combine additive and subtractive techniques to create ultra-fine circuitry for high-density interconnects. Semi-additive process is a circuit formation method in which a thin seed layer is deposited, patterned with photoresist, electroplated to form traces, and then the excess seed layer is etched away to form the ultra-fine copper traces.

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Sheet-to-sheet lamination	:	It refers to manufacturing methods that continuously laminate dielectric and copper layers in individual sheets.
Solder	:	It refers to a metal alloy used to bond two separate metal parts. In electronics, the solder is commonly an alloy predominantly composed of tin combined with other metals such as silver, copper, or bismuth.
Solder mask	:	It refers to a protective insulating coating applied to the surfaces of FPC or IC substrates to prevent solder bridging, protect copper from oxidation, and delineate solderable areas.
Stiffener	:	It refers to a rigid material attached to a FPC to provide mechanical support and dimensional stability in selected areas.
Subtractive etching process	:	It refers to a circuit formation process in which unwanted copper is etched away from a full copper layer to form circuit traces.
Surface Mount Technology (SMT)	:	It refers to a method of mounting or placing semiconductor components such as resistors, transistors, capacitors, and IC packages onto the surface of a PCB. SMT enables the miniaturisation of circuitry, allowing very small semiconductor components to be accurately handled and precisely placed with tight tolerances, thereby allowing more components to be mounted within a given area.
Vias	:	It refers to plated holes or microvias that serve as electrical highways, carrying signals, power, and ground to provide connections between different conductive layers in FPCs and IC substrates. Common types of vias include through-hole (across all layers), blind (surface to inner), and buried (between inner layers). Microvias are very small vias used for high-density interconnects.

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1. CORPORATE DIRECTORY

DIRECTORS

Name / Designation	Gender	Address	Nationality
Dato' Hwang Thean Long (Non-Independent Non-Executive Chairman)	Male	65, Cangkat Minden Road 15, 11700 Gelugor, Penang	Malaysian
Datuk Radzali Bin Hassan (Non-Independent Non-Executive Director)	Male	No. 5, Jalan 7A, Kemensah Heights, Ulu Klang, 68000 Ampang, Selangor	Malaysian
Jeffrey Hwang (Managing Director and CEO)	Male	24, Lorong Idaman 1/1, Taman Idaman, 14100 Simpang Ampat, Penang	Malaysian
Brian Low (Executive Director and President of PRC Operations)	Male	5-15-2, Jalan Bukit Jambul, Hillcrest Residences, 11900 Bayan Lepas, Penang	Malaysian
Dato' Lim Bee Vian (Senior Independent Non-Executive Director)	Female	29, Jalan Bukit Permai, Taman Bukit Permai, 56100 Cheras, Selangor	Malaysian
Lam Voon Kean (Independent Non-Executive Director)	Female	2A-23A-1, Bayswater Resort Condominium, Lebuhr Tunku Kudin 2, 11700 Gelugor, Penang	Malaysian
Noor Alina Binti Mohamad Faiz (Independent Non-Executive Director)	Female	No. 8, Jalan 42/70A, Desa Sri Hartamas, 50480 Kuala Lumpur, Malaysia	Malaysian
Dr. Lee Teck Kheng (Independent Non-Executive Director)	Male	Blk 3 #11-07, West Coast Walk, Singapore 127140	Singaporean

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lam Voon Kean	Chairperson	Independent Non-Executive Director
Noor Alina Binti Mohamad Faiz	Member	Independent Non-Executive Director
Dr. Lee Teck Kheng	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Dr. Lee Teck Kheng	Chairperson	Independent Non-Executive Director
Dato' Lim Bee Vian	Member	Senior Independent Non-Executive Director
Datuk Radzali Bin Hassan	Member	Non-Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES : Yeow Sze Min

Professional : Chartered Secretary, MAICSA
qualifications (MAICSA No. 7065735)
(SSM Practicing Certificate No. 201908003120)

Low Seow Wei

Professional : Chartered Secretary, MAICSA
qualifications (MAICSA No. 7053500)
(SSM Practicing Certificate No. 202008000437)

Suite 18.05, MWE Plaza
No. 8 Lebuhraya Farquhar
10200 George Town
Penang

Tel : (04) 263 1966

Fax : (04) 262 8544

REGISTERED OFFICE : Suite 18.05, MWE Plaza
No. 8, Lebuhraya Farquhar
10200 George Town
Penang

Tel : (04) 263 1966

Fax : (04) 262 8544

Email : info@sshsb.com.my

HEAD OFFICE : No. 99, Lebuhraya Kampung Jawa
Bayan Lepas Industrial Estate
11900 Bayan Lepas
Penang

Tel : (604) 642 0000

Website : <https://sqai.com.my>

Email : info@sqai.com.my

AUDITORS AND REPORTING : BDO PLT
ACCOUNTANTS (Registration No.: 201906000013 (LLP0018825-LCA) & AF 0206)

51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 George Town
Penang

Tel : (04) 222 0288

Partner in charge : Lee Beng Tuan

Professional : Chartered Accountant Member of Malaysian
qualification Institute of Accountants ("MIA")
(MIA Membership No.: 15129/03271/07/2026 J)

1. CORPORATE DIRECTORY (CONT'D)

LEGAL ADVISERS

: *To our Company as to Malaysian law*

Lee Choon Wan & Co

No. 12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

Tel : (03) 2093 0078

Fax : (03) 2094 1750

To our Company as to the laws of the Chinese Mainland

Grandall Law Firm (Shanghai)

25-28/F, Suhe Centre
99 North Shanxi Road
Jing'an District, Shanghai
China

Tel : +86 21 5234 1668

To the Joint Bookrunners and Joint Underwriters as to Malaysian law

Cheang & Ariff

Loke Mansion
273A, Jalan Medan Tuanku
50300 Kuala Lumpur

Tel : (03) 2691 0803

**PRINCIPAL ADVISER, JOINT
UNDERWRITER AND JOINT
BOOKRUNNER**

: **UOB Kay Hian (M) Sdn Bhd** (formerly known as UOB Kay Hian
Securities (M) Sdn Bhd)

Suite 19.03, 19th Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Wilayah Persekutuan

Tel : (03) 2147 1888

Fax : (03) 2147 1950

1. CORPORATE DIRECTORY (CONT'D)

JOINT UNDERWRITER AND : Maybank Investment Bank Berhad
JOINT BOOKRUNNER

32nd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel : (03) 2059 1888

INDEPENDENT BUSINESS : Vital Factor Consulting Sdn Bhd
AND MARKET RESEARCH
CONSULTANTS

V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor, Malaysia

Tel : (03) 7931 3188

Managing : Wooi Tan
Director's name

Professional : • Master of Business Administration from
qualifications the University of Technology, Sydney, Australia
• Bachelor of Science from the University of
New South Wales, Australia
• Fellow of both the Australian Marketing
Institute, and the Institute of Managers and
Leaders, Australia

INTERNAL CONTROL : Resolve IR Sdn Bhd
CONSULTANT

Unit 29-2, Level 29, Oval Damansara
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : (03) 9771 4681

ISSUING HOUSE AND : AscendServ Capital Markets Services Sdn Bhd
SHARE REGISTRAR

Office Suite No. 603, Block C
Pusat Perdagangan Phileo Damansara 1
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor
Tel : (03) 7890 0238

LISTING SOUGHT : Main Market

2. INTRODUCTION

2.1 Approvals and conditions

We have obtained the approvals from the following authorities in relation to our Listing:-

(i) SC

The SC had, vide its letter dated [date], approved our IPO and our Listing under Section 214(1) of the CMA, subject to compliance with the following conditions:-

Details of conditions imposed	Status of compliance
(i) [•]	[•]

The SC had, vide its letter dated [date], taken note that our Group is a company with predominantly foreign-based operations and our resultant equity structure pursuant to our Listing. Accordingly, our Company is exempted from complying with the Bumiputera equity requirement for public listed companies⁽¹⁾ (“**Bumiputera Equity Requirement**”).

Note:-

- (1) For the Financial Years Under Review, our PAT was largely derived from our PRC Operations. As such, our PAT derived from outside Malaysia is higher than the PAT derived from within Malaysia.

Pursuant to the FAQ on Bumiputera Equity Requirement for Public Listed Companies (revised as at 12 February 2025) published by the SC. The SC was mandated by the Malaysia Government to process the Bumiputera Equity Requirement aspects of certain corporate proposals. For corporations seeking listing on the Main Market, the listing of corporations with predominantly foreign-based operations will be exempted from complying with the Bumiputera Equity Requirements. The determination for a corporation with predominantly foreign-based operations is based on the profit contributions from the domestic and foreign operations of the Group.

The SC had, vide its letter dated [date], [•] the reliefs sought by us from having to comply with certain requirements under the Equity Guidelines and Prospectus Guidelines. The details of the reliefs sought and the corresponding conditions imposed by the SC are as follows:-

Reference	Details of relief granted	Conditions imposed (if any)
<u>Equity Guidelines</u> Paragraphs 2(a) and (b) of Appendix 4, Part IV	Relief from having to comply with the requirement in respect of the placement of the IPO Shares offered under the Institutional Offering to persons connected to Maybank IB, namely the Joint Bookrunner	[•]
<u>Prospectus Guidelines</u> Paragraph 1.12(e), Chapter 1 of Part III of the Prospectus Guidelines	Relief from having to submit the audited financial statements of the PRC subsidiaries for the FYE 31 December 2022, 2023, 2024 and 2025	[•]

2. INTRODUCTION (CONT'D)

(ii) CSRC

On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies and 5 supporting guidelines (the “**Overseas Offering and Listing Trial Measures**”), which came into effect on 31 March 2023. The Overseas Offering and Listing Trial Measures comprehensively reformed the regulatory regime for overseas securities offerings and listings by Chinese Mainland-based companies, conducted either in direct or indirect manners, by adopting a filing-based regulatory mechanism.

Pursuant to the Overseas Offering and Listing Trial Measures if the issuer meets both of the following criteria, then it shall be deemed as an indirect overseas offering and listing:-

- (i) more than 50.00% of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic companies; and
- (ii) the main parts of the issuer’s business activities are conducted in the PRC, or its main places of business are located in the PRC, or the senior managers in charge of its business operation and management are majority Chinese citizens or domiciled in the PRC.

According to the Overseas Offering and Listing Trial Measures, our Group fulfils criteria (i) and as advised by the CSRC, we are subject to the filing requirements of the CSRC. We are required to fulfil the filing procedure with the CSRC and submit the required filings within 3 business days after our application submission of this IPO. We submitted the initial filing documents to the CSRC on [date] and the CSRC published the notification on our completion of the required filing procedures on [date] for this IPO.

(iii) Bursa Securities

Bursa Securities has, via its letter dated [date], resolved to [●] our Company’s expected level of public shareholding spread of at least [22.00]% upon our Listing, in compliance with Paragraph 8.02(1) of the Listing Requirements.

Bursa Securities had, vide its letter dated [date], [●] our admission to the Official List, our Listing and [the listing of and quotation for our new Shares to be issued upon exercise of the ESOS Options]. The approval from Bursa Securities is subject to the following conditions:-

Details of conditions imposed	Status of compliance
(i) [●]	[●]

2. INTRODUCTION (CONT'D)

2.2 Moratorium on our Shares

Pursuant to Paragraphs 5.29(a) and 5.30, Part II of the Equity Guidelines, our Shares directly held by the Moratorium Providers at the date of our Listing are subject to moratorium for a period of 6 months from the date of our Listing as set out below:-

Moratorium Providers	No. of Shares to be held under moratorium			
	Direct		Indirect	
	No. of Shares	⁽¹⁾ %	No. of Shares	⁽¹⁾ %
Promoters / Specified Shareholders				
Jeffrey Hwang	75,000,000	5.00	⁽²⁾ 796,875,000	53.12
Brian Low	28,125,000	1.88	⁽³⁾ 262,500,000	17.50
Specified Shareholders				
SQT Holdings	796,875,000	53.12	-	-
SQ Venture	262,500,000	17.50	-	-
Dato' Hwang Thean Long	1,000,000	0.07	-	-

Notes:-

- (1) Based on our enlarged issued share capital comprising 1,500,000,000 Shares after our IPO.
- (2) Deemed interested by virtue of his shareholding in SQT Holdings, applying Section 8(4) of the Act.
- (3) Deemed interested by virtue of his shareholding in SQ Venture, applying Section 8(4) of the Act.

Jeffrey Hwang and Brian Low, being the sole direct shareholders of SQT Holdings and SQ Venture, respectively, will not be permitted to sell, transfer, or assign any part of their respective shareholding interests in SQT Holdings and SQ Venture for a period of 6 months from the date of our Listing.

In addition, the Moratorium Providers have provided their written undertaking letters to the SC that they will not sell, transfer or assign any of their respective shareholdings in our Shares as at the date of our Listing for a period of 6 months from the date of our Listing.

The above moratorium, which is fully acknowledged and accepted by the Moratorium Providers, where applicable, will be specifically endorsed on the share certificates representing the entire shareholdings of our Promoters and Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes the above moratorium restrictions.

In compliance with the moratorium restrictions, Bursa Depository will, on our Share Registrar's instructions in the prescribed forms, ensure that the trading of these Shares is not permitted during the moratorium period.

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3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

3.1 Principal details of our IPO

Our IPO comprises the following:-

(i) Retail Offering

75,000,000 Issue Shares at the Issue Price in the following manner:-

- (i) 30,000,000 Issue Shares made available for application by the Malaysian Public through a balloting process, of which 15,000,000 Issue Shares will be set aside for Bumiputera investors; and
- (ii) 45,000,000 Issue Shares reserved for application by our Eligible Persons.

(ii) Institutional Offering

127,500,000 Issue Shares and 135,000,000 Offer Shares at the IPO Price by way of private placement to identified institutional and/or selected investors.

(iii) LTIP

In conjunction with our Listing, our Group has established an LTIP, comprising ESOS and ESGS, of up to 10.00% of the total number of issued shares in SQAI (excluding treasury shares, if any) at any point in time during the LTIP for the eligible Directors and employees of our Group which shall be administered in accordance with the By-Laws.

For avoidance of doubt, SQAI does not intend to grant any ESOS Options or ESGS Shares in conjunction with the Listing.

(iv) Moratorium on our Shares

In accordance with Paragraphs 5.29(a) and 5.30, Part II of the Equity Guidelines, our Moratorium Providers have undertaken not to sell, transfer or assign any of their aggregate shareholdings of 1,163,500,000 Shares, which represents approximately 77.57% of the enlarged issued share of our Company for a period of 6 months from the date of our Listing.

Please refer to **Section 4.3** of this Prospectus for further details on our IPO.

3.2 History and business

Our Company was incorporated in Malaysia under the Act 1965 on 8 February 1999 as a private limited company under the name of All Malaysian Technology Sdn Bhd and is deemed registered under the Act. Our Company changed its name to Qdos Holdings Bhd on 2 March 1999 and converted to a public company on 31 October 2005. On 8 August 2025, our Company changed its name from Qdos Holdings Bhd to its current name.

Our principal activity is investment holding whilst our subsidiaries are principally involved in the manufacturing and assembly of FPC and manufacturing of IC substrates, covering circuit design, prototype fabrication and production.

3. PROSPECTUS SUMMARY (CONT'D)

We operate in Malaysia and the PRC, with our headquarters located in Penang, Malaysia. In Malaysia, we have 2 manufacturing facilities, namely the Bayan Lepas Plant and the Batu Kawan Plant. Additionally, we have 1 manufacturing facility in Xiamen, Fujian Province, PRC, namely the Xiamen Plant. Please refer to **Sections 6 and 7** of this Prospectus for further details on our history, group structure and business.

3.3 Competitive strengths

Our competitive strengths are summarised as follows:-

- (i) Our established track record of 33 years in FPC manufacturing and 13 years in IC substrate manufacturing provides a competitive advantage by fostering credibility and trust among our customers and enhancing awareness of our market presence. Our diversified customer base comprising approximately 380 customers across approximately 33 shipment destination markets for the Financial Years Under Review demonstrates the breadth of our market reach and the confidence placed in us as a reliable manufacturer of FPC and IC substrate to sustain and grow our business.
- (ii) We have in-depth manufacturing expertise supported by our ongoing investments in advanced process technologies and patents, enabling us to provide reliable products and value-added services to meet the evolving needs of our customers. Our customisation and design-for-manufacturing capabilities enable us to support our customers in developing new products, enhancing time-to-market, and optimising manufacturing yields and costs.
- (iii) With two core products, we have 2 growth drivers to support our business. For the Financial Years under Review, our FPC segment, comprising the manufacturing and assembly of FPC, which accounted for 82.89% (RM260.0 million), 80.23% (RM273.1 million) and 80.06% (RM294.3 million), while the remainder was from the manufacturing of IC substrate. Our 2 core products also provide business diversity to mitigate overdependence on a single industry. These products are positioned differently in the value chain, where IC substrates are at the manufacturing, assembly, testing and packaging of the semiconductor industry value chain, while FPCs are at the frontend in the electronics industry. We leverage our strength and capabilities across both the FPC and IC substrate segments, allowing us to tap into a wide range of industry applications and shipment destinations.
- (iv) Our ability to comply with industry certifications is critical for our FPC and IC substrate manufacturing operations. Our capability to meet demanding standards demonstrates our commitment to reliable manufacturing, traceability, and rigorous quality control. Our ability and track record in manufacturing products that comply with stringent requirements demonstrate the quality of our work and serve as a reference point for retaining existing customers and securing new ones.
- (v) Our Group is led by Jeffrey Hwang, our Promoters, substantial shareholders, Managing Director and CEO, who has approximately 16 years of experience in the semiconductor and electronics sectors and is responsible for setting the overall strategic direction and business planning to drive the growth and expansion of our Group. Our business is also supported by Brian Low, our Promoters, substantial shareholders, Executive Director and President of PRC Operations, who has approximately 26 years of experience in the electronics sector and is primarily responsible for the overall management and business development of our PRC Operations. They are further supported by our Key Senior Management who possess strong industry knowledge and technical expertise over years of experience in their respective fields.

Please refer to **Section 7.5** of this Prospectus for further information on our competitive advantages and key strengths.

3. PROSPECTUS SUMMARY (CONT'D)

3.4 Business strategies and plans

Our business strategies and plans are summarised as follows:-

3.4.1 FPC expansion

We plan to expand the production facilities and capabilities of our FPC manufacturing at the Bayan Lepas Plant and Xiamen Plant, and undertake R&D initiatives at the Xiamen Plant, as follows:-

- (i) **Expanding and modernising production facilities and capabilities** of our FPC plants involves the purchase and installation of additional equipment to strengthen our manufacturing and assembly capabilities and support future business growth. This will increase the annual production capacity of our Bayan Lepas Plant and Xiamen Plant, by approximately 50.00%, from approximately 112 million pieces as at the LPD to 168 million pieces by 2029;
- (ii) **Factory upgrade** to undertake renovations works and upgrade key supporting systems at our Xiamen Plant. The renovation works will involve the reorganising and expansion of existing production areas, which would allow our Group to accommodate additional equipment and improve workflow efficiency. The upgrading of key supporting systems will include the wastewater treatment systems and cold storage facilities; and
- (iii) **Expanding R&D facilities and capabilities** at our Xiamen Plant aimed at evaluating, developing and qualifying new process technologies and process flow. These initiatives are intended to establish high-precision process capabilities that enable ultra-fine line widths and spacing, high interconnection density and enhanced electrical performance, thereby strengthening our technology competitiveness in FPC manufacturing.

3.4.2 IC substrate expansion

The expansion and enhancement of our IC substrate facilities at our Batu Kawan Plant involves purchasing additional equipment to strengthen our manufacturing capabilities and support our future business growth. The expansion will increase the annual production capacity of our Batu Kawan Plant, with total annual IC substrate manufacturing capacity expected to increase by approximately 40.00% from 600 million pieces to 840 million pieces by 2029.

3.4.3 Vertical expansion to advanced semiconductor packaging

Our vertically integrated production plan will encompass the entire manufacturing process, from IC substrate manufacturing to advanced semiconductor packaging. Our initial investment will focus on establishing an R&D production facility dedicated to advanced packaging. This enables us to accelerate innovation and enhance package performance to meet growing demand for high-density, high-performance semiconductors. Over time, this is expected to broaden our product offerings and diversify our revenue streams.

3.4.4 Digitalisation and marketing strategies

(i) Operations digitalisation

As part of our long-term growth strategy to centralise operations, our Group plans to invest in new software for our Group production planning and monitoring process and in-house circuit design and engineering process.

The digitalisation is expected to improve efficiency, reduce errors and accelerate the design-to-production cycle.

3. PROSPECTUS SUMMARY (CONT'D)

(ii) Marketing strategies

Our plans include expanding our marketing efforts to enhance our market presence and customer engagement. These initiatives aim to raise awareness of our technical capabilities, manufacturing capacity, and service offerings, while fostering long-term relationships with both existing and potential customers. Our sales and marketing team will focus on participating in industry trade fairs, exhibitions, and shows in key markets, including Japan, Europe, and the USA. This will allow us to engage directly with customers, industry stakeholders, and potential business partners.

Please refer to **Section 7.28** of this Prospectus for further information on our business strategies and plans.

3.5 Risk factors

Before investing in our Shares, you should carefully consider, along with the other matters set out in this Prospectus, the risks and investment considerations. The following are some of the key risks affecting our business, operations and industry we are currently facing or may develop in the future.

3.5.1 Risks relating to our business operations

- (i) We rely on specialised and precious metal-based materials and electrical components for our production. These input materials are essential to ensure the structural integrity, electrical performance, and reliability of our final products. In the event of any disruption in supply, it could lead to a delay in production and order fulfilment. Further, certain specialised input materials, including copper-based materials and gold-based chemical compounds, contain precious metals which are subject to global price fluctuations.
- (ii) We have business operations in Malaysia and the PRC. For the Financial Years Under Review, our sales transactions and procurement of input materials were conducted in the local currencies of our operating countries and in foreign currencies. As such, we are exposed to foreign exchange fluctuations, mainly the USD and RMB.
- (iii) Sales of our FPCs and IC substrates are conducted based on confirmed purchase orders, and we do not have purchase orders with a contract period of more than 1 year. In this respect, our revenue is typically non-recurring after order fulfilment or customer delivery. Further, our IC substrate segment relies on a major customer who contributed significantly to our IC substrate revenue. As such, our business and financial performance depend on our ability to secure new orders from existing and new customers consistently.
- (iv) Our FPC and IC substrate manufacturing businesses are technology-driven and subject to technological advancements in materials, processes, equipment, and design capabilities. If we fail to anticipate or respond effectively to technological changes, it may result in product obsolescence, reduced competitiveness, lower customer demand, or pricing pressure.
- (v) Our strategies and plans are focused on leveraging our core strengths and capitalising on our expertise in FPC and IC substrate development and manufacturing. These strategies and plans include expanding and upgrading our facilities in Malaysia and the PRC to support our growth, and venturing into new business areas by expanding vertically from IC substrates to advanced semiconductor packaging in Malaysia. We may not be able to effectively execute some of our business strategies and plans.

3. PROSPECTUS SUMMARY (CONT'D)

(vi) Our FPC and IC substrate operations depend on skilled and experienced technical workforce across various engineering disciplines. In the event of any shortage or high employee turnover, knowledge gaps and operational disruptions may affect production efficiency, yield performance, quality and delivery schedules, leading to higher scrap rates and operating costs, or delays in customer qualification and new product introduction.

(vii) Any unplanned equipment breakdowns or malfunctions could result in production downtime, yield losses, and delays in order fulfilment. Furthermore, disruptions to the utility supply may result in unplanned production shutdown and reduced production throughput, whilst labour supply shortage prevents us from maintaining a stable workforce which could adversely affect our business operations and financial performance.

Our business operations are subject to laws and regulations relating to operational, environmental, and occupational health and safety matters. Any failure to comply with applicable laws, regulations or licence conditions may result in fines, penalties, suspension or revocation of licences and cause reputational damage.

(viii) Although our eligibility for income tax exemptions are valid over the prescribed period of time, there can be no assurance that such income tax exemptions will be maintained throughout the relevant time period as such tax incentives are subject to periodic review and may be revoked at any time should specific criteria to qualify for the tax incentive be not met.

(ix) The loss of the services of our Executive Directors or any Key Senior Management, without suitable and timely replacements, may adversely affect our business operations and financial performance.

(x) We are subject to risks relating to the potential exposure of our proprietary information, as well as the exclusive, trade secret, or confidential information of our customers, arising from security breaches, system vulnerabilities, employee negligence, errors, or misconduct. Any failure to adequately safeguard such information may result in legal claims, contractual disputes, regulatory scrutiny, financial liabilities, and reputational damage, as well as a loss of customer trust and confidence. Such incidents could materially and adversely affect our business relationships, reputation, results of operations, and financial performance.

(xi) Our IC substrate manufacturing operations and product offerings depend partly on technology licenses and technical know-how transferred from a third-party technology licensor and transfer partner which exposes us to the associated risks such as termination or restriction in the technology license.

(xii) According to the Chinese Mainland Social Insurance Law and Regulations on the Management of Housing Provident Fund, our PRC Operations are required to make contributions to social insurance and housing provident funds for our PRC employees. Non-compliance with these requirements may expose us to administrative penalties. During the Financial Years under Review, our PRC Operations did not make full contributions to the social insurance and housing provident funds for certain employees in accordance with the relevant Chinese Mainland laws and regulations. For further information, please refer to **Section 7.26.2(vi)(b)** of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

- (xiii) We cannot assure that we will be able to complete the required registrations, filings or obtain the necessary approvals in a timely manner, or at all, in connection with future loans or capital contributions to our PRC subsidiaries. Any failure to comply with applicable Chinese Mainland laws and regulations could restrict our ability to fund our PRC Operations, utilise proceeds from our offshore offerings, or provide financial support to our PRC Operations. This could materially and adversely affect our business, financial condition, liquidity and ability to fund and expand our operations.

3.5.2 Risks relating to our industry

- (i) Our business is exposed to restrictive trade practices and trade policy measures in certain markets, particularly the USA, one of our major shipment destination markets. The USA tariffs may affect our customers' cost structures for their final products, potentially leading to supply chain adjustments or requests for pricing flexibility. To some extent, such developments may influence end-market demand and, in turn, indirectly affect demand for our products in the semiconductor and electronics industry which in turn affect our operations within the semiconductor and electronics industry in Malaysia and the PRC.
- (ii) Demand for FPC and IC substrates is closely correlated with the performance, growth cycles, and investment activities of end-user industries. Although our products are used across a diversified range of industries, any slowdown, downturn, or prolonged weakness in these end-user industries could result in reduced order volumes, delays or cancellations of customer projects, and increased pricing pressure.
- (iii) We generally compete on a variety of factors, including product quality and reliability, access to technological advancements, price competitiveness, financial strength in terms of working capital, availability or willingness to invest in technology development and resources, customer service, prompt delivery, track record and market reputation. Failure to remain competitive, quickly adapt to changing market conditions and technological trends, or effectively build on our strengths could adversely affect our prospects, business operations, and financial performance.
- (iv) Any adverse changes in the political, social, economic and regulatory conditions in Malaysia and the PRC may harm our business operations and financial performance. As such, there can be no assurance that any adverse economic, social, political, and regulatory developments which are beyond our control will not materially affect our business operations and financial performance.

Please refer to **Section 5** of this Prospectus for further details on our risk factors.

3.6 Non-compliances with the relevant laws, regulations, rules and requirements governing the conduct of the operations of our Group

As at the LPD, we are not in full compliance with certain applicable laws, regulations and rules relating to the compliance of 1 of the express conditions stated in the land of the Bayan Lepas Plant. The total estimated cost of rectification of RM15,254 and maximum potential penalty of RM37,000 per annum (calculated based on an initial fine of RM500 and a further fine of RM100 per day, if continuing breach), which if simultaneously imposed on a maximum basis would amount to less than 0.1% of PBT for the FYE 2025 are not material to our Group.

Furthermore, we did not make full contributions to the social insurance and housing provident funds for certain employees in accordance with the relevant Chinese Mainland laws and regulations. According to relevant Chinese Mainland laws and regulations, we may be required to make additional contributions to the social insurance fund and/or housing provident fund as well as late payment fines and penalties.

3. PROSPECTUS SUMMARY (CONT'D)

Given that (i) we are not subject to any penalties and had not received any notice from the authorities ordering it to make contributions; (ii) pursuant to the relevant policies, local authorities generally shall not conduct centralised collection of historical arrears, and based on check with the relevant local authorities confirmed that they typically do not retroactively require shortfall contributions unless specific complaints are filed; and (iii) no complaints raised by our employees with respect to the above as at the LPD, our Chinese Mainland Legal Adviser is of the view that the likelihood that we would be subject to administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote under the premise that there are no significant changes to current Chinese Mainland policies and regulations or to the enforcement and supervision requirements of local governments, and assuming no employee complaints are filed.

3.7 Our Directors and Key Senior Management

Our Directors and Key Senior Management are set out as follows:-

Name	Designation
<u>Directors</u>	
Dato' Hwang Thean Long	Non-Independent Non-Executive Chairman
Datuk Radzali Bin Hassan	Non-Independent Non-Executive Director
Jeffrey Hwang	Managing Director and CEO
Brian Low	Executive Director and President of PRC Operations
Dato' Lim Bee Vian	Senior Independent Non-Executive Director
Lam Voon Kean	Independent Non-Executive Director
Noor Alina Binti Mohamad Faiz	Independent Non-Executive Director
Dr. Lee Teck Kheng	Independent Non-Executive Director
<u>Key Senior Management</u>	
Sim Gaik Lan	CFO
<u>Malaysia Operations</u>	
Whong Poh Choon	Vice President, Strategic Customers Management
Ang Toon Yoon	Vice President, IC Substrate Operations
Balaguru A/L Shanmugam	Vice President, FPC Operations
Mohammed Iqbal Siddiqui	Vice President, Development
<u>PRC Operations</u>	
Chen Bo	Vice President, Manufacturing
Yuan Lin Hui	Vice President, Quality and Engineering
Chan Kok Yeow	Vice President, Administration

Please refer to **Sections 9.2.2** and **9.4.2** of this Prospectus for further details of our Directors and Key Senior Management.

3. PROSPECTUS SUMMARY (CONT'D)

3.8 Our Promoters and substantial shareholders

Our Promoters and substantial shareholders, as well as their respective shareholdings in our Company, are set out as follows:-

Promoters and substantial shareholders	Nationality / Place of incorporation	Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	⁽¹⁾ (%)	No. of Shares	⁽¹⁾ (%)	No. of Shares	⁽²⁾ (%)	No. of Shares	⁽²⁾ (%)
<u>Promoters and substantial shareholders</u>									
Jeffrey Hwang	Malaysian	-	-	⁽³⁾⁽⁸⁾ 1,297,500,000	100.00	75,000,000	5.00	⁽³⁾ 796,875,000	53.12
Brian Low	Malaysian	-	-	⁽⁴⁾⁽⁸⁾ 1,297,500,000	100.00	28,125,000	1.88	⁽⁴⁾ 262,500,000	17.50
<u>Substantial shareholders</u>									
Twisden	British Virgin Islands	135,000,000	10.40	-	-	-	-	-	-
SQTSB	Malaysia	1,162,500,000	89.60	-	-	-	-	-	-
SQ Technology Limited	Hong Kong	-	-	⁽⁵⁾ 1,162,500,000	89.60	-	-	-	-
SQ Technology Group Limited	Cayman Islands	-	-	⁽⁶⁾ 1,162,500,000	89.60	-	-	-	-
SQT Holdings	British Virgin Islands	-	-	⁽⁷⁾ 1,162,500,000	89.60	796,875,000	53.12	-	-
SQ Venture	British Virgin Islands	-	-	⁽⁷⁾ 1,162,500,000	89.60	262,500,000	17.50	-	-

Notes:-

- (1) Based on our existing issued share capital comprising 1,297,500,000 Shares after the Pre-IPO Restructuring but before the IPO.
- (2) Based on our enlarged issued share capital comprising 1,500,000,000 Shares after the IPO.
- (3) Deemed interested by virtue of his shareholding in SQT Holdings, applying Section 8(4) of the Act.
- (4) Deemed interested by virtue of his shareholding in SQ Venture, applying Section 8(4) of the Act.
- (5) Deemed interested by virtue of its shareholding in SQTSB, applying Section 8(4) of the Act.
- (6) Deemed interested by virtue of its shareholding in SQT Technology Limited, applying Section 8(4) of the Act.
- (7) Deemed interested by virtue of its shareholding in SQ Technology Group Limited, applying Section 8(4) of the Act.
- (8) Deemed interested by virtue of his shareholding in Twisden, applying Section 8(4) of the Act.

3. PROSPECTUS SUMMARY (CONT'D)

Please refer to **Section 9.1.3** of this Prospectus for further details of our Promoters and substantial shareholders.

3.9 Use of proceeds

The total gross proceeds from the Public Issue amounting to RM[●] million based on the Issue Price of RM[●] per Issue Share are expected to be utilised by our Group in the following manner:-

Details of use	Estimated timeframe for use upon Listing	(RM'000)	Percentage of gross proceeds (%)
(i) Expansion of our facilities	Within 36 months	[●]	[●]
(ii) Research and development expenditure	Within 36 months	[●]	[●]
(iii) Talent development and retention	Within 36 months	[●]	[●]
(iv) Working capital	Within 24 months	[●]	[●]
(v) Repayment of existing bank borrowings	Within 3 months	[●]	[●]
(vi) Other fees and expenses relating to our IPO and Listing	Within 3 months	[●]	[●]
Total		[●]	100.00

Please refer to **Section 4.6** of this Prospectus for further details on the use of proceeds from the Public Issue.

3.10 Financial highlights

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 the accompanying notes, assumptions and bases as set out in **Section 13** of this Prospectus. There were no audit qualifications on our audited financial statements for the Financial Years Under Review.

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)
<u>Profit or loss</u>			
Revenue	313,708	340,425	367,658
GP	93,361	106,310	119,968
Other operating income	34,474	28,419	25,523
PBT	77,074	84,753	92,088
PAT	68,600	74,816	80,166
EBITDA ⁽¹⁾	91,505	104,054	118,693
<u>Other selected financial information</u>			
GP margin (%) ⁽²⁾	29.76	31.23	32.63
PBT margin (%) ⁽³⁾	24.57	24.90	25.05
PAT margin (%) ⁽⁴⁾	21.87	21.98	21.80
EBITDA margin (%) ⁽⁵⁾	29.17	30.57	32.28

3. PROSPECTUS SUMMARY (CONT'D)

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Basic and diluted EPS (sen) ⁽⁶⁾	4.57	4.99	5.34
Equity attributable to owners of our Company	433,000	435,688	384,205
Current ratio (times)	3.65	2.96	2.67
Gearing ratio (times)	0.11	0.03	0.05
Trade receivables turnover period (days)	104	96	87
Trade payables turnover period (days)	83	75	70
Inventory turnover period (days)	66	58	56
Cash flows			
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)

Notes:-

- (1) The reconciliation of our PBT to EBITDA is set out in **Section 12.1** of this Prospectus.
- (2) GP margin is computed based on the GP over revenue of our Group.
- (3) PBT margin is computed based on the PBT over revenue of our Group.
- (4) PAT margin is computed based on the PAT over revenue of our Group.
- (5) EBIDTA margin is computed based on the EBIDTA over revenue of our Group.
- (6) Basic and diluted EPS is computed based on PAT divided by the number of issued Shares of 1,500,000,000 after our IPO. There are no dilutive instruments as at the end of the respective financial years.

3.11 Dividend policy

The dividends declared and paid for the Financial Years Under Review are set out as follows:-

	FYE 2023	FYE 2024	FYE 2025
Dividend declared and paid in respect of each FYE (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 ⁽¹⁾ (%)	-	91.04	133.39

Note:-

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

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 financial year ended 31 December 2025 and is expected to be paid to Twisden by May 2026. In addition, our Company may declare and pay another dividend of up to RM20.0 million by April 2026. The dividend payment will be funded via internally generated funds.

We target a payout ratio of 30% 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. Please refer to **Section 12.6** of this Prospectus for further details on our dividend policy.

4. DETAILS OF OUR IPO

4.1 Opening and closing of applications

Application for our IPO Shares will open at 10.00 a.m. on [date] and will remain open until 5.00 p.m. on [date]. **Late applications will not be accepted.**

4.2 Indicative timetable

The indicative timeline for our IPO is set out below:-

Events	Date
Opening of Applications	10.00 a.m., [date]
Closing of Applications	5.00 p.m., [date]
Balloting of Applications	[date]
Allotment / transfer of our IPO Shares to successful applicants	[date]
Listing	[date]

If there are any changes to this timetable, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia, and make an announcement of such changes on Bursa Securities' website accordingly.

4.3 Details of our IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in **Section 4.3.4** of this Prospectus:-

	No. of IPO Shares	⁽¹⁾ Percentage of our enlarged issued share capital (%)
Retail Offering		
Malaysian Public (via balloting):-		
• Bumiputera	15,000,000	1.00
• Non-Bumiputera	15,000,000	1.00
Eligible Persons:-		
• Our Directors	2,800,000	0.18
• Eligible employees of our Group	31,000,000	2.07
• Persons who have contributed to the success of our Group	11,200,000	0.75
	75,000,000	5.00
Institutional Offering		
Private placement to identified institutional and/or selected investors	262,500,000	17.50
Total	337,500,000	22.50

Note:-

(1) Based on our enlarged issued share capital of 1,500,000,000 Shares after our IPO.

4. DETAILS OF OUR IPO (CONT'D)

4.3.1 Retail Offering

The Retail Offering involves the offering of 75,000,000 Issue Shares, representing 5.00% of our enlarged issued share capital, subject to the clawback and reallocation provisions as set out in **Section 4.3.4** of this Prospectus, at the IPO Price to be allocated in the following manner:-

(i) Malaysian Public

30,000,000 Issue Shares, representing 2.00% of our enlarged issued share capital, are available for application by the Malaysian Public through a balloting process, of which 15,000,000 Issue Shares, representing 1.00% of the enlarged issued share capital of our Company, are set aside for Bumiputera investors. Any Issue Shares not subscribed by such Bumiputera investors will be made available for application by other Malaysian Public.

(ii) Eligible Persons

45,000,000 Issue Shares, representing 3.00% of our enlarged issued share capital (i.e. Pink Form Shares), have been reserved and set aside for the Eligible Persons under the Pink Form Allocations.

The details of the number of Pink Form Shares set aside for the Eligible Persons are as follows:-

Eligible Persons	No. of Eligible Persons	Aggregate no. of Pink Form Shares allocated
Our Directors ⁽¹⁾	6	2,800,000
Eligible employees of our Group ⁽²⁾	300	31,000,000
Persons who have contributed to the success of our Group ⁽³⁾	100	11,200,000
Total	406	45,000,000

Notes:-

- (1) The basis and criteria for allocation to our Directors are based on, amongst others, their respective roles and responsibilities in our Group as well as their contribution to our Group. The number of Pink Form Shares to be allocated to our Directors are set out as follows:-

Name	Designation	No. of Pink Form Shares to be allocated
Dato' Hwang Thean Long	Non-Independent Non-Executive Chairman	1,000,000
Datuk Radzali Bin Hassan	Non-Independent Non-Executive Director	600,000
Dato' Lim Bee Vian	Senior Independent Non-Executive Director	300,000
Lam Voon Kean	Independent Non-Executive Director	300,000
Noor Alina Binti Mohamad Faiz	Independent Non-Executive Director	300,000
Dr. Lee Teck Kheng	Independent Non-Executive Director	300,000
Total		2,800,000

The higher number of Pink Form Shares allocated to Dato' Hwang Thean Long and Datuk Radzali Bin Hassan was based on their seniority and contribution as our Directors.

4. DETAILS OF OUR IPO (CONT'D)

(2) *The basis and criteria for the allocation of Pink Form Shares to the eligible employees of our Group, as approved by our Board, are based on, amongst others, the following factors:-*

- (i) *the eligible employee must be a full-time confirmed employee of at least 18 years of age and be on the payroll of our Group; and*
- (ii) *the number of Pink Form Shares allocated to the eligible employees is based on their staff grade, length of service, past performance and level of contributions made to our Group, including any other factors considered relevant to our Board.*

The allocation to our eligible employees includes the allocation to the following Key Senior Management:-

Name	Designation	No. of Pink Form Shares to be allocated
Sim Gaik Lan	CFO	500,000
Whong Poh Choon	Vice President, Strategic Customers Management	500,000
Ang Toon Yoon	Vice President, IC Substrate Operations	500,000
Balaguru A/L Shanmugam	Vice President, FPC Operations	500,000
Mohammed Iqbal Siddiqui	Vice President, Development	500,000
Chan Kok Yeow	Vice President, Administration	500,000
Total		3,000,000

For information purposes, the number of Pink Form Shares allocated to the Key Senior Management above were based on the length of service, past performance and level of contribution to our Group.

(3) *The allocation to persons who have contributed to our success, as approved by our Board, is determined based on, amongst others, the length of business relationship with our Group, their current and past contributions and support to our business. The persons who have contributed to our success may include our customers, suppliers and business associates. For avoidance of doubt, these persons who have contributed to our success are not related to our Promoters, substantial shareholders and Directors.*

4.3.2 Institutional Offering

The Institutional Offering involves the offering of 127,500,000 Issue Shares and 135,000,000 Offer Shares, collectively representing 17.50% of our entire enlarged issued share capital, will be allocated by way of private placement to identified institutional and/or selected investors at the IPO Price, subject to the clawback and reallocation provisions as set out in **Section 4.3.4** of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.3.3 Offer for Sale

The Offer Shares to be offered by the Selling Shareholder and its respective direct shareholdings in our Company before and after our IPO, and their relationship with our Group within the past 3 years are as follows:-

Name and address	Nature of relationship with our Group	Before our IPO		Shares offered pursuant to the Offer for Sale		⁽³⁾ After our IPO	
		No. of Shares	⁽¹⁾ %	No. of Shares	⁽¹⁾ %	No. of Shares	⁽²⁾ %
Twisden* Palm Grove House P.O Box 438 Road Town, Tortola British Virgin Islands	Substantial shareholder*	135,000,000	10.40	135,000,000	10.40	-	-

Notes:-

* Twisden is owned by Jeffrey Hwang (75.00%) and Brian Low (25.00%) who are our Promoters and substantial shareholders.

(1) Based on our existing issued share capital comprising 1,297,500,000 Shares after the Pre-IPO Restructuring but prior to the Public Issue.

(2) Based on our enlarged issued share capital comprising 1,500,000,000 Shares upon Listing.

(3) Assuming all 135,000,000 Offer Shares are fully placed out to identified institutional and/or selected investors.

Twisden will no longer be a shareholder of our Company following the Offer for Sale.

In the event of under-subscription of the Offer Shares, the remaining Offer Shares will then be subject to the clawback and reallocation provisions as set out in **Section 4.3.4** of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.3.4 Clawback and reallocation

Our IPO Shares shall be subject to the following clawback and reallocation provisions:-

- (i) in the event there are Issue Shares not subscribed by the Malaysian Public and the Eligible Persons, the remaining portion will be made available for application by way of private placement to identified institutional and/or selected investors under **Section 4.3.2** of this Prospectus;
- (ii) in the event of over-subscription by the Malaysian Public and a corresponding undersubscription under **Sections 4.3.1(ii)** and **4.3.2** of this Prospectus, the remaining portion will be clawed-back and be reallocated to the Malaysian Public; and
- (iii) if the Issue Shares and Offer Shares allocated to identified institutional and/or individual investors are not fully subscribed and subject to a corresponding over-subscription by the Malaysian Public under **Section 4.3.1(i)** of this Prospectus and/or Eligible Persons under **Section 4.3.1(ii)** of this Prospectus, the remaining portion will be clawed-back and reallocated to the Malaysian Public and/or offered to the Eligible Persons, the proportion of which will be at the discretion of our Joint Bookrunners and our Board.

The clawback and reallocation shall not apply in the event of over-subscription under **Sections 4.3.1(i), 4.3.1(ii)** and **4.3.2** of this Prospectus. Any balance unsubscribed Issue Shares under **Sections 4.3.1(i)** and **4.3.1(ii)** of this Prospectus (arising after the reallocation to the identified institutional and/or selected investors) will not be subject to any further clawback and reallocation. Such Issue Shares will hence be fully underwritten by the Joint Underwriters.

The basis of allocating the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities as well as to establish a liquid and adequate market for our Shares. The applicants will be selected in a fair and equitable manner to be determined by our Board.

As at the LPD, to the best of our knowledge and belief:-

- (i) there is no substantial shareholder, Director or Key Senior Management who have indicated that they intend to subscribe for our IPO Shares, save for our IPO Shares made available for application under the Pink Form Allocation; and
- (ii) there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

4.3.5 LTIP

In conjunction with the Listing, we have established an LTIP. For avoidance of doubt, we do not intend to grant any ESOS Options or ESGS Shares (collectively referred as "**LTIP Award(s)**") in conjunction with our Listing.

The LTIP will be administered by a committee comprising such Directors and/or senior management of our Group to be appointed and authorised by our Board ("**LTIP Committee**") and governed by the By-Laws.

The salient features of the LTIP are as follows:-

(i) Maximum number of Shares available under the LTIP

The total number of Shares which may be made available under the LTIP shall not exceed in aggregate 10.00% of the total number of issued Shares (excluding treasury shares, if any) at any point in time during the duration of the LTIP.

4. DETAILS OF OUR IPO (CONT'D)

(ii) Basis of allocation and maximum allowable allocation

Subject to any adjustments which may be made under the By-Laws, the maximum number of LTIP Awards that may be offered to the eligible Directors and employees of our Group at any point in time during the duration of the LTIP, shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the director's or employee's seniority, job grading, performance, length of service, contribution to our Group and/or such other matters as the LTIP Committee deems fit in its sole and absolute discretion, and subject to the following conditions the total number of SQAI Shares made available under the LTIP shall not exceed the amount in **Section 4.3.5(i)** above:-

- (a) not more than 10.00% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of SQAI Shares under the LTIP shall be allocated to any eligible Directors and employees of our Group who, either singly or collectively through persons connected (as defined in the Listing Requirements) with the eligible Directors and employees of our Group, holds 20.00% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued SQAI Shares (excluding treasury shares, if any);
- (b) up to 70.00% of the number of SQAI Shares made available under the LTIP as referred to in **Section 4.3.5(i)** above, shall be allocated in aggregate to the eligible Directors and senior management of our Group. This is intended to incentivise the Directors of our Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of our Group and to incentivise the senior management of our Group for their commitment, dedication and loyalty towards attainment of higher performance; and
- (c) the eligible Director or employee shall not participate in the deliberation or discussion of their respective allocations as well as the allocations to persons connected with them, if any,

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

(iii) Duration of the LTIP

The LTIP will be in force for a period of 5 years from the effective date and may be extended for a period of up to another 5 years immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the effective date.

(iv) Eligibility

Subject to the sole discretion of the LTIP Committee, only eligible Directors and employees of our Group who fulfil the following conditions as at the date of awarding the LTIP Awards ("**LTIP Award Date**") shall be eligible to participate in the LTIP:-

- (a) in respect of a Director of our Group, he/she:-
 - (1) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

4. DETAILS OF OUR IPO (CONT'D)

- (2) has been appointed as our Director for any company within our Group for such periods as may be determined by the LTIP Committee prior to and up to the LTIP Award Date;
 - (3) has not given any notice of resignation, received a notice of termination or otherwise ceased or had his/her employment terminated prior to and up to the LTIP Award Date; and
 - (4) fulfils any other criteria as may be determined by the LTIP Committee from time to time at its sole discretion,
- (b) in respect of an employee (including senior management), he/she:-
 - (1) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (2) is employed by our Group on a full-time basis or serving in a specific designation under an employment contract with our Group for a fixed duration (or any other contract as may be determined by the LTIP Committee) and is on the payroll of our Group and has not served a notice of resignation or received notice of termination;
 - (3) must have been in employment of our Group for a continuous fixed period of at least 6 months or such period as may be determined by the LTIP Committee from time to time (which shall include any probation period) prior to the LTIP Award Date; and
 - (4) fulfils any other criteria as may be determined by the LTIP Committee from time to time at its sole discretion,

provided always that the selection of eligible Directors and employees of our Group for participation in the LTIP and the number of LTIP Award(s) to be awarded to an Eligible Person under the LTIP shall be at the sole and absolute discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.
- (c) only eligible Directors and employees of our Group (save for our independent Directors) who fulfil the eligibility conditions as set out above shall be eligible to participate in the ESGS.
- (d) the ESGS Shares to be awarded ("**ESGS Awards**") may require the performance targets to be met by the Eligible Persons prior to the vesting of the ESGS Awards. The performance targets comprise key performance indicators to be measured against the individual performance of the eligible Directors and employees who have accepted the ESGS Awards ("**ESGS Participant(s)**") and/or our Group as well as the performance of their respective business units within our Group, as may be determined by our Company from time to time.

4. DETAILS OF OUR IPO (CONT'D)**(v) Exercise price****(a) ESOS**

In relation to the ESOS, the exercise price payable by the eligible Directors and employees of our Group upon the exercise of the ESOS Options shall be determined by the LTIP Committee and in any case, shall be based on a price to be determined by our Board upon recommendation of the LTIP Committee, based on the volume weighted average price of our Shares for the 5 market days at the date of which ESOS Options are awarded to the eligible Directors and employees of our Group ("**ESOS Awards**") with a discount of not more than 10.00% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the LTIP.

(b) ESGS

In relation to the ESGS, the reference price of the ESGS Awards will be determined based on the fair value of the ESGS Awards, which will take into account, among others, the market price of our Shares on the award date of the ESGS Awards.

(vi) Vesting conditions

The LTIP Committee shall, as and when it deems necessary, review and determine, at its own discretion, the conditions which are required to be fulfilled by an eligible person who has accepted the ESOS Awards and/or ESGS Awards ("**Vesting Conditions**"). Our Shares to be transferred under the ESGS Award(s) shall be vested to the ESGS Participants on the date that the ESGS Awards are eligible to be vested ("**ESGS Vesting Date**") once the Vesting Conditions, if any, are fully and duly satisfied which includes among others, the following:-

- (a) the ESGS Participants must remain as an employee and shall not have given a notice to resign or receive a notice of termination as at the ESGS Vesting Date; and
- (b) any other conditions which are determined by the LTIP Committee.

4.3.6 Share capital

Upon completion of our IPO, our share capital will be as follows:-

	No. of Shares	RM
Issued share capital before our IPO	1,297,500,000	[146,514,501]
New Shares to be issued under the Public Issue	202,500,000	⁽¹⁾ [●]
Enlarged issued share capital upon Listing and prior to utilisation of IPO proceeds	1,500,000,000	[●]
Less: Estimated listing expenses	-	⁽²⁾ [(●)]
Enlarged issued share capital upon Listing and after utilisation of IPO proceeds	1,500,000,000	[●]

Notes:-

- (1) Calculated based on the IPO Price.
- (2) Out of the total estimated listing expenses of RM[●] million, a total of RM[●] million is assumed to be directly attributable to the Public Issue and will be debited against share capital, whilst the remaining RM[●] million will be charged to the statement of profit or loss and other comprehensive income of our Group.

4. DETAILS OF OUR IPO (CONT'D)

The Offer for Sale would not have any effect on our issued share capital as the Offer Shares are already in existence prior to our IPO.

4.3.7 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism (which is in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008) for our IPO.

4.3.8 Classes of shares and ranking

As at the date of this Prospectus, there is only 1 class of shares in our Company, namely ordinary shares.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our other existing issued Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable rules of Bursa Depository.

Our Offer Shares rank equally in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable rules of Bursa Depository.

Subject to any special rights (amongst others, taking priority over our Shares in terms of the distribution of dividends or other profits) attaching to any Shares which we may issue in the future, our shareholders are, in proportion to the amount paid on the Shares held by them, be entitled to share in the profits paid out by us in the form of dividends or other distributions. Similarly, if our Company is liquidated, our shareholders are entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution, is to be voted on by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.3.9 Minimum level of subscription

There is no minimum subscription in terms of the proceeds to be raised from our IPO. However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by public shareholders for our Company to comply with the public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have a minimum of 25.00% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing. However, Bursa Securities has, via its letter [date], resolved to [●] a lower public shareholding spread of [22.00]% upon our Listing, as in compliance with Paragraph 8.02(1) of the Listing Requirements. Further details on the conditions of the approval are set out in **Section 2.1** of this Prospectus.

If the above requirement is not met, we may not be able to proceed with our Listing. Please refer to **Section 5.3.2** of this Prospectus for details in the event there is a delay in or cancellation of our Listing.

4. DETAILS OF OUR IPO (CONT'D)

4.4 Basis of arriving at the price of our IPO Shares

4.4.1 IPO Price

Our IPO Price was determined and agreed upon between our Directors, Promoters, Selling Shareholder and in consultation with our Joint Bookrunners and Joint Underwriters, after taking into consideration the following factors:-

- (i) our Group's pro forma EPS of 5.3 sen for the FYE 2025, which is based on our Group's PAT attributable to owners of our Group of approximately RM80.2 million and our enlarged issued share capital comprising 1,500,000,000 Shares, which translates into a price-to-earnings multiple of [●] times;
- (ii) our financial performance and operating history as described in **Sections 12 and 13** of this Prospectus;
- (iii) the pro forma combined NA as at FYE 2025 attributable to owners of our Group, after our IPO and subsequent to the utilisation of proceeds from our Public Issue of approximately RM[●] per Share based on our enlarged issued share capital upon Listing comprising 1,500,000,000 Shares;
- (iv) our competitive advantages and key strengths as outlined in **Section 7.5** of this Prospectus;
- (v) our business strategies and plans as outlined in **Section 7.28** of this Prospectus;
- (vi) the overview and future outlook of the industry which we operate in, as described in the Independent Market Research Report in **Section 8** of this Prospectus; and
- (vii) the prevailing market conditions which include the current market trends and investors' sentiment.

4.4.2 Market capitalisation upon Listing

Based on our IPO Price of RM[●] per IPO Share and our enlarged issued share capital comprising 1,500,000,000 Shares, our market capitalisation upon Listing is RM[●] billion.

You should also note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to carefully consider the risk factors as set out in Section 5 of this Prospectus.

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4. DETAILS OF OUR IPO (CONT'D)

4.5 Dilution

Dilution is computed as the difference between our IPO Price and our pro forma combined NA per Share after our IPO.

The following table illustrates the effect in our pro forma combined NA for each Share to our shareholders:-

	Details	RM
IPO Price	(A)	[●]
Audited combined NA per Share as at 31 May 2025, before adjusting for the IPO	(B)	0.21
Pro forma combined NA per Share as at 31 May 2025, after giving effect to the IPO (after the IPO and subsequent to the utilisation of proceeds from our Public Issue)	(C)	[●]
Increase in the pro forma combined NA per Share to existing shareholders	(C - B)	[●]
Dilution in the pro forma combined NA per Share to new public investors	(A - C)	[●]
Dilution in the pro forma combined NA per Share to new public investors as a percentage of the IPO Price (%)	(A - C)/(A)	[●]

Save as disclosed below and the Pink Form Allocations to our eligible Directors and Key Senior Management under **Section 4.3.1(ii)** of this Prospectus, none of our substantial shareholders, Directors, Key Senior Management or persons connected to them had acquired, obtained the right to acquire and/or subscribe for our Shares in the past 3 years and up to the LPD:-

	Date	No. of Shares	Total consideration (RM)	Average effective cash contribution per Share (RM)
<u>Substantial shareholders</u>				
SQTSB*	29 November 2025 10 February 2026	⁽¹⁾ 14,999,998 ⁽²⁾ 1,122,500,000	7,999,498.93 -	0.5333 -
Twisden*	[date]	⁽³⁾ 135,000,000	[106,515,000.00]	[0.7890]

Notes:-

* Ultimately owned by Jeffrey Hwang (75.00%) and Brian Low (25.00%) who are our Promoters and substantial shareholders.

(1) Allotted to SQTSB to capitalise amount due to SQTSB.

(2) Shares are allotted pursuant to the Bonus Issue, further details are set out in **Section 6.4.2** of this Prospectus.

(3) Shares are allotted pursuant to the Acquisition of SECL, further details are set out in **Section 6.4.3** of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)**4.6 Use of proceeds**

The total gross proceeds from the Public Issue amounting to RM[●] million will be utilised by our Group in the following manner:-

Details of use	Estimated timeframe for use upon Listing	(RM'000)	Percentage of gross proceeds (%)
(i) Expansion of facilities			
• Expansion and modernisation of FPC facilities	Within 36 months	[●]	[●]
• Expansion and enhancement of IC substrate facility	Within 36 months	[●]	[●]
• Digitalisation of business operations	Within 24 months	[●]	[●]
		[●]	[●]
(ii) Research and development expenditure			
• Semiconductor advanced packaging	Within 36 months	[●]	[●]
• Advanced fine-line manufacturing process	Within 36 months	[●]	[●]
		[●]	[●]
(iii) Talent development and retention	Within 36 months	[●]	[●]
(iv) Working capital	Within 24 months	[●]	[●]
(v) Repayment of existing bank borrowings	Within 3 months	[●]	[●]
(vi) Other fees and expenses relating to our IPO and our Listing	Within 3 months	[●]	[●]
Total		[●]	[●]

Details of our use of gross proceeds from our IPO are as follows:-

4.6.1 Expansion of facilities

To support our Group's long-term growth strategy, our Group plans to expand, modernise and enhance our FPC and IC substrate facilities as well as digitalise our business operations. These initiatives are intended to enhance product robustness and manufacturing efficiency, with a particular focus on precision and performance. Further, digitalisation is aimed at improving our operational efficiency, data accuracy and traceability. The expansion of our facilities will encompass, amongst others, the following:-

(a) Expansion and modernisation of our FPC facilities

Our Group currently carries out the manufacturing and assembly of FPC at the Bayan Lepas Plant and Xiamen Plant, with utilisation rates of approximately 66.00% and 71.00% for the FYE 2025, respectively. Our capacity and capabilities to carry out the manufacturing and assembly of FPC is dependent on, amongst others, the availability of production area and the advancement of our equipment.

4. DETAILS OF OUR IPO (CONT'D)

Our Group intends to continue focusing on modernising our FPC facilities through the purchase of additional equipment. The replacement and upgrading of equipment is expected to strengthen our manufacturing and assembly capabilities in terms of, amongst others, supporting finer-line width, photo-imaging and etching capabilities, enabling automated in-line inspection for circuit assembly as well as film lamination across large panel boards. This upgrade is expected to enhance our manufacturing and assembly capabilities which in turn supports future business growth.

Accordingly, our Group intends to allocate approximately RM[•] million or [•]% of the total Public Issue proceeds towards the expansion and modernisation of the FPC facilities at our Bayan Lepas Plant and Xiamen Plant. The estimated cost breakdown are as follows:-

Details	Bayan Lepas Plant (RM'000)	Xiamen Plant (RM'000)
Purchase of new equipment for capacity expansion ⁽¹⁾	[•]	[•]
Purchase of new equipment for capabilities enhancement ⁽¹⁾	[•]	[•]
Factory upgrade ⁽²⁾	[•]	[•]
Total	[•]	[•]

Notes:-

- (1) The breakdown of the purchase of new equipment for capacity expansion and capabilities enhancement is as follows:-

Details	Unit	(RM'000)
Circuit formation equipment	[•]	[•]
Mechatronic equipment	[•]	[•]
Circuit protection equipment	[•]	[•]
Circuit verification equipment	[•]	[•]
Surface finishing equipment	[•]	[•]
FPC assembly equipment	[•]	[•]
Analytical equipment	[•]	[•]
	[•]	[•]

The estimated cost for the abovementioned equipment was derived based on estimated prices taking into consideration, among others, suppliers' quotations and market price listing.

- (2) Comprising, factory renovation to cater to more space for new equipment as well as upgrade of wastewater treatment systems and cold storage facilities for our Xiamen Plant.

(b) Expansion and enhancement of IC substrate facility

Our Group currently carries out the manufacturing of IC substrates at our Batu Kawan Plant, with a utilisation rate of approximately 63.00% for the FYE 2025.

Our Group intends to continue focusing on enhancing our IC substrate facility through the purchase of additional equipment. The replacement and upgrading of equipment are expected to strengthen our manufacturing capabilities, further details are set out in **Section 7.28.1(ii)** of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

Our Group intends to allocate approximately RM[●] million or [●]% of the total Public Issue proceeds towards the expansion and enhancement of the IC substrate facility at our Batu Kawan Plant. The estimated cost breakdown is as follows:-

Details	(RM'000)
Purchase of new equipment for capacity expansion ⁽¹⁾	[●]
Purchase of new equipment for capabilities enhancement ⁽¹⁾	[●]
Total	[●]

Note:-

- (1) The breakdown of the purchase of equipment for capacity expansion and capabilities enhancement is as follows:-

Details	Unit	(RM'000)
Circuit formation equipment	[●]	[●]
Circuit protection equipment	[●]	[●]
Mechatronic equipment	[●]	[●]
Circuit verification equipment	[●]	[●]
Total	[●]	[●]

The estimated cost for the abovementioned equipment was derived based on estimated prices taking into consideration, among others, suppliers' quotations and market price listing.

(c) Digitalisation of business operations

As part of our long-term growth strategy to centralise the operations, our Group plans to invest in new software for the following processes:-

- (i) the production planning and monitoring process, which enables our Group to improve the data accuracy and traceability across manufacturing and administrative functions while strengthening interdepartmental coordination within our Group. This will facilitate more efficient production planning, monitoring, and reporting; and
- (ii) our Group's in-house circuit design and engineering process, which enables our Group to improve design accuracy and consistency as well as facilitate better collaboration and information sharing among technical teams. By leveraging optimisation and automated design tools, our Group aims to enhance documentation control and support the transition from design to manufacturing.

The digitalisation will be implemented within our Malaysia Operations, with the resources and capabilities to be shared between both our Malaysia and PRC operations. This is expected to improve efficiency, reduce errors and accelerate the design-to-production cycle. Further details on our strategies and plans in particular, digitalisation of business operation is set out in **Section 7.28.3** of this Prospectus.

Accordingly, our Group intends to allocate approximately RM[●] million or [●]% of the total Public Issue proceeds toward the digitalisation of our business operations which comprise the following:-

Details	(RM'000)
Operational and management software ⁽¹⁾	[●]
AI-enabled manufacturing enterprise systems	[●]
Circuit design and engineering software ⁽²⁾	[●]
Others ⁽³⁾	[●]
Total	[●]

4. DETAILS OF OUR IPO (CONT'D)**Notes:-**

- (1) *Comprising customer relationship management (CRM) software and cloud-based enterprise resource planning (ERP).*
- (2) *Comprising electronic design automation software.*
- (3) *Comprising smart warehousing solutions and an automated packing system for the Bayan Lepas Plant and chiller upgrades and an AI-powered energy efficiency building management system for the Batu Kawan Plant.*

If the actual cost of the utilisation exceeds the earmarked amount, the shortfall will be funded out of the portion allocated for our working capital requirements and/or our internally generated funds. Conversely, any excess funds will be utilised to meet the working capital requirements for our Group.

4.6.2 Research and development expenditure

R&D plays a critical role as part of our Group's continuing efforts to meet growing demand for high-density, high-performance semiconductor, as well as to expand our Group's product offerings. Our Group intends to focus our R&D initiatives on the following areas:-

(a) Semiconductor advanced packaging

We intend to establish an advanced semiconductor packaging R&D division at our Batu Kawan Plant which serves as a vertical expansion from our existing IC substrate manufacturing into advanced semiconductor packaging.

The advanced semiconductor packaging R&D division serves as a strategic initiative for our Group to focus on developing advanced semiconductor assembly processes that integrate wafer dies onto our in-house IC substrates to form a single semiconductor package. The R&D activities will focus on the research, development and qualification of new fabrication and packaging technologies. Subject to the successful completion of the R&D and process qualification, the initiative is expected to diversify our revenue streams with the entry into the semiconductor component assembly and advanced packaging markets. Further details on the advanced semiconductor packaging are set out in **Section 7.28.2** of this Prospectus.

Our Group has earmarked RM[•] million or [•]% of the total Public Issue proceeds towards the setting up of advanced semiconductor packaging R&D division. The earmarked proceeds are intended to set up an advanced semiconductor packaging pilot production line and recruitment of new technical personnel and/or upskilling of existing technical personnel to develop in-house advanced semiconductor packaging capabilities.

The breakdown of the allocated funds are set out below:-

Details	(RM'000)
Purchase of advanced semiconductor packaging equipment ⁽¹⁾	[•]
Staff costs	[•]
Total	[•]

Note:-

- (1) *Comprising, amongst others, wafer and package preparation equipment, die attach and bonding equipment, moulding equipment, laser marking and packaging equipment as well as inspection and testing equipment.*

4. DETAILS OF OUR IPO (CONT'D)

The breakdown as disclosed above is indicative and is dependent on the operating requirement of our Group at the time of utilisation.

If the actual cost of the utilisation exceeds the earmarked amount, the shortfall will be funded out of the portion allocated for our Group's working capital requirements and/or our internally generated funds. Conversely, any excess funds will be utilised to meet the working capital requirements for our Group.

(b) Advanced fine-line manufacturing processes

As part of our ongoing R&D initiatives, our Group intends to adopt new process technologies focused on advanced fine-line manufacturing processes for FPC manufacturing at our Xiamen Plant. The R&D initiatives aimed at evaluating, developing and qualifying new process technologies and process flow which involve establishing high-precision process capabilities that enable ultra-fine line widths and spacing, high interconnection density and enhanced electrical performance, thereby strengthening our technology competitiveness in FPC manufacturing. Further details on the adoption of advanced fine-line manufacturing processes are set out in **Section 7.28.1(i)(c)** of this Prospectus.

The R&D initiative will involve the development of pilot prototypes leveraging the advanced fine-line technologies, the optimisation of photolithography and etching process parameters, and the evaluation of materials and plating control and carrying out performance validation and process refinement to ensure reliable electrical and mechanical performance. These efforts are intended to support the continuous advancement of our fine-line FPC manufacturing capabilities, which are increasingly required for advanced FPC applications involving high-density circuitry in industries such as advanced medical imaging and instrumentation.

Accordingly, our Group has earmarked RM[•] million or [•]% of the total Public Issue proceeds to support the adoption of new process technologies.

The breakdown of the allocated funds are set out below:-

Details	(RM'000)
Purchase of advanced fine-line manufacturing equipment ⁽¹⁾	[•]
Staff costs	[•]
Total	[•]

Note:-

(1) *Comprising, amongst others, photolithography, laminating equipment, measuring machine and analytical equipment for the R&D in relation to the new process technologies.*

The breakdown as disclosed above is indicative and is dependent on the operating requirement of our Group at the time of utilisation.

If the actual cost of the utilisation exceeds the earmarked amount, the shortfall will be funded out of the portion allocated for our Group's working capital requirements and/or our internally generated funds. Conversely, any excess funds will be utilised to meet the working capital requirements for our Group.

4. DETAILS OF OUR IPO (CONT'D)

4.6.3 Talent development and retention

Our Group has earmarked RM[●] million or [●]% of the total Public Issue proceeds towards talent development and retention across our Group. As at the LPD, our Group has a total workforce of 1,247 employees.

As the E&E and semiconductor industries continue to evolve rapidly, human talent remains critical to our operations. Hence, this initiative is aimed at strengthening human capital capabilities to support operational excellence, innovation, and sustainable growth. The proposed allocation will go towards, amongst others:-

- (a) **training and skill enhancement programs** for engineers, technical staff, and management personnel to ensure our technical professionals remain aligned with technological advancements and industry best practices. Continuous development is essential for our Group to stay at the forefront of innovation to maintain competitiveness and effectively adapt to emerging technologies and evolving market demands in the E&E and semiconductor industries;
- (b) **leadership development and succession planning initiatives**, to ensure continuity, stability and effective knowledge transfer in critical management and technical roles which is essential for long-term sustainability; and
- (c) **employee retention initiatives**, including performance-based incentives and career progression programs, to attract and retain key talent essential to our Group's ongoing growth and competitiveness, particularly, in view of the intense competition for skilled talent in the E&E and semiconductor industries particularly in Penang, Malaysia and Xiamen, the PRC, which necessitates increased investment in employees' remuneration, incentives and retention programs to attract and retain qualified technical personnel.

By investing in the workforce, our Group seeks to cultivate a skilled and motivated talent pool capable of supporting the expansion, modernisation and digitalisation of the FPC and IC substrate operations.

4.6.4 Working capital

Our Group expects the working capital requirements to increase in tandem with the expected growth in our Group's scale of operations, as we continue to expand our production capacity and enhance our manufacturing capabilities for both the FPC and IC substrate segments as set out in the **Section 4.6.1** of this Prospectus. In relation thereto, our Group intends to utilise approximately RM[●] million or [●]% of the total Public Issue proceeds towards the working capital requirements, as set out below:-

Details	(1)(RM'000)
General overheads, which include payment of administration and operational expenses such as for the upkeep of offices and office utilities	[●]
Purchase of raw materials comprising, amongst others, gold-based chemical compounds, electrical components and copper-based material	[●]
Marketing activities	[●]
Total	[●]

Note:-

- (1) A detailed breakdown of the earmarked proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation. Notwithstanding that, our management has estimated that the allocation of the proceeds shall be distributed equally between our 3 manufacturing facilities based on the operational needs, strategic priorities, historical utilisation timelines and upcoming fulfilment timelines.

4. DETAILS OF OUR IPO (CONT'D)

4.6.5 Repayment of bank borrowings

As at the LPD, the total borrowings of our Group are approximately RM23.5 million. Our Group intends to utilise RM[●] million or [●]% of the total Public Issue proceeds towards repaying our Group's existing bank borrowings in the manner set out below:-

Facility*	Bank	Purpose	Maturity Date	⁽¹⁾ Interest rate (% per annum)	Amount outstanding as at the LPD (RM'000)	Proposed repayment (RM'000)
Revolving Credit	Hong Leong Bank	Working Capital	1 month	ICOF + 1.25%	15,000	[●]
Total					15,000	[●]

Notes:-

* Our Group has selected the abovementioned facility for repayment on the basis of prioritising on the repayment of facilities with higher interest rates and shorter maturity date.

(1) As at the LPD, the base financing/lending rate is the Islamic Cost of Finance (ICOF).

For illustrative purposes, the repayment of the bank borrowings set out in the table above, amounting to RM[●] million is expected to result in interest savings of approximately RM[●] million per annum, assuming an interest rate of 4.84% per annum. We do not expect to incur any penalty charges in respect of the early repayment of our bank borrowings.

4.6.6 Estimated listing expenses

The estimated expenses and fees incidental to our Listing amounting to RM[●] million or [●]% of the total Public Issue proceeds shall be borne by our Company, the details of which are as follows:-

Expenses	(RM'000)
Professional fees	[●]
Brokerage, placement fees and underwriting commission	[●]
Regulatory fees	[●]
Other fees and expenses such as printing, advertising, travelling and roadshow expenses incurred in connection with our IPO	[●]
Contingencies and other incidental expenses in connection with our IPO such as translation fees, public or investor relation consultant, service tax and funds reserved for contingency purposes	[●]
Total	[●]

If the actual listing expenses are higher than the estimated amount as set out above, the deficit will be funded out of the portion from the IPO proceeds allocated for working capital. Conversely, if the actual listing expenses are lower than the estimated amount, the excess will be utilised for the general working capital requirements of our Group.

We intend to place the Public Issue proceeds (including accrued interest, if any) or the balance thereof as deposits with licensed financial institutions or short-term money market instruments prior to the use of the proceeds from the Public Issue for the above intended purposes.

4. DETAILS OF OUR IPO (CONT'D)

We will not receive any proceeds from the Offer for Sale as such proceeds will go directly to our Selling Shareholder. The gross proceeds from the Offer for Sale are approximately RM[●] million based on the Offer Price of RM[●] per Offer Share. Our Selling Shareholder will bear all the expenses, including the registration and transfer fees, placement fees and miscellaneous expenses relating to the Offer for Sale, which is estimated to be approximately RM[●] million.

4.7 Brokerage, underwriting commission and placement fee

(i) Brokerage fee

We will pay brokerage fees in respect of the Issue Shares allocated to the Malaysian Public, at the rate of [1.00]% (exclusive of applicable tax) of the Issue Price in respect of all successful applications, which bear the stamp of the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

Our Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholder.

(ii) Underwriting commission

As stipulated in the Underwriting Agreement, the Joint Underwriters have agreed to underwrite our Issue Shares under the Retail Offering for an underwriting commission of up to [●]% (exclusive of applicable tax) of the IPO Price multiplied by the total number of Issue Shares underwritten under the Retail Offering in accordance with the terms of the Underwriting Agreement.

(iii) Placement fee

The Selling Shareholder for our Offer Shares and us for our Issue Shares will pay our Joint Bookrunners a placement fee and selling commission of [●]% (exclusive of applicable tax) of the IPO Price multiplied by the number of IPO Shares sold to institutional and/or selected investors in accordance with the terms of the Placement Agreement.

4.8 Underwriting arrangement

We have entered into the Underwriting Agreement with the Joint Underwriters to underwrite 30,000,000 Issue Shares under the Malaysian Public portion as set out in **Section 4.3.1(i)** of this Prospectus and 45,000,000 Pink Form Shares under the Pink Form Allocations as set out in **Section 4.3.1(ii)** of this Prospectus, both of which are subject to the clawback and reallocation provisions as set out in **Section 4.3.4** of this Prospectus.

[The salient terms will be inserted once the Underwriting Agreement has been entered into and made available.]

4. DETAILS OF OUR IPO (CONT'D)

4.9 Trading and settlement in secondary market

Upon Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected based on the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to the subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS Accounts, either directly in their names or through authorised nominees. Persons whose names appear in our Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS Accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fees of RM10 payable for each transfer not transacted on the market.

Shares held in CDS Accounts may not be withdrawn from the CDS except in the following instances:-

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot market. Settlement and payment of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfer to other CDS Account in circumstances which do not involve a change in beneficial ownership) before the commencement of trading on Bursa Securities.

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5. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING KEY RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

5.1 Risks relating to our business operations

5.1.1 Our manufacturing operations are exposed to the risks associated with input materials, including supply disruption and fluctuations in prices of certain input materials such as copper and gold-based materials, and electronic components

Our manufacturing operations are exposed to input material risks, as we rely on specialised and precious metal-based materials and electronic components for our production. These input materials are essential to ensure the structural integrity, electrical performance and reliability of our final products.

The associated risks include supply disruptions as we commonly source certain specialised and gold-based materials from a limited number of suppliers. They include specialised chemicals, polyimide-based laminates, gold-based chemical compounds, copper foils, and dielectric materials. In addition, we also source electronic components from customer-approved suppliers. In the event of any disruption in the supply of these input materials, it could lead to a delay in production and order fulfilment. For the Financial Years Under Review, we have not experienced any material supply disruptions of input materials that would materially affect our operations.

Furthermore, certain specialised input materials, including copper-based materials (such as polyimide laminates and copper foils) and gold-based chemical compounds, contain precious metals. Therefore, gold and copper prices are subject to global price fluctuations driven by factors such as global economic conditions, geopolitical events, and supply and demand dynamics. Prolonged increases in these metal prices could lead to higher production costs, which may affect our profitability if we cannot fully pass them on to customers. Alternatively, if we were to pass on the increased cost in full to our customers, we risk losing market competitiveness to competitors who do not pass on the increased cost in full.

Conversely, if metal prices decline rapidly, we may need to adjust our selling prices accordingly. This could result in using materials procured at higher costs to fulfil orders at reduced selling prices, which may in turn lead to inventory holding losses. In addition, a decline in selling prices may necessitate a write-down of our inventory to reflect its current net realisable value.

For the Financial Years Under Review, the movement of our average purchase price of precious metal-based materials is as follows:-

	FYE 2023	FYE 2024	FYE 2025
Copper-based materials			
Purchases (RM'000)	24,569	30,088	25,244
Purchase volume ('000 metres)	1,709	4,045	2,725
<i>Average purchase price RM/metre</i>	14	7	9
Gold-based materials			
Purchases (RM'000)	19,791	23,523	24,720
Purchase volume (bottles)	826	834	714
<i>Average purchase price RM/bottle</i>	23,961	28,205	34,621

5. RISK FACTORS (CONT'D)**5.1.2 Our financial performance may be affected by unfavourable foreign exchange rate fluctuations arising from our export sales and import of input materials**

For the Financial Years Under Review, our revenue was derived from operations in Malaysia and the PRC, and transactions were conducted in the local currencies of our operating countries and in foreign currencies. In addition, our procurement of input materials was transacted in the local currencies of our operating countries and 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 transacted in RM and foreign currencies are as follows:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Revenue	313,708	100.00	340,425	100.00	367,658	100.00
Foreign currencies:						
USD	184,761	58.90	209,456	61.53	219,552	59.72
RMB	83,225	26.53	73,787	21.67	83,880	22.81
RM	45,722	14.57	57,182	16.80	64,226	17.47
Purchases	148,811	100.00	160,751	100.00	164,101	100.00
Foreign currencies:						
USD	85,375	57.37	92,664	57.64	100,747	61.39
RMB	39,564	26.59	42,164	26.23	42,614	25.97
Others ⁽¹⁾	1,522	1.02	3,824	2.38	1,199	0.73
RM	22,350	15.02	22,099	13.75	19,541	11.91

Note:-

(1) Other foreign currencies transacted include Euro, SGD and JPY for the Financial Years Under Review, and NTD for FYE 2023.

As such, we are exposed 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:-

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

In addition, we are also exposed to foreign currency risk from the translation of foreign currency-denominated assets and liabilities into RM for financial reporting purposes. The exchange differences arising from the translation of our foreign subsidiaries are recognised in other comprehensive income and accumulated within the exchange fluctuation reserve under total equity. For the Financial Years Under Review, we recognised negative currency translation differences of RM2.4 million, RM0.2 million and RM24.7 million, primarily attributable to the appreciation of RM.

5. RISK FACTORS (CONT'D)

As at the LPD, we maintain bank accounts mainly 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 the 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 used to 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.

5.1.3 Our Group does not have long-term purchase orders with customers, and our IC substrate manufacturing segment is subject to customer concentration risk

Sales of our FPCs and IC substrates are conducted based on confirmed purchase orders, and we do not maintain confirmed purchase orders with a contract period of more than 1 year. In this respect, our revenue is typically non-recurring after order fulfilment or customer delivery. As such, our business and financial performance depend on our ability to secure new orders from existing and new customers consistently. Although we may have contracts/supply agreements with customers or rolling forecasts ranging from 3 to 12 months, these contracts/supply agreements do not obligate them to place orders, and they are under no obligation to purchase from us.

As we have an established FPC segment spanning 33 years, our customer base for FPC is diversified, whereas our IC substrate segment is newer, with a manufacturing track record of 13 years and relies on a major customer, namely Customer A Group, who contributed more than 10.00% to our Group revenue over 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 IC substrate revenue.

In the absence of long-term contracts and given the concentration risk within our IC substrate manufacturing segment, there is no assurance that our customers will continue to place orders with us. If we lose one or more major customers and are unable to quickly replace them with new customers offering comparable or better commercial and financial terms, our financial performance and results of operations could be materially adversely affected.

5.1.4 Our business and financial performance are dependent on our ability to keep abreast of technological advancements and the requirements of significant funds for capital investment to stay technologically relevant

Our FPC and IC substrate manufacturing businesses are technology-driven and subject to technological advancements in materials, processes, equipment, and design capabilities. Our business and financial performance depend on our ability to stay abreast of, and adapt to, evolving industry standards and technologies, and to meet the growing demands of our customers. Some of these technological advancements include higher-density interconnects, finer lines and air spaces, improved thermal performance, and enhanced reliability. If we fail to anticipate or respond effectively to technological changes, it may result in product obsolescence, reduced competitiveness, lower customer demand, or pricing pressure.

Furthermore, we will need to continually invest in technologies and R&D, which requires substantial capital expenditure and skilled resources to upgrade or introduce new manufacturing process technology and capabilities. There is no assurance that these investments will deliver expected returns or align with market adoption timelines, which could affect our operating results and financial performance.

5. RISK FACTORS (CONT'D)

5.1.5 We may not be able to effectively execute some of our business strategies and plans

Our business strategies and plans are focused on leveraging our core strengths and capitalising on our expertise in FPC and IC substrate development and manufacturing. These business strategies and plans include expanding and upgrading our facilities in Malaysia and the PRC to support our growth, and venturing into new business areas by expanding vertically from IC substrates to advanced semiconductor packaging in Malaysia. Further details on our strategies and plans are set out in **Section 7.28** of this Prospectus.

However, there is no assurance that we will be successful in executing our business strategies and plans, nor that we have anticipated all potential business and operational risks. Some factors could impact the timing and effectiveness of our strategies, including the ability to secure adequate funding, limitations in retaining and attracting skilled human resources, particularly technical personnel, regulatory changes and other unforeseen delays. Any delays or failures in implementing our strategies effectively and promptly may adversely affect our future business growth, financial prospects and returns on our investments.

As part of our expansion efforts, we plan to increase our R&D investment to establish an R&D production facility dedicated to advanced semiconductor packaging as part of our vertical expansion. In addition, we also plan to undertake R&D to adopt new advanced process technologies focused on fine-line manufacturing processes.

Advanced semiconductor packaging requires integrating complex processes such as multi-die assembly, fine-pitch interconnects, high-precision bonding, thermal management, and higher reliability standards, which differ from those in our existing IC substrate operations. In addition, the adoption of new advanced process technologies focused on fine-line manufacturing process, including modified semi-additive process (mSAP) techniques, involves establishing high-precision process capabilities that enable ultra-fine line widths and spacing, high interconnection density and enhanced electrical performance.

Furthermore, substantial upfront capital investment, extended development cycles, R&D investments, and skilled resources are required to establish new capabilities, qualify processes, and meet customer specifications, with no assurance of timely customer adoption or commercial acceptance and scalability. Additionally, the semiconductor and electronics industries are 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.

5.1.6 Our business operations are exposed to risks associated with dependency on skilled technical resources

Our FPC and IC substrate operations depend on skilled and experienced technical workforce across various engineering disciplines, including E&E, semiconductor, manufacturing, equipment, and quality engineering. These specialised competencies are essential to ensure stable production, efficient yields, consistent product quality, and the ability to support the development and scale-up of advanced and high-density electronic products.

The semiconductor and electronics manufacturing industry faces strong competition in attracting and retaining skilled technical personnel. In the event of any shortage or high employee turnover, knowledge gaps and operational disruptions may affect production efficiency, yield performance, quality and delivery schedules, leading to higher scrap rates and operating costs, or delays in customer qualification and new product introduction.

If we are unable to retain or replace key technical resources promptly, it could adversely affect our operations and financial performance. As at the LPD, we have a total of 240 technical personnel comprising 143 for our Malaysia Operations and 97 for our PRC Operations.

5. RISK FACTORS (CONT'D)

Furthermore, business and facilities expansions, such as new product introductions, capacity expansion, increased process automation, and system upgrades, require skilled technical expertise to optimise processes. Limited access to skilled resources may delay new product introductions, process upgrades, and capacity ramp-up, which in turn could affect our results of operations and financial performance.

For the Financial Years Under Review and up to the LPD, we have not experienced any material shortage of skilled technical personnel that would materially affect our operations.

5.1.7 Our business operations are subject to operational risks such as machinery breakdown, utility supply disruptions, shortage of labour, and other operational incidents that may cause interruptions to our business

Our business operations are subject to operational risks, including but not limited to the following:-

- Our FPC and IC substrate operations rely on the reliable performance of complex and capital-intensive machinery and equipment across multiple production stages. In the event of any unplanned equipment breakdowns or malfunctions, whether arising from mechanical failure, electrical faults, software or control system errors, power interruptions, or human operational error, which could result in production downtime, yield losses, and delays in order fulfilment. Given the tightly integrated nature of the manufacturing process, disruptions at a single critical stage may impact overall production output. Furthermore, certain specialised equipment and spare parts may involve extended repair lead times that may lead to prolonged downtime that reduces manufacturing capacity, or require unplanned capital expenditure or higher maintenance and repair costs, which could adversely affect our operating results and financial performance.
- Our manufacturing of FPC and IC substrates require continuous and reliable supply of utilities. In this respect, our manufacturing operations are dependent on stable and continuous supply of electricity and water. Disruptions to the utility supply may result in unplanned production shutdown such as unplanned tool shutdowns causing scrappage of work-in-process panels and reels, process instability affecting quality (such as line width control, via process integrity, and plating thickness) and reducing yields as it affects throughput, or damage precision equipment (such as damage of laser drills or exposure tools due to sudden stops or voltage fluctuation). Our manufacturing operations also involve water-intensive processes for chemical processing, rinsing, and cleaning steps. As such, any water supply disruptions will lead to immediate line stoppage and chemical contamination risks, and increased defect rates (such as delamination and adhesion failure). Furthermore, our IC substrate manufacturing requires tight control of temperature, humidity, and airborne particles for fine-line imaging and lamination processes. In the event of utility supply disruptions that lead to environmental excursions that may affect the production yields, such as line width variations and dimensional instability due to humidity or temperature fluctuations, or increased particle contamination, or warping and adhesion failures during lamination and curing, or lead to extended downtime to restore cleanroom conditions. Any prolonged utility disruptions may adversely affect our business operations and financial performance.
- Our business operations are dependent on labour for our day-to-day manufacturing operations on our production floor. As at the LPD, we have a total of 508 and 299 workers for our manufacturing operations in Malaysia and the PRC, respectively. In this regard, we face the risk of labour shortages in our manufacturing operations. We may experience occasional worker shortages due to factors such as changes in government policies and regulations governing the supply of foreign labour in Malaysia, including freezes on hiring and increases in minimum wages. If a labour supply shortage in our manufacturing operations prevents us from maintaining a stable workforce by promptly replacing or hiring new staff, it could adversely affect our business operations and financial performance.

5. RISK FACTORS (CONT'D)

- Our business operations are subject to laws and regulations relating to operational, environmental, and occupational health and safety matters. Our FPC and IC substrates manufacturing involve processes such as chemical treatment, electroplating, etching and the handling, storage and disposal of chemicals and other hazardous substances. Accordingly, our operations are subject to various laws, regulations, approvals and licensing requirements in Malaysia and the PRC relating to, among others, environmental protection, pollution control, waste management, chemical safety, fire safety and occupational health and safety. Any failure to comply with applicable laws, regulations or licence conditions may result in fines, penalties, suspension or revocation of licences, orders to suspend or restrict operations, remediation obligations and reputational damage. Although we have implemented policies and procedures to manage such risks, there can be no assurance that such measures will be sufficient to prevent all incidents. Any significant incident or non-compliance could materially and adversely affect our business operations and financial performance.

For the Financial Years Under Review and up to the LPD, our operations in Malaysia and the PRC have not experienced any major work stoppages due to disruptions in utility supply, machinery breakdown and a shortfall of workers. Nevertheless, there is no assurance that our operations may not encounter any disruptive events or circumstances highlighted above that may affect our business operations and financial performance.

5.1.8 We may not be able to maintain our eligibility for tax incentives

We have been eligible for tax incentives over the Financial Years Under Review which has resulted in our effective tax rate being 10.99%, 11.72% and 12.95%, which is lower than the statutory tax rate. This is attributed to the income tax exemptions from QISB, our subsidiary in Malaysia, which has been granted Pioneer Status from February 2020 to January 2030, reducing the overall tax charge. In addition, SHTEI, our subsidiary in the PRC, has been granted a High-Tech Enterprise Certificate up to December 2028, and the entity enjoys an income tax rate of 15.00%, lower than the Chinese Mainland statutory tax rate of 25.00%. In order to qualify for and maintain this status, SHTEI is required to satisfy the prescribed profit and patent-holding requirements.

There can be no assurance that such income tax exemptions will be maintained throughout the relevant period, as these tax incentives are subject to periodic review and may be revoked at any time should the requisite qualifying criteria no longer be satisfied, as such we may not be able to maintain similar levels of profitability in the future.

5.1.9 Our business operations are dependent on our Executive Directors and Key Senior Management

Our business operations are dependent on the experience, knowledge and skills of our Executive Directors, including Jeffrey Hwang (our Promoter, substantial shareholder, Managing Director and CEO), Brian Low (our Promoter, substantial shareholder, Executive Director and President of PRC Operations) and Key Senior Management for our operations. Jeffrey Hwang has approximately 16 years of experience in the semiconductor and electronics sectors and he is responsible for steering the overall strategic direction, technology development roadmap and business planning to drive the growth and expansion of our Group. Our business is also supported by Brian Low, who brings with him approximately 26 years of experience in the electronics sector, and he is primarily responsible for the overall management and business development of PRC Operations.

The loss of the services of any our Executive Directors or Key Senior Management, without suitable and timely replacements, may adversely affect our business operations and financial performance.

5. RISK FACTORS (CONT'D)

5.1.10 Our insurance coverage may not fully cover the losses and liabilities that may arise from our business operations

Our business faces risks relating to the adequacy of insurance coverage for legal liabilities arising from negative events. Insufficient insurance coverage could result in financial losses and operational disruptions. There are potential adverse events, including workplace safety, use of hazardous chemicals, operation of heavy machinery, delivery of products that must meet stringent quality and reliability requirements, customer data breaches due to unauthorised access or misuse, cybersecurity breaches, ransomware, product liability claims related to defective products, and confidentiality breaches caused by employee dishonesty and fraud. We maintain insurance coverage for our business operations, including among others, product liability, public liability, fire and burglary, all-risk and accident insurance.

There can be no assurance that such coverage will be sufficient to fully cover all legal liabilities, claims, damages, business interruption losses, or regulatory penalties arising from accidents, defects, environmental incidents or other adverse events. Losses or damages exceeding our insurance limits or occurring in areas where we are not adequately insured could adversely impact our financial condition. During the Financial Years Under Review and up to the LPD, we have not experienced any insurance claims related to the adverse events.

5.1.11 Our business operations are subject to risks of security breaches and failure to protect our proprietary and customers' information, malfunction of our ICT systems or unintended human errors

We are subject to risks relating to the potential exposure of our proprietary information, as well as the exclusive, trade secret, or confidential information of our customers, arising from security breaches, system vulnerabilities, employee negligence, errors, or misconduct. Any failure to adequately safeguard such information may result in legal claims, contractual disputes, regulatory scrutiny, financial liabilities, and reputational damage, as well as a loss of customer trust and confidence. Such incidents could materially and adversely affect our business relationships, reputation, results of operations, and financial performance.

Our operations rely on information and communications technology (ICT) systems, which are hosted either in the cloud or on-site, to connect our head office with our regional manufacturing plants and offices, and to support web and mobile platforms, sales order processing, and finance and accounting functions. Our ICT systems handle and store sensitive data, including proprietary, customer, and company information.

As a result, we are exposed to risks arising from security breaches, system malfunctions, service disruptions, unavailability of third-party network services, and willful or inadvertent damage to our ICT systems. In addition, security incidents, including but not limited to eavesdropping, cyber-attacks, malicious codes, ransomware, or other destructive or disruptive actions affecting our ICT systems, properties, or assets, such as software, hardware, communications, and data storage equipment, as well as our online platforms, could materially and adversely affect our business operations and financial performance.

During the Financial Years Under Review and up to the LPD, we have not experienced any security breaches and have not failed to protect our proprietary and customers' information, which may adversely affect our business and/or reputation. Nevertheless, there can be no assurance that there will not be any future security breaches that may adversely affect us.

5. RISK FACTORS (CONT'D)

5.1.12 Our IC substrate business utilises a third-party technology license

Our IC substrate manufacturing operations and product offerings depend partly on technology licenses and technical know-how transferred from a third-party technology licensor and transfer partner. For the Financial Years Under Review, revenue contribution from our IC substrate manufacturing accounted for 17.11%, 19.77%, and 19.94% of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively. As at the LPD, we maintain a subsisting technology licence with a technology partner, pursuant to which we pay royalty fees for the licence to manufacture certain licensed products until 2033. For the Financial Years Under Review, the royalty fee that we paid accounted for less than 1.00% of our administrative and marketing expenses.

While we have, over time, incorporated our own proprietary know-how, process enhancements and product modifications into our IC substrate manufacturing processes, and are not materially dependent on the licensed technology, this technology license exposes us to the associated risks. Any termination or restriction in the technology license arising from contractual disputes, changes in the partner's strategic priorities, or external factors such as regulatory constraints or geopolitical developments could adversely affect our results of operations and financial performance.

5.1.13 Our business is exposed to country concentration risk associated with our key shipment destinations

For the Financial Years Under Review, our top 4 shipment destinations are concentrated in Malaysia, the Chinese Mainland, Japan, and the USA, which collectively represented 80.69%, 83.08%, and 87.32% of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively. As such, we are exposed to country-specific risks associated with our 4 key shipment destinations. Any adverse developments, among others, include adverse economic conditions, changes in trade policies, tariffs, regulatory requirements, geopolitical uncertainties, foreign exchange fluctuations, or supply chain disruptions, as well as local industry demand conditions in these countries, which could impact our results of operations and financial performance.

5.1.14 Non-compliance with the relevant regulations relating to social insurance and housing provident fund may subject us to penalties

According to Chinese Mainland Social Insurance Law and Regulations on the Management of Housing Provident Fund, we are required to make contributions to social insurance and housing provident funds for our PRC employees. Non-compliance with these requirements may expose us to administrative penalties. During the Financial Years under Review, we did not make full contributions to the social insurance and housing provident funds for certain employees in accordance with the relevant Chinese Mainland laws and regulations. According to relevant Chinese Mainland laws and regulations, we may be required to make additional contributions to the social insurance fund and/or housing provident fund as well as late payment fines and penalties. Please refer to **Section 7.27(ii)** of this Prospectus for further information.

Given that (i) we are not subject to any penalties and had not received any notice from the authorities ordering us to make contributions; (ii) pursuant to the relevant policies, local authorities generally shall not conduct centralised collection of historical arrears, and based on consultations with the relevant local authorities, it is confirmed that they typically do not retroactively require shortfall contributions unless specific complaints are filed; and (iii) no complaints raised by our employees with respect to the above as at the LPD, and under the premise that there are no significant changes to current Chinese Mainland policies and regulations or to the enforcement and supervision requirements of local governments, and assuming no employee complaints are filed, our Chinese Mainland Legal Adviser is of the view that the likelihood that we would be subject to administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote.

5. RISK FACTORS (CONT'D)

However, as the Chinese Mainland laws and policies related to social insurance and housing provident funds may continue to evolve, we cannot assure that our PRC Operations employment policies and practices will be compliant with the relevant Chinese Mainland laws and regulations, and we may face labour disputes or government investigations which may result in penalties or other regulatory action being enforced against us. The Chinese Mainland government may strengthen its enforcement on social insurance and housing provident funds requirements, which may increase our operating expenses or staff costs. We cannot guarantee that the amount of social insurance and housing provident funds contributions required to be paid by our Group will not increase, nor that we will not be required make any additional payments to rectify the shortfall and/or subject to late payment fines or penalties, any of which may have a material and adverse effect on our business and results of operations.

5.1.15 Chinese Mainland laws and regulations restricting our use of foreign capital could affect the liquidity and ability of our Group to fund our PRC Operations

Under Chinese Mainland laws and regulations, we are permitted to utilise the Public Issue proceeds to fund our PRC Operations via loans or additional capital contributions, subject to the applicable Chinese Mainland government registrations, statutory limitations on amount, and approval requirements.

Any loans or capital contributions provided by us to our PRC subsidiaries, which are treated as a foreign-invested enterprise under Chinese Mainland laws, are subject to extensive Chinese Mainland laws, regulations and foreign exchange controls. Loans to our PRC subsidiaries may be subject to statutory limits, registration or filing requirements with the relevant Chinese Mainland authorities.

In addition, our PRC subsidiaries as a foreign invested enterprise, are subject to Chinese Mainland foreign exchange laws and regulations, including those issued by the Chinese Mainland State Administration of Foreign Exchange (“SAFE”). This may include restrictions on our PRC subsidiaries’ use of foreign currency capital which may be converted to RMB and utilised in accordance with our PRC subsidiaries actual operations and approved business scope as registered with the relevant local Chinese Mainland authorities. Certain uses of RMB converted foreign currency capital has restrictions, such as it cannot be used to provide loans to non-affiliated entities. All such conversions and capital uses are subject to registration and filing requirements as required by SAFE.

We cannot assure that we will be able to complete the required registrations, filings or obtain the necessary approvals in a timely manner, or at all, in connection with future loans or capital contributions to our PRC subsidiaries. Any failure to comply with applicable Chinese Mainland laws and regulations could restrict our ability to fund our PRC Operations, utilise our Public Issue proceeds, or provide financial support to our PRC Operations. This could materially and adversely affect our business, financial condition, liquidity and ability to fund and expand our PRC Operations.

5.2 Risks relating to our industry

5.2.1 Our business is exposed to restrictive trade practices in certain markets, particularly in the USA, which is one of our shipment destination markets

Our business is exposed to restrictive trade practices and trade policy measures in certain markets, particularly the USA, one of our major shipment destination markets. Revenue from our shipments to the USA accounted for 9.31% (RM29.2 million), 8.87% (RM30.2 million) and 8.36% (RM30.7 million) of our total revenue for FYE 2023, FYE 2024 and FYE 2025, respectively.

5. RISK FACTORS (CONT'D)

Some of the developments of restrictive trade practices in the USA are associated with shipments to the USA from our operations in Malaysia and the PRC:-

- **Malaysia:** In April 2025, the USA government imposed a baseline tariff of 10.00% on most imported goods from Malaysia, with higher tariffs for countries with significant trade surpluses with the USA. In July 2025, the USA government announced that this baseline tariff would be replaced with a 25.00% tariff on all imported goods from Malaysia, effective 1 August 2025. Following subsequent negotiations, exports of goods from Malaysia to the USA are subject to a 19.00% tariff, with certain semiconductor products being exempted under the revised tariff framework effective from August 2025.
- **PRC:** Similarly, the USA has implemented a range of restrictive trade practices on imports from the PRC. Under the latest development, exports from Chinese Mainland to the USA, including PCBs and related electronics, remain subject to cumulative tariff measures. Depending on product types, effective duty rates may range from approximately 20.00% to over 50.00%. The effect of elevated tariff rates has affected the competitiveness and cost structures of electronic components PRC exports to the USA, which could lead to supply-chain adjustments that affect the sourcing decisions for customers in the USA.

In addition, on 20 February 2026, the USA announced a temporary 10.00% global tariff, effective 24 February 2026 for 150 days, with a subsequent proposal to increase the rate to 15.00%. The extent to which this temporary tariff will operate, considering existing country-specific tariff measures, remains unclear as of the date of this IMR Report. These tariffs may reduce the price competitiveness of manufacturers from Malaysia and the Chinese Mainland exporting to the USA.

(Source: IMR Report by Vital Factor)

Our products are primarily sold on an ex-factory basis, with customers responsible for import/export documentation, duties and shipping arrangements. Accordingly, when our products arrive in the USA, the importer is responsible for paying the import duties. Notwithstanding this arrangement, the USA tariffs may affect our customers' cost structures for their final products, potentially leading to supply chain adjustments or requests for pricing flexibility. To some extent, such developments may influence end-market demand and, in turn, indirectly affect demand for our products in the semiconductor and electronics industry.

Furthermore, these export controls, trade sanctions, and trade restrictions, including tariff rates and exemptions, are subject to changes, which in turn affect our operations within the semiconductor and electronics industry in Malaysia and the PRC.

5.2.2 We are subject to the demand and performance of end-user industries

Demand for FPC and IC substrates is closely correlated with the performance, growth cycles, and investment activities of end-user industries. Manufacturers of FPC and IC substrates supply a wide range of products to numerous industrial and consumer end-markets, including, among others, high-performance computing, artificial intelligence applications, data centres, IoT and communication applications within the semiconductor and electronics industries; consumer electronics such as smartphones, computers, tablets, and wearable devices; and industrial electronics, including robotics, automation, IoT devices, machinery and equipment, industrial communications, instrumentation, control systems, medical devices and avionics.

These end-user industries are characterised by rapid technological advancements, short product life cycles, shifts in customer preferences and cyclical fluctuations driven by macroeconomic conditions, inventory adjustments, and capital expenditure trends. Although our products are used across a diversified range of industries, including medical devices, communication devices, consumer electronics, semiconductors, industrial equipment and automotive electronics, any slowdown, downturn, or prolonged weakness in these end-user industries could result in reduced order volumes, delays or cancellations of customer projects and increased pricing pressure. Such developments could adversely affect demand for our FPC and IC substrates and, in turn, materially affect our business, results of operations and financial performance.

5. RISK FACTORS (CONT'D)

5.2.3 We operate in a technological industry subject to rapid changes and innovations

We operate within the semiconductor and electronics industries which are distinguished by rapid technological developments in the products we design and develop as well as the need to keep abreast of current technological advancements. The semiconductor and electronics industries progress swiftly with frequent new product introductions and enhancements, along with changes in industry standards and customer requirements.

There is a risk that we may not promptly adopt emerging technologies, which could reduce demand for our products and services, erode competitiveness, and lead to fewer purchase orders. Similarly, changes in technology may require us to invest in additional engineering resources and in new or improved technological tools and equipment. If we acquire the new technology, it may affect our financial condition and/or reduce the price competitiveness of our products and services, thereby limiting our ability to secure purchase orders or attract new customers. As such, our business faces risks from technological change or failure to keep pace with technological advancements, which may adversely affect our operations and financial performance.

5.2.4 We face domestic and global competition from FPC and IC substrate manufacturers

We have FPC manufacturing and assembly operations in Malaysia and the PRC, and IC substrate manufacturing operations in Malaysia. We face domestic and global competition from other manufacturers of FPC and IC substrates, and we may also face new entrants to the market as they establish themselves in the industry over time. We generally compete on a variety of factors, including product quality and reliability, access to technological advancements, price competitiveness, financial strength in terms of working capital, availability or willingness to invest in technology development and resources, customer service, prompt delivery, track record and market reputation.

Failure to remain competitive, quickly adapt to changing market conditions and technological trends, or effectively build on our strengths could adversely affect our prospects, business operations and financial performance.

5.2.5 We are subject to economic, social, political and regulatory considerations

Any adverse changes in the political, social, economic and regulatory conditions in Malaysia and the PRC may harm our business operations and financial performance. Among others, these changes may include the following:-

- changes in domestic and global situations, including political leadership, geopolitical events, expropriation or nationalisation, deterioration of international bilateral relationships, and acts of terrorism, riots and wars;
- changes in the international trade environment, including governmental trade restrictions such as export and import controls, tariffs and trade sanctions;
- changes in domestic fiscal and monetary policies affecting interest rates, foreign investments, methods of taxation and tax policies;
- the emergence of new epidemics or pandemics;
- changes in consumer trends and behaviour; and
- others such as foreign worker levy, unemployment trends, inflation and other matters that may influence consumer and business confidence and spending.

5. RISK FACTORS (CONT'D)

As such, there can be no assurance that any adverse economic, social, political, and regulatory developments which are beyond our control will not materially affect our business operations and financial performance.

5.3 Risks relating to investment in our Shares

5.3.1 There has been no prior market for our Shares, and it is uncertain whether an active, liquid market for our Shares will ever develop

Prior to our IPO, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active and liquid market for our Shares will develop, or if developed, that such market will be sustainable. There is no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the selling prices at which holders would be able to obtain for our Shares. There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Market upon our Listing and that the market price of our Shares will not decline below the IPO Price.

Our Company was a wholly-owned subsidiary of SCB, a company previously listed on the Main Market and subsequently privatised and delisted from the Main Market of Bursa Securities in 2019. The price and liquidity of SCB's shares prior to its delisting are not indicative of the future price and liquidity of our Shares and should not be considered when making an investment decision in relation to our Shares.

Accordingly, there is no assurance that an active, liquid market for our Shares will develop, and investors may be unable to realise a return or recover their investment.

5.3.2 Delay in or cancellation of our Listing

Our Listing could be delayed or terminated due to the possible occurrence of certain events, which include the following:-

- (i) the Joint Underwriters exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations under such agreement;
- (ii) our inability to meet the minimum public spread requirement pursuant of having at least [22.00]% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing as [●] by Bursa Securities; or
- (iii) the revocation of approvals from relevant authorities prior to our Listing or admission to the Official List for whatever reason.

Where prior to the issuance and allotment of our IPO Shares:-

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled, and our Company, the Selling Shareholder or such other person who received the monies shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted, investors will not receive any of our IPO Shares and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

5. RISK FACTORS (CONT'D)

Where subsequent to the allotment and issuance of our IPO Shares:-

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either:-
 - (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - (b) a solvency statement from our Directors.

5.3.3 Volatility of our Share price and trading volume

The market price and trading volume of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as growth potential of various sectors of the economy. Other factors that may negatively affect investor sentiment generally include natural disasters, health epidemics and outbreak of contagious diseases. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

5.3.4 Our ability to pay dividends

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.

It should be highlighted that as we are a holding company, our Company's income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries. In particular, any limitation on the ability of our PRC subsidiaries to distribute dividends may affect our ability to meet our dividend policy.

The Chinese Mainland laws and regulations permit our PRC subsidiaries to pay dividends to its shareholders only out of its accumulated profits, if any, determined in accordance with PRC accounting standards and regulations.

We are subject to the foreign exchange controls as disclosed in **Section 14.7.2** of this Prospectus. These controls include requirements to set aside reserve funds which are not distributable as cash dividends. In addition, if our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing such indebtedness may restrict their ability to pay dividends or make other payments to us.

5. RISK FACTORS (CONT'D)

Further, pursuant to the Chinese Mainland Enterprise Income Tax Law, dividends declared by PRC subsidiaries to non-PRC resident enterprises are generally subject to a withholding tax at the rate of 10.00%, unless reduced or exempted under applicable tax treaties or arrangements between the PRC and the jurisdiction of the recipient.

Separately, our Malaysian subsidiaries have entered into facility agreements which contain negative and financial covenants and hence, the inability of our subsidiaries to comply with any of these covenants may affect our ability to pay dividends. Furthermore, if we were to obtain new borrowings after our Listing, we may be subject to additional covenants restricting our ability to pay dividends.

There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected.

Please refer to **Section 12.6** of this Prospectus for further information on our dividend policy.

5.3.5 The interest of our Promoters who control our Group may not be aligned with the interest of our shareholders

As disclosed in **Section 9.1** of this Prospectus, our Promoters will directly or indirectly collectively hold in aggregate 77.50% of our enlarged issued share capital upon Listing. As a result, our Promoters will collectively be able to, in the foreseeable future, effectively control the business direction and management of our Group including the election of our Directors, the timing and payment of dividends as well as having majority voting control over our Group and as such, will likely influence the outcome of matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters always will be aligned with those of our other shareholders.

5.4 Other risks

5.4.1 Forward-looking statements in this Prospectus are subject to uncertainties and contingencies

Certain statements or expectations or forecasts in this Prospectus are based on historical data which may not be reflective of future results. Forward-looking statements in this Prospectus are based on assumptions and subject to uncertainties and contingencies.

Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will subsequently materialise.

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6. INFORMATION ON OUR GROUP

6.1 Our Company

Our Company was incorporated in Malaysia under the Act 1965 on 8 February 1999 as a private limited company under the name of All Malaysian Technology Sdn Bhd and is deemed registered under the Act. On 2 March 1999, we changed our name to Qdos Holdings Sdn Bhd and subsequently converted to a public limited company on 31 October 2005. On 8 August 2025, our Company changed its name from Qdos Holdings Bhd to its current name, SQ Advanced Interconnect Berhad.

The principal activity of our Company is investment holding whilst our subsidiaries are principally involved in the manufacturing and assembly of FPC and manufacturing of IC substrates, covering circuit design, prototype fabrication and production. The principal activities of our subsidiaries are as set out in **Section 6.6** of this Prospectus.

Further details on our Group's history and business activities are set out in **Sections 7.1** and **7.3** of this Prospectus, respectively.

6.2 Previous privatisation of SCB Group

Our Company was a wholly-owned subsidiary of SCB, a company previously listed on the Main Market of Bursa Securities and subsequently privatised and delisted from the Main Market of Bursa Securities in 2019. SCB is an investment holding and through its subsidiaries were principally involved in the following business segments:-

- (i) operation of supermarkets and departmental stores and a hypermarket ("**Retail Business**");
- (ii) manufacturing of flexible printed circuit boards and molded interconnect substrates via QFSB and QISB, the wholly-owned subsidiaries of SQAI ("**Manufacturing Business**");
- (iii) property investment and development of residential and commercial properties ("**Property Business**"); and
- (iv) trading, mainly in construction materials ("**Trading Business**").

On 25 January 2019, SCB received an offer from Suiwah Holdings Sdn Bhd, a major shareholder of SCB, on behalf of and together with Dato' Hwang Thean Long and the person acting in concert with them (collectively referred to as "**Non-Entitled Shareholders**"), requesting SCB to undertake the selective capital reduction and repayment exercise undertaken by SCB in accordance with Section 116 of the Act ("**SCR**") ("**SCR Offer Letter**"). The SCR was completed on 12 July 2019, resulting in the Non-Entitled Shareholders collectively holding the entire equity interest in SCB. SCB was subsequently delisted on 23 July 2019 ("**Privatisation**").

The SCR involved a cash repayment of RM2.80 per ordinary share in SCB ("**SCB Share(s)**") to the entitled shareholders (shareholders other than the Non-Entitled Shareholders) ("**SCR Offer Price**") ("**Entitled Shareholders**"), which represented an illustrative market capitalisation of SCB of approximately RM170.8 million of SCB Group, computed based on 57,250,148 SCB Shares in issue (excluding 3,750,100 treasury shares) at the time of the SCR.

As disclosed in the circular to shareholders of SCB dated 8 April 2019 in relation to the SCR ("**SCR Circular**"), the SCR Offer Price represented:-

- (i) a premium ranging from approximately 23.35% to 38.61% to the closing price of SCB Shares, 5-day, 1-month, 3-month, 6-month and 1-year volume weighted average market price up to and including 23 January 2019, being the last full trading day prior to the receipt of the offer letter in relation to the SCR;

6. INFORMATION ON OUR GROUP (CONT'D)

- (ii) a price-to-earnings ratio of approximately 13.71 times based on the audited consolidated earnings per SCB Share of 20.42 sen for the FYE 2018, being the latest audited publicly available financial statements of SCB at the time of issuance of the SCR Circular; and
- (iii) a price-to-book ratio of approximately 0.69 times based on the audited consolidated NA per SCB Share as at 31 May 2018 of RM4.03.

Further, Mercury Securities Sdn Bhd, being the Independent Adviser appointed by the Board of Directors of SCB, had derived a range of estimated fair value of the entire equity interest in SCB of RM282.33 million (RM4.93 per SCB Share) to RM297.80 million (RM5.20 per SCB Share) computed based on the sum of parts valuation ("SOPV") model, further details of which are set out as follows:-

Segment	Workings	Valuation method	Fair value			
			Low range		High range	
			Total (RM'000)	⁽¹⁾ Per SCB Share (RM)	Total (RM'000)	⁽¹⁾ Per SCB Share (RM)
(i) Retail Business	A	Discounted cash flow	58,837	1.03	64,897	1.13
(ii) Manufacturing Business	B	Discounted cash flow	115,828	2.02	125,246	2.19
(iii) Property Business	C	Revalued NA value	107,660	1.88	107,660	1.88
(iv) Trading Business	D	N/A	-	-	-	-
SCB Group	E = A + B + C + D	SOPV	282,325	4.93	297,803	5.20

Notes:-

N/A Not applicable.

(1) Computed based on 57,250,148 SCB Shares as at 1 April 2019 (excluding the 3,750,100 treasury shares).

The privatisation of SCB was undertaken for several reasons, amongst others:-

- (i) low trading liquidity of the SCB Shares, recorded an average daily trading volume and average monthly trading volume of 15,456 SCB Shares and 160,067 SCB Shares, respectively for the 2 years prior to the date of SCR Offer Letter, which represents 0.07% and 0.77% of SCB's total free float, as well as the minimal benefit derived from the listing status of SCB;
- (ii) provided greater flexibility to SCB in managing and developing the existing businesses of SCB without the regulatory restrictions and cost associated with being listed on Bursa Securities; and
- (iii) prevailing economic conditions and the SCB's balance sheet and risk profile was different during the privatisation exercise in 2019. In particular, large capital commitments were planned to fund the Group's property development activities which included the construction of a mixed development comprising a mall, office blocks etc in Ayer Itam, Penang. Concurrently, the Batu Kawan Plant had only begun its operation in 2018 and management had to spend a significant amount of effort and resources for the Batu Kawan Plant to be profitable.

SCB Group was embarking on a major capital expenditure and expansion drive which would increase the business risk profile and debt levels of the Group. The Privatisation offered minority shareholders an opportunity to realise their investment in SCB at a premium to the market.

6. INFORMATION ON OUR GROUP (CONT'D)

6.2.1 Significant developments since the Privatisation

Since the Privatisation, we have undertaken the following initiatives to restructure and grow our manufacturing business:-

(i) Difference in management and shareholding structure of our Group

Jeffrey Hwang and Brian Low, our Promoters and substantial shareholders, differ from those involved in SCB prior to the Privatisation. At the time of the Privatisation, Jeffrey Hwang only held 1.50% of the issued share capital of SCB as Dato' Hwang Thean Long, our Non-Independent Non-Executive Chairman, was the major shareholder of SCB and key decision maker, as the founder of SCB. Furthermore, Brian Low was not involved in the management of SCB Group.

Subsequent to the Privatisation, SCB Group had undertaken an internal restructuring and succession planning exercise to reorganise the ownership structure of SCB's management into distinct core businesses. Upon completion of the exercise, SQAI ceased to be a wholly-owned subsidiary of SCB and Jeffrey Hwang and Brian Low became our ultimate shareholders, holding 75.00% and 25.00% equity interests, respectively.

(ii) Streamlining of our Group

While SCB was a previously listed entity operating as a diverse conglomerate with business activities spanning property development, grocery chain business, trading and FPC manufacturing, where the FPC manufacturing operations in Bayan Lepas represented only 1 of several revenue and profit contributors to the then listed SCB Group. The contribution of each segment to SCB group's financial performance is set out as below:-

	Audited		
	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FYE 2018 (RM'000)
Earnings before interest and tax*			
Retail Business	8,514	6,104	10,896
Manufacturing Business	5,025	9,141	9,339
Property Business	(822)	(2,431)	(536)
Trading Business	70	(334)	(1,006)
Total	12,787	12,480	18,693

Note:-

* Segment results extracted from SCB's annual report FYE 2016, FYE 2017 and FYE 2018, represent earnings before interest and tax.

On the other hand, SQAI has streamlined its operations to focus on the growth and development of its manufacturing segment. This strategic focus has enabled our Group to strengthen its core competencies driving expansion in its manufacturing operations, extending our market reach to over 30 markets.

6. INFORMATION ON OUR GROUP (CONT'D)

(iii) Development and ramp-up of our Batu Kawan Plant and improvement of the financial performance of our Malaysia Operations

At the time of the Privatisation, our Batu Kawan Plant had not yet fully commenced operations, as it was still an early stage of development. Since then, our Group has undertaken significant efforts to develop and ramp-up the Batu Kawan Plant to its current operationally matured state, including R&D initiatives and upgrading of equipment and machinery, as well as the expansion of our workforce with the recruitment of skilled and experienced personnel. These initiatives also led to improvements in production yield and efficiency, leveraging our technological expertise and continuous process optimisation. Furthermore, with the commencement and progressive ramp-up of our Batu Kawan Plant, we were able to expand our customer base, resulting in substantial revenue growth of our IC substrate segment from RM2.66 million in the FYE 2018 to RM73.33 million in FYE 2025.

In addition, the revenue of the Bayan Lepas Plant, which is involved in FPC manufacturing, increased from RM78.67 million in FYE 2018 to RM138.75 million in the FYE 2025 with the expansion of its market presence and customer base.

(iv) Injection SECL group of companies into our Group

As part of the internal reorganisation undertaken in conjunction with our IPO, our Promoters [have injected] the SECL group of companies, comprising our PRC Operations, into SQAI Group. Following the consolidation of our PRC Operations, the combined financial position of our enlarged SQAI Group for the Financial Years Under Review is higher as compared to the audited financial statement of SQAI for FYE 2018 as at the time of the Privatisation, as illustrated below:-

	Privatisation	Audited		
	FYE 2018 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Revenue	79,591	313,708	340,425	367,658
PBT	8,259	77,074	84,753	92,088
PAT	5,689	68,600	74,815	80,166

6.2.2 The listing of our Company

Following the key developments stated above, Jeffrey Hwang and Brian Low, our Promoters and substantial shareholders, have decided to tap into the capital market through our Listing, with a market capitalisation of RM[●] billion. The market capitalisation of RM[●] billion represents an implied PE Multiple of approximately [●] times based on the PAT for the FYE 2025 of approximately RM80.2 million.

While the market capitalisation of RM[●] billion is substantially higher than the implied market capitalisation range of RM115.8 million to RM125.2 million at the time of the Privatisation, the increase is primarily attributable to the significant growth of our Group's profitability since FYE 2018 as a result of the abovementioned developments. Our Group's PAT increased from RM5.7 million in FYE 2018 to RM80.2 million in FYE 2025, representing an CAGR of approximately 45.90%.

6. INFORMATION ON OUR GROUP (CONT'D)

For illustration purposes, we have compared our PE Multiple against selected comparable companies listed overseas that are mainly involved in FPC manufacturing, being the main products of our Group (non-exhaustive) to serve as a reference point for the IPO valuation, as set out below:-

Comparable peers	Principal activities
<u>Shanghai Stock Exchange</u> Shenzhen Kinwong Electronic Co Ltd	Shenzhen Kinwong Electronic Co Ltd and its subsidiaries are principally involved in research and development, production and sales of printed circuit boards and high-end electronic materials.
<u>Shenzhen Stock Exchange</u> Suzhou Dongshan Precision Manufacturing Co Ltd	Suzhou Dongshan Precision Manufacturing Co Ltd and its subsidiaries are principally involved in research and development, manufacturing and sale of electronic circuits (which include rigid board, flexible board and rigid-flexible board), precision components, touch panel modules and light-emitting-diode (LED) display devices.
Guangdong Goworld Co Ltd	Guangdong Goworld Co Ltd and its subsidiaries are principally involved in the production and sales of printed circuit boards, liquid crystal displays and touch screens, ultra-thin and special copper clad laminates, and ultrasonic electronic instruments.
Suntak Technology Co Ltd	Suntak Technology Co Ltd and its subsidiaries are principally involved in the manufacturing of high density interconnects, rigid-flex PCB, FPCs and IC substrate serving industries of communication, automotive, computing, industrial, medical, optoelectronics and LED.
Xiamen Hongxin Electron-Tech Co Ltd	Xiamen Hongxin Electron-Tech Co Ltd and its subsidiaries are principally involved in the manufacturing and distribution of FPCs in China. The company also offers AI computing power servers.
Shennan Circuits Co Ltd	Shennan Circuits Co Ltd and its subsidiaries are principally involved in the manufacturing of PCBs, packing substrate and electronics assembly. In addition, the company also provides radio frequency (RF) and microwave, thermal management, miniaturization, and chip package substrate solutions.
Shenzhen FastPrint Circuit Tech Co Ltd	Shenzhen FastPrint Circuit Tech Co Ltd and its subsidiaries are principally involved in the manufacturing and distribution of PCBs, IC packaging substrates, FPCs and semiconductor test boards.
<u>Taiwan Stock Exchange</u> Unimicron Technology Corporation	Unimicron Technology Corporation and its subsidiaries are principally involved in the development, manufacturing, processing and sales of printed circuit board, high density interconnect, FPC, radio frequency, integrated circuit carrier, integrated circuit testing, and integrated circuit burn-in.
Zhen Ding Technology Holding Limited	Zhen Ding Technology Holding Limited and its subsidiaries are principally involved in the development of FPC, substrate-like printed circuit boards, high-density interconnect printed circuit boards, rigid printed circuit boards, IC substrate, rigid-flex printed circuit boards and modules as well as semiconductor-related applications.

6. INFORMATION ON OUR GROUP (CONT'D)

The table below sets out the adjusted PE Multiple of the comparable peers listed in overseas stock exchanges:-

	#Market capitalisation	#Last price	Revenue	Net profit attributable to the owners of the company	@Adjusted PE Multiple
Company	(RM'million)	(RM)	(RM'million)	(RM'million)	(times)
<u>Shanghai Stock Exchange</u>					
Shenzhen Kinwong Electronic Co Ltd	35,840.51	36.39	8,048.20	742.69	40.32
<u>Shenzhen Stock Exchange</u>					
Suzhou Dongshan Precision Manufacturing Co Ltd	80,434.76	43.91	23,376.90	689.70	103.25
Guangdong Goworld Co Ltd	4,350.05	8.10	3,659.70	137.08	28.09
Suntak Technology Co Ltd	10,286.19	8.45	3,990.70	163.70	55.63
Xiamen Hongxin Electron-Tech Co Ltd	8,530.23	17.68	3,735.10	36.10	*209.23
Shennan Circuits Co Ltd	88,414.75	132.61	11,384.70	1,192.84	65.62
Shenzhen FastPrint Circuit Tech Co Ltd	22,760.84	13.39	3,698.40	(125.98)	*(159.96)
<u>Taiwan Stock Exchange</u>					
Unimicron Technology Corporation	74,808.57	47.48	16,421.69	723.36	64.20
Zhen Ding Technology Holding Limited	26,254.25	24.52	24,433.83	1,306.59	12.47
				High	103.25
				Average	52.80
				Low	12.47
				⁽¹⁾ SQAI Group valuation	[●]

Notes:-

Extracted from Bloomberg as at the LPD.

* Deemed as an outlier.

@ The PE Multiple of the overseas peers has been adjusted using the following relative factor as there are differences between the macroeconomic factors of the markets where the peers are listed and the Malaysian market, which include, but not limited to, interest rate, inflation, and gross domestic product:-

$$\frac{\text{PE multiple of the company} \times \text{Malaysia Market average PE multiple}}{\text{China or Taiwan market average PE multiple}}$$

(1) Computed based on the indicative market capitalisation of RM[●] billion over the PAT of SQAI Group for the FYE 2025 of approximately RM80.2 million.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3 Share capital

Our issued share capital is RM39,999,501 comprising 40,000,000 Shares as at the LPD. Our Company does not have any treasury shares as at the LPD.

Save as disclosed below, there have been no changes in our issued share capital during the Financial Years Under Review and up to the LPD:-

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				(RM)	No. of Shares
29 November 2025	14,999,998	Capitalisation of advances	Other than cash	39,999,501	40,000,000
[10 February 2026]	1,122,500,000	Pursuant to the Bonus Issue	Other than cash	39,999,501	1,162,500,000
[•]	135,000,000	Pursuant to the Acquisition of SECL	Other than cash	146,514,501	1,297,500,000

As at the LPD, we do not have any outstanding warrants, options, convertible securities or uncalled capital in respect of the Shares in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

Upon completion of our IPO, our enlarged share capital will increase to 1,500,000,000 Shares.

6.4 Pre-IPO Restructuring

For the purposes of facilitating our Listing, we have undertaken an internal reorganisation exercise, which involves the following:-

6.4.1 Disposal of Non-Core Subsidiaries

As at the [LPD], our Group have disposed of the entire equity interest of the Non-Core Subsidiaries for a total cash consideration of approximately RM20.9 million, further details are set out below:-

	Principal activities	No. of shares disposed	Equity interest disposed	#NTA/NTL	Disposal consideration
			(%)	(RM)	(RM)
QBPO^	Dormant	2,500,000	100.00	@(44,183)	1
Qdynamics^	Dormant	6,680,000	100.00	6,526,569	6,526,569
Qforce^	Investment holding with investment in Quantum Fri Sdn Bhd (dormant)	10,000,000	100.00	9,797,308	9,797,308
Qventures*	Investment holding with investment in Quantum Fri Sdn Bhd (dormant)	100	100.00	@(55,045)	1
QSC^	Dormant	1	100.00	6,335	6,335
QIndia^	Dormant	7,200,000	100.00	4,572,896	4,572,896
Total					20,903,110

6. INFORMATION ON OUR GROUP (CONT'D)

Notes:-

- * Qventures will be struck off prior to our Listing.
- # Based on the audited financial statements of QBPO, Qforce, Qdynamics and Qventures for the FYE 2024, the audited financial statements of QSC for the FYE 2025 and the latest unaudited management accounts of QIndia as at 30 November 2025.
- ^ Name change effected to avoid confusion or potential name conflict with entities within our Group. In addition, QIndia will change its name in due course.
- @ SQTsb had assumed the liabilities of the said entity subsequent to the completion of the disposal.

The Non-Core Subsidiaries were disposed of to SQTsb, our major shareholder, save for QIndia which was disposed of to SQTsb and QBPO, via the instruments of transfer.

The Disposal of Non-Core Subsidiaries was undertaken to streamline our Group business to establish a clearer operating structure, focusing on our core business (i.e. manufacturing). The Non-Core Subsidiaries were principally involved in ancillary activities which were not aligned with our Group's long-term strategic focus.

6.4.2 Bonus Issue

On 10 February 2026, SQAI had undertook the Bonus Issue which entailed the issuance of 1,122,500,000 Bonus Shares on the basis of 28.0625 Bonus Shares 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 IPO and Listing.

Following the completion of the Bonus Issue on [10 February 2026], the total issued Shares is 1,162,500,000 Shares and the Bonus Shares were allotted to the existing shareholders as follows:-

	Before the Bonus Issue		After the Bonus Issue	
	No. of Shares	(%)	No. of Shares	(%)
SQTsb	40,000,000	100.00	1,162,500,000	100.00
Total	40,000,000	100.00	1,162,500,000	100.00

6.4.3 Acquisition of SECL

On 23 February 2026, we had entered into an equity transfer agreement with Twisden, as the purchaser, to acquire the entire registered capital of SECL of USD12.0 million, representing 100.00% equity interest in SECL, from Twisden for a total purchase consideration of RM106,515,000, which will be fully satisfied through the allotment and issuance of 135,000,000 new Shares at an issue price of RM0.789 per Share to Twisden.

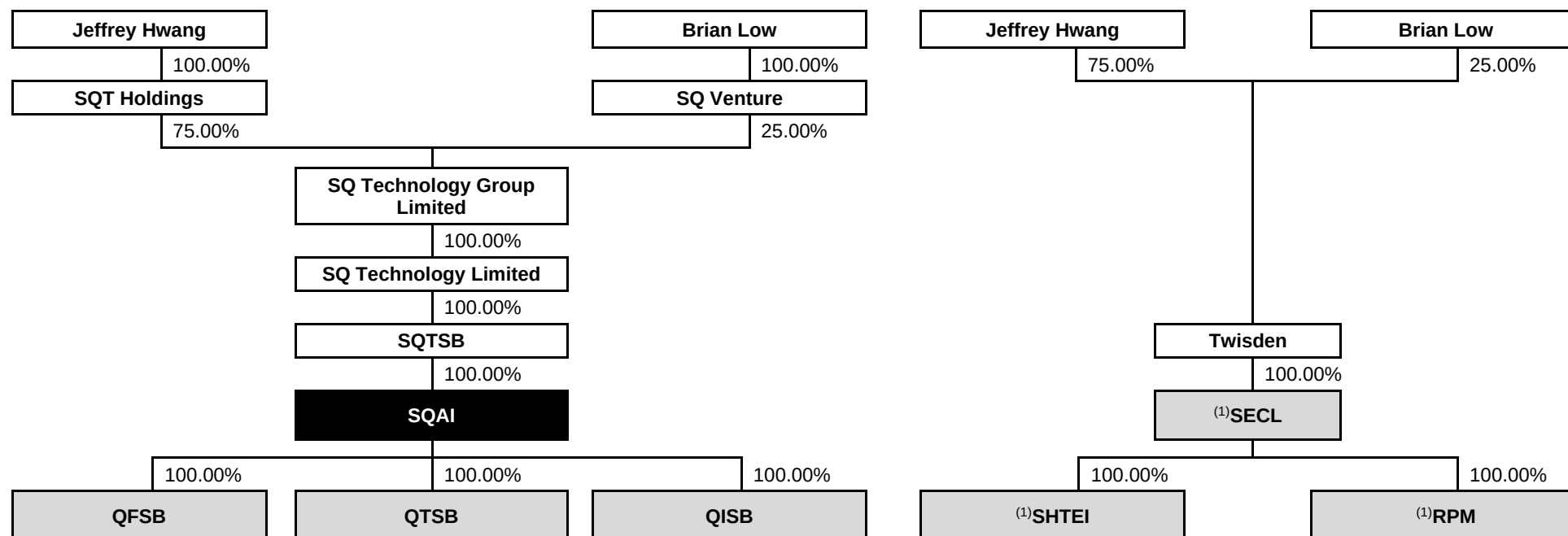
The purchase consideration was based on a "willing-buyer willing-seller" basis after taking into consideration the aggregate audited NA of SECL, SHTEI and RPM as at 31 December 2025 after inter-company eliminations, amounting to RM106,258,357.

The Acquisition of SECL was completed on [date].

6. INFORMATION ON OUR GROUP (CONT'D)

6.5 Our Group structure

Before the Pre-IPO Restructuring

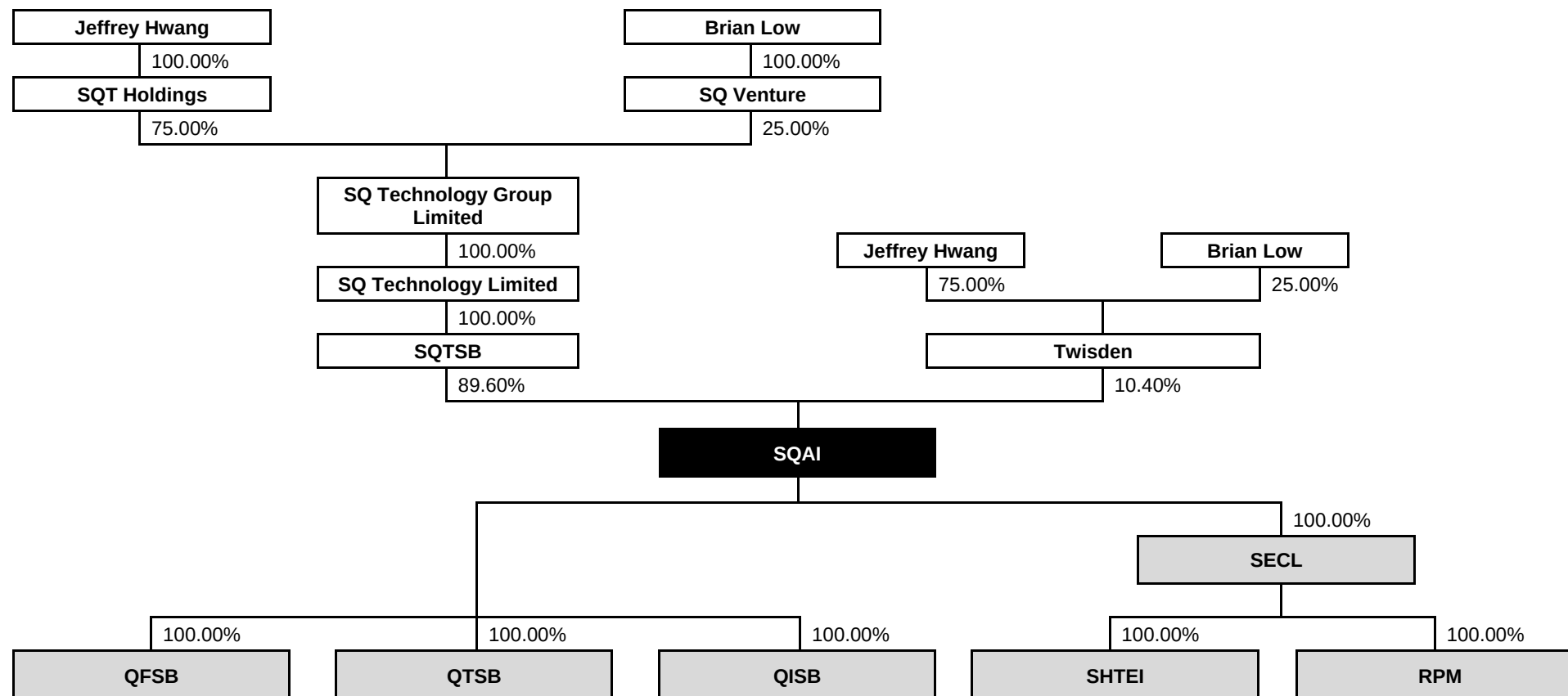


Note:-

- (1) For information purposes, the company seals of our Group's PRC subsidiaries are kept under the custody of Brian Low, our Promoter, substantial shareholder, Executive Director and President of PRC Operations, a Malaysian citizen. The use of the company seals subject to formal approval procedures, including board-approved authorisation controls. No company seal may be affixed without documented approval and proper supporting documentation. Furthermore, the legal representative of all the PRC subsidiaries is Jeffrey Hwang, our Promoter, substantial shareholder, Managing Director and CEO.

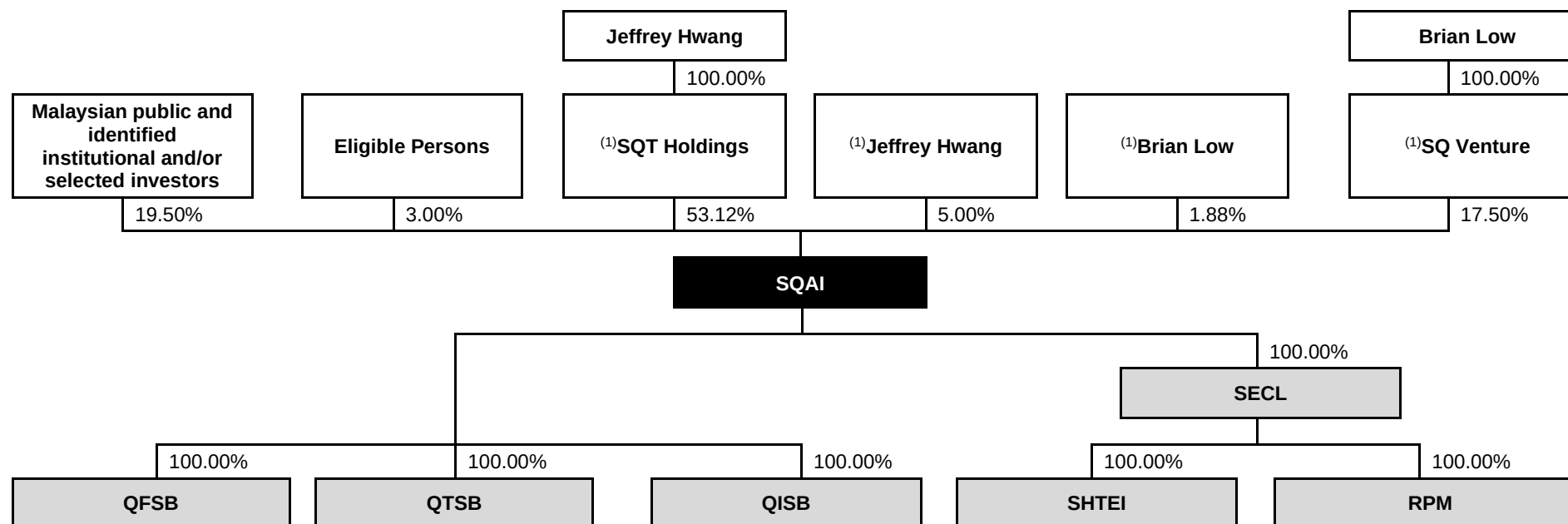
6. INFORMATION ON OUR GROUP (CONT'D)

After the Pre-IPO Restructuring and as at the [LPD]



6. INFORMATION ON OUR GROUP (CONT'D)

After the Listing and Share Transfer



Note:-

(1) Pursuant to the Share Transfer, during the Prescription Period, SQT SB will transfer its Shares as follows:-

- (i) 796,875,000 Shares to SQT Holdings;
- (ii) 262,500,000 Shares to SQ Venture;
- (iii) 75,000,000 Shares to Jeffrey Hwang; and
- (iv) 28,125,000 Shares to Brian Low.

Following the Share Transfer, both of our Promoters will hold the Shares individually and/or through their wholly-owned entities and Twisden will no longer be our shareholder following the Offer for Sale.

6. INFORMATION ON OUR GROUP (CONT'D)

6.6 Our subsidiaries

The details of our subsidiaries as at the LPD are as follows:-

Name/ Registration number	Date/ Place of incorporation	Principal place of business	Share capital/ Registered capital	Our effective equity interest (%)	Principal activities
Held by SQA					
QFSB 199701001333 (416829-W)	15-01-1997 (Malaysia)	Malaysia	RM53,000,000	100.00	Manufacturing and assembly of FPC
QTSB 199801002768 (458894-P)	09-03-1998 (Malaysia)	Malaysia	RM1,000,000	100.00	R&D, design and prototyping of FPC and semiconductor substrates, and property investment
QISB 201301011134 (1040971-U)	03-04-2013 (Malaysia)	Malaysia	RM44,000,000	100.00	Design, manufacturing, assembly and sales of electronic or semiconductor substrates
SECL 91350200MA33KCH F8N	27-02-2020 (PRC)	PRC	USD12,000,000	100.00	Investment holdings
Held by SECL					
SHTEI 91350200612039010 J	01-01-2000 (PRC)	PRC	RMB90,470,000	100.00	Manufacturing and assembly of FPC
RPM 91350203MA34NW3 X8E	16-09-2020 (PRC)	PRC	RMB3,000,000	100.00	Property leasing and management services

(i) QFSB

QFSB was incorporated on 15 January 1997 in Malaysia under the Act 1965 under the name of Agronetic Sdn Bhd and is deemed registered under the Act as a private limited company. On 22 May 1997, QFSB changed its name to its present name.

QFSB is principally involved in the manufacturing and assembly of FPC. The principal place of business of QFSB is at No. 99, Lebuhraya Kampung Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang, Malaysia.

6. INFORMATION ON OUR GROUP (CONT'D)

The issued share capital of QFSB is RM53,000,000 comprising 53,000,000 ordinary shares as at the LPD. Save as disclosed below, there has been no change in the issued share capital of QFSB for the Financial Years Under Review and up to LPD:-

Date of allotment	No. of shares in QFSB allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of shares
29 November 2023	12,500,000	Allotment of Shares to SQAI	Cash	23,000,000	23,500,000
30 August 2024	2,500,000	Allotment of Shares to SQAI	Cash	26,000,000	26,000,000
30 September 2024	2,000,000	Allotment of Shares to SQAI	Cash	28,000,000	28,000,000
29 November 2025	25,000,000	Allotment of Shares to SQAI	Cash and capitalisation of advances	53,000,000	53,000,000

QFSB is our wholly-owned subsidiary. QFSB does not have any subsidiary, associates or joint venture companies as at the LPD.

(ii) QTSB

QTSB was incorporated on 9 March 1998 in Malaysia under the Act 1965 under the name of Prima Sentosa Sdn Bhd and is deemed registered under the Act as a private limited company. QTSB changed its name to Flexcircuits Technology Sdn Bhd on 17 March 1999. Subsequently on 19 March 2004, QTSB changed its name to its present name.

QTSB is principally involved in R&D, design and prototyping of FPC and semiconductor substrates, and property investment. The principal place of business of QTSB is at No. 99, Lebuhraya Kampung Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang, Malaysia.

The issued share capital of QTSB is RM1,000,000 comprising 1,000,000 ordinary shares as at the LPD. There has been no change in the issued share capital of QTSB for the Financial Years Under Review and up to LPD.

QTSB is our wholly-owned subsidiary. QTSB does not have any subsidiary, associates or joint venture companies as at the LPD.

(iii) QISB

QISB was incorporated on 3 April 2013 in Malaysia under the Act 1965 under its present name and is deemed registered under the Act as a private limited company.

QISB is principally involved in the design, manufacturing, assembly and sales of electronic or semiconductor substrates. The principal place of business of QISB is at PMT 743, Persiaran Cassia Selatan 4, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang, Malaysia.

The issued share capital of QISB is RM44,000,000 comprising 44,000,000 ordinary shares as at the LPD. There has been no change in the issued share capital of QISB for the Financial Years Under Review and up to LPD.

QISB is our wholly-owned subsidiary. QISB does not have any subsidiary, associates or joint venture companies as at the LPD.

6. INFORMATION ON OUR GROUP (CONT'D)

(iv) SECL

SECL was incorporated on 27 February 2020 in the PRC under the Company Law of the Chinese Mainland as a limited liability company under its present name.

SECL is principally engaged in investment holding. The registered address of business of SECL is at 431A, Building C, Xiamen International Shipping Center, 93 Xiangyu Road, Xiamen, Fujian Pilot Free Trade Zone, PRC.

The registered capital of SECL is USD12,000,000. As at the LPD, the registered capital has been fully contributed. There has been no change in the registered capital of SECL for the Financial Years Under Review and up to LPD.

SECL is our [wholly-owned subsidiary]. As at the LPD, SECL has 2 wholly-owned subsidiaries, namely SHTEI and RPM. Save the foregoing, SECL does not have any other subsidiary, associate or joint venture companies as at the LPD.

(v) SHTEI

SHTEI was incorporated on 1 January 2000 in the PRC under the Company Law of the Chinese Mainland as a limited liability company under its present name.

SHTEI is principally engaged in manufacturing and assembly of FPC. The registered address of business of SHTEI is at Zone A and Zone B, 1st to 3rd Floors, Phase 1 Factory, 1776 Lvling Road, Siming Area, Xiamen, Fujian Province, PRC.

The registered capital of SHTEI is RMB90,470,000. As at the LPD, the registered capital has been fully contributed. There has been no change in the registered capital of SHTEI for the Financial Years Under Review and up to LPD.

SHTEI is a wholly-owned subsidiary of SECL and our [indirect wholly-owned subsidiary]. SHTEI does not have any subsidiary, associate or joint venture companies as at the LPD.

(vi) RPM

RPM was incorporated on 16 September 2020 in the PRC under the Company Law of the Chinese Mainland as a limited liability company under its present name.

RPM is principally engaged in property leasing and management services. The registered address of business of RPM is at Room 401, 1776 Lvling Road, Siming Area, Xiamen, Fujian Province, PRC.

The registered capital of RPM is RMB3,000,000. As at the LPD, the registered capital has been fully contributed. There has been no change in the registered capital of RPM for the Financial Years Under Review and up to LPD.

RPM is a wholly-owned subsidiary of SECL and our [indirect wholly-owned subsidiary]. RPM does not have any subsidiary, associate or joint venture companies as at the LPD.

6. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, neither our Company nor any of our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.

As at the LPD, none of our Shares and share capital in our subsidiaries were issued and allotted at a discount or have any special terms or instalment payment terms.

As at the LPD, neither our Company nor our subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

6.7 Public take-overs

During the last financial year and up to the LPD, there were no:-

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other companies' securities.

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7. BUSINESS OVERVIEW

7.1 Business history and milestones

Our Company was incorporated in Malaysia under the Act 1965 on 8 February 1999 as a private limited company under the name of All Malaysian Technology Sdn Bhd and is deemed registered under the Act. We changed our name to Qdos Holdings Sdn Bhd on 2 March 1999, and subsequently converted to a public company on 31 October 2005. On 8 August 2025, our Company changed its name to SQ Advanced Interconnect Berhad (SQAI).

Our business operations date back to 1993, when we ventured into FPC with a pilot production using the subtractive etching process under an entity co-founded by Dato' Hwang Thean Long, our Non-Independent Non-Executive Chairman, in Kulim, Kedah ("**Kulim Operations**"). This marked the beginning of our operations in Malaysia.

Malaysia Operations

In 1997, Agronetic Sdn Bhd was incorporated and renamed QFSB the same year. Following the name change, the company was held by 2 individuals, namely Radzali Bin Hassan and Ooi Chik Peng. QFSB commenced FPCs manufacturing operations in 1997 after the acquisition of the Kulim Operations. In 1999, we acquired the entire equity interest in QFSB. In 2001, through QFSB, we relocated our FPC manufacturing operations from Kulim to the Bayan Lepas Plant. At this facility (which still remains to this date as our headquarters), we commenced FPC manufacturing operations and continued to expand our manufacturing capabilities, reaching an annual production capacity of approximately 50 million pieces as at the LPD.

In 2003, QTSB began FPC design activities at the Bayan Lepas Plant. QTSB was initially incorporated in 1998 as Prima Sentosa Sdn Bhd, changed its name to Flexcircuits Technology Sdn Bhd in 1999, and assumed its current name in 2004. QTSB has been our wholly-owned subsidiary since 1999 and was dormant prior to 2003.

As part of our business expansion strategy, QISB was incorporated in 2013 to enter the semiconductor manufacturing industry, with a focus on IC substrates, and has been our wholly-owned subsidiary since its incorporation. In the same year, SQAI collaborated with a technology partner to develop moulded interconnect substrate (MIS) technology using a semi-additive process. We commenced IC substrate manufacturing operations in 2013 at our Bayan Lepas Plant.

As part of our facilities expansion plans for our IC substrate manufacturing operations, we acquired an approximately 5-acre parcel of land in Batu Kawan, Penang in 2014, and construction of Batu Kawan Plant commenced in 2017 utilising approximately 3.0 acres of the Batu Kawan land area. Upon completion of construction in 2018, we relocated our IC substrate manufacturing operations to the Batu Kawan Plant. Since then, we have continued to expand our IC substrates manufacturing capabilities, reaching an annual production capacity of approximately 600 million pieces as at the LPD.

We were a subsidiary of SCB, a company formerly listed on the Main Market since 2001. QFSB, QTSB, and QISB were previously part of SCB, through our Company, prior to its privatisation in 2019. Following the Privatisation, SCB undertook an internal restructuring and succession planning exercise to re-organise management's ownership structure into distinct core businesses, pursuant to which in 2022, SCB transferred its entire equity stake in our Company to SQTSB*, an entity ultimately held by our Promoters, Jeffrey Hwang and Brian Low, holding indirect equity interests of 75.00% and 25.00%, respectively, in our Company through SQT Holdings and SQ Venture.

Note:-

* SQTSB is wholly-owned by SQ Technology Limited, which in turn is wholly-owned by SQ Technology Group Limited. SQ Technology Group Limited is held by SQT Holdings (75.00%) and SQ Venture (25.00%).

7. BUSINESS OVERVIEW (CONT'D)

PRC Operations

In 2000, SHTEI was incorporated. Through SHTEI, the construction of our 5-storey factory building (Xiamen Plant) and a 24-storey office block in Xiamen was completed in 2005 and 2019, respectively. Following the completion of the construction of our Xiamen Plant in 2005, we commenced FPC manufacturing operations and continued to invest in our manufacturing technologies and capabilities, reaching an annual production capacity of approximately 62 million pieces as at the LPD.

In 2020, SECL was incorporated to hold SHTEI. As at the LPD, SHTEI is 100% held by SECL, which in turn held by Twisden and the company is ultimately held by Jeffrey Hwang (75.00%) and Brian Low (25.00%), our Promoters, prior to the Pre-IPO Restructuring. In the same year, RPM was incorporated as a wholly-owned subsidiary of SECL to undertake property leasing and management services, focusing on our 24-storey office tower in Xiamen, Fujian Province, PRC.

The table below sets out the key events and milestones in the history and development of our business:-

Year	Key Events and Milestones
1993 – 1999	In 1993, Dato' Hwang Thean Long, our Non-Independent Non-Executive Chairman, and father of Jeffrey Hwang, our Promoter, substantial shareholder, Managing Director and CEO, co-founded an entity to commence pilot production of FPC in Kulim, Kedah ("Kulim Operations"). In 1997, QFSB was incorporated to acquire the Kulim Operations. In 1999, we acquired the entire equity interest of QFSB which holds a land in Bayan Lepas.
2000 – 2009	In 2001, we completed the construction of the Bayan Lepas Plant in Bayan Lepas, Penang, and in the same year, relocated our FPC manufacturing operations to this facility. The Kulim Operations were subsequently discontinued. In 2003, QTSB, a subsidiary of SQAI since 1999, commenced its FPC design activities at our Bayan Lepas Plant. We expanded our FPC manufacturing into the PRC with the incorporation of SHTEI in 2000. In 2005, we completed the construction of our operational facility (a 5-storey factory building) in Xiamen, Fujian Province, PRC. We commenced FPC manufacturing operations in the same year.
2010 - 2019	QISB was incorporated in 2013 to commence pilot production of IC substrates at our Bayan Lepas Plant. In 2013, we collaborated with a technology partner to develop moulded interconnect substrate (MIS) technology using a semi-additive process. In 2014, we acquired an approximately 5-acre parcel of land in Batu Kawan, Penang, and construction of the Batu Kawan Plant commenced in 2017. In 2018, the construction of the Batu Kawan Plant was completed. In the same year, we relocated our IC substrate manufacturing operations to the Batu Kawan Plant.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key Events and Milestones
2010 – 2019 (cont'd)	SQAI was a subsidiary of SCB (formerly listed on the Main Market of Bursa Securities) since 2001. QFSB, QTSB, and QISB were previously part of SCB, through SQAI, prior to its privatisation in 2019. Following the privatisation in 2019, SCB undertook an internal restructuring and succession planning exercise to re-organise management's ownership structure into distinct core businesses, pursuant to which Jeffrey Hwang and Brian Low emerged as the ultimate shareholders of SQAI, holding indirect equity interests of 75.00% and 25.00%, respectively.
2020 - LPD	In 2020, SECL was incorporated to hold SHTEI and RPM. As part of the Pre-IPO Restructuring, SECL was [acquired] by SQAI. In 2020, RPM was incorporated and is involved in property leasing and management services, focusing on our owned property, a 24-storey office block in Xiamen, Fujian Province, PRC.

7.2 Accreditations, awards and recognitions

For the Financial Years Under Review and up to LPD, we obtained the following awards and recognitions:-

Year	Subsidiary	Key awards and recognitions	Awarded by
2022	SHTEI	Outstanding Supplier Award 2021	Panasonic
2022	SHTEI	Outstanding Contribution Award 2021	Customer D Group
2022	SHTEI	Global Excellent Partner	Customer C Group
2023	QFSB	Supplier of the Quarter for Q2 2023	Customer E ⁽¹⁾
2024	SHTEI	Outstanding Supplier Award 2023	Panasonic
2024	SHTEI	National-level Specialised and Sophisticated Little Giant Enterprise (currently valid until 2027)	Ministry of Industry and Information Technology of the PRC
2025	SHTEI	Outstanding Supplier Award 2024	Panasonic
2025	SHTEI	High-Tech Enterprise Certificate (currently valid until 2028)	Xiamen Municipal Bureau of Science and Technology, Xiamen Municipal Bureau of Finance, Xiamen Taxation Bureau of the State Taxation Administration

Note:-

- (1) Customer E is listed on the New York Stock Exchange, and is involved in the integration and provision of communications infrastructure, devices, and software, as well as other related applications and services, with headquarters located in the USA.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we have been accredited with the following certifications and management systems:-

Accreditation	Scope	Issuing party	Subsidiary	Current validity period
ISO 9001:2015	Manufacturing and assembly of FPC and IC substrates	SGS United Kingdom Ltd	QISB / QFSB	Jun 2025 – Jun 2028
ISO 14001:2015	Manufacturing and assembly of FPC	SGS United Kingdom Ltd	QISB / QFSB	Jan 2025 – Jan 2028
ISO 14001:2015	Manufacturing and assembly of IC substrates	SGS (Malaysia) Sdn Bhd	QISB	Jan 2025 – Jan 2028
ISO 13485:2016	Manufacturing and assembly of FPC for in-vitro diagnostic devices	SGS United Kingdom Ltd	QFSB	Dec 2023 – Dec 2026
ISO 13485:2016 EN ISO 13485:2016	Manufacturing of printed circuit substrates for active medical device (non-implantable)	SGS United Kingdom Ltd	QISB	Oct 2025 – Dec 2026
TISAX assessment	Information security assessment	ENX Association	QISB / QFSB	Oct 2024 – Aug 2027
IATF 16949:2016	Manufacturing and assembly of FPC	SGS United Kingdom Ltd	QFSB	Nov 2024 – Nov 2027
IATF 16949 – First edition	Design and development of FPCs	Bureau Veritas Certification	SHTEI	Aug 2024 – Aug 2027
ISO 9001:2015	Manufacturing of FPCs and rigid-flex FPCs	Bureau Veritas Certification	SHTEI	Aug 2024 – Oct 2027
ISO 13485:2016	Manufacturing of FPCs and rigid-flex FPCs for active medical device accessories, imaging devices, and respiratory devices	Bureau Veritas Certification	SHTEI	Mar 2025 – Mar 2028
ISO 14001:2015	Manufacturing FPCs and rigid-flex FPCs	Bureau Veritas Certification	SHTEI	Sep 2025 – Dec 2028

7. BUSINESS OVERVIEW (CONT'D)

In addition, our products have been independently tested and certified to comply with the relevant safety and performance standards. As at the LPD, we have obtained the following certification marks, which are commonly required by our customers:-

Certification marks	Malaysia Operations	PRC Operations
Restriction of Hazardous Substances ("RoHS") compliance ⁽¹⁾	√	√
Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") compliance ⁽²⁾	√	√
Underwriters Laboratories ("UL") ⁽³⁾	√	√

Notes:-

- (1) The RoHS is an environmental regulation to reduce hazardous materials in electronic products, improve safety for users, reduce environmental pollution, and facilitate recycling. RoHS restricts certain substances with a minimum allowable level of 0.1% (1000 parts per million), including lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (Cr⁶⁺), polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDE), Bis (2-ethylhexy) phthalate (DEHP), benzyl butyl phthalate (BBP), dibutyl phthalate (DBP), and Di isobutyl phthalate (DIBP). Meanwhile, the maximum allowable cadmium level is 0.01%. RoHS is mandatory for electronic and electrical products sold in various countries, including the European Union, the UK, and the PRC.
- (2) REACH regulates products with certain substances of very high concern (SVHC) with an allowable level of less than 0.1% (1000 parts per million), which includes carcinogens, mutagens, reproductive toxins, persistent or bioaccumulative chemicals, and endocrine disruptors, unless properly declared. In addition, certain chemicals were banned or restricted under REACH. REACH compliance applies to various industries, including electronics (such as PCB, FPC, and IC), plastics and polymers, metal finishing, consumer goods, industrial machinery, automotive, and aerospace.
- (3) A product that is UL certified means it has been tested and meets specific safety, fire, and performance standards. Common UL certifications for FPC include UL94 for the flammability rating of the polyimide or adhesive, and UL796F, which covers base materials, copper thickness, dielectric strength, solder limits, and thermal safety.

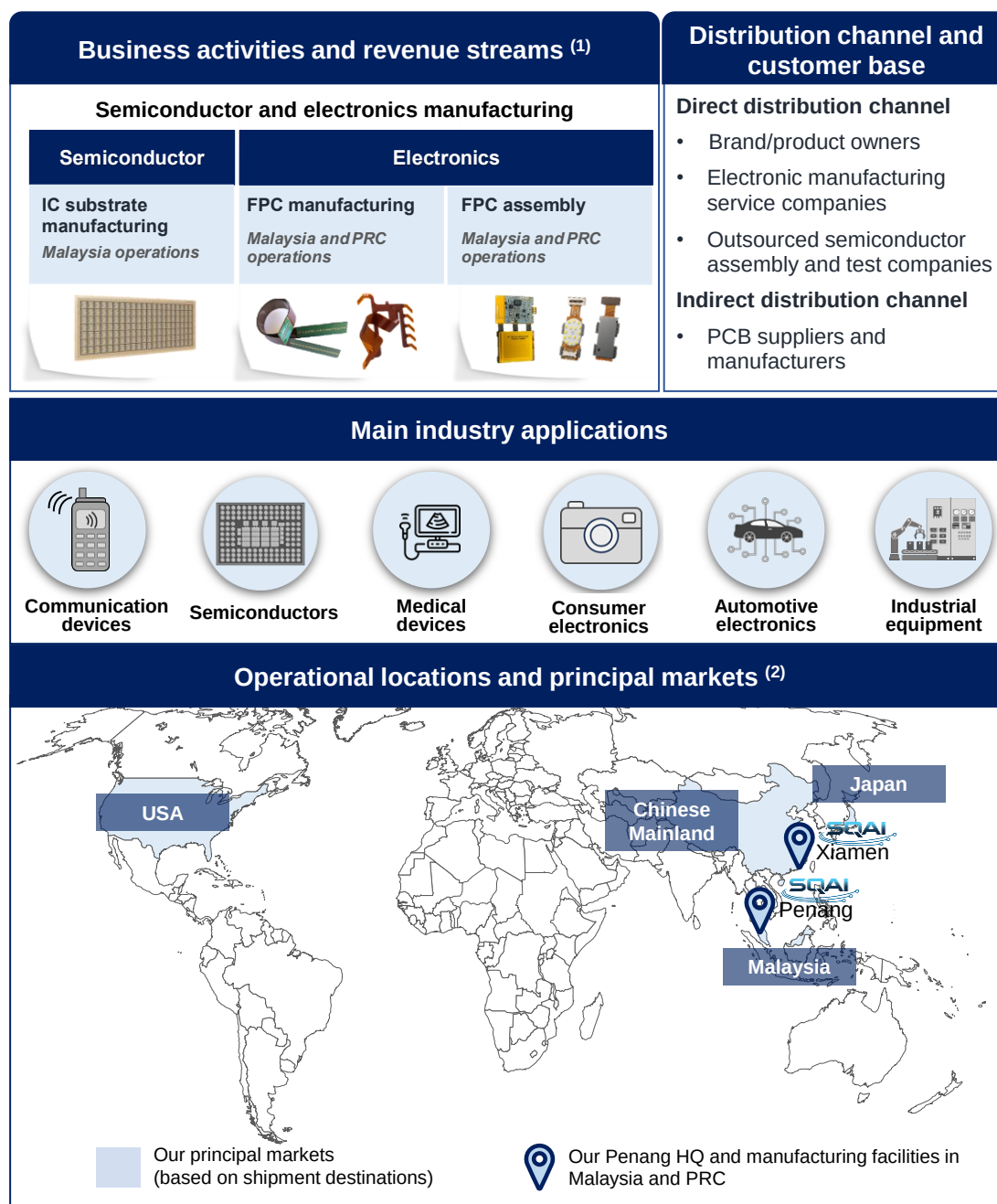
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7. BUSINESS OVERVIEW (CONT'D)

7.3 Overview of our business

7.3.1 Our business model

Our business model is as follows:-



Notes:-

- (1) For the Financial Years Under Review, revenue contribution from the electronics manufacturing segment, comprising FPC manufacturing and assembly, accounted for 82.89%, 80.23% and 80.06% of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively. Our semiconductor manufacturing segment, focusing on IC substrate manufacturing, accounted for 17.11%, 19.77% and 19.94% of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively.
- (2) Our major geographical markets, based on shipment destinations and revenue contributions of 5% or more of our total revenue in any of the Financial Years Under Review, were Malaysia, Chinese Mainland, Japan, and the USA. Collectively, these markets accounted for 80.69%, 83.08% and 87.32% of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively. The remainder was contributed by approximately 29 other countries, and each country's contribution was less than 5% for the Financial Years Under Review.

7. BUSINESS OVERVIEW (CONT'D)

7.3.2 Business activities and revenue streams

We manufacture and assemble FPCs, and manufacture IC substrates, both critical to the semiconductor and electronics value chain. FPC provides a physical platform for placing and connecting electronic components, while the IC substrate provides a platform specifically for mounting and connecting ICs or chips. These are essential components in modern electronic machines, equipment and devices.

- **FPC manufacturing and assembly**

For the Financial Years Under Review, revenue from our FPC manufacturing and assembly segment accounted for 82.89% (RM260.0 million), 80.23% (RM273.1 million) and 80.06% (RM294.3 million) of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively.

An FPC (also known as a flex circuit) is a bendable electronic interconnect in which fine copper wires (referred to as traces) are formed on a flexible substrate, which is commonly used for the interconnection of electronic components and modules. Our FPC is manufactured using precision subtractive etching technology, which involves processes such as photolithography to define the circuit pattern and controlled chemical etching to remove unwanted copper from the full copper layer. The remaining copper forms the fine-pitch copper circuitry on the flexible substrates. As at the LPD, our FPC manufacturing facilities, being the Bayan Lepas Plant and the Xiamen Plant, have a combined annual production capacity of approximately 112 million pieces.

We also offer value-added FPC assembly services, where electronic components are mounted on our in-house-manufactured FPC to form semi-finished electronic modules. This involves surface mount technology (SMT), reflow soldering, automatic optical inspection, and electrical testing. As at the LPD, we have a total of 6 SMT lines, including 4 in Malaysia and 2 in the PRC.

Our customisation and design-for-manufacturing capabilities enable us to support our customers in co-developing new products, enhancing time-to-market, and optimising manufacturing yields and engineering costs. We offer responsive support to customers throughout their new product introduction cycle, from circuitry design optimisation and prototyping to pilot runs and process refinement, ensuring optimum manufacturability for mass production.

For the Financial Years Under Review and up to the LPD, our in-house capabilities enable us to manufacture an extensive portfolio of FPC, including single-sided, double-sided, and multi-layer (up to 10 layers), as well as rigid-flex (a combination of flexible and rigid boards). We are capable of achieving fine-line features down to 20 μm (± 5 μm tolerance) for line width, and down to 35 μm (± 5 μm tolerance) for air gap (line space), supporting advanced FPC manufacturing that requires high-density circuitry.

Our FPC has been independently tested and certified to comply with the relevant safety and performance standards. As at the LPD, we have obtained various certification marks for our FPC, including RoHS, REACH, and UL.

- **IC substrate manufacturing**

For the Financial Years Under Review, revenue from our IC substrate manufacturing segment accounted for 17.11% (RM53.7 million), 19.77% (RM67.3 million) and 19.94% (RM73.3 million) of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively.

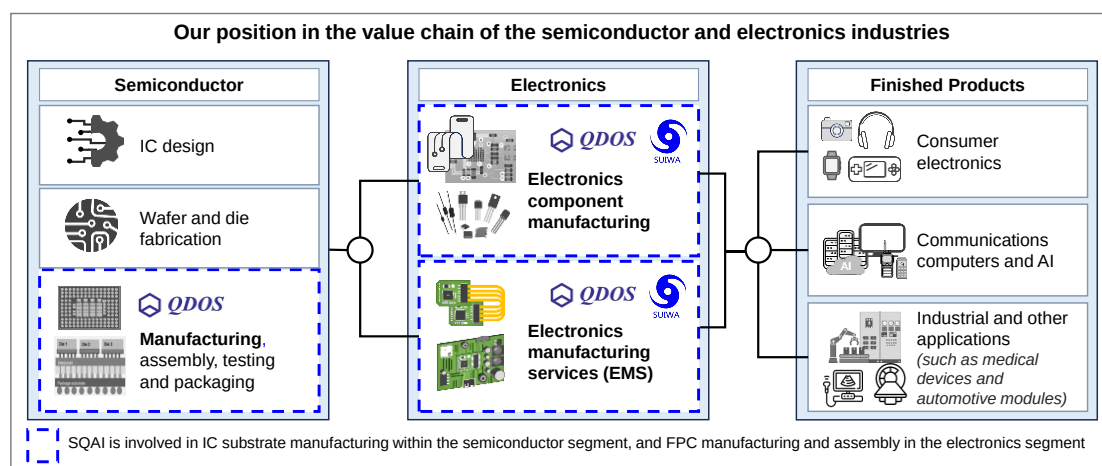
7. BUSINESS OVERVIEW (CONT'D)

An IC substrate (also known as an IC package substrate) is a semiconductor package-level interconnect platform that bridges silicon devices to the system by enabling chip-to-board electrical, mechanical and thermal connection. Our IC substrates are high-density interconnect structures commonly used for flip-chip ball grid array, thermal compression bonding, and flip-chip land grid array applications, where the chip is mounted on the substrate, as well as for power management chips.

For the Financial Years Under Review and up to the LPD, we leverage advanced semi-additive process technology in our IC substrate manufacturing to deliver sputtered-core and coreless IC substrates. We are capable of achieving fine-pitch interconnects with fine-line width and space down to 20 μm . We can develop and manufacture IC substrates with multi-layer copper trace configurations of up to 8 layers, providing routing flexibility and electrical performance.

As at the LPD, our IC substrate manufacturing facility, being the Batu Kwan Plant, has an annual production capacity of 600 million pieces. Our IC substrates have been independently tested and certified to comply with the relevant safety and performance standards. In addition, we have obtained various certification marks for our IC substrates, including RoHS and REACH.

FPCs and IC substrates are critical interconnect components in the semiconductor and electronics value chain, enabling the miniaturisation, performance and reliability of electronic devices and products. Please refer to the diagram below for our position in the semiconductor and electronics value chain:-



Our FPC manufacturing and assembly, and IC substrate manufacturing business is our principal revenue driver, supported by our technical capabilities and manufacturing facilities in Malaysia and the PRC.

IC substrates are a fundamental component in the manufacturing, assembly, testing and packaging of the semiconductor value chain. Before mounting onto a PCB, ICs typically undergo a packaging process in which the IC die is attached to an IC substrate. This process provides mechanical support and converts the die's tiny input/output pads into a layout suitable for external connections. The critical role of IC substrates stems from their electrical connections, which maintain signal integrity by minimising signal loss, interference, and power distribution issues. In addition, it provides mechanical support for heat dissipation and ensures the IC's electrical performance.

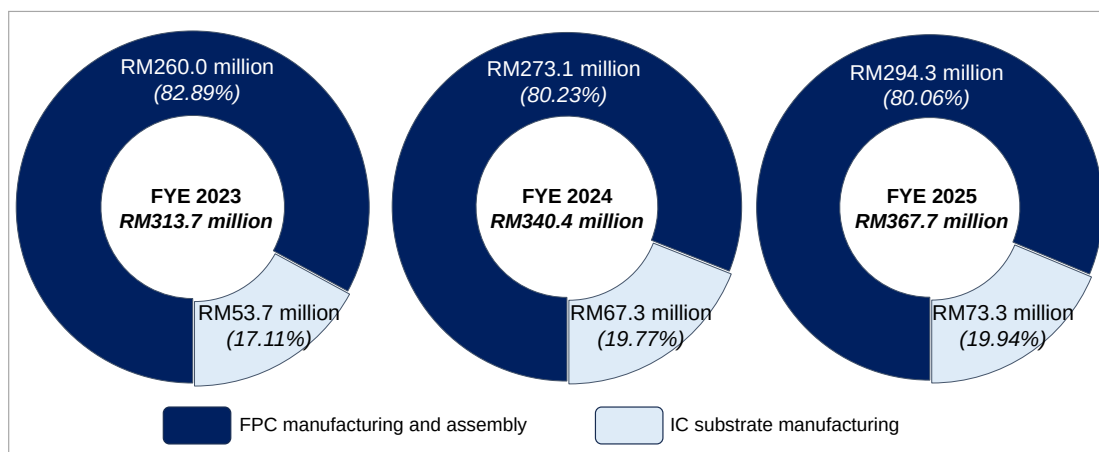
FPCs are a type of PCB built on flexible (instead of rigid) materials, allowing them to conform to compact and irregular shapes or be subject to constant bending. This component is essential in applications that support devices that require frequent and dynamic motion, such as hinges in foldable devices, connections in automotive infotainment systems, and connecting cables for camera lenses or wearable electronics.

7. BUSINESS OVERVIEW (CONT'D)

In summary, IC substrates provide the foundational interconnect platform required for the functionality of complex and high-density semiconductor devices, whereas FPCs provide the mechanical flexibility and compact routing capability to integrate those ICs and associated electronics into a compact and adaptable device architecture.

Revenue contribution

Our revenue contribution by business segments is set out below:-



For the Financial Years Under Review, our revenue contribution by business segments is set out below:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
FPC segment	260,048	82.89	273,135	80.23	294,330	80.06
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
IC substrate manufacturing	53,660	17.11	67,290	19.77	73,328	19.94
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

7.3.3 Principal markets

We operate in Malaysia and the PRC, with our headquarters located in Penang, Malaysia. In Malaysia, we have 2 manufacturing facilities, namely the Bayan Lepas Plant and the Batu Kawan Plant. Additionally, we have 1 manufacturing facility in Xiamen, Fujian Province, PRC, namely the Xiamen Plant.

Revenue by operation locations

For the Financial Years Under Review, our revenue contribution from our Malaysia Operations accounted for 49.92% (RM156.6 million), 55.81% (RM190.0 million) and 57.68% (RM212.1 million) of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively. Our PRC Operations accounted for the remaining 50.08% (RM157.1 million), 44.19% (RM150.4 million) and 42.32% (RM155.6 million) of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our revenue contribution from our Malaysia Operations and PRC Operations is set out below:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia Operations	156,593	49.92	189,976	55.81	212,073	57.68
FPC segment	102,933	32.81	122,686	36.04	138,745	37.74
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
IC substrate segment	53,660	17.11	67,290	19.77	73,328	19.94
PRC Operations	157,115	50.08	150,449	44.19	155,585	42.32
FPC segment	157,115	50.08	150,449	44.19	155,585	42.32
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
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

Revenue by shipment destinations

For the Financial Years Under Review, our top 4 markets based on product shipment destinations were Malaysia, Chinese Mainland, Japan and the USA, which collectively accounted for 80.69% (RM253.1 million), 83.08% (RM282.8 million), and 87.32% (RM321.0 million) of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively. The remainder was contributed by approximately 29 other countries, where each country's revenue contribution was less than 5.00% of our total revenue for each of the Financial Years Under Review.

For the Financial Years Under Review, our revenue contribution based on shipment destinations is set out below:-

	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 ⁽¹⁾	60,560	19.31	57,603	16.92	46,608	12.68
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

Note:-

- (1) Others are contributed by Other Asia, EMEA (Europe, Middle East and Africa) 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.

7. BUSINESS OVERVIEW (CONT'D)

7.3.4 Distribution channels and customer base

We primarily utilise a direct distribution channel to market and sell our products to brand/product owners, and electronic manufacturing services (EMS) and outsourced semiconductor assembly and test (OSAT) companies that use our products. These companies operate across various industry applications such as communication devices, semiconductors, medical devices, consumer electronics, automotive electronics, and industrial equipment. Our direct distribution channel represented 83.67% (RM262.5 million), 83.88% (RM285.5 million), and 83.63% (RM307.5 million) of our total revenue for FYE 2023, FYE 2024 and FYE 2025, respectively.

We also use an indirect distribution channel, serving intermediaries who are PCB suppliers and manufacturers. They will resell our products to their customers, including brand/product owners, and EMS and OSAT companies. Our indirect distribution channel accounted for 16.33% (RM51.2 million), 16.12% (RM54.9 million), and 16.37% (RM60.2 million) of our total revenue for FYE 2023, FYE 2024, and FYE 2025, respectively.

For the Financial Years Under Review, our revenue contribution by distribution channel and customer types is set out below:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Direct distribution	262,495	83.67	285,538	83.88	307,473	83.63
Brand/product owners	168,283	53.64	176,908	51.97	182,612	49.67
EMS and OSAT companies	94,212	30.03	108,630	31.91	124,861	33.96
Indirect distribution	51,213	16.33	54,887	16.12	60,185	16.37
PCB suppliers and manufacturers	51,213	16.33	54,887	16.12	60,185	16.37
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

7.3.5 Industry applications

Through our direct and indirect distribution channels, our products are used across diverse industry applications, including communication devices, semiconductors, medical devices, consumer electronics, automotive electronics and industrial equipment. For the Financial Years Under Review, our revenue contribution by industry applications is set out below:-

	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
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our revenue contribution by industry applications based on our operation locations is set out below:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia Operations	156,593	49.92	189,976	55.81	212,073	57.68
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
Consumer electronics	7,787	2.48	9,422	2.77	18,969	5.16
Automotive electronics	11,022	3.51	23,021	6.76	17,810	4.84
Industrial equipment	23,915	7.62	17,583	5.17	17,244	4.69
Medical devices	1,669	0.54	1,772	0.52	1,276	0.35
PRC Operations	157,115	50.08	150,449	44.19	155,585	42.32
Medical devices	70,847	22.58	66,098	19.42	73,636	20.03
Consumer electronics	46,358	14.78	45,731	13.43	48,111	13.09
Automotive electronics	30,768	9.81	30,480	8.95	23,738	6.46
Industrial equipment	9,142	2.91	8,140	2.39	10,100	2.74
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

7.4 Mode of operation

In general, our product sales are based on confirmed purchase orders for our operations in Malaysia and the PRC.

For both our Malaysia and PRC operations, we have supply agreements with some of our customers for FPC manufacturing, FPC assembly and IC substrates manufacturing. The supply agreements set out the general terms and conditions, including validity periods and credit terms, and there is no obligation on customers to place orders. Our customers will place orders periodically or on an ad hoc basis, which serve as agreements to purchase products and services. Accordingly, our product sales and revenue are driven by customer-initiated purchase orders placed at their discretion.

Most of our customers provide us with rolling forecasts ranging from 3 to 12 months, or share with us forward-looking planning tools that are commonly updated monthly or quarterly, without confirming exact quantities or delivery dates upfront. This enables us to plan our operational resources and production schedule accordingly. Ultimately, our product sales are still based on confirmed purchase orders.

We provide product warranties to our customers, with warranty periods specified in the purchase order and generally range from 6 to 12 months. During the warranty period, our customers will report to us any defective products or manufacturing defects discovered. The typical product defects include non-conformity with the specified dimensions, delamination, plating defects, or electrical failures. Upon receiving a defective product report, our quality control team will assess the claim to determine whether the defect is covered under the warranty. If the defect falls within the scope of the warranty, the customer will return the product for inspection. Following verification, we will replace or rework the product as necessary.

7. BUSINESS OVERVIEW (CONT'D)

7.5 Competitive advantages and key strengths

Our competitive advantages and key strengths will provide us with the platform to sustain and grow our business. These are as follows:-

7.5.1 We have a proven track record of 33 years in FPC manufacturing and 13 years in IC substrate manufacturing within the semiconductor and electronics industries

Our business was established in 1993, starting with a pilot FPC production line in Kulim, Kedah. Building on this foundation, we expanded our FPC business by establishing a fully integrated Bayan Lepas Plant in Penang in 2001. Our growth continued with the opening of our Xiamen Plant in the PRC in 2005. These strategic expansions have enabled us to achieve a combined annual production capacity of 112 million pieces across Bayan Lepas Plant and Xiamen Plant as at the LPD.

We began our IC substrate manufacturing operations in 2013 at our Bayan Lepas Plant. We subsequently expanded our IC substrate manufacturing capabilities by establishing an integrated production facility at Batu Kawan Plant in 2018 with an annual production capacity of 600 million pieces as at the LPD.

On the back of our 33-year track record in FPC manufacturing and 13 years in IC substrate manufacturing, we have continued to enhance our technical competencies, deepen collaboration with customers on product design and development, expand our production footprint, and broaden our offerings to serve a wider range of industry applications across the semiconductor and electronics industries.

Our established track record in FPC and IC substrate manufacturing provides a competitive advantage by fostering credibility and trust among our customers and enhancing awareness of our market presence. Our market recognition and reputation are supported by consistent product quality, reliable delivery, and strong customer support, as evidenced by our long-term customer relationships with several of our customers. 6 of our 7 major customers during the Financial Years Under Review, as set out in **Section 7.19** of this Prospectus, have been with us for 10 years or more, supported by repeat orders over the years.

In addition, our diversified customer base comprising approximately 380 customers across approximately 33 shipment destination markets for the Financial Years Under Review. This demonstrates the breadth of our market reach and the confidence placed in us as a reliable manufacturer of FPC and IC substrate, supporting the sustainability and long-term growth of our business.

7.5.2 We continuously invest in R&D and have a persistent commitment to improve our manufacturing expertise to better serve our customers

We have in-depth manufacturing expertise supported by our ongoing investments in advanced process technologies and patents, enabling us to provide reliable products and value-added services to meet the evolving needs of our customers. Leveraging on our R&D efforts and technology used as set out in **Sections 7.13** and **7.14** of this Prospectus, we are well-positioned to deliver reliable products and value-added services that support increasingly complex product requirements.

Our ability to translate concepts into functional prototypes utilising process technologies such as subtractive etching technology and semi-additive technology, has enabled us to gain customer confidence and secure subsequent expansions. Our customisation and design-for-manufacturing capabilities enable us to support our customers in developing new products, enhancing time-to-market, and optimising manufacturing yields and costs. We offer responsive support to customers throughout their new product introduction cycle, including circuitry design optimisation, prototyping, pilot runs, and process refinement to ensure cost-effective and high-quality manufacturability for mass production.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we have developed a series of innovative processes, of which 54 patents have been registered in Malaysia, Chinese Mainland, and the USA, including 45 patents relating to FPC, and 9 patents relating to IC substrates.

Our manufacturing capabilities and tight tolerance control for our products enable us to meet the high precision and reliability requirements of our customers, as demonstrated below:-

- **FPC segment:** Our FPC development and engineering teams are experienced in fine-line circuitry and high-density interconnect design for single-sided, double-sided, and multi-layer FPC, as well as next-generation FPC (including rigid-flex). This demonstrates our technical capability and strengths in material selection, process precision, and quality control. As at the LPD, we have a total of 97 FPC development and engineering personnel for our operations in Malaysia and PRC.

For the Financial Years Under Review and up to the LPD, our FPC manufacturing capability supports various application requirements, including layer counts up to 10 layers, enabling high-frequency signal integrity and tight dimensional control. We can achieve fine-line features down to 20 μm ($\pm 5 \mu\text{m}$ tolerance) for line width, and down to 35 μm ($\pm 5 \mu\text{m}$ tolerance) for air gap (line space), enabling high-density circuitry for advanced FPC applications. Our capabilities are complemented by multiple surface-finishing options, including gold plating such as electroless nickel/immersion gold (ENIG), electrolytic nickel/electroless palladium/immersion gold (ENEPIG), electrolytic hard and soft gold, as well as other surface finishing options, including tin plating, silver plating, and anti-tarnish finishing.

We expanded our FPC manufacturing capabilities with value-added FPC assembly services, in which electronic components are mounted on our in-house-manufactured FPCs to form semi-finished electronic modules. The assembly process incorporates SMT, reflow soldering, automatic optical inspection, and electrical testing. As at the LPD, we have a total of 6 SMT lines, including 4 in Malaysia and 2 in the PRC.

By offering both FPC manufacturing and FPC assembly, we positioned ourselves as a value-added solution provider for FPC from prototyping to mass production of semi-finished electronic modules. This enables us to enhance customer support, strengthen customer retention, foster long-term partnerships, and expand our addressable opportunities for business growth in the electronics sector.

- **IC substrate segment:** Our IC substrate R&D team is experienced in both core and coreless architectures, allowing us to support miniaturisation, higher layer counts, and increased signal integrity requirements to meet the stringent demands of semiconductor packaging. As at the LPD, we have a total of 43 IC substrate development and engineering personnel team, for our operations in Malaysia.

We adopt high-precision technology and advanced manufacturing processes for our IC substrate production, including using semi-additive processes, laser drilling and sputtered core substrates, with tight dimensional tolerances to achieve fine-pitch interconnects with fine-line width and space down to 20 μm , with copper thickness ranging between 15 μm and 120 μm , enabling line and space accuracy and enhanced electrical performance. Leveraging our in-depth manufacturing capabilities in IC substrates allows us to capitalise on growth opportunities within the semiconductor sector.

Generally, we offer both high-volume products and products with specialised requirements, providing greater versatility to meet customer demand. These offerings are supported by our modular FPC and IC substrates production facilities, which enable fast reconfiguration in response to customer demand, helping customers fulfil production planning and development requirements.

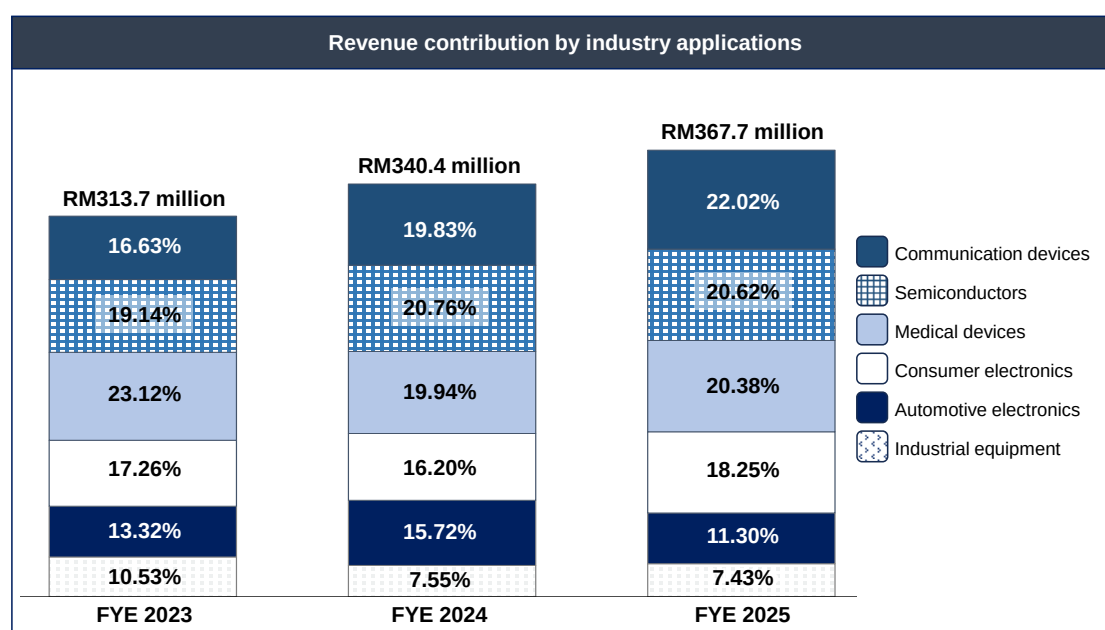
7. BUSINESS OVERVIEW (CONT'D)

7.5.3 We have 2 core products comprising FPC and IC substrate serving the semiconductor and electronics industries to provide us with a large addressable market and diversified growth opportunities

We have 2 core products comprising the manufacture and assembly of FPCs, and the manufacture of IC substrates. With 2 core products, we have two growth drivers to support our business. For the Financial Years under Review, our FPC segment, comprising the manufacturing and assembly of FPC, which accounted for 82.89% (RM260.0 million), 80.23% (RM273.1 million) and 80.06% (RM294.3 million), while the remainder was from the manufacturing of IC substrate.

Diverse industry applications

We leverage our strength and capabilities across both the FPC and IC substrate segments, allowing us to tap into a wide range of industry applications, including communication devices, semiconductors, medical devices, consumer electronics, automotive electronics, and industrial equipment. For the Financial Years Under Review, our revenue contribution by industry applications is set out below:-



Our addressable application markets provide us with multiple revenue streams and mitigate overdependence on any single industry application.

For the Financial Years Under Review, we served a total customer base of approximately 380 customers across the 6 industry applications. A broad customer base reduces reliance on any single customer, lowering concentration risk and enhancing revenue stability. This also demonstrates our engineering capabilities, consistent quality, and ability to meet varied technical and commercial requirements.

Collectively, these advantages provide us with a platform to capture growth opportunities across multiple market segments, supporting our business expansion and sustainability.

7. BUSINESS OVERVIEW (CONT'D)

Wide geographical coverage

Our top 4 countries by shipment destinations were Malaysia, Chinese Mainland, Japan and the USA, which accounted for between 80.00% and 88.00% of our total revenue for the Financial Years Under Review. These 4 countries are major semiconductor and electronics user markets, both in production and in the use of semiconductor and electronic products. The semiconductor and electronics market size of our top 4 countries by shipment destinations for our FPC and IC substrates is as follows:-

2024	Malaysia ⁽¹⁾	Chinese Mainland ⁽²⁾	Japan ⁽³⁾	USA ⁽⁴⁾
RM billion	294.87	5,802.37	1,215.44	3,461.91

Notes:-

- (1) Manufacturing sales value of irradiation and medical equipment, communication equipment, photographic equipment, semiconductors and motor vehicles amounted to RM294.87 billion.
- (2) Operating revenue of communication equipment, audio-visual equipment and electronic devices amounting to RMB9,126.1 billion (RMB1: RM0.6358).
- (3) Production value of medical equipment, communication equipment, digital cameras, integrated circuits, and motor vehicles amounted to JPY40,200.40 billion (JPY100: RM3.0234). Data ranges from January 2024 to July 2024 only, as data from August 2024 to December 2024 remains confidential.
- (4) Output of electronic instruments, communication equipment, photographic and other equipment, semiconductor and electronic components and motor vehicles amounted to USD756.47 billion (USD1: RM4.5764).

(Source: IMR Report by Vital Factor)

Overall, our products are shipped to approximately 33 countries worldwide for the Financial Years Under Review. Our broad geographical market coverage, based on product shipment destinations, provides us with competitive strengths and advantages that support the sustainability and growth of our business. This includes meeting the requirements of a diverse customer base across multiple countries, where our products are tested and accepted by customers in various markets, demonstrating our manufacturing capabilities and consistent product quality. In addition, our presence in large addressable markets supports long-term business sustainability and growth, while our diversified geographical presence reduces reliance on any single country, enhancing overall business resilience.

7.5.4 We have quality programmes and certifications to substantiate our commitment to product and service quality

We maintain quality programmes and hold relevant certifications that reinforce our commitment to delivering consistent quality products and services. Our ability to comply with industry certifications is critical for our FPC and IC substrate manufacturing operations. Our capability to meet demanding standards such as ISO 13485 for medical device applications and IATF 16949 for the automotive sector demonstrates our commitment to reliable manufacturing, traceability, and rigorous quality control.

Furthermore, our FPC and IC substrates have been independently tested and certified to comply with relevant safety and performance standards. As at the LPD, we have obtained various certification marks for our FPC and IC substrates, such as RoHS and REACH. These certifications enhance customer confidence and enable us to participate in specialised segments of the electronics sector that require precision and product consistency.

7. BUSINESS OVERVIEW (CONT'D)

Our quality commitment is supported by our in-house testing capabilities, which include electrical, mechanical, and environmental reliability tests to ensure our products meet the durability, safety, and performance standards expected by industries such as medical devices, consumer electronics, automotive, and other industrial electronics. For both FPC and IC substrates, we conduct final quality control using automated optical inspection machines to verify trace width and spacing, solder mask alignment, dimensional stability, and surface defects.

For FPC products, we conduct essential tests, including electrical continuity, insulation resistance, thermal cycling, bending fatigue, and solder heat resistance, to ensure durability under repeated flexing and extreme operating conditions. For IC substrates, our testing protocols extend to high-precision electrical performance validation, including controlled-impedance and high-frequency signal-integrity testing, as well as structural assessments such as warpage measurement, microvia integrity, layer registration accuracy, and dielectric reliability. We also conduct reliability tests for our IC substrates, including temperature and humidity-stress tests, moisture sensitivity level and conductive anodic filament tests, and reflow simulations, to ensure long-term stability in harsh semiconductor assembly environments. These rigorous test regimes enable us to consistently deliver reliable IC substrates that meet the stringent requirements of semiconductor packaging for advanced nodes, with fine-line width or spacing down to 20 µm.

Our ability and track record in manufacturing products that comply with stringent requirements demonstrate the quality of our work and serve as a reference point for retaining existing customers and securing new customers.

7.5.5 We have experienced Executive Directors and Key Senior Management team

We are supported by experienced our Executive Directors and a strong senior management team to operate and grow our business. Our Group is led by Jeffrey Hwang, our Managing Director and CEO, who has approximately 16 years of experience in the semiconductor and electronics sectors. He is responsible for setting the overall strategic direction, technology development roadmap and business planning to drive the growth and expansion of our Group.

Our Group is also supported by Brian Low, our Executive Director and President of PRC Operations, who has approximately 26 years of experience in the electronics sector and is primarily responsible for the overall management and business development of our PRC operations.

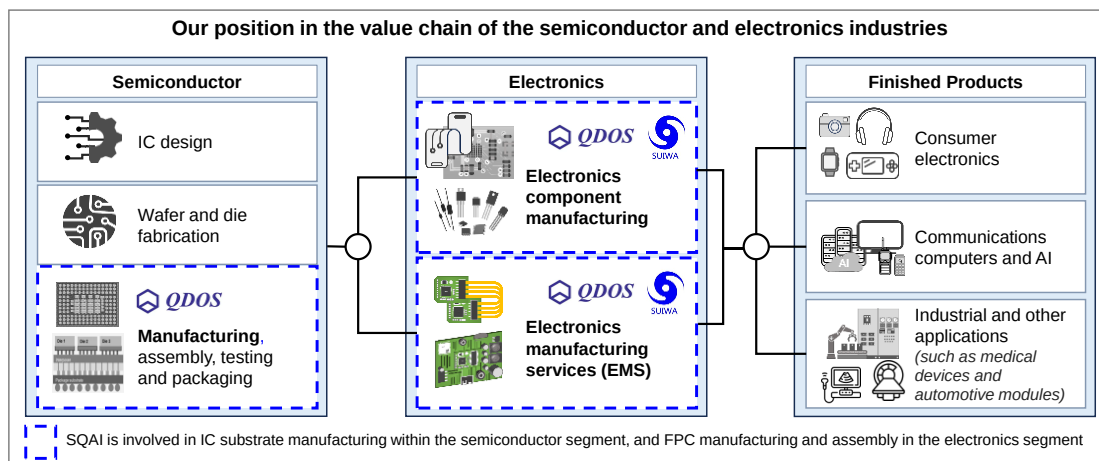
Our business is supported by our Key Senior Management, comprising Sim Gaik Lan (our CFO), Whong Poh Choon (our Vice President, Strategic Customers Management), Ang Toon Yoon (our Vice President, IC Substrate Operations), Balaguru A/L Shanmugam (our Vice President, FPC Operations), Mohammed Iqbal Siddiqui (our Vice President, Development), Chen Bo (our Vice President, Manufacturing), Yuan Lin Hui (our Vice President, Quality and Engineering), and Chan Kok Yeow (our Vice President, Administration). Please refer to **Section 9.4.2** of this Prospectus for further details of the profiles of our Key Senior Management. Our Executive Directors and Key Senior Management team are in turn supported by a talent pool comprising 240 technical personnel, including engineers and technicians as at the LPD.

7. BUSINESS OVERVIEW (CONT'D)

7.6 Products and services

7.6.1 Overview

We are involved in the manufacturing and assembly of FPC, as well as the manufacturing of IC substrates, both of which play critical roles in the value chain of the semiconductor and electronics industries.



The semiconductor industry value chain typically begins with IC design by IC design companies. This is followed by wafer and die fabrication at foundries, where semiconductor materials are processed to create ICs. ICs are miniature electronic circuits consisting of interconnected transistors, resistors, capacitors and other components etched onto a tiny piece of semiconductor material, primarily silicon. These ICs are then packaged and mounted on IC substrates, which provide mechanical support and electrical pathways, enabling their integration into electronic devices to connect ICs with the remaining systems. Our Group is involved in the manufacturing of IC substrates.

This is followed by the electronics industry value chain, where FPCs or rigid PCBs are manufactured and assembled to connect ICs and other components, providing flexible, compact, and efficient interconnections within the semi-finished electronic modules. Finally, these electronic modules are incorporated into consumer or industrial electronic products such as smartphones, AI servers, automotive inverters, cameras, and medical devices, completing the value chain from raw semiconductor materials to finished electronic products. Our Group is involved in the manufacturing and assembly of FPC.

7.7 FPC segment

For the Financial Years Under Review, revenue from our FPC manufacturing and assembly segment accounted for 82.89% (RM260.0 million), 80.23% (RM273.1 million), and 80.06% (RM294.3 million) of our total revenue for FYE 2023, FYE 2024 and FYE 2025, respectively.

7.7.1 Types of FPC that we manufacture

An FPC, also known as a flex circuit, is a bendable interconnect electronic component in which fine copper traces are formed through subtractive etching technology on a flexible polyimide substrate, which is commonly used for system-level interconnection between electronic components and modules. Compared with conventional rigid PCBs, FPCs are thinner, lighter, and capable of bending and flexing. It can be shaped or routed freely according to spatial requirements, enabling three-dimensional assembly and integrating both component installation and wire interconnection within a compact structure or product. FPCs are also used in dynamic bending applications with different service life requirements, such as clamshell phones, disk drives, and foldable screens.

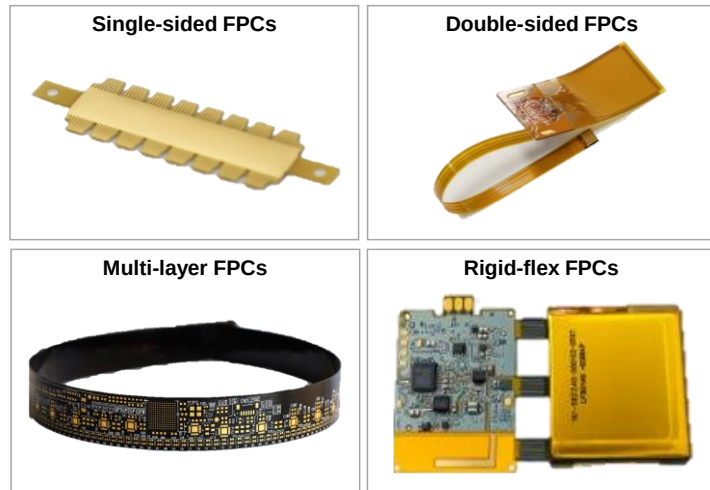
7. BUSINESS OVERVIEW (CONT'D)

FPCs can be designed in various types to meet different mechanical, electrical and packaging needs. The main FPC types that we manufacture include the following:-

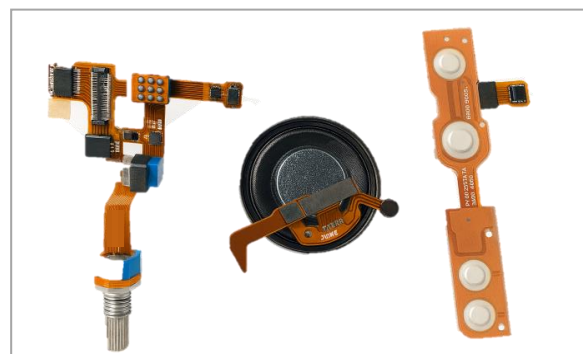
- Single-sided FPCs**, which comprise 1 conductive copper layer formed on a flexible dielectric film, typically polyimide. They are suitable for simple circuit structures and cost-efficient applications, commonly used in automotive transmission systems, cameras, and consumer electronics. All contact points, including mechanical interfaces and component mounting, are accessible from 1 side of the FPC.
- Double-sided FPCs**, which incorporate 2 conductive layers on opposite sides of the flexible substrate. Electrical connections between the 2 layers are created using plated vias, which are small metal-coated holes that allow signals and power to pass between layers. This structure enables denser circuit routing within the same footprint, improving signal performance and enhancing functionality compared to single-sided FPCs. Common applications include medical imaging equipment, smartphone touch panels, telecommunication devices, automotive electronics, and devices requiring compact, high-density interconnections.
- Multi-layer FPCs**, which comprise 3 or more conductive layers laminated together with insulating films. The layers are typically interconnected through plated vias to support high-density routing, controlled impedance (resistance and reactance), and more advanced electrical performance. Common applications include highly complex or high-performance electronic systems such as medical devices, industrial instruments, semiconductor testing modules, and automotive safety systems.
- Rigid-flex FPCs**, which combine rigid PCB sections with flexible FPC sections laminated into a single structure. This design provides mechanical stability in rigid areas and flexibility in the interconnecting regions, ideal for devices that require folding, dynamic movement, or limited space utilisation while supporting high-density component assembly. Common applications include industrial robots, cameras, aerospace systems, and telecommunications control modules.

In addition, we also offer value-added FPC assembly services, where electronic components are mounted onto our FPC into a semi-finished electronic module.

FPC types that we manufacture



FPC that we assembled with components



7. BUSINESS OVERVIEW (CONT'D)

7.7.2 FPC manufacturing operations

Our FPC manufacturing operations utilise precision subtractive etching technology to remove copper selectively and form intricate circuit patterns on flexible substrates. The key processes in our FPC manufacturing operations include design support, circuit formation, circuit protection, circuit finishing, mechatronics, and circuit verification.

FPC design support

We provide design support to our customers, collaborating closely to co-develop new products with enhanced circuit design for reducing the time to market and focusing on design for manufacturability to optimise the costs. Some of the considerations include line width and spacing, circuit configuration, FPC dimensions (shape, length, and thickness), material selection, performance requirements, and budget.

This approach ensures that FPCs are optimised for efficient production, helping to accelerate time-to-market, improve yields, and reduce engineering costs. Our team supports all phases of the product lifecycle, from prototyping and new product introduction to high-volume mass production, ensuring that our customised solutions meet both the technical specifications and operational requirements of our customers.

Our manufacturing facilities and FPC manufacturing process

FPCs are manufactured at our Bayan Lepas Plant and Xiamen Plant. Both facilities are equipped with similar machinery and equipment, enabling us to perform the following key processes in FPC manufacturing:-

- **Circuit via formation**

- **Input materials storage and handling:** All incoming input materials, primarily flexible copper-clad laminates, are inspected for surface quality, copper thickness, polyimide flatness, and mechanical durability to ensure they meet the specified requirements of the final application. Materials are stored under controlled humidity and temperature to preserve key properties before entering production.
- **Drilling:** Precision CNC mechanical drilling is performed to create through holes in the flexible copper-clad laminates. Laser drilling is also used for creating ultra-small holes for creating ultra-high-density interconnections across layers. These holes form the foundation for electrical connections and circuit routing.

Our CNC drilling



7. BUSINESS OVERVIEW (CONT'D)

- **Cleaning:** A mild chemical soft-etching process is used to remove micro-debris, resin smears, and organic residues generated during laser drilling. The inner surface of the drilled holes, commonly referred to as hole walls, are further treated with plasma to remove remaining contaminants, oxides, and polymer residues. Plasma also activates the polyimide surface, improving plating adhesion and ensuring strong copper adhesion during subsequent plating.

- **Copper plating:** The hole walls are plated using electroless copper or direct metallisation. A graphite or palladium-based catalyst is applied to activate the organic surfaces, followed by electroless and electrolytic copper deposition (vertical continuous plating, VCP) to form a uniform copper layer. This process transforms the drilled holes into vias, enabling reliable electrical interconnections between layers of the flexible panels.

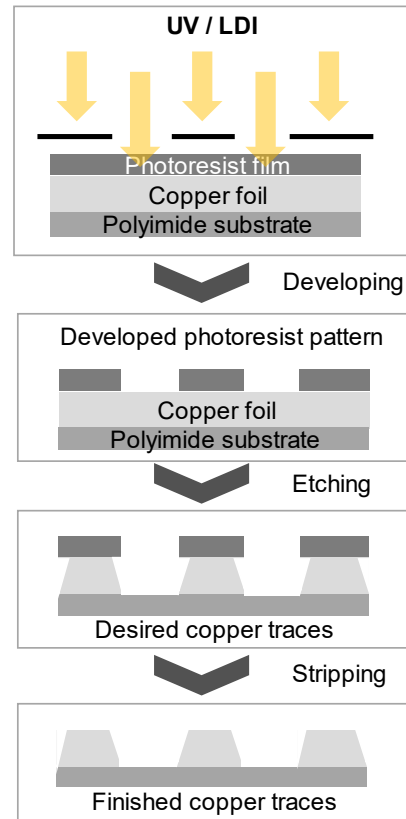
- **Circuit trace formation**

Circuit formation involves the creation of conductive circuit patterns on the flexible substrate in accordance with the customer's design.

- **Photolithography:** A photoresist film is applied to the copper layer on the FPC, ensuring conformance of the photoresist emulsion to the copper layer contours. A photomask containing the circuit pattern is projected onto the photoresist using UV exposure or laser direct imaging (LDI), defining the copper areas that will be removed during etching. Precise alignment between the photoresist and photomask is critical to maintain line width and spacing accuracy in the circuit.

- **Developing, etching and stripping (DES):** The panel passes through a continuous DES line, where the exposed photoresist pattern is first developed to form a physical mask on the copper layer. During etching, the exposed copper areas not protected by the photoresist are chemically removed, leaving only the desired circuit traces. The remaining photoresist, which shields the intended copper patterns, is subsequently stripped using alkaline chemistry, fully revealing the finished copper traces. Following this, automated optical inspection is performed to detect defects, such as open circuits, short circuits, or deviations from the intended circuit layout.

The mechanism of circuit trace formation



Our exposure machine



7. BUSINESS OVERVIEW (CONT'D)

- **Post-etch cleaning:** The panel is thoroughly rinsed to remove chemical residues and dried to complete the circuit formation stage, preparing it for subsequent processes.

Example of our FPC after DES line

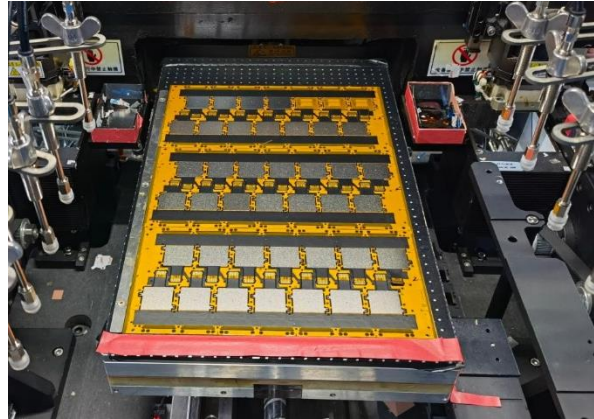


Left: Circuit pattern after photoresist exposed; Middle: Circuit traces formed after photoresist developing; Right: Circuit traces after etching and photoresist stripping

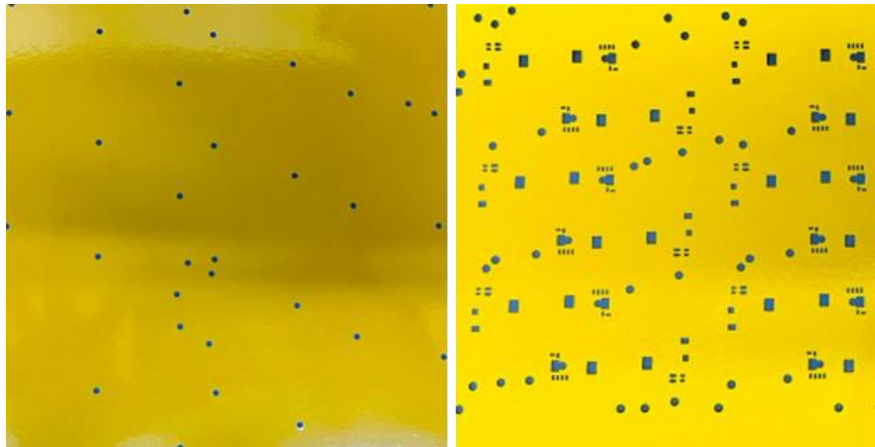
- **Circuit protection**

- **Coverlay lamination:** Mechanical openings are selectively created in the coverlay using pico-laser cutting or mechanical punching to expose copper pads for soldering and component assembly. This is subsequently laminated over the FPC panel under controlled heat and pressure to protect the copper traces and provide insulation. The laminated panel undergoes hot pressing to cure the adhesive, complete bonding and ensure dimensional stability for subsequent surface finishing and assembly processes.

Applying stiffener to the FPC



Our coverlay after openings are created



- **Stiffener application:** Stiffeners are applied to specific areas of the FPC that require additional mechanical support, thickness compensation, or improved handling during assembly. Stiffeners are typically laminated onto designated regions such as connector interfaces, component-mounting zones, or areas requiring controlled bend profiles. Proper stiffener alignment and bonding

7. BUSINESS OVERVIEW (CONT'D)

strength are essential to ensure dimensional stability and prevent delamination during assembly.

- **Printing:** Printing processes are performed to mark identification labels, component polarity indicators, QR codes, traceability markings, or assembly guides onto the FPC surface. Silk-screen printing or inkjet printing is used depending on resolution requirements and ink compatibility with flexible substrates.

- **Circuit finishing**

- **Surface finishing:** Depending on customer requirements, surface finishes are applied to the exposed copper pads as defined by the coverlay openings. Common finishes include gold plating such as electroless nickel/immersion gold (ENIG), electrolytic nickel/electroless palladium/immersion gold (ENEPIG), electrolytic hard and soft gold, as well as tin plating, silver plating, and anti-tarnish coatings. These finishes are used to preserve copper pads from manufacturing until assembly by preventing copper oxidation, ensuring solderability, and enabling reliable electrical and mechanical connections during component assembly.

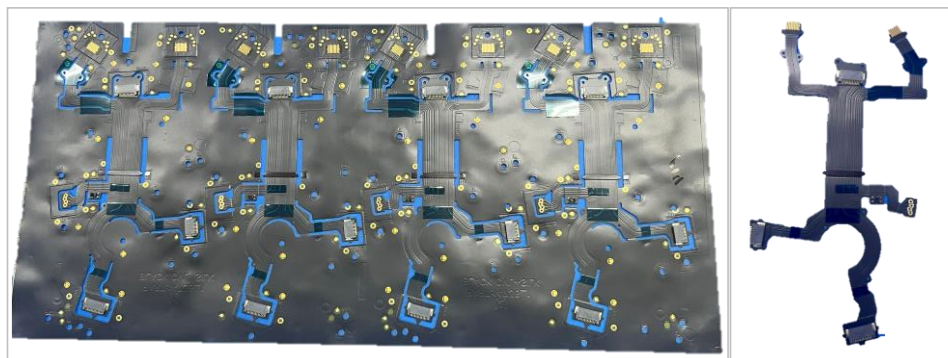
Our ENIG gold plating line



- **Mechatronics**

- **Profiling and singulation:** After processes and inspections are completed, the FPC panel undergoes profiling to define the final board outlines and separation of the single unit (singulation) from the manufacturing panel. Depending on the design complexity and production volume, the panel may be processed by routing or punching. Routing, performed using CNC milling, is suited for complex or irregular outlines, typically used in low-volume production. Punching, carried out via die-cutting, is suited for simple or repetitive outlines, typically used in high-volume FPC production. Upon completion of profiling, the panel is singulated into individual FPC units, which are subsequently transferred to assembly or packaging processes.

Our FPC after singulation



Left: Our FPC before punching; Right: Our FPC after punching

7. BUSINESS OVERVIEW (CONT'D)

Our FPC manufacturing capabilities are summarised as follows:-

	Processes	Capabilities
Circuit trace formation	Etching	Minimum line width: 20 μm ($\pm 5 \mu\text{m}$ tolerance) Minimum air gap (line space): 35 μm ($\pm 5 \mu\text{m}$ tolerance)

Value-added FPC assembly services

Based on customer requirements, we also offer value-added FPC assembly services, where electronic components are mounted onto our FPC into a semi-finished electronic module. Our assembly services are provided for rigid-flex FPC, single and double-sided FPC, and multi-layer FPC from 2 to 10 layers.

Our assembly operations are carried out at our Bayan Lepas Plant and Xiamen Plant, with 6 SMT lines. Our SMT assembly are automated processes including the following key processes:-

- **Preparation of FPC:** FPC assembly begins with preparing the FPC for automated assembly processes. Dedicated carrier trays are required to securely hold the FPC during solder paste printing, component placement, and reflow, due to the lack of inherent rigidity in flexible substrates. The secured FPCs then undergo a baking process to precondition the interconnect pads, removing moisture absorbed during handling and storage.
- **Automated SMT assembly:** The prepared FPCs are processed on automated SMT lines with the following capabilities:-
 - solder paste printing, where solder paste is applied to the FPC using a stencil. Uniform solder paste volume and precise alignment are critical to ensure reliable component attachment and to prevent defects such as excess, insufficient, or misaligned deposits.
 - component placement, where IC components including LEDs, switches, and connectors, are mounted onto the prepared FPCs using precision pick-and-place equipment. Accurate placement is essential for solder joint integrity and overall assembly reliability.
 - reflow soldering, where the assembled FPCs undergo a controlled heating process to harden the solder, firmly securing the components in their designated position on the FPCs.
 - initial inspections, where mounted components are inspected using inline inspection systems, including automated optical inspection systems. The automated optical inspection machine uses high-speed cameras to scan and capture the image of completed FPCs to detect defects, scratches, stains, misaligned or missing components, and solder quality issues.
- **Final inspection:** In addition to automated inspection, manual and final inspections are conducted to ensure that all components are mounted according to customer specifications.

7. BUSINESS OVERVIEW (CONT'D)

Our FPC assembly capabilities are summarised as follows:-

Processes	Capabilities
Solder paste printing	Tolerance level for solder printing alignment accuracy: $\pm 30 \mu\text{m}$
Component placement	Minimum component size: 0.3 mm x 0.6 mm Maximum component size: 45 mm x 100 mm Minimum FPC size: 20 mm x 20 mm Maximum FPC size: 250 mm x 2,000 mm Tolerance level for placement accuracy: $\pm 50 \mu\text{m}$

Circuit verification (Quality control)

Some common quality assurance tests for our FPC include the following:-

- electrical performance testing**, which is performed to verify continuity, insulation resistance, high-voltage withstand capability, and impedance, ensuring circuit integrity and stable electrical performance. Examples include flying probe testers, 2-wired or 4-wired electrical tests, impedance control systems, and high voltage testing;
- dimensional and microstructural inspection**, which is performed to confirm that the FPC meets geometric tolerances. Examples include automated optical inspection, three-dimensional optical measurement systems, and metallographic microscopes;
- chemical composition and surface analysis**, which is performed to ensure that surface finishes and materials meet the quality standard, and to detect impurities or defects that could compromise reliability. Examples include surface finishing thickness measurement using atomic absorption spectroscopy, and ionic contamination testers;
- mechanical reliability testing**, which is performed to evaluate FPC's ability to withstand dynamic bending, folding, peeling, and tensile stress, ensuring long-term flexibility and robustness. Examples include peeling tests, flexural endurance tests, and folding endurance testers; and
- environmental and reliability stress testing** to simulate extreme operating conditions such as temperature cycling, high humidity, and thermal shock to assess the durability under bending, handling, and environmental extremes typical for flexible electronics. Examples include constant-temperature, constant-humidity test chambers and thermal stress tests.

Our SMT line



7. BUSINESS OVERVIEW (CONT'D)

7.7.3 FPC applications

Both FPCs and rigid PCBs serve to provide electrical interconnections between electronic components, but each serves different needs based on design requirements.

- Rigid PCBs are designed to provide a solid, stable platform for electronic components. They are suited for static applications where the circuit does not require bending, such as computers, industrial control systems, power supplies, and other conventional electronics.
- FPCs are designed to be flexible, lightweight, and thin, allowing circuits to bend, fold, or fit into tight, irregular, or moving spaces. They are ideal for applications where space-saving, weight reduction, or mechanical flexibility are critical, such as smartphones, wearable devices, cameras, and medical equipment. FPCs also reduce the need for additional connectors and wires, improving reliability and simplifying assembly.

Our FPC are commonly used in the following applications:-

- **Communications devices:** FPCs are used to interconnect radio frequency modules, antennas, displays, keypads, audio components, and power systems within compact enclosures in communication equipment, including 2-way radios, mobile terminals, base stations, and related communication infrastructure. Their flexibility enables efficient internal routing in space-constrained designs, while their ability to support controlled impedance and stable signal transmission makes them suitable for high-frequency and high-reliability communication applications.
- **Medical devices:** FPCs are used in medical applications as their flexibility allows circuits to conform to body shapes and fit into compact or irregular spaces. Applications include catheters and endoscopes, where flexible circuits enable sensors and imaging components in constrained areas. FPCs are also integral to wearable health monitors, which may include devices that track blood oxygen, heart rate, or other vital signs, providing reliable and comfortable monitoring for patients.
- **Consumer electronics:** FPCs are used to connect displays, cameras modules, touchscreens, and batteries in the compact spaces of devices such as smartphones, cameras, tablets, and laptops. Their flexibility and thin profile allow designers to optimise space, reduce weight, and enable foldable or curved designs. In wearable devices, FPCs are critical as they can conform to small and irregular shapes while maintaining reliable electrical connections under repeated movement. In cameras and imaging devices, FPCs are used to connect moving components such as autofocus lenses and image sensors. Their ability to withstand repeated bending without breaking ensures stable signal transmission, thereby supporting consistent imaging accuracy and reliability.
- **Automotive electronics:** FPCs support complex routing in tight or curved spaces, making them ideal for infotainment systems, transmission systems, sensors, lighting modules, battery management systems, and Advanced Driver Assistance Systems (ADAS). Their lightweight and flexible nature reduces wiring complexity, improves assembly efficiency, and ensures reliability under vibration and thermal stress common in automotive environments.
- **Industrial equipment:** FPCs are used in control modules, sensors, human-machine interfaces, instrumentation, robotics, and automation systems. They enable compact and reliable interconnections between control boards, displays, actuators, and sensing elements. FPCs provide enhanced durability under harsh operating conditions, including vibration, temperature variation, and repeated flexing, making them suitable for industrial control systems, measurement instruments, and smart manufacturing equipment.

7. BUSINESS OVERVIEW (CONT'D)

7.8 IC substrate segment

For the Financial Years Under Review, revenue from our IC substrate manufacturing segment accounted for 17.11% (RM53.7 million), 19.77% (RM67.3 million) and 19.94% (RM73.3 million) of our total revenue for FYE 2023, FYE 2024 and FYE 2025, respectively.

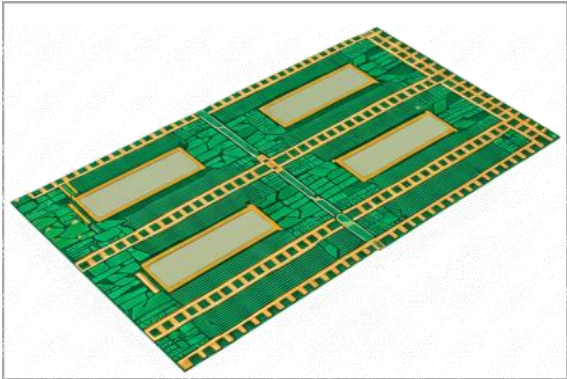
7.8.1 Types of IC substrates that we manufacture

An IC substrate is a semiconductor package-level interconnect platform that bridges silicon devices to the electronic systems. The semiconductor package typically contains the silicon die (or chip), forming the core of the electronic device's functionality. This die is often encased in a protective material, typically plastic resin or another encapsulant, to protect it from physical and environmental damage.

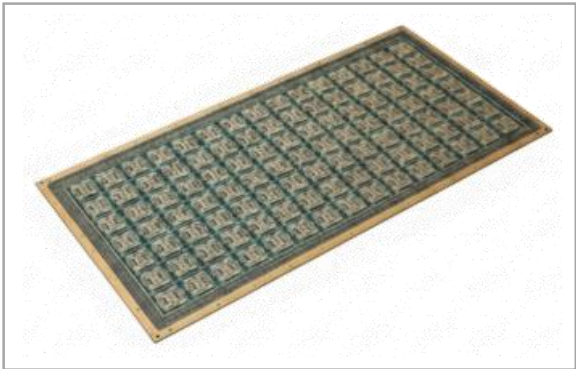
The main IC substrate types that we manufacture include the following:-

- Sputtered-core IC substrates** use a thin sputtered tie layer (nickel-chromium alloy or chromium), followed by sputtered copper seed layers and electroplated copper, applied either to a thin core or to a special grade polyimide film. This structure creates ultra-thin, highly stable layers for fine-pitch redistribution layers and advanced packaging. The sputtered tie layers enables high-temperature processing capabilities needed for die assembly methods such as thermo-compression bonding, while also ensuring high dimensional stability and high-density interconnect capability.

Sputtered-core IC substrates


- Coreless IC substrates** are manufactured by depositing thin build-up dielectric layers on a temporary carrier, which is removed after processing, leaving a thin, flexible multilayer structure with embedded traces. The absence of a rigid core allows higher wiring density, finer line and space capability, and reduced package thickness, making them suitable for high-density applications. Typical applications include flip-chip packages for high-performance mobile system-on-chips, AI accelerators, and thin flip-chip packages, where ultra-thin, high-input/output count substrates are essential.

Coreless IC substrates



7. BUSINESS OVERVIEW (CONT'D)

7.8.2 IC substrate manufacturing operations

Our IC substrate manufacturing operations leverage advanced semi-additive process technology to develop ultra-fine copper interconnects and high-density multilayer structures. These structures provide reliable, compact, and high-speed electrical connectivity from the IC die through the substrate to the overall system. The key processes in our IC substrate manufacturing operations include design support, circuit formation, circuit protection, circuit finishing, mechatronics, and circuit verification.

IC substrate design support

Similar to FPCs, we provide IC substrate design support to our customers, collaborating closely to co-develop new products with enhanced circuit design, focusing on design-for-manufacturability. Some of the considerations for our IC substrate manufacturing include fine line and space capability, signal integrity and power delivery, thermal and mechanical stability, package compatibility, material selection for sputtered-core IC substrates, and budgetary constraints.

This approach ensures that IC substrates are optimised for efficient production, helping to accelerate time-to-market, improve yields, and reduce engineering costs. Our team supports all phases of the product lifecycle, from prototyping and new product introduction to high-volume mass production, ensuring our customised solutions meet our customers' technical specifications and operational requirements.

Our manufacturing facilities and IC substrate manufacturing process

The manufacturing of IC substrates is carried out at our production facility at Batu Kawan Plant, which carries out the following key processes in IC substrate manufacturing:-

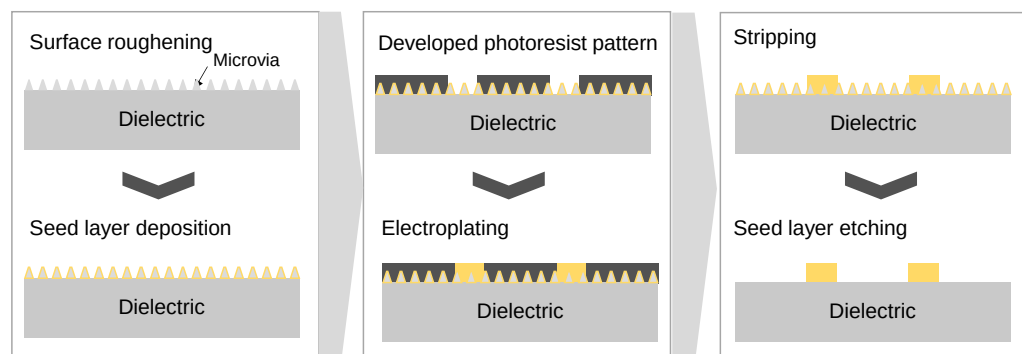
- **Circuit seed layer formation**

This stage ensures the availability of the seed conductor layer, which is extremely thin and uniform, providing the base for subsequent semi-additive circuit formation.

- For sputtered-core substrates, the manufacturing process commences with the deposition of ultra-thin sputtered tie layer and copper seed layers onto a thin polyimide layer, which serves as a stable structural base for further circuit formation.
- For coreless substrates, the manufacturing process commences with the deposition of thin organic dielectric layers onto a temporary carrier, forming a flexible multilayer structure after the carrier is removed.

- **Circuit trace formation**

The general circuit trace formation for both types of IC substrates is as follows:-



7. BUSINESS OVERVIEW (CONT'D)

- **Surface roughening and seed layer deposition:** Dielectric surface undergoes a roughening process to enhance metal adhesion. A thin conductive seed layer is deposited over the dielectric surface, and within the microvias using sputtering or electroless copper plating. This seed layer provides electrical continuity and adhesion for subsequent electroplating.

- **Circuit patterning:** A photoresist film is placed on the electroplated surface.

Photolithography is then used to define the photoresist pattern on the IC substrate using a photomask. This defines the copper areas that will be added to form horizontal copper wiring for signal and power routing on each layer.

Our LDI exposure machine



- **Electroplating, stripping, and seed layer etching:** Copper is electroplated onto the patterned areas to form the desired conductor thickness and copper features. This step enables the substrate to support high current density, controlled impedance, and stable signal transmission. The photoresist is subsequently stripped, and the excess seed layer is etched away. This semi-additive process enables ultra-fine line and space dimensions and ensures precise layer-to-layer alignment.

The steps above are repeated as needed to build complete multilayer interconnect structures, enabling IC substrates to meet high-density and high-performance requirements.

- **Circuit protection**

- **Solder masking:** A thin protective layer, namely solder mask, is applied to the substrate surface, except for designated copper pads. This coating protects the copper traces from oxidation and prevents solder bridging during component assembly. Component assembly is performed by a third-party assembler.

- **Circuit finishing**

- **Surface finishing:** Depending on customer requirements, surface finishes are applied to the exposed copper pads to improve solderability, protect the copper circuitry, and enhance adhesion for subsequent assembly. Common finishes include organic solderability preservative, electrolytic direct gold plating, electrolytic nickel palladium gold plating, and silver plating.

7. BUSINESS OVERVIEW (CONT'D)

- **Mechatronics**

The substrate is cut and shaped to its final dimensions using punching, laser cutting, or mechanical dicing. Warpage control measures are applied to ensure planarity, which is essential for reliable assembly of IC packages such as flip-chip ball grid or land grid array. Warpage is the deformation or bending of a substrate from its intended flat plane, which can adversely affect assembly, soldering, and long-term reliability.

Our IC substrate manufacturing capabilities are summarised as follows:-

Processes	Capabilities
Circuit trace formation	Minimum line width: 20 µm Minimum line space: 20 µm Copper thickness: 15 µm – 120 µm Minimum package size: 0.3 mm x 0.6 mm Maximum package size: 65 mm x 75 mm

Circuit verification (Quality control)

Some common quality assurance tests for our IC substrates include the following:-

- **electrical performance testing**, which is performed to verify continuity, insulation resistance, high-voltage withstand capability, and impedance, ensuring circuit integrity and stable electrical performance. Examples include flying probe testers, 2-wired or 4-wired electrical tests, impedance control systems, high voltage testing, and ionic contamination testers;
- **dimensional and microstructural inspection**, which is performed to confirm that the IC substrates meet geometric tolerances. Examples include automated optical inspection, three-dimensional optical measurement systems and a metallographic microscope;
- **chemical composition and surface analysis**, which is performed to ensure that surface finishes and materials meet the quality standard, and to detect impurities or defects that could compromise reliability. Examples include surface finishing thickness measurement, scanning electron microscopy and energy-dispersive X-ray spectroscopy;
- **mechanical reliability testing**, which is performed to evaluate the IC substrate's ability to withstand handling, assembly, and thermal stress. Examples include warpage measurement, peel and adhesion tests, and bend tests for coreless and sputtered substrates; and
- **environmental and reliability stress testing** to simulate extreme operating conditions such as temperature cycling, high humidity, and thermal shock to assess the long-term reliability and structural integrity of the IC substrates. Examples include thermal cycling, as well as humidity and high-temperature storage.

7. BUSINESS OVERVIEW (CONT'D)

7.8.3 IC substrate applications

Our IC substrate manufacturing operations leverage semi-additive process technology compared to conventional subtractive etching technology, as these approaches enable ultra-fine line and space, high-density interconnects, and precise multilayer registration.

Our IC substrates are commonly used in the following applications:-

- **High-performance computing and networking:** IC substrates are used for power management ICs that enable vertical power distribution. These applications typically use coreless substrates in FCBGA or FCLGA packages, providing reliable high-speed signal and power delivery, mechanical stability, and standard package thickness.
- **Industrial equipment and medical devices:** IC substrates are used in micro-electro-mechanical systems devices for industrial printing, automated dispensing, and pharmaceutical analytics. These applications typically use coreless substrates and sputtered-core substrates in thin FCLGA packages, enabling ultra-thin form factors, high input/output density, and fine wiring capability.
- **Automotive electronics:** IC substrates are used in power management ICs, inverters, and analog-to-digital converters. These applications typically use coreless substrates in FCBGA or FCLGA packages, depending on mechanical, thermal, and environmental requirements.

7.9 Operational facilities

The locations of our operational facilities as at the LPD are as follows:-

Company	Main functions	Approximate built-up area (sqm)	Ownership status	Address
QFSB	Headquarters, manufacturing facility (Bayan Lepas Plant)	8,786	Owned	No.99, Lebuhraya Kampung Jawa Bayan Lepas 11900 Penang, Malaysia
QTSB ⁽¹⁾	Office, manufacturing facility (Batu Kawan Plant)	11,883	Owned	PMT 743 Persiaran Cassia Selatan 4 Taman Perindustrian Batu Kawan 14110 Bandar Cassia, Penang, Malaysia
SHTEI	Office, manufacturing facility (Xiamen Plant)	16,193	Owned	1776 Lvling Road Siming Area Xiamen, Fujian Province PRC
SHTEI	Office	44,227	Owned	1778 Lvling Road Siming Area Xiamen, Fujian Province, PRC

Note:-

- (1) The Batu Kawan Plant is operated by QISB, whereas the land on which the Batu Kawan Plant is situated is owned by QTSB.

7. BUSINESS OVERVIEW (CONT'D)

7.10 Major machinery and equipment

As at 31 May 2025, the major machinery and equipment that we utilise for our operations are as follows:-

Types of major machinery and equipment	As at 31 May 2025		
	Number	Average age (years)	NBV (RM'000)
Malaysia FPC operations			
Circuit formation equipment: including equipment for photolithography, DES and electroplating.	17	12	2,598
Mechatronic equipment: including equipment for drilling, outlining, cutting and punching.	20	10	1,566
Circuit protection equipment: including equipment for coverlay lamination.	17	7	1,552
FPC assembly facilities: including machinery and equipment for 4 SMT lines.	14	10	800
Circuit verification equipment: including equipment for inspection and testing.	10	9	467
Surface finishing equipment: including equipment for gold plating.	5	13	109
Malaysia IC substrates operations			
Circuit formation equipment: including equipment for lamination, drilling, circuit patterning and imaging, electroplating, cleaning and etching.	26	6	11,580
Mechatronic equipment: including equipment for outlining, cutting and punching.	8	3	3,965
Circuit protection equipment: including equipment for surface preparation, grinding and ABF lamination.	5	5	2,063
Surface finishing equipment: including equipment for gold plating.	3	6	1,782
Circuit verification equipment: including equipment for inspection and testing.	6	8	276
PRC FPC operations			
Circuit formation equipment: including equipment for photolithography, DES and electroplating.	16	6	4,257
Mechatronic equipment: including equipment for drilling, outlining, cutting and punching.	27	5	3,398
Circuit protection equipment: including equipment for coverlay and stiffener lamination.	31	5	3,084
FPC assembly facilities: including machinery and equipment for 2 SMT lines.	8	12	1,992
Circuit verification equipment: including equipment for inspection and testing.	18	6	1,258
Surface finishing equipment: including equipment for gold plating.	9	6	1,123
Total			41,870

7. BUSINESS OVERVIEW (CONT'D)

7.11 Production capacity and output

7.11.1 FPC segment

The methodology used to calculate our actual output and utilisation rates for the manufacturing of FPC during the FYE 2023, FYE 2024 and FYE 2025 is as follows:-

- capacity is calculated based on the copper trace circuit formation machine capacity, with working hours of 24 hours per day, less public holidays (14 official public holidays for Malaysia Operations and 7 official public holidays for PRC Operations), and less 15.00% taking into account stoppages for maintenance and product changes;
- actual output refers to the number of FPC manufactured during each of the financial years; and
- utilisation rate is calculated by dividing the actual output by the capacity multiplied by 100%.

FPC	Capacity (million pieces)	Actual output (million pieces)	Utilisation rate (%)
Malaysia Operations – Bayan Lepas Plant			
FYE 2023	50	24	48
FYE 2024	50	28	56
FYE 2025	50	33	66
PRC Operations – Xiamen Plant			
FYE 2023	62	43	69
FYE 2024	62	44	71
FYE 2025	62	44	71
Group Total			
FYE 2023	112	67	60
FYE 2024	112	72	64
FYE 2025	112	77	69

7.11.2 IC substrate segment

The methodology used to calculate our actual output and utilisation rates for the manufacturing of IC substrates during the FYE 2023, FYE 2024 and FYE 2025 is as follows:-

- capacity is calculated based on the copper trace circuit formation machine capacity, with working hours of 24 hours per day, less public holidays (14 official public holidays for Malaysia Operations), and less 15.00% taking into account stoppages for maintenance and product changes;
- actual output refers to the number of IC substrates manufactured during each of the financial years; and
- utilisation rate is calculated by dividing the actual output by the capacity multiplied by 100.00%.

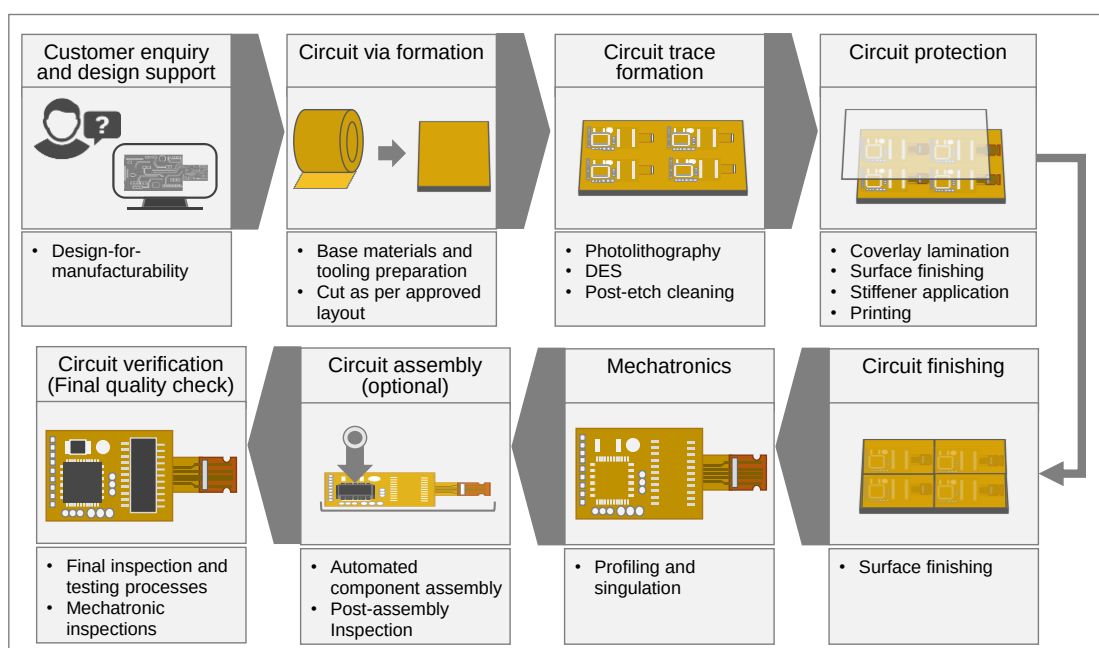
7. BUSINESS OVERVIEW (CONT'D)

IC substrates	Capacity (million pieces)	Actual output (million pieces)	Utilisation rate (%)
Malaysia Operations – Batu Kawan Plant			
FYE 2023	600	324	54
FYE 2024	600	356	59
FYE 2025	600	378	63

7.12 Process flow

7.12.1 FPC operations

The general process flow for our FPC operations, comprising the manufacturing operations and value-added assembly services, is depicted as follows:-



Customer enquiry and design support

Our FPC manufacturing process begins with prospective customers contacting our sales and marketing team with their requirements. Customers typically provide details on the intended application, performance specifications, and preliminary design concepts. Our FPC development and engineering team works closely with customers to support design-for-manufacturability, including the co-development and optimisation of circuit layouts. Key considerations include line width and spacing, circuit configuration, FPC dimensions (shape, length, and thickness), material selection, performance requirements, and overall cost.

Circuit via formation

This stage involves preparing the base materials and tooling required for production. All incoming input materials, primarily flexible copper-clad laminates, are inspected to ensure compliance with the specifications of the intended application. Materials are stored under controlled humidity and temperature to maintain dimensional stability before entering production.

7. BUSINESS OVERVIEW (CONT'D)

Flexible copper-clad laminates are cut into production panels per the approved panel layout and undergo pre-treatment processes, including baking, to remove absorbed moisture and improve process stability in subsequent manufacturing steps.

For single-sided FPCs, the prepared panels may proceed directly to circuit formation after material preparation and pre-treatment are complete. For double-sided and multilayer FPCs, additional preparation steps are required. Panels are mechanically drilled or laser-processed to form through-holes or microvias that provide electrical interconnection between conductive layers. Following drilling, the panels undergo cleaning to remove micro-debris, resin smear, and organic residues generated during the drilling operation. Where required, plasma treatment is applied to remove residual organic contaminants and activate the surface, improving plating adhesion and ensuring strong copper adhesion during subsequent plating. Vertical continuous plating (VCP) is then performed to deposit a uniform copper layer on hole walls and panel surfaces, establishing electrical connectivity across layers. After plating, polishing is carried out to remove excess copper, improve surface flatness, and ensure consistent copper thickness.

Circuit trace formation

Circuit trace formation involves creating conductive patterns on the flexible substrate in accordance with the approved design. Specific processes vary depending on the FPC type and design complexity. For single-sided and double-sided FPCs, circuit patterns are defined on the existing copper-clad substrate using photolithography, development, etching, and stripping. For multilayer FPCs, additional lamination of copper foils and dielectric layers is required to build up the multiple conductive layers, followed by photolithography, development, etching, and stripping. During photolithography, a precision subtractive etching process is employed, in which photoresist is selectively patterned to protect designated circuit areas, and the unprotected copper is removed by etching, leaving the intended copper traces on the substrate.

Following development, etching and stripping, post-etch cleaning is performed to remove residues and improve adhesion for subsequent processes, thereby ensuring reliable electrical performance and manufacturability.

Circuit protection

After circuit patterns are formed, the panels undergo circuit protection processes to enhance functionality, reliability, and readiness for applications. Circuit protection includes coverlay lamination to provide electrical insulation and mechanical reinforcement of the copper trace formed. Stiffeners are attached to the FPCs after coverlay lamination to provide local mechanical reinforcement, prior to surface finishing processes. FPC panels are then marked with identification labels, component polarity indicators, QR codes, traceability markings, or assembly guides.

Circuit finishing

We subsequently carry out surface finishing to prevent oxidation and improve solderability. Common surface finishes include gold plating such as electroless nickel/immersion gold (ENIG), electrolytic nickel/electroless palladium/immersion gold (ENEPIG), electrolytic hard and soft gold, as well as tin plating, silver plating, and anti-tarnish coatings.

Mechatronics

Finishing processes prepare FPCs for delivery or subsequent assembly, ensuring compliance with mechanical, electrical, and cosmetic specifications. FPC panels undergo profiling and singulation processes to separate individual units to the final dimensions.

7. BUSINESS OVERVIEW (CONT'D)

FPC assembly (optional)

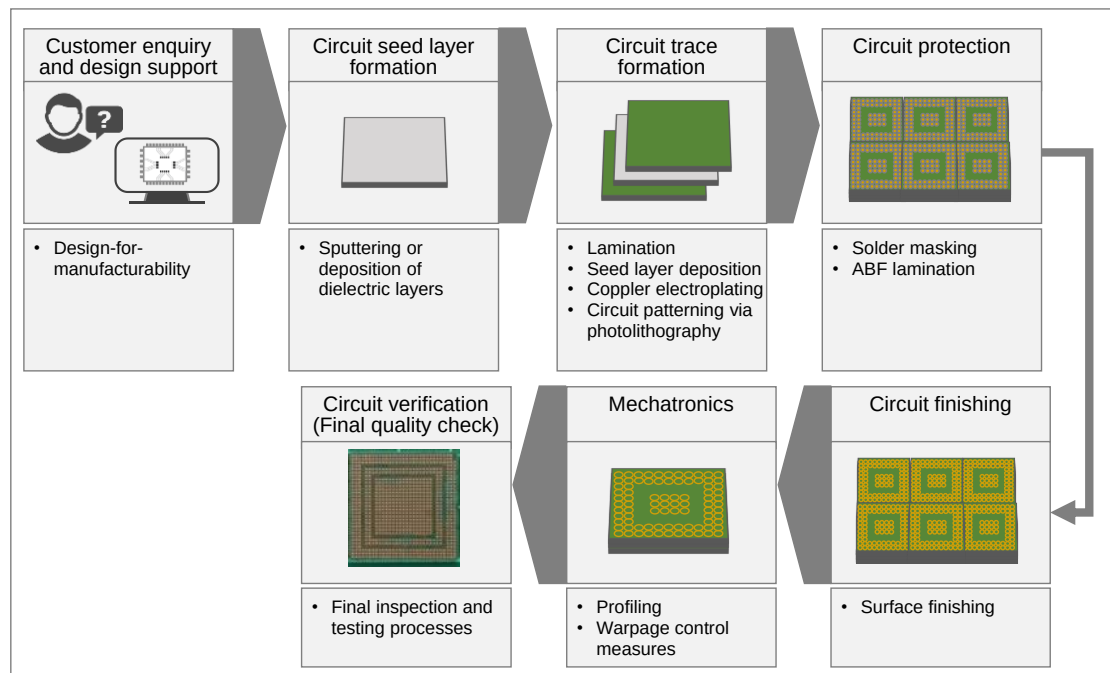
For customers requiring value-added services, we offer surface-mount technology (SMT) assembly. This includes solder paste printing, component placement, reflow soldering, and post-assembly inspection, enabling customers to receive fully or partially assembled FPC modules.

Circuit verification (Final quality check)

Before shipment, all products undergo a final quality inspection and testing process that includes automated optical inspection, visual inspection, electrical testing, dimensional checks, and reliability verification to ensure compliance with customer requirements. Where applicable, mechatronic inspection systems are used to ensure alignment, functional movement, and integration performance. Please refer to **Section 7.13** of this Prospectus for further details of the list of common tests that we carry out.

7.12.2 IC substrate manufacturing operations

The general manufacturing process flow for our IC substrates is depicted as follows:-



Customer enquiry and design support

Our IC substrate manufacturing process begins with prospective customers contacting our sales and marketing team with their requirements. Customers typically provide details on the intended application, performance specifications, and preliminary design concepts. Our IC substrate R&D team works closely with customers to support design-for-manufacturability, including the co-development and optimisation of circuit layouts. Some of the considerations include fine-line and space capability, signal integrity and power delivery, thermal and mechanical stability, package compatibility, material selection and overall cost.

7. BUSINESS OVERVIEW (CONT'D)

Circuit seed layer formation

This stage ensures dimensional stability and proper electrical characteristics for subsequent processing. For sputtered-core substrates, ultra-thin inorganic dielectric layers and copper seed layers are deposited onto a thin core. They are deposited using the sputtering process under vacuum conditions to achieve high uniformity and precision. For coreless substrates, thin organic dielectric layers are deposited onto a temporary carrier to create a flexible multilayer structure that will later support copper circuitry. The dielectric layers are typically polymer-based materials.

Circuit trace formation

Circuit trace formation involves creating interconnect patterns on the substrate in accordance with the approved design. Specific processes vary depending on the substrate type and design complexity.

During photolithography, a semi-additive process is employed, in which copper is selectively electroplated onto patterned areas. The photoresist is subsequently stripped, and excess seed layers are etched away. These steps are repeated as required to build the complete multilayer interconnect structure, enabling IC substrates to meet high-density and high-performance requirements.

Circuit protection

After circuit patterns are formed, substrates undergo solder mask lamination to enhance performance and long-term reliability. A solder mask is applied as a thin protective layer over the substrate surface to prevent copper oxidation and minimise the risk of solder bridging during component assembly. Coreless ABF substrates go through ABF lamination and grinding process. The subsequent layer is formed through another round of circuit formation on top of the ABF layer.

Circuit finishing

Depending on customer requirements, surface finishes are applied to improve solderability, protect copper circuitry, and enhance adhesion for subsequent assembly. Component assembly is performed by a third-party assembler. Common finishes for our IC substrates include organic solderability preservative, electrolytic direct gold plating, electrolytic nickel palladium gold plating, and silver plating.

Mechatronics

Finishing processes prepare IC substrates for delivery or subsequent assembly, ensuring compliance with mechanical, electrical, and cosmetic specifications. IC substrates are cut or slit and shaped to final dimensions, and warpage-control measures are applied to ensure substrate planarity and handling stability.

Circuit verification (Final quality check)

Before shipment, all products undergo a final quality inspection and testing process that includes automated visual inspection, electrical testing, dimensional checks, and reliability verification to ensure compliance with customer requirements. Please refer to **Section 7.13** of this Prospectus for further details of the list of common tests that we carry out.

7. BUSINESS OVERVIEW (CONT'D)

7.13 Research and development

In general, our R&D activities aim to create value for our customers in the semiconductor and electronics industries. As at the LPD, our R&D activities are supported by 140 development and engineering personnel. Of which, 51 personnel are part of our product development team in our PRC Operations, and the remaining 89 personnel are in our FPC and IC substrate operations in Malaysia.

Our R&D focuses on FPC and IC substrate, leveraging testing and analysis to optimise circuit layouts and maximise performance, efficiency, and cost-effectiveness. The following is a list of common tests that we carry out:-

Common testing	Main objective of the test
Testing for FPC and IC substrate	
• Electrical performance testing	
- Flying probe testers	To check individual circuits for opens, shorts, and correct connectivity
- 2-wired or 4-wired electrical tests	To measure resistance and continuity, the 4-wire method provides higher accuracy for low-resistance circuits
- Impedance control systems	To ensure copper traces meet precise impedance requirements for signal integrity
- High-voltage testing equipment	To detect insulation breakdown or leakage
• Dimensional and microstructural inspection	
- Automated optical inspection	To detect surface defects, missing features, and pattern misalignment
- Three-dimensional optical measurement systems	To measure thickness, height, and geometry with high precision
- Metallographic microscope	To examine microstructure of metal layers and interfaces
• Chemical composition and surface analysis	
- Surface finishing thickness measurement	To measure plating thickness, such as gold, nickel, or other coatings
- Atomic absorption spectroscopy	To determine elemental composition and detect contaminants in metal layers
- Ionic contamination testers	To measure residues that could cause corrosion or electrical failure
FPC-specific testing	
• Mechanical reliability testing	
- Peeling tests	To measure the adhesion strength of copper to the FPC substrate
- Flexural endurance tests	Bends the FPC repeatedly to evaluate flexibility and durability
- Folding endurance testers	Tests resistance to repeated folding or bending at specific points

7. BUSINESS OVERVIEW (CONT'D)

Common testing	Main objective of the test
• Environmental and reliability stress testing	
- Constant-temperature, constant-humidity test chambers - Thermal stress tests	Expose FPCs to controlled heat and humidity to evaluate durability and material stability in a humid and hot environment Exposes FPCs to repeated temperature cycling to simulate real-world thermal expansion and contraction
IC substrate-specific testing	
• Chemical composition and surface analysis	
- Scanning electron microscopy - Energy-dispersive x-ray spectroscopy	To examine surface morphology and microstructure To identify elemental composition and detect material mix-ups or impurities
• Mechanical reliability testing	
- Warpage measurement - Peel and adhesion tests - Bend tests	To ensure substrate flatness after lamination or processing To verify the adhesion of copper and dielectric layers To evaluate flexibility and risk of cracking for coreless and sputtered substrates
• Environmental and reliability stress testing	
- Thermal cycling - Humidity and high-temperature storage	Repeated heating and cooling to detect delamination or mechanical failure To evaluate corrosion resistance, dielectric stability, and adhesion over long-term use

Our R&D expenses were equivalent to 6.61%, 5.79% and 5.69% of our total revenue for FYE 2023, FYE 2024 and FYE 2025, respectively. The details of our R&D expenses are set out below:-

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
R&D related staff salaries	12,670	61.11	12,847	65.23	13,497	64.48
Consumables and other related expenses	6,508	31.39	5,866	29.79	6,361	30.38
Purchase of supporting tools	1,556	7.50	981	4.98	1,075	5.14
Total R&D expenses	20,734	100.00	19,694	100.00	20,933	100.00

Through our R&D and product development efforts, we have developed several technological innovations in the manufacturing of FPC and IC substrates. We actively file patents to protect our intellectual property and secure rights to these inventive solutions. As at the LPD, we have 54 patents registered in Malaysia, Chinese Mainland and the USA, including 45 patents relating to FPC, and 9 patents relating to IC substrates.

7. BUSINESS OVERVIEW (CONT'D)

7.14 Technology used

During the Financial Years Under Review, we primarily use the following technologies in our production operations:-

- **Precision subtractive etching technology:** Using our imaging and photolithography equipment, we remove unwanted copper from FPC substrate surfaces to form accurate circuit patterns. This technology enables fine-feature designs, precise dimensional control, and high repeatability, ensuring our FPCs meet stringent electrical performance and customer specifications. For the Financial Years Under Review and up to the LPD, our FPC manufacturing capability supports various application requirements, including layer counts up to 10 layers, as well as achieving fine-line features down to 20 μm ($\pm 5 \mu\text{m}$ tolerance) for line width, and down to 35 μm ($\pm 5 \mu\text{m}$ tolerance) for air gap (line space). In addition, we have developed rigid-flex FPC prototypes with capabilities up to 16 layers for medical applications.

As at the LPD, our FPC development and engineering team comprises 97 personnel. We have also registered 45 patents relating to FPC out of a total of 54 patents that have been registered in Malaysia, Chinese Mainland, and the USA.

- **SMT:** We use SMT lines for the precise placement and soldering of electronic components onto our FPCs. By integrating pick-and-place machines with automated inspection systems, we achieve consistent assembly quality, reduced defect rates, and enhanced production throughput, supporting both standard and complex circuit designs. As at the LPD, we have a total of 6 SMT lines, including 4 in Malaysia and 2 in the PRC. Our SMT capabilities include automated solder paste printing with a tolerance level of $\pm 30 \mu\text{m}$, as well as the ability to handle fine-pitch components and high component density boards, achieving placement accuracy of $\pm 50 \mu\text{m}$.
- **Semi-additive processes technology:** Using our imaging and photolithography equipment, we deposit ultra-thin copper layers and sequentially build multi-layer circuits on our IC substrates. These processes allow the creation of high-density interconnections, fine-feature circuitry and reduced substrate warpage. They are critical for producing next-generation IC substrates that meet the demands of high-performance, miniaturised electronic devices. For the Financial Years Under Review and up to the LPD, our IC substrate manufacturing capabilities support a range of application requirements, including layer counts of up to 8 layers, as well as achieving fine-line features with line width and space down to 20 μm , with copper thickness of at least 20 μm . In addition, we have developed prototypes with capabilities up to 12 layers, as well as achieving fine-line features down to 15 μm for line width and air gap (line space).

As at the LPD, our IC substrate development and engineering team comprises 43 personnel. We have also registered 9 patents relating to IC substrates out of a total of 54 patents that have been registered in Malaysia, Chinese Mainland, and the USA. In addition, as at the LPD, we maintain a subsisting technology licence with a technology partner, pursuant to which we pay royalty fees for the licence to manufacture certain licensed products relating to our IC substrate segment until 2033. For the Financial Years Under Review, the royalty fee that we paid accounted for less than 1.00% of our administrative and marketing expenses.

As part of our FPC capabilities expansion plans, we plan to undertake R&D to adopt new process technologies focused on advanced fine-line manufacturing processes. These technologies encompass high-precision process capabilities that enable ultra-fine line widths and spacing, high interconnection density, and enhanced electrical performance in FPC manufacturing. Further details of our FPC capabilities expansion plans are set out in **Section 7.28.1(i)(c)** of the Prospectus.

7. BUSINESS OVERVIEW (CONT'D)**7.15 Seasonality**

During the Financial Years Under Review, we did not experience any material seasonality in our business as demand for our services and products is not subject to periodic or seasonal factors, and we are diversified across many industry applications.

7.16 Material interruptions to our business and operations

We did not experience any material interruptions to our business and operations during the Financial Years Under Review and up to the LPD.

7.17 Employees

As at the LPD, we have a total workforce of 1,247 employees, of which 757 employees or 60.71% of our total workforce are located in Malaysia Operations, whilst the remaining 490 employees or 39.29% of our total workforce are in the PRC Operations. All of our employees are employed on a permanent basis. The breakdown of our employees as at 31 May 2025 and as at the LPD are as follows:-

(i) Our Group

Category	As at 31 May 2025	As at the LPD
Malaysia Operations	711	757
PRC Operations	522	490
Total	1,233	1,247

(ii) Malaysia Operations

Category	As at 31 May 2025	As at the LPD
Management	39	46
Technical professionals	137	143
Sales and marketing	15	18
Clerical and administration	38	42
Production floor		
• Skilled	150	204
• Semi skilled	332	304
Total	711	757

Category	As at 31 May 2025	As at the LPD
Local (Malaysian)	308	390
Foreign (non-Malaysians)	403	367
Total	711	757

(iii) PRC Operations

Category	As at 31 May 2025	As at the LPD
Management	42	41
Technical professionals	93	97
Sales and marketing	14	13
Clerical and administration	41	40
Production floor		
• Skilled	131	109
• Semi skilled	201	190
Total	522	490

7. BUSINESS OVERVIEW (CONT'D)

Category	As at 31 May 2025	As at the LPD
Local (PRC)	519	487
Foreign (non-PRC)	3	3
Total	522	490

All foreign employees have valid work permits as at the LPD. None of our employees belong to any labour union and as at the LPD, there has been no labour dispute between our management and our employees. Further, during the Financial Years Under Review and up to the LPD, we have not experienced any strikes or major industrial disputes and we did not face any labour shortage that has led to any disruption to our business operations.

7.18 Market positioning and sales activities

We are a manufacturer and assembler of FPCs and a manufacturer of IC substrates, both of which are essential components in the semiconductor and electronic value chains. We position ourselves in the market defined by the following strengths:-

- **Proven expertise:** With 33 years of experience in FPC manufacturing and 13 years in IC substrate production, we have a strong track record in the semiconductor and electronics industries.
- **Advanced manufacturing capabilities:** Our extensive expertise is backed by continuous investment in R&D and on-going commitment to advance our manufacturing capabilities, process technologies as well as supporting infrastructure and equipment across our 3 manufacturing facilities in Malaysia and the PRC.
- **Flexible product offering:** We offer high-mix, low-volume FPC and high-volume IC substrates, offering tailored solutions to meet the diverse needs of our customers.
- **Commitment to quality:** Our products and services are backed by certifications, including ISO 9001, ISO 14001, ISO 13485 and IATF 16949. Additionally, our FPCs and IC substrates are independently tested and certified to meet safety and performance standards, with certifications such as RoHS and REACH.
- **Global reach:** We serve a broad range of international markets, supported by manufacturing operations in Malaysia and the PRC.

We adopt proactive sales and marketing strategies by identifying target customers, engaging them early in the design process, and leveraging our technical capabilities to develop customised solutions and expand our customer base. Our sales and marketing team comprise 31 employees as at the LPD.

We continue to enhance our marketing initiatives to address growth opportunities in the semiconductor and electronics industries. As at the LPD, we have appointed representatives/distributors for the sales of our FPC products.

7. BUSINESS OVERVIEW (CONT'D)

7.19 Major customers

The table below list the top 5 major customers of our Group for the Financial Years Under Review:-

Customers*	Shipment destinations	Length of business relationship up to the LPD (years)	FYE 2023		FYE 2024		FYE 2025	
			(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Customer A Group ⁽¹⁾	Malaysia, Singapore, USA	6	43,089	13.74	53,931	15.84	55,171	15.01
Customer B ⁽²⁾	Japan	13	15,091	4.81	22,771	6.69	30,714	8.35
BCM Electronics Corporation Sdn Bhd	Malaysia	19	17,276	5.51	16,354	4.80	25,946	7.06
Customer C Group ⁽³⁾	Chinese Mainland	20	23,265	7.42	20,201	5.93	21,528	5.86
Customer D Group ⁽⁴⁾	Chinese Mainland, USA, Austria, Finland	11	^	^	^	^	15,912	4.33
Pan-International Electronics (M) Sdn Bhd ⁽⁵⁾	Malaysia	13	^	^	15,116	4.44	^	^
Shantou Goworld Display Technology Co Ltd ⁽⁶⁾	Chinese Mainland	10	16,870	5.38	^	^	^	^
Subtotal			115,591	36.86	128,373	37.70	149,271	40.61
Total revenue			313,708	100.00	340,425	100.00	367,658	100.00

Notes:-

^ A customer of our Group, but was not amongst the top 5 major customers of our Group in the respective financial years.

* The names of certain top 5 customers have not been disclosed as our Group is bound by certain confidentiality clauses relating to the disclosure of their names as well as to safeguard the competitive position of our Group and our major customers in the markets in which they operate. Further, we had sought consent from Customer A Group, Customer B, Customer C Group and Customer D Group for disclosure of the information required pursuant to the IPO but such consent was not granted.

(1) Customer A Group comprises Customer A and its subsidiaries (comprising 2 entities for the Financial Years Under Review). Customer A is listed on the New York Stock Exchange, and is involved in the development, manufacturing, and distribution of personal systems, printers, and related supplies and solutions, with headquarters located in the USA. We provide IC substrates to Customer A Group.

(2) Customer B is a private limited company incorporated in Japan, involved in the supply of the PCBs. We provide FPCs to Customer B.

7. BUSINESS OVERVIEW (CONT'D)

- (3) *Customer C Group comprises Customer C and its subsidiaries (comprising 4 entities for the FYE 2023 and FYE 2024, and 5 entities for the FYE 2025). Customer C is listed on the Shenzhen Stock Exchange, and is involved in design, development, manufacture and distribution of medical devices with headquarters located in the PRC. We provide FPCs to Customer C Group.*
- (4) *Customer D Group comprises subsidiaries of a listed entity on the Nasdaq Stock Market LLC (comprising 8 entities for the FYE 2023, 10 entities for the FYE 2024 and 9 entities for the FYE 2025), where the listed entity has headquarters located in the USA. Customer D Group is involved in the provision of global healthcare solutions. We provide FPCs to Customer D Group.*
- (5) *Pan-International Electronics (M) Sdn Bhd is a subsidiary of P.I.E. Industrial Berhad, a listed entity on Bursa Securities. We provide FPCs to Pan-International Electronics (M) Sdn Bhd.*
- (6) *We provide FPCs to this customer.*

The top 5 major customers of our Group collectively contributed 38.86%, 37.70 and 40.61% to our total revenue in the FYE 2023, FYE 2024 and FYE 2025, respectively. Save for Customer A Group, which purchased IC substrates from our Group, the remaining major customers had purchased FPC products. During the Financial Years Under Review, the revenue from Customer A Group accounted for more than 10.00% of our total revenue for the Financial Years Under Review. Within our IC substrate manufacturing segment, Customer A Group contributed 80.30%, 80.15% and 75.24% of our total revenue from the IC substrate manufacturing segment for the FYE 2023, FYE 2024 and FYE 2025, respectively.

In view of the high contributions to our Group's IC substrate manufacturing segment from Customer A Group for the Financial Years Under Review, our Group is subject to concentration risk for the revenue derived from Customer A Group for our IC substrate manufacturing segment. Nevertheless, our dependence on Customer A Group is mitigated due to the following factors:-

- (i) we strive to maintain long-standing working relationships with our major customers, including Customer A Group, and treat these relationships as collaborative in nature. We work closely with our major customers to support design-for-manufacturing, including co-development and optimisation of circuit layouts. Our length of relationship up to the LPD with Customer A Group is 6 years, we have never encountered any material disruption in supply with Customer A Group;
- (ii) due to the rigorous pre-qualification process and extended length of time required to become an approved manufacturer in the IC substrate industry, our Group has been able to secure repeat purchase orders from our customers over the years. Our commitment to customer support has contributed to our ability to establish and maintain long-term relationships with our major customers. Given these restrictions and the lengthy process, it is unlikely that our major customers will cease sourcing our products, provided that our Group continues to deliver our products that fulfil their requirements; and
- (iii) for the Financial Years Under Review, we served a customer base of approximately 25 customers for the IC substrates manufacturing segment.

In addition to the above, we strive to maintain a diversified customer base across various industry application segments, such as communication devices, semiconductors, medical devices, consumer electronics, automotive electronics and industrial equipment. For the Financial Years Under Review, we served a total customer base of approximately 380 customers across approximately 33 shipment destination markets.

7. BUSINESS OVERVIEW (CONT'D)

7.20 Major suppliers

The table below list the top 5 major suppliers of our Group for the Financial Years Under Review:-

Suppliers*	Supplier's location of origin	Type of products/services provided to our Group	Length of business relationship as at the LPD (years)	FYE 2023		FYE 2024		FYE 2025	
				(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Circuitworks Group ⁽¹⁾	Malaysia, Singapore	Gold-based chemical compounds	13	15,321	10.30	17,662	10.99	18,181	11.08
Taiflex Scientific Co., Ltd	Taiwan	Copper-based materials, and protective materials	13	10,100	6.79	13,020	8.10	12,446	7.58
Supplier A Group ⁽²⁾	Singapore, Chinese Mainland	Copper-based materials, and protective materials	7	7,758	5.21	11,125	6.92	8,429	5.14
Supplier B ⁽³⁾	Taiwan	Electronic components	6	6,575	4.42	^	^	7,881	4.80
Supplier C ⁽⁴⁾	Taiwan	Copper-based materials	6	6,663	4.48	7,336	4.56	5,657	3.45
Xiamen Enjoygreen Environmental Protection Technology Co., Ltd.	Chinese Mainland	Gold-based chemical compounds	8	^	^	5,593	3.48	^	^
Subtotal				46,417	31.20	54,736	34.05	52,594	32.05
Total purchases of input materials and services				148,811	100.00	160,751	100.00	164,101	100.00

Notes:-

^ A supplier of our Group but was not amongst the top 5 major suppliers of our Group in the respective financial years.

* The names of certain top 5 suppliers have not been disclosed as our Group is bound by certain confidentiality clauses relating to the disclosure of their names as well as to safeguard the competitive position of our Group and our major suppliers in the markets in which they operate. Further, we had sought consent from Supplier A Group, Supplier B and Supplier C for disclosure of the information required pursuant to the IPO but such consent was not granted.

(1) Circuitworks Group comprises Circuitworks Technologies Sdn Bhd and Circuitworks Asia Pte Ltd.

(2) Supplier A Group comprises subsidiaries of a listed entity on the New York Stock Exchange (comprising 3 entities for the Financial Years Under Review), where the listed entity has headquarters located in the USA. Supplier A Group is involved in the development and provision of products for electronics, automotive, water, protection, and industrial technologies.

(3) Supplier B is a subsidiary of a listed entity on the Tokyo Stock Exchange, where the listed entity is involved in the manufacturing of resistors and automotive electronic components, with headquarters located in Japan. Supplier B is a company incorporated in Taiwan, involved in the distribution of resistors and automotive electronic components.

(4) Supplier C is a private limited company incorporated in Taiwan, involved in the manufacturing of electronic materials.

7. BUSINESS OVERVIEW (CONT'D)

The top 5 major suppliers of our Group collectively contributed 31.20%, 34.05% and 32.05% to our total purchases of input materials and services in the FYE 2023, FYE 2024 and FYE 2025, respectively. During the Financial Years Under Review, the purchase of gold-based chemical compounds, a main material used for gold plating from Circuitworks Group accounted for more than 10.00% of our total purchases of input materials and services.

Notwithstanding the above, we are not dependent on and not subject to any concentration risk with respect to Circuitworks Group as these gold-based chemical compounds can be sourced from other suppliers. Further, we have also purchased gold-based chemical compounds from 3 other suppliers for the Financial Years Under Review. Accordingly, our Group is not dependent on any single supplier and is not exposed to concentration risk from its top 5 major suppliers.

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7. BUSINESS OVERVIEW (CONT'D)

7.21 Types and sources of input materials and services

The following are the types of input materials and services that we purchased for our business operations during the Financial Years Under Review:-

Purchases of input materials and services	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
FPC operations	113,164	76.04	122,933	76.49	130,956	79.80
Electronic components ⁽¹⁾	38,832	26.10	33,671	20.95	46,483	28.33
Coverlays, films, and lamination materials	21,306	14.32	28,181	17.53	26,629	16.23
Copper-based materials	17,488	11.75	22,369	13.92	19,234	11.72
Gold-based chemical compounds	14,047	9.44	11,804	7.34	11,349	6.92
Equipment upkeep and related expenses	4,810	3.23	5,034	3.13	6,389	3.89
Chemicals ⁽²⁾	6,759	4.53	6,728	4.18	6,532	3.97
Others ⁽³⁾	9,922	6.67	15,146	9.44	14,340	8.74
IC substrates operations	35,647	23.96	37,818	23.51	33,145	20.20
Gold-based chemical compounds	5,744	3.86	11,719	7.29	13,371	8.15
Copper-based materials	7,081	4.76	7,719	4.80	6,010	3.66
Chemicals ⁽²⁾	5,086	3.42	5,098	3.17	4,188	2.55
Equipment upkeep and related expenses	3,540	2.38	3,752	2.33	3,028	1.85
Tooling services	8,562	5.75	563	0.35	300	0.18
Others ⁽⁴⁾	5,634	3.79	8,967	5.57	6,248	3.81
Total purchases of input materials and services	148,811	100.00	160,751	100.00	164,101	100.00

Notes:-

- (1) Electronic components for FPC operations mainly comprise LEDs, amplifiers, diodes, capacitors, thermistors, fixed inductors and transistors.
- (2) Chemicals for FPC and IC substrate operations mainly comprise cleaning solutions and general process chemicals.
- (3) Others for FPC operations mainly comprise production consumables, tooling services, and subcontracted FPC assembly services.
- (4) Others for IC substrate operations mainly comprise circuit protective materials and production consumables.

7. BUSINESS OVERVIEW (CONT'D)

The breakdown of input materials and services purchased by source of supply for the Financial Years Under Review is set out below:-

Purchases of input materials and services⁽¹⁾	FYE 2023⁽¹⁾			FYE 2024⁽¹⁾			FYE 2025⁽¹⁾		
	(RM'000)	Domestic (%)	Imported (%)	(RM'000)	Domestic (%)	Imported (%)	(RM'000)	Domestic (%)	Imported (%)
Malaysia operations	97,828	34.30	65.70	110,978	36.41	63.59	116,427	35.07	64.93
PRC operations	50,983	74.88	25.12	49,773	78.31	21.69	47,674	78.02	21.98
Total purchases of input materials and services	148,811	48.20	51.80	160,751	49.38	50.62	164,101	47.55	52.45

Note:-

(1) Domestically sourced refers to input materials sourced from the subsidiaries' respective operational base, while imported refers to input materials sourced from outside their operational base.

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7. BUSINESS OVERVIEW (CONT'D)

FPC operations

For our FPC manufacturing and assembly operations in Malaysia and the PRC, some of the input materials that we purchase include the following:-

- (i) electronic components include amplifiers, diodes, capacitors, thermistors, fixed inductors, and transistors, which are mainly used for our FPC assembly operations;
- (ii) coverlays, films, and lamination materials, which are mainly used for base materials and circuit protective processes during our FPC manufacturing operations;
- (iii) copper-based materials include copper-clad laminates and foils, which are mainly used as the input materials for our FPC manufacturing operations; and
- (iv) gold-based chemical compounds, which are mainly used for our circuit plating processes during our FPC manufacturing operations.

The remaining input materials and services that we purchase include equipment upkeep and related expenses, chemicals for cleaning and processing processes, as well as other input materials and services for the FPC manufacturing and assembly operations.

IC substrate operations

For our IC substrate manufacturing operations in Malaysia, we purchase the following types of input materials:-

- (i) gold-based chemical compounds, which are mainly used for our circuit plating processes during our IC substrate manufacturing operations; and
- (ii) copper-based materials include copper-clad laminates and foils, which are mainly used as the input materials for our IC substrate manufacturing operations.

The remaining input materials and services that we purchase include chemicals for cleaning and processing processes, equipment upkeep and related expenses, tooling services, as well as other input materials and services for the IC substrate manufacturing operations.

Overall, our input materials and services are sourced from both overseas and domestic sources. For the Financial Years Under Review, our input materials and services from foreign countries accounted for 51.80%, 50.62% and 52.45% of our total purchases of input materials and services for the FYE 2023, FYE 2024 and FYE 2025, respectively. The remaining 48.20%, 49.38% and 47.55% of our total purchases of input materials and services for the FYE 2023, FYE 2024 and FYE 2025, respectively were sourced from domestic suppliers.

7.22 Material trademarks, brand names and other intellectual property rights

Further details of our material trademarks, brand names and other intellectual property rights are set out in **Annexure A** of this Prospectus.

7.23 Major certificates, licences, permits and approvals

Further details of our major certificates, licences, permits and approvals are set out in **Annexure B** of this Prospectus.

7.24 Material properties

Further details of our material properties are set out in **Annexure C** of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

7.25 Dependency on contracts, agreements, documents or other arrangements

As at the LPD, there are no contracts, agreements, documents or other arrangements or other matters entered into by or issued to us which we are materially dependent on, or which are material to our business and profitability.

7.26 Governing laws and regulations

Our Group's business is regulated by, and in some instances required to be licensed under specific laws of Malaysia and Chinese Mainland. The relevant laws and regulations governing our Group and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to:-

7.26.1 Governing laws and regulations relating to Malaysia

(i) Local Government Act 1976 ("LGA") and the Licensing of Trades, Businesses and Industries (Pulau Pinang City Council) 1991 ("LTBI Penang")

The LGA is enacted to revise and consolidate the laws relating to local government in Peninsular Malaysia. Every license or permit granted by the local authority shall be subject to such conditions and restrictions as the local authority thinks fit and shall be revocable by the local authority at any time without assigning any reason therefor. Factories and warehouses are therefore required to have business and signboard/advertising licences, to display said licences at the factory/warehouse premises, and to produce said licences upon request.

Pursuant to the Section 107(6) of the LGA, a person who fails to exhibit or produce his license on the licensed premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

Further to the above, by the power given to city councils in Malaysia by virtue of the LGA, the LTBI Penang states that for any person who operates without a licence, the penalty shall be a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both. An additional fine of not more than RM200 would also be imposed for every day that the offence continues after conviction.

(ii) National Land Code 2020 ("NLC")

The NLC regulates land matters within Peninsular Malaysia, where our material properties are situated. Pursuant to Section 120 of the NLC, the state authority may alienate land subject to such express conditions and restrictions in interest conformable to law as it may think fit and determined when the land is approved for alienation. Every condition or restriction in interest imposed shall be endorsed on or referred to in the document of title to the land.

Pursuant to Sections 127, 128 and 129 of the NLC, any breach of an express condition imposed on alienated land renders the land liable to forfeiture by the State Authority. If no satisfactory cause why a fine should be imposed is shown, a fine of not less than RM 500.00 may be imposed, and in the case of a continuing breach, a further fine of not less than RM 100.00 for each day during which the breach continues. If the breach remains unremedied, or if the Land Administrator deems the breach incapable of remedy, forfeiture proceedings may thereafter be initiated under Sections 128 and 129.

7. BUSINESS OVERVIEW (CONT'D)

(iii) **Industrial Co-ordination Act 1975 (“ICA”) and Industrial Co-ordination (Exemption) Order 1976 (“Industrial Exemption Order”)**

The ICA provides for the co-ordination and orderly development of manufacturing activities in Malaysia. It also prescribes the licensing requirements for manufacturing activities.

A “manufacturing activity” is defined as the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with view to its use, sale, transport, delivery or disposal; and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade.

The ICA and the Industrial Exemption Order mandates the existence of a manufacturing licence where a person engages in manufacturing activities and has shareholders’ funds of RM2.5 million and above or engages 75 or more full-time paid employees. Contravention of which would render such person guilty of an offence and liable to a fine of not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

(iv) **Street, Drainage and Building Act 1974 (“SDBA”) and Uniform Building By-Laws 1984 (“UBBL”)**

The SDBA is enacted to amend and consolidate the laws relating to street, drainage and building in local authority areas in Peninsular Malaysia, and for the purposes connected therewith.

Under the UBBL which was issued pursuant to the SDBA, a certificate of completion (“CCC”) will only be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e., an architect, registered building draughtsman or engineer.

A qualified person must be satisfied that, to their best knowledge: (i) the relevant building has been constructed in accordance with UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services have been provided; and (iv) responsibilities have been accepted for the portions that are being concerned with.

Pursuant to Section 70(27)(f) of the SDBA, any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable on conviction, to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.

(v) **Occupational Safety and Health Act 1994 (“OSHA”), Occupational Safety and Health (Plant Requiring Certificate of Fitness) Regulations 2024 (“Certificate of Fitness Regulations”) and the Occupational Safety and Health (Licensed Person) Order 2024 (“Licensed Person Regulations”)**

The OSHA provides that it is the general duty of every employer to ensure, so far as is practicable, the safety, health and welfare at work of all employees.

7. BUSINESS OVERVIEW (CONT'D)

Pursuant to Section 15 of the OSHA, general duties include, in particular:-

- (a) the provision and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health;
- (b) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (c) the provision of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of his employees;
- (d) so far as is practicable, as regards any place of work under the control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks;
- (e) the provision and maintenance of a working environment for his employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work; and
- (f) the development and implementation of procedures for dealing with emergencies that may arise while his employees are at work.

An occupier of a workplace that has been gazetted as requiring a safety and health officer must appoint a person who is competent to act as a safety and health officer to ensure the due observance of the provisions of the OSHA and any related regulations, and for promoting safe work conduct at the workplace.

Any person who contravenes any of the above will be guilty of an offence and will, on conviction, be liable to a fine not RM50,000 or to imprisonment for a term not exceeding 6 months or to both.

Every employer is also required to establish a safety and health committee if there are 40 or more persons employed at the place of work or if directed by the Director General of DOSH, failing which the employer shall be guilty of an offence and will, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both. The safety and health committee will, among others, keep under review the measures taken to ensure the safety and health of persons at the workplace.

The OSHA also prescribes standards for the certification and inspection of plants, ensuring their operational safety and compliance, and the Certificate of Fitness Regulations and the Licensed Person Regulations detail requirements for plant operations and certifications.

Any person who operates or causes or permits any plant requiring a certificate of fitness to be operated must ensure that the plant has a valid certificate of fitness, failing which such person will be guilty of an offence and will, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or both.

7. BUSINESS OVERVIEW (CONT'D)

(vi) Fire Services Act 1988 ("FSA") and Fire Services (Designated Premises) (Amendment) Order 2020 ("Designated Premises Order")

The FSA is enacted to make necessary provisions for the effective and efficient functioning of the Fire Services Department. It is also enacted for the protection of persons and property from fire risks and for purposes connected therewith.

According to Section 28(1) of the FSA, every designated premise shall require a fire certificate. "Designated" premises are defined in the Designated Premises Order, which includes factories. Fire certificates are therefore needed for factories of a single storey with a size of 2000 square meters and over where sprinkler systems are installed. The same also applies to factories of 2 storeys of the same layout.

Pursuant to Section 33 of the FSA, where there is no fire certificate in force in respect of any designated premises, the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or to both.

(vii) Environmental Quality Act 1974 ("EQA") and Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Order 1989 ("Scheduled Waste Order")

The EQA is enacted for the prevention, abatement, control of pollution and enhancement of the environment.

According to Section 34B of the EQA, no person shall place, deposit or dispose of, or cause or permit to place, deposit or dispose of, except at prescribed premises only, any scheduled wastes on land or into Malaysian waters. Prescribed premises are provided for in the Scheduled Wastes Order. A person found in contravention of Section 34B of the EQA shall be upon conviction, be punished with a fine of not less than RM100,000 and not exceeding RM10,000,000 and also be liable to imprisonment for a term not exceeding 5 years.

According to Section 49A of the EQA, an owner or occupier of a premise shall employ a person who has been certified by the Director General as a competent person to conduct all or any of the following activities:-

- (a) The operation of a control equipment;
- (b) The management of scheduled wastes;
- (c) The conduct of studies; and
- (d) The preparation and submission of reports, plans, proposals, engineering drawings or other documents relating to environmental matters.

Contravention of which would according to Section 41 of the EQA, hold a person liable to a fine of not less than RM5,000 and not exceeding RM250,000.

(viii) Employment Act 1955 ("EA"), National Wages Consultative Council Act 2011 ("NWCCA"), Minimum Wages Order 2024 ("MWO") and Employment (Part-Time Employees (Regulations) 2010 ("Part-Time Regulations"))

The EA regulates all labour relations including, amongst others, contracts of service, payment of wages, rest days, hours of work and termination. According to Section 99A of the EA, a general penalty of a fine not exceeding RM50,000 is prescribed to whomever that contravenes any section of the EA where no specific penalty is provided.

7. BUSINESS OVERVIEW (CONT'D)

The EA also provides regulations for the employment of foreign employees. Pursuant to Section 60(K)(1) of the EA, it is a requirement for employers to obtain approval from the Director General of Labour before a foreign employee can be employed. Any employer who contravenes this section commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 5 years or to both.

Pursuant to the NWCCA, an employer who fails to pay the basic wages, as specified in the minimum wages order, to his employees commits an offence and shall, on conviction, be liable to a fine not of not more than RM10,000 for each employee. According to the MWO, the minimum wage, effective 1 February 2025, is RM1,700 monthly and RM8.72 hourly for employers who employ 5 or more employees.

The Part-Time Regulations govern the overtime pay, holidays, annual leave, sick leave, and rest day for part-time employees. Any employer who contravenes the regulation commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000.

(ix) Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990 ("EMSHAAA") and Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 ("Employees' Accommodation Regulations")

The EMSHAAA is the legislative framework that compels employers to ensure that the minimum standards of housing and amenities are provided to workers.

According to Section 24D(3) of the EMSHAAA, an employer who provides an accommodation not certified with a Certificate for Accommodation to an employee, commits an offence and shall on conviction, be liable to a fine not exceeding RM50,000. For a centralized accommodation provider that contravenes, they would be committing an offence and upon conviction, be liable for a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 1 year or to both.

The Employees' Accommodation Regulations also provides for further minimum requirements that an accommodation must have. Contravention of said regulations would upon conviction, lead to a fine of RM1,000 or to imprisonment for a term not exceeding 6 months or to both.

(x) Customs Act 1967

The Customs Act 1967 ("CA") provides for the procedures and measures applied by officers of customs before the release of goods. It also governs the licensing of manufacturing warehouses.

Pursuant to Section 65 and 65A of the CA, the Director General may, on payment of such fees as may be fixed by him in each case, grant a licence to any person ("licensee"), and when granted, withdraw any licence, for warehousing goods liable to customs duties in a place or places specified in such licence and to carry on any manufacturing process and other operation in respect of the goods liable to customs duties and any other goods. In each case, the Director General may also impose conditions on the licences which are to be adhered to.

According to Section 138 of the CA, an omission or neglect to comply with, and every act done or attempted to be done contrary to, the provisions of the CA, or any breach of the conditions and restrictions subject to, or upon which, any licence is issued or any exemption is granted under the CA, shall be an offence and where no penalty is expressly provided for, the offender shall be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or to both.

7. BUSINESS OVERVIEW (CONT'D)

7.26.2 Governing laws and regulations relating to the Chinese Mainland

(i) The Company Law of the Chinese Mainland

The Company Law of the Chinese Mainland (the “**Company Law**”) was promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on 29 December 1993. It was last amended on 29 December 2023 and the amendments came into effect on 1 July 2024. According to the Company Law, companies established in the PRC are either limited liability companies or joint stock limited companies. A company is an enterprise legal person with independent legal person property, and is entitled to legal person property rights. The company is liable for its debts with all its assets. The shareholders of a limited liability company is liable to the extent of their respective subscribed capital contribution. The shareholders of a joint stock limited company is liable to the extent of their respective subscribed shares. The Company Law is applicable to foreign-invested limited liability companies and joint stock limited companies, unless otherwise provided by foreign investment laws, in which case such laws shall prevail.

(ii) The Foreign Investment Law of the Chinese Mainland, The Regulations for the Implementation of the Foreign Investment Law, and The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (the “**2024 Negative List**”)

(a) Foreign Investment Law

On 15 March 2019, the SCNPC adopted the Foreign Investment Law, which took effect on 1 January 2020. The State Council subsequently issued the Regulations for the Implementation of the Foreign Investment Law on 26 December 2019, also effective from 1 January 2020, providing further clarification of the Foreign Investment Law. The organizational form, structure, and operations of foreign-invested enterprises are governed, among others, by the Company Law of the Chinese Mainland and the Partnership Enterprise Law of the Chinese Mainland. Foreign-invested enterprises established before the Foreign Investment Law came into effect may retain their original organizational structure for 5 years thereafter.

According to the Foreign Investment Law, foreign investment is subject to a pre-entry national treatment and negative list management system. Pre-entry national treatment ensures that foreign investors receive treatment no less favorable than domestic investors at the market access stage. The negative list management system means that the state implements special administrative measures for access to foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields. Foreign investors’ investment, earnings and other legitimate rights and interests within the territory of China shall be protected by law, and foreign-invested enterprises enjoy equal access to national policies supporting enterprise development.

Following the implementation of the Foreign Investment Law, the Ministry of Commerce of China (the “**MOFCOM**”) and the State Administration for Market Regulation (the “**SAMR**”), jointly promulgated the Foreign Investment Information Reporting Measures (the “**Information Report Measures**”), on 30 December 2019, effective 1 January 2020. The Information Report Measures require foreign investors or foreign invested enterprises to report their investment related information to the competent local counterpart of the MOFCOM through the Enterprise Registration System and National Enterprise Credit Information Notification System.

7. BUSINESS OVERVIEW (CONT'D)

(b) Foreign Investment Industrial Policy

The 2024 Negative List was promulgated on 6 September 2024 and took effect on 1 November 2024. It specifies areas in which foreign investment is prohibited and permitted only subject to certain conditions. Foreign investment in areas not listed in the 2024 Negative List is treated equally with domestic investment. The relevant provisions of the opinions of the state council on implementing negative list system for market access promulgated by the state council issued on 2 October 2015, and effective from 1 December 2015, shall apply equally to both domestic and foreign investors. Moreover, according to the 2024 Negative List, PRC entities operating in areas prohibited to foreign investment shall obtain approval from competent PRC authorities before seeking offshore listings. Foreign investors shall not participate in operations and management, and their shareholding ratio shall comply with PRC laws.

(iii) The Land Administration Law of the Chinese Mainland, The Implementing Regulations for the Land Administration Law of the Chinese Mainland, and The Provisional Regulations of the Chinese Mainland Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas

According to the Land Administration Law of the PRC, which was issued by the SCNPC on 25 June 1986 and implemented on 1 January 1987, and last amended on 26 August 2019 and implemented on 1 January 2020, land in China is classified into agricultural land, construction land and unused land. Land in urban areas is owned by the state; land in rural areas and suburban areas is owned collectively by the peasants, except for those which belong to the state under the law. Homestead and reserved land and hilly land reserved for private use are collectively owned by peasants. Land collectively owned by peasants which belongs to village peasants collectively in accordance with the law shall be operated and managed by the village collective economic organization or village committee.

Pursuant to the Land Administration Law of the Chinese Mainland, the Implementing Regulations for the Land Administration Law of the Chinese Mainland, and the Provisional Regulations of the Chinese Mainland Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas, except for the allocation of state-owned land use rights within the scope prescribed by law, the PRC implements a paid-use system for state-owned land in accordance with the law. The methods of compensated use of state-owned land mainly include transfer of state-owned land use rights, leasing of state-owned land, and using state-owned land use rights as a way of capital contribution or investment in exchange for equity. Transfer of land use rights can be conducted by means of agreement, tender, and auction. Transfer of land use rights requires the signing of a land use right transfer contract and payment of land premium.

(iv) The Environmental Protection Law of the Chinese Mainland, The Environmental Impact Assessment Law of the Chinese Mainland, and The Category-based Management Directory on the Environmental Impact Assessment for Construction Projects

The Environmental Protection Law, which was adopted in 1989, last amended in 2014 and became effective in 2015, established the legal framework for environment protection in China. The Environmental Protection Law requires the Ministry of Ecology and Environment of China (the “MEE”) to implement uniform supervision and administration of environmental protection work nationwide and establishes national waste discharge standards. Enterprises producing environmental contamination and other public hazards must incorporate environmental protection work into their planning and establish environmental protection systems. As of the date of this prospectus, the business of us and our subsidiaries complied with the relevant provisions of the Environmental Protection Law.

7. BUSINESS OVERVIEW (CONT'D)

Through the adoption of the Environmental Impact Assessment Law of the Chinese Mainland in 2018 and the Category-based Management Directory on the Environmental Impact Assessment for Construction Projects, which was recently amended in 2020 and became effective on 1 January 2021, the PRC government established a system to appraise the environmental impact of construction projects and classify the appraisal based on the degree of environmental impact caused by such construction project. Entities undertaking construction projects with potential environmental impacts are required to produce either a report, statement, or a registration form regarding such environmental impacts, depending on the severity of the potential effects on the environment.

(v) The Administrative Measures for Pollutant Discharge Licensing, The Catalogue for Classified Administration List of Pollutant Discharge Permits for Stationary Pollution Sources, and The Regulations on Pollutant Discharge Permit Administration

Pursuant to the Administrative Measures for Pollutant Discharge Licensing, which was promulgated by the MEE on 1 April 2024 and took effect on 1 July 2024, enterprises, public institutions and other producers and operators that are subject to pollutant discharge permit administration shall apply for a pollutant discharge permit and discharge pollutants in accordance with the requirements of the pollutant discharge permit. Any enterprise that fails to obtain a pollutant discharge permit shall not discharge pollutants.

According to the Catalogue for Classified Administration List of Pollutant Discharge Permits for Stationary Pollution Sources, which was promulgated by the MEE on 20 December 2019 and took effect on the same date, based on factors such as the amount of pollutants generated and discharged, and the degree of impact on the environment, focused management, streamlined management, and registration management of pollution discharge permits are implemented. Pollutant-discharging entities subject to discharge registration are not required to apply for a pollutant discharge permit but should fill in a pollutant discharge registration form on the National Pollutant Discharge Permit Administration Information Platform.

The Regulations on Pollutant Discharge Permit Administration issued by the State Council on 24 January 2021 and implemented on 1 March 2021, further enhance the pollutant discharge administration. Pollutant-discharging entities shall practice focused and streamlined management pursuant to the amount of pollutants generated and discharged and the degree of impact on the environment. The review, decision and information disclosure of pollutant discharge permit shall be handled through the National Pollutant Discharge Permit Administration Information Platform. The pollutant discharge permit is valid for 5 years and the discharging entities should apply for renewal of the pollutant discharge permit 60 days before its expiry.

7. BUSINESS OVERVIEW (CONT'D)

(vi) The Labor Law of the Chinese Mainland, the Labor Contract Law of the Chinese Mainland, the Regulations on Implementing the Labor Contract Law of the Chinese Mainland, the Social Insurance Law of the Chinese Mainland and The Regulations on the Management of Housing Fund

(a) Labor

Pursuant to the Labor Law of the Chinese Mainland, which was promulgated by the SCNPC on July 5, 1994, last amended on December 29, 2018 and came into effect on the same date, the Labor Contract Law of the Chinese Mainland, which was promulgated by the SCNPC on June 29, 2007, last amended on December 28, 2012 and came into effect on July 1, 2013, and the Regulations on Implementing the Labor Contract Law of the Chinese Mainland, which were promulgated by the State Council on September 18, 2008 and came into effect on the same date, a written labor contract shall be entered into to establish a labor relationship between an employer and his or her employee. Wages may not be lower than the local standards of minimum wages. Employers shall establish their respective system of occupational safety and sanitation, implement the rules and standards issued or imposed by PRC from time to time, provide education regarding occupational safety and sanitation to their employees, provide their employees with labor safety and sanitation conditions and necessary articles of labor protection supplies conforming to the provisions of the Chinese Mainland, and provide regular health examination for employees engaged in work involving occupational hazards. Employers are prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance with national regulations.

(b) Social Insurance and Housing Fund

Under the Social Insurance Law of the Chinese Mainland that was promulgated by the SCNPC on 28 October 2010, and came into force as of 1 July 2011, and last amended on 29 December 2018, together with other laws and regulations, employers are required to pay basic pension insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance, and other social insurance for their employees at specified percentages of the salaries of the employees, up to a maximum amount specified by the local government regulations from time to time. When an employer fails to fully pay social insurance premiums, relevant social insurance collection agency shall order it to make up for any shortfall within a prescribed time limit and may impose a late payment fee at the rate of 0.05% per day of the outstanding amount from the due date. If such employer still fails to make up for the shortfalls within the prescribed time limit, the relevant administrative authorities shall impose a fine of 1 to 3 times the outstanding amount upon such employer.

In accordance with the Regulations on the Management of Housing Fund which was promulgated by the State Council on 3 April 1999 and recently amended on 24 March 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employers and employees are also required to pay and deposit housing funds, with an amount of no less than 5.00% of the monthly average salary of the employee in the preceding year in full and on time.

If an enterprise fails to pay in full or in part its housing funds contributions, such enterprise will be ordered by the housing funds enforcement authorities to make such contributions and may be compelled by the people's court that has jurisdiction over the matter to make such contributions.

7. BUSINESS OVERVIEW (CONT'D)

- (vii) **The Regulations on the Control of Foreign Exchange, Circular on Reforming the Management Approach regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprise (“SAFE Circular 19”), Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (“SAFE Circular 16”), Circular on Further Promoting Cross-border Trade and Investment Facilitation, Measures for Information Reporting on Foreign Investment, and Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (“SAFE Circular 13”)**

According to the Regulations on the Control of Foreign Exchange, which were promulgated by the State Council on 29 January 1996, came into effect on 1 April 1996, and were last amended on 5 August 2008, payments for transactions that take place within the PRC must be made in RMB. Unless otherwise approved, PRC companies may not repatriate foreign currency payments received from abroad or retain the same abroad. RMB is convertible into other currencies for current account items, such as trade-related receipts and payments of interest and dividends. The conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the State Administration of Foreign Exchange (the “SAFE”) or its local office. According to regulations on foreign exchange settlement of foreign-invested enterprises (“FIEs”), they may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange pursuant to relevant SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

The Circular on Reforming the Management Approach regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprise, or SAFE Circular 19, which was promulgated by the SAFE on 30 March 2015 and last amended on 24 March 2023, allows FIEs to settle their foreign exchange capital at their discretion. The Renminbi converted from the foreign exchange capital will be kept in a designated account and if an FIE needs to make further payment from such account, it needs to provide supporting documents and proceed with the review process with the banks. Furthermore, SAFE Circular 19 stipulates that the use of capital by FIEs shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an FIE and capital in Renminbi obtained by the FIEs from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate not for self-use (except for the foreign-invested real estate enterprises).

The Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, which was promulgated by the SAFE and became effective on 9 June 2016, provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self-discretionary basis which applies to all enterprises registered in China. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by Chinese Mainland Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

7. BUSINESS OVERVIEW (CONT'D)

The Circular on Further Promoting Cross-border Trade and Investment Facilitation, which was promulgated on 23 October 2019 by the SAFE and became effective on the same date, further cancels restrictions on the domestic equity investment by non-investment-oriented foreign-funded enterprises with their capital funds and provides that non-investment-oriented foreign-funded enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise that the existing special administrative measures (negative list) for foreign investment access are not violated and the projects invested thereby in China are true and compliant.

On 30 December 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment, which became effective on 1 January 2020. Pursuant to these measures, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

Pursuant to the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or the SAFE Circular 13, became effective on 1 June 2015 and was amended on 30 December 2019, and other laws and regulations relating to foreign exchange, when setting up a new foreign invested enterprise, the foreign invested enterprise shall register with the bank located at its registered place after obtaining the business license, and if there is any change in capital or other changes relating to the basic information of the foreign-invested enterprise, including without limitation any increase in its registered capital or total investment, the foreign invested enterprise must register such changes with the bank located at its registered place after obtaining the approval from or completing the filing with competent authorities. Pursuant to the relevant foreign exchange laws and regulations, the above-mentioned foreign exchange registration with the banks will typically take less than 4 weeks upon the acceptance of the registration application.

- (viii) **The Enterprise Income Tax Law of the Chinese Mainland (the “EIT Law”), the Value-Added Tax Law of Chinese Mainland (the “VAT Law”), The Regulations for the Implementation of the Value-Added Tax Law of Chinese Mainland, The Administrative Measures for Non-Resident Taxpayers to Enjoy Treatment under Treaties, and The Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises**

(a) Enterprise Income Tax

On 16 March 2007, the SCNPC promulgated the Enterprise Income Tax Law of the Chinese Mainland, which was amended on 24 February 2017 and 29 December 2018. Under the EIT Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with Chinese Mainland laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC.

7. BUSINESS OVERVIEW (CONT'D)

Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25.00% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10.00% with respect to their income sourced from inside the PRC. According to the EIT Law and relevant regulations, subject to the permission or approval of competent tax authorities, the income tax of an enterprise that has been determined to be a high and new technology enterprise shall be reduced to a preferential rate of 15.00%.

(b) Value-Added Tax

On 25 December 2024, the State Council promulgated the Value-Added Tax Law of the Chinese Mainland and the regulations for the implementation of the value-added tax law of PRC, which came into effect on 1 January 2026. According to the VAT Law, entities and individuals (including individual businesses) that sell goods, services, intangible assets, or immovable property within the territory of the PRC, or import goods, are VAT taxpayers and shall pay value-added tax in accordance with regulations. The regulations for the implementation of the value-added tax law of the Chinese Mainland clarifies critical definitions (e.g., taxable transactions, place of supply, time of tax liability), specifies the detailed application of VAT rates (13%, 9%, 6%, and 0%), and sets out clear rules for tax calculation, input tax credit, invoice management, tax filing, and withholding. Unless otherwise stipulated, the tax rate for taxpayers selling goods, providing processing, repair and replacement services, leasing tangible movable property, or importing goods is 13%.

(c) Dividends Withholding Tax

Pursuant to the EIT Law and its implementation rules, dividends from income generated from the business of a PRC subsidiary after 1 January 2008 and distributed to its foreign investor are subject to withholding tax at a rate of 10.00% if the Chinese Mainland tax authorities determine that the foreign investor is a non-resident enterprise, unless there is a tax treaty with China that provides for a preferential withholding tax rate. On 14 October 2019, SAT promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatment under Treaties, or SAT Circular 35, which became effective on 1 January 2020. SAT Circular 35 provides that non-PRC resident enterprises are not required to obtain pre-approval from the relevant tax authorities in order to enjoy the reduced withholding tax. Instead, non-PRC resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and include necessary forms and supporting documents in the tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities.

7. BUSINESS OVERVIEW (CONT'D)

(d) Tax on Indirect Transfer

On 3 February 2015, the SAT issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or the SAT Circular 7. Pursuant to the SAT Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets, whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China, and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure. SAT Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange.

On 17 October 2017, the SAT issued the Circular on Issues of Tax Withholding regarding Source of Non-PRC Resident Enterprise Income Tax, or the SAT Circular 37, which further elaborates on the relevant implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises.

(ix) The Customs Law of the Chinese Mainland, and The Regulations of the Chinese Mainland Customs on Administration of Recordation of Declaration Entities

Pursuant to the Customs Law of the Chinese Mainland adopted by the SCNPC on 22 January 1987, amended on 29 April 2021 and effective on the same date, imported goods shall be subjected to PRC customs' supervision and administration from time of their entry into the PRC territory to customs' clearance. Moreover, the PRC customs supervise exported goods as well as transit, transshipment and through-shipment goods throughout the period where the goods were declared or arrived, to the goods' departure from PRC territory.

Pursuant to the Regulations of the Chinese Mainland Customs on Administration of Recordation of Declaration Entities, adopted by the General Administration of Customs on 19 November 2021 and effective from 1 January 2022, customs declaration entities acting as consignees and consignors of import and export goods must apply for recordation to obtain market entity qualifications. The recordation is valid for an indefinite long term, while temporary recordation is valid for 1 year and may be renewed upon expiry.

7.26.3 Environmental, social and governance practices

We recognise the importance of adopting ESG practices such as ensuring environmentally responsible operations, providing conducive workplaces for employees and a high standard of corporate governance for sustainable value creation and maintaining the confidence of our shareholders and stakeholders. As such, we will focus on the following 3 broad categories:-

7. BUSINESS OVERVIEW (CONT'D)

(i) Environmental sustainability

Our Group is committed to complying with all applicable environmental, health and safety laws and regulations. Climate and environmental risks, including energy use and emissions, are assessed and monitored to support effective risk management, operational continuity, and regulatory compliance.

Our Group seeks to minimise the environmental footprint of our operations through responsible resource management. Our management team actively promotes initiatives to expand sustainable capacity, enhance energy efficiency through solar power integration in all our 3 manufacturing facilities and reducing reliance of non-renewable resources. Our Group also endeavours to educate and raise awareness amongst our employees on the importance of waste segregation and recycling.

In addition, our Group also places an emphasis on cultivating environmental, health, and safety awareness among our employees and continuously enhancing our processes, policies and practices. These efforts support continuous improvement in our environmental performance and demonstrate our commitment to sustainable and responsible operations.

(ii) Social Sustainability

Our Group's social practices focus on supporting employee welfare, maintaining a safe and inclusive workplace, promoting fair employment practices and fostering responsible conduct across our operations. We value diversity by ensuring all employees have equal opportunities for growth and development. Our human resource policies are aligned with the national labour laws, namely, the Employment Act 1955, Malaysian Anti-Corruption Commission Act 2009 and Personal Data Protection Act 2010. Discrimination, harassment, abusive conduct, and bullying are strictly prohibited, ensuring a safe and respectful work environment for everyone.

Our Group implements human capital and employee welfare initiatives aimed at safeguarding health and safety, supporting employee well-being and enhancing skills and capabilities. These initiatives include workplace safety measures, training and development programmes and practices designed to promote compliance with internal policies and applicable requirements. We seek to maintain a positive and productive working environment that supports employee engagement and long-term organisational sustainability.

Our Group engages with a wide range of stakeholders, including employees, customers and suppliers to understand their expectations and incorporate relevant considerations into our sustainability practices. Community initiatives are undertaken in line with our corporate social responsibility efforts to ensure consistent and responsible support for our local community, such as engaging in coastal clean-up programs to help remove waste and protect the environment.

ESG and climate-related risks are embedded into our strategic planning and Group wide risk management processes and are reviewed periodically to support long-term resilience and responsible growth.

(iii) Governance

Our Group's governance framework is underpinned by a strong commitment to ethical conduct, accountability and compliance with all applicable laws and regulatory requirements. Our management has established a comprehensive set of internal policies that set clear standards of behaviour for our directors and employees, address risks relating to corruption, conflicts of interest and financial crime and promote responsible and transparent business practices. These policies form part of our broader internal control environment and support our effective management of ESG-related risks.

7. BUSINESS OVERVIEW (CONT'D)

Our Group maintains a whistleblowing framework that provides secure and confidential channels for our employees and external parties to report any actual or suspected misconduct, breaches of law or non-compliance with our internal policies. Our management ensures that all reports are taken seriously and investigated in a fair, consistent and timely manner, with appropriate safeguards in place to protect whistleblowers from retaliation. We continue to enhance our governance, monitoring and disclosure practices to ensure ongoing regulatory compliance and alignment with evolving sustainability standards and stakeholder expectations.

7.27 Non-compliances with the relevant laws, regulations, rules and requirements governing the conduct of the operations of our Group

Save for the non-compliances as disclosed below, as at the LPD, our Group is in compliance with the relevant laws, regulations, rules and requirements governing the conduct of the business of our Group:-

(i) Malaysia

As at the LPD, there are 121 Bumiputera employees out of a total of 498 employees, representing 24.30% of the total workforce at the Bayan Lepas Plant owned by QFSB.

This does not comply with 1 of the express conditions stated on the land title of the Bayan Lepas Plant as clause (iv) of the express conditions stipulates that “30% of the employees engaged in the business conducted on this land shall consist of Bumiputera (*Menetapkan bahawa 30% daripada pekerja-pekerja yang diambil dalam perniagaan untuk tanah yang diberi milik ini hendaklah terdiri dari kaum Bumiputra*)” (“**Condition**”).

The land surveyor appointed by us had submitted the application to the Southwest District and Land Office (“**Pejabat Daerah dan Tanah Barat Daya**”) for the removal of the Condition from the land title of the Bayan Lepas Plant on 21 January 2026 and the estimated processing time for the application to remove the Condition is approximately 6 months, from the date of submission.

The estimated cost of rectification is RM15,254 comprising of RM10,000 (being the estimated fee payable to the land office), RM4,754 (being the cost to appoint the land surveyor) and RM500 for the conversion fee.

Notwithstanding that the non-compliance of the Condition may remain unresolved at the time of our Listing, we will continue to make the necessary applications and/or engage with the relevant authorities even after our Listing to resolve and address the said non-compliance in accordance with the directions of the relevant authorities.

Our management is following up closely and liaising with relevant authorities to resolve the said non-compliance in the best interest of our Company. We will update our shareholders on the status of the non-compliance incident in our annual reports.

Impact to business operations or financial condition of our Group

While we have applied for the removal of the Condition which is still pending, the impact to the business operations or financial condition of our Group is not material, as the estimated cost of rectification of RM15,254 and maximum potential penalty of RM37,000 per annum (calculated based on an initial fine of RM500 and a further fine of RM100 per day, if continuing breach), which if simultaneously imposed on a maximum basis would amount to less than 0.10% of our Group’s PBT for the FYE 2025 is not material to our Group.

7. BUSINESS OVERVIEW (CONT'D)

(ii) PRC

During the Financial Years Under Review, SHTEI did not make housing provident contributions for certain employees with non-Xiamen urban household registration; and SHTEI and RPM did not make sufficient social insurance and housing provident fund contributions based on the statutory contribution base.

This does not comply with the relevant Chinese Mainland laws and regulations, specifically:-

- (a) Article 58 and Article 60 of the Social Insurance Law of the Chinese Mainland (《中华人民共和国社会保险法》), which stipulate that an employer shall perform social insurance registration for its employees and shall declare and pay social insurance premiums in full and on time on its own; and
- (b) Article 15 and Article 20 of the Regulations on the Management of Housing Provident Fund (《住房公积金管理条例》), which stipulates that an employer shall perform Housing Provident Fund registration for its employees and pay the housing provident fund for its employees in full and on time, and shall not pay it in arrears or underpay it.

Pursuant to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《关于稳妥有序做好社会保险费征管有关工作的通知》) issued by the State Administration of Taxation (the “SAT”), responsible for the collection of social insurance contributions, in September 2018 and the Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《关于实施进一步支持和服务民营经济发展若干措施的通知》) issued by the SAT in November 2018, local authorities are generally prohibited from organising centralised collection of historical arrears from enterprises.

Furthermore, the Notice on Issuing the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《关于印发降低社会保险费率综合方案的通知》) which was promulgated by the General Office of the State Council in April 2019 underlines that the duties for collection of social insurance premiums paid by enterprises in any province shall not conduct centralised collection of historical fees and charges owed by enterprises on their own and shall not adopt any practices that would increase the actual contribution burden on small and micro enterprises, so as to avoid causing operational difficulties for such enterprises.

It is common practice for enterprises in the Chinese Mainland to have instances of non-payment or underpayment of social insurance and/or housing provident fund contributions due to history industry practices, legacy employment arrangements, as well as circumstances where certain employees opted not to participate in specific social insurance or housing provident fund schemes notwithstanding the employer's obligations.

According to the public credit information report from Credit China, during the Financial Years Under Review, neither SHTEI nor RPM has been subject to any penalties from the relevant authorities related to social insurance or housing provident fund matters. As at the LPD, neither SHTEI nor RPM has received any notice from the relevant authorities ordering it to make contributions.

Based on consultation with the Xiamen Labor Supervision Administration and the Xiamen Housing Provident Fund service hotline, authorities typically will not retroactively require the company to make shortfall contributions for social insurance and or housing provident fund based on the employees' average monthly wages of the preceding year, nor will it impose late payment fees or administrative penalties for such matters.

7. BUSINESS OVERVIEW (CONT'D)

Impact to business operations or financial condition of our Group

Our Group and our Board are of the view that no immediate rectification is required as at the LPD, and any future financial impact is not expected to have a material impact on our Group's operations after taking into consideration of the following:-

(a) Potential disciplinary actions

According to Chinese Mainland's Social Insurance Law and Regulations on the Management of Housing Provident Fund, Chinese Mainland authorities could order Chinese Mainland entities to pay the shortfall plus late surcharges. Penalty of 1 to 3 times the overdue amount would only be imposed if we fail to comply with such a payment order. Save for the payment of the shortfall plus late surcharges, no disciplinary action (i.e. imprisonment), will be imposed on SHTEI and RPM.

Given that (1) neither SHTEI nor RPM was subject to any penalties related to social insurance premiums and housing provident fund matters during the Financial Years Under Review; and (2) As at the LPD, neither SHTEI nor RPM have received any notice from the authorities ordering it to make contributions. SHTEI and RPM will make such payments, if ordered to do so, within the timeframe required by the authorities to avoid any penalties; therefore, the risk of SHTEI and RPM being subject to administrative penalties for failure to make sufficient social insurance and/or housing provident fund contributions for their employees is relatively low.

(b) Impact to financial conditions

Given that (1) neither SHTEI nor RPM was subject to any penalties nor received any notice from the authorities ordering us to make contributions; (2) pursuant to the relevant policies, local authorities generally shall not conduct centralised collection of historical arrears, and based on consultation with the relevant local authorities confirmed that they typically do not retroactively require shortfall contributions unless specific complaints are filed; and (3) As at the LPD, no complaints raised by our employees with respect to the above, and under the premise that there are no significant changes to the current Chinese Mainland policies and regulations or to the enforcement and supervision requirements of local governments, and assuming no employee complaints are filed, our Chinese Mainland Legal Adviser, are of the view that the likelihood that SHTEI and RPM would be subject to administrative penalties due to the failure to make social insurance premiums and/or housing provident fund contributions for their employees is remote.

In the unlikely event we are ordered to rectify the non-compliance for the Financial Years under Review, the estimated shortfall is approximately RM3.9 million, RM3.3 million and RM3.1 million, respectively, which represent 5.0%, 3.9% and 3.4% of our Group's PBT for the FYE 2023, FYE 2024 and FYE 2025, respectively. SHTEI and RPM will make such payments, if any, within the timeframe required by the authorities to avoid any penalties.

We have been advised that such non-compliance gives rise to administrative liabilities only and would not result in any criminal liability or imprisonment.

Premised on the above, this non-compliance will not have a material adverse effect on the business operations and financial condition of our Group.

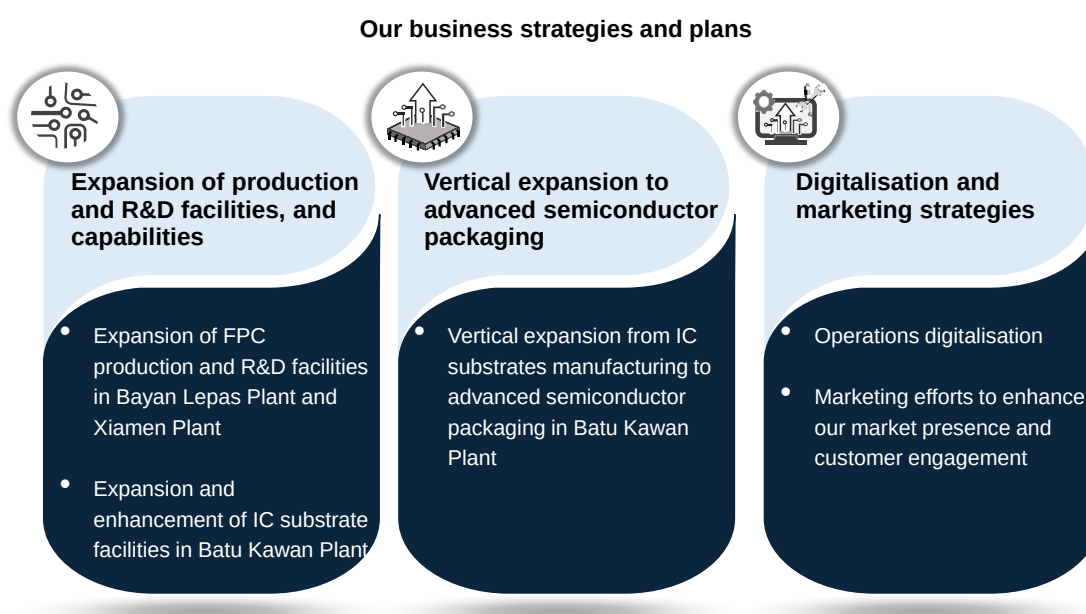
7. BUSINESS OVERVIEW (CONT'D)

7.28 Overview of our business strategies and plans

Moving forward, we will continue to focus our existing business activities, leverage our core competencies to enter new growth areas, and capitalise on opportunities to sustain and grow our business.

Our business strategies and plans include expanding, modernisation and enhancing our facilities in Malaysia and the PRC to support our growth and venturing into new businesses by vertically expanding from IC substrates into advanced semiconductor packaging in Malaysia.

The summary of our business strategies and plans is as follows:-



7.28.1 Expansion of production, and R&D facilities, and capabilities

(i) FPC expansion

We plan to expand the production facilities and capabilities of our FPC manufacturing at the Bayan Lepas Plant and Xiamen Plant, and undertake R&D initiatives at the Xiamen Plant. This will involve enhancing product robustness and manufacturing efficiency, with a particular focus on precision and performance.

(a) Expanding and modernising production facilities and capabilities

The expansion and modernisation of our FPC operational facilities and capabilities in our Bayan Lepas Plant and Xiamen Plant involves the purchase and installation of additional equipment to strengthen our manufacturing and assembly capabilities and support future business growth. This mainly includes the acquisition of the following equipment:-

- circuit formation equipment to support finer capabilities;
- mechatronic equipment to enhance process precision and efficiency, while minimising handling-related defects;
- circuit protection equipment to increase automation for the surface protection process focusing on improvements in mechanical strength and uniformity across large panel FPC;

7. BUSINESS OVERVIEW (CONT'D)

- circuit verification equipment to expand quality assurance capabilities;
- surface finishing equipment for additional precision surface treatment lines; and
- FPC assembly facilities to upgrade our existing SMT lines through the integration of equipment, enhancing quality control and improving production efficiency.

This expansion will increase the annual production capacity of our Bayan Lepas Plant and Xiamen Plant, with total FPC manufacturing capacity expected to increase by approximately 50.00%, from approximately 112 million pieces as at the LPD to 168 million pieces by the 4th quarter of 2029.

(b) Factory upgrade

Further, as part of our modernisation plan for the Xiamen Plant, we intend to undertake renovations works and upgrades key supporting systems. The renovation works will involve the reorganising and expansion of existing productions area, which would allow our Group to accommodate additional equipment and improve workflow efficiency. The upgrading key supporting systems will include the wastewater treatment systems and cold storage facilities. We intend to commence factory upgrade work progressively between 1st quarter and 4th quarter of 2027.

(c) Expanding R&D facilities and capabilities

In addition to our FPC capabilities expansion plan in our Xiamen Plant, we also plan to undertake R&D to adopt new process technologies focused on advanced fine-line manufacturing processes. While the expansion and modernisation of production facilities described in **Section 7.28.1(i)(a)** above are primarily focus on scaling up and upgrading our existing production processes to increase capacity, yield and operational efficiency, these R&D initiatives are differentiated in that they are aimed at evaluating, developing and qualifying new process technologies and process flow. Through the R&D initiatives, we intend to develop new advanced process technologies that enable ultra-fine line widths and spacing, high interconnection density and enhanced electrical performance, thereby strengthening our technology competitiveness in FPC manufacturing.

As at the LPD, our Xiamen Plant utilises precision subtractive etching process, where circuit patterns are formed through photolithography and controlled chemical etching to remove unwanted copper from a full copper layer to forms the fine-pitch copper circuitry on the flexible substrates. While this process technology continues to meet current production requirements, our Group plans to progressively enhance our process technology through R&D to address increasingly stringent customer and market demands. In this regard, we intend to adopt new advanced fine-line manufacturing process technologies, which include, amongst others, modified semi additive process (mSAP) technologies (which involved the selectively plating copper onto patterned areas on the FPC rather than etching unwanted copper from a full copper layer), upon successful R&D effort. In addition, we intend to expand our rigid-flex FPC capabilities, leveraging both the precision subtractive etching process and new advanced fine-line manufacturing process technologies. These efforts are intended to support the continuous advancement of our fine-line FPC manufacturing capabilities, which are increasingly required for advanced FPC applications involving high-density circuitry in industries such as advanced medical imaging and instrumentation.

7. BUSINESS OVERVIEW (CONT'D)

Our R&D activities will involve the development of pilot prototypes leveraging the advanced fine-line technologies, the optimisation of photolithography and etching process parameters, the evaluation of materials and plating control and carrying out performance validation and process refinement, to ensure reliable electrical and mechanical performance.

In addition, we intend to invest in analytical equipment to support our continuous research and development activities for our FPC manufacturing capabilities. Such equipment is intended to support process development, product evaluation and technical validation activities for fine-line circuit formation, coverlay and bonding processes, roll-to-roll chemical processing, surface finishing and assembly-related processes, as well as the evaluation of materials performance and process reliability in FPC production.

Our Group has been continuously conducting market research and engaging with our customers to gain a better understanding of the latest technological advancements and future demand for advanced process technologies. The timing and scope of adoption of such technologies will be dependent on market trends, customer requirements and commercial feasibility and our Group may adopt alternative advanced process technologies where appropriate.

(d) Estimated costs

The total estimated costs for the expansion of our production facilities at our Bayan Lepas Plant and Xiamen Plant are set out below, of which the entire cost will be funded through IPO proceeds:-

	Estimated costs			⁽¹⁾ Expected timeline
	Bayan Lepas Plant RM'000	Xiamen Plant RM'000	Total RM'000	
Expansion of FPC production facilities and capabilities	[•]	[•]	[•]	2026 – 2029
- Circuit formation equipment ⁽²⁾	[•]	[•]	[•]	2026 - 2029
- Mechatronic equipment ⁽³⁾	[•]	[•]	[•]	2026 - 2029
- Circuit protection equipment ⁽⁴⁾	[•]	[•]	[•]	2026 - 2029
- Circuit verification equipment ⁽⁵⁾	[•]	[•]	[•]	2026 - 2029
- Surface finishing equipment ⁽⁶⁾	[•]	[•]	[•]	2026 - 2029
- FPC assembly facilities ⁽⁷⁾	[•]	[•]	[•]	2026 - 2029
- Analytical equipment ⁽⁸⁾	[•]	[•]	[•]	2026 - 2029
- Factory upgrades ⁽⁹⁾	[•]	[•]	[•]	2027
Expansion of FPC R&D facilities and capabilities	[•]	[•]	[•]	2027 - 2029
- Circuit formation equipment ⁽¹⁰⁾	[•]	[•]	[•]	2027 - 2029
- Circuit verification equipment ⁽¹¹⁾	[•]	[•]	[•]	2027 - 2029
- Analytical equipment ⁽¹²⁾	[•]	[•]	[•]	2027 - 2029
Total	[•]	[•]	[•]	

7. BUSINESS OVERVIEW (CONT'D)

Notes:-

- (1) *Expected timing based on the planned implementation schedule.*
- (2) *Circuit formation equipment includes photolithography and DES systems, drilling equipment, photoresist lamination and related equipment.*
- (3) *Mechatronic equipment includes automated and precision punching equipment, and automated handling equipment.*
- (4) *Circuit protection equipment includes automated and precision lamination equipment, and solder mask printing equipment.*
- (5) *Circuit verification equipment includes automated inspection equipment, an electrical testing machine, and dimensional inspection equipment.*
- (6) *Surface finishing equipment includes gold and tin plating lines.*
- (7) *FPC assembly facilities include the purchase of a fully automated high-precision SMT line, as well as upgrades of our existing SMT lines with the purchase of automated soldering equipment, tower systems for automated component storage and material handling, and in-line automated inspection equipment.*
- (8) *Analytical equipment includes microscopy and spectroscopy for materials characterisation, process analysis and other analyses.*
- (9) *Factory upgrades include renovation works.*
- (10) *Circuit formation equipment for R&D includes photolithography and DES equipment, lamination equipment, and automated optical shaping equipment.*
- (11) *Circuit verification equipment for R&D includes a coordinate measuring machine.*
- (12) *Analytical equipment for R&D includes microscopy and spectroscopy for materials characterisation, process analysis and other analyses for the FPCs manufactured using advanced fine-line manufacturing processes.*

(ii) IC substrate expansion

Similarly, the expansion and enhancement of our IC substrate facilities at our Batu Kawan Plant involves purchasing additional equipment to strengthen our manufacturing capabilities and support our future business growth. This mainly includes the acquisition of the following equipment:-

- circuit formation equipment to support finer capabilities;
- mechatronic equipment to enhance production efficiency and consistency;
- circuit protection equipment to improve yield and product reliability; and
- circuit verification equipment to further strengthen quality assurance and process control.

The expansion will increase the annual production capacity of our Batu Kawan Plant, with total annual IC substrate manufacturing capacity expected to increase by approximately 40.00% from 600 million pieces to 840 million pieces by the 4th quarter of 2029.

7. BUSINESS OVERVIEW (CONT'D)

The total estimated cost for the expansion of our production facilities at our Batu Kawan Plant, is set out below, of which the entire cost will be funded through IPO proceeds:-

Batu Kawan Plant	Estimated costs RM'000	(1) Expected timeline
Expansion and enhancement of IC substrate facilities	[•]	2026 – 2029
- Circuit formation equipment ⁽²⁾	[•]	2026 – 2029
- Circuit protection equipment ⁽³⁾	[•]	2026 – 2029
- Mechatronic equipment ⁽⁴⁾	[•]	2026 – 2029
- Circuit verification equipment ⁽⁵⁾	[•]	2026 – 2029
Total	[•]	

Notes:-

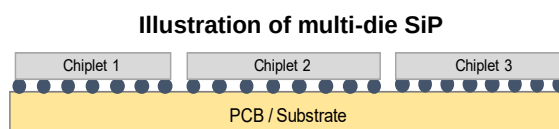
- (1) Expected timing based on the planned implementation schedule.
- (2) Circuit formation equipment includes high-precision circuit patterning and imaging equipment and mechanical cutting equipment.
- (3) Circuit protection equipment includes substrate lamination and coating equipment, surface preparation equipment and solder mask imaging equipment.
- (4) Mechatronic equipment includes laser cutting and marking equipment, and mechanical cutting equipment.
- (5) Circuit verification equipment includes electrical testing equipment.

7.28.2 Vertical expansion to advanced semiconductor packaging

Our strategy is to address new business opportunities through vertical expansion from IC substrate manufacturing into advanced semiconductor packaging at our Batu Kawan Plant. Our IC substrate business has continued to grow since the commencement of our pilot production in 2013. This was reflected in our revenue trajectory, with a CAGR of 16.90% from our IC substrate manufacturing operations between FYE 2023 and FYE 2025.

Our vertically integrated production plan will encompass the entire manufacturing process, from IC substrate manufacturing to advanced semiconductor packaging. Our initial investment will focus on establishing an R&D production facility dedicated to advanced semiconductor packaging, where multiple dies or chiplets and associated components are integrated directly onto our in-house manufactured IC substrates. This enables us to accelerate innovation and enhance package performance to meet growing demand for high-density, high-performance semiconductors. The capacity of the new pilot production facility for advanced semiconductor packaging is estimated at 30 million units per year. Through this initiative, we aim to enhance our technical capabilities in semiconductor component assembly and advanced packaging markets and enhance product performance. Over time, this is expected to broaden our product offerings and diversify our revenue streams.

The R&D production facility is designed to support a series of manufacturing processes, including assembly and packaging, that combine multiple chiplets/dies into a single semiconductor package, such as a system-in-package (SiP). This involves the following processes:-



7. BUSINESS OVERVIEW (CONT'D)

- Wafer thinning and dicing to prepare individual dies for assembly;
- Chiplet/die bonding to attach the chiplet/die onto the IC substrate;
- Reflow soldering to form an electrical and mechanical interconnection between the chiplet/die and substrate;
- Underfill dispensing and curing to enhance mechanical strength and thermal reliability;
- Moulding and encapsulation to protect the assembled package from environmental and mechanical stress;
- In-process testing, including automated electrical and functional tests to ensure assembly integrity and performance;
- Singulation to cut the moulded panel into individual units; and
- Inspection and quality verification process, such as optical and electrical checks.

The total estimated cost for the R&D production facility at our Batu Kawan Plant is set out below, of which the entire cost will be funded through IPO proceeds:-

Batu Kawan Plant	Units	Estimated costs RM'000	⁽¹⁾ Expected commencement and completion period
Expanding R&D facilities	[•]	[•]	2027 - 2029
- wafer and package preparation equipment ⁽²⁾	[•]	[•]	2027 - 2029
- die attach and bonding equipment ⁽³⁾	[•]	[•]	2027 - 2029
- moulding equipment ⁽⁴⁾	[•]	[•]	2027 - 2029
- laser marking and packaging equipment ⁽⁵⁾	[•]	[•]	2027 - 2029
- inspection and testing equipment ⁽⁶⁾	[•]	[•]	2027 - 2029
Total	[•]	[•]	

Notes:-

- (1) Expected timing based on the planned implementation schedule.
- (2) Wafer and package preparation equipment includes wafer thinning and dicing equipment.
- (3) Die attach and bonding equipment includes equipment for precision die placement onto substrates, die bonding equipment and SMT chip placement line.
- (4) Laser marking and packaging equipment includes equipment for substrate and package identification, laser-based marking, labelling, singulation and automated tape-and-reel handling.
- (5) Inspection and testing equipment includes systems for optical inspection, and mechanical and electrical testing, such as ball shear and die shear.

7.28.3 Digitalisation and marketing strategies

(i) Operations digitalisation

We plan to progressively digitalise our operational processes to enhance production planning and monitoring. This will improve data accuracy and traceability across manufacturing and administrative functions, while strengthening interdepartmental coordination. We aim to invest in software applications that will optimise our business operations, as outlined below:-

7. BUSINESS OVERVIEW (CONT'D)

(a) Circuit design and engineering software

We intend to invest in circuit design and engineering software to streamline our product development activities and engineering workflows. This software is expected to improve design accuracy and consistency, facilitate better collaboration and information sharing among technical teams, and enable more efficient design reviews and modifications. The use of integrated design tools will also enhance documentation control and support the transition from design to manufacturing.

(b) Operational software

We plan to implement software solutions to support administrative and management functions. These include customer relationship management (CRM) software, a cloud-based enterprise resource planning (ERP) system and AI-enabled manufacturing systems with statistical process control capabilities. These systems will integrate data across various business functions and provide analytical insights into production, inventory, and operational performance. Ultimately, these solutions will improve the monitoring and control of manufacturing processes, enabling more informed, timely decision-making and enhancing overall operational coordination.

In addition, we plan to digitalise and upgrade operational facilities at our manufacturing facilities as follows:-

(a) Smart warehousing solutions and an automated packing system

We plan to invest in smart warehousing solutions and an automated packing system for our Bayan Lepas Plant, to optimise our warehouse and logistics operations. These digitalisation initiatives are expected to improve inventory accuracy, enhance material tracking and handling efficiency and streamline the order fulfilment process. The adoption of automated and digitally enabled systems will also reduce reliance on manual handling and improve workflow coordination within the warehouse.

(b) Chiller system and an AI-enabled energy-efficient building management system

We plan to invest in a chiller system and an AI-enabled energy-efficient building management system for our Batu Kawan Plant, to enhance facility and utilities management. These systems are expected to support stable and controlled production environments, enable real-time monitoring and optimisation of energy use, and improve the management of utilities and building infrastructure. Implementing these systems will also enable more efficient energy management.

The abovementioned digitalisation will be based in the Malaysia Operations, with the resources and capabilities to be shared between both the Malaysia Operations and PRC Operations. We plan to commence the digitalisation of our operations progressively between 2027 and 2028, with a total estimated cost of RM[●] million, to be funded through IPO proceeds.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Marketing strategies

We plan to expand our marketing efforts to enhance our market presence and customer engagement. These initiatives aim to raise awareness of our technical capabilities, manufacturing capacity and service offerings, while fostering long-term relationships with both existing and potential customers.

Our sales and marketing team will focus on participating in industry trade fairs, exhibitions and shows in key markets, including Japan, Europe, and the USA. This will allow us to engage directly with customers, industry stakeholders and potential business partners.

For the Financial Years Under Review, our marketing and related expenses represented 7.54% (RM3.6 million), 5.70% (RM2.5 million), and 2.87% (RM1.2 million) of our total administrative and marketing expenses for the FYE 2023, FYE 2024, and FYE 2025, respectively.

We plan to allocate approximately RM[●] million to support these marketing activities, which will be funded from our IPO proceeds and utilised within 36 months from the date of listing.

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8. INDEPENDENT MARKET RESEARCH REPORT



22 February 2026

The Board of Directors
SQ Advanced Interconnect Berhad
No. 99, Lebuhraya Kampung Jawa
Bayan Lepas Industrial Estate
11900 Bayan Lepas
Penang

Dear Sirs and Madams

Independent Industry Assessment of the Manufacturing of Flexible Printed Circuit Boards and Integrated Circuit Substrates

We are an independent business consulting and market research firm based in Malaysia, established in 1993. We offer consulting services, including business plans, opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market research. Since 1996, we have been involved in corporate exercises such as initial public offerings (IPO), reverse takeovers, chain listings, transfers to the Main Market, and business regularisations for publicly listed companies on Bursa Malaysia Securities Berhad (Bursa Securities). Our corporate exercise services encompass business overviews, independent industry assessments, management discussions and analyses, and business and industry risk assessments for prospectuses, shareholders' circulars and information memorandums.

We have been engaged to provide an independent industry assessment of the manufacturing of flexible printed circuit boards and integrated circuit substrates for inclusion in the prospectus of SQ Advanced Interconnect Berhad for its IPO and listing of its shares on the Main Market of Bursa Securities. This report has been prepared independently and objectively, with all reasonable due care taken to ensure its accuracy and completeness.

We believe the report provides a true and fair assessment of the industry, considering the limitations of timely and available information, and analyses based on secondary and primary market research as of the report date. However, it should be noted that our assessment pertains to the industry as a whole and may not reflect the performance of any specific company. We accept no responsibility for the decisions or actions of readers based on this document. This report should not be construed as a recommendation to buy, not buy, sell, or not sell the securities of any company.

Please be aware that our report may include disclosures, assessments, opinions, and forward-looking statements that are subject to hitherto unknown or undisclosed information, uncertainties, and contingencies. These statements are based on secondary information and primary market research, and despite careful analysis, the industry is influenced by various known and unforeseen factors that could cause actual outcomes and future results to differ materially from these statements.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan holds a Bachelor of Science from the University of New South Wales and a Master of Business Administration from the University of Technology, Sydney. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders, Australia. With over 30 years of experience in business consulting and market research, he has also assisted companies in their IPO and listings of their shares on Bursa Securities.

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor, Malaysia
Tel: (603) 7931 3188
www.vitalfactor.com

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Date of Report: 22 February 2026

INDEPENDENT INDUSTRY ASSESSMENT OF THE MANUFACTURING OF FLEXIBLE PRINTED CIRCUIT BOARDS AND INTEGRATED CIRCUIT SUBSTRATES

1. OVERVIEW OF SQAI GROUP'S BUSINESS AND REPORT PARAMETERS

- SQ Advanced Interconnect Berhad, together with its subsidiaries (SQAI Group), is principally involved in the flexible printed circuit board (FPC) manufacturing and assembly, as well as integrated circuit (IC) substrate manufacturing. The Group has manufacturing facilities in Malaysia and Chinese Mainland, primarily serving customers in the communication devices, semiconductors, medical devices, consumer electronics, automotive electronics, and industrial equipment manufacturing industries. The top four markets based on product shipment destinations of SQAI Group are Malaysia, Chinese Mainland, Japan, and the United States of America (USA). These shall form the focus of this report.

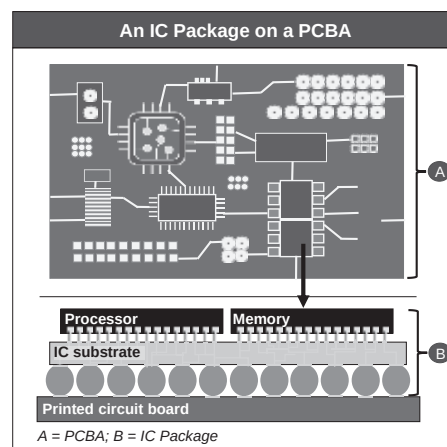
2. INDUSTRY OVERVIEW

2.1 Overview of IC, IC Substrate, and Printed Circuit Board

- A printed circuit board (PCB) is the base that provides mechanical support for the placement of electronic components, including packaged semiconductor devices, and establishes electrical connections between them. A PCB that has been populated with and electrically connected to these components is a PCB assembly (PCBA). A PCBA functions as an integrated electronic subsystem that performs specific control, processing, power, or communication tasks and serves as a fundamental building block in electronic products across consumer, industrial, automotive, medical, and computing applications.
- PCBs are generally classified into the following:
 - Rigid PCB**, which is made from a solid laminate material, commonly a glass-fibre-reinforced epoxy, that does not bend. They are widely used in applications where mechanical stability and structural support are critical, such as computers and industrial equipment.
 - Flexible PCB (FPC)** uses a bendable substrate, such as polyimide, allowing it to conform to compact and irregular shapes or be subject to constant bending. They are commonly used in wearable devices, smartphones, cameras, and medical equipment.
 - Rigid-flex PCB** combines both rigid and flexible materials into a single circuit board. This combination reduces interconnects and provides greater design flexibility for complex, high-density electronic applications.

Note: SQAI Group manufactures FPC and rigid-flex PCB.

- PCBs are manufactured by laminating one or more copper layers onto an insulating substrate, which can be rigid or flexible. These copper layers undergo photolithography to define the circuit pattern, followed by an etching process to remove excess copper. The remaining patterned copper traces serve as conductive pathways routing electrical current between the electronic components. Electronic components are then mounted onto the PCB using surface-mount technology (SMT), through-hole technology (THT), or a combination of both, to form a PCBA.
- Integrated circuits (ICs), also known as chips, are the key semiconductor devices found on most PCBs. They perform functions such as processing data, amplifying signals, or storing information. An IC is fabricated by integrating millions, and in modern devices often billions, of transistors along with other tiny components such as resistors and capacitors, onto a small piece of semiconductor material, typically silicon. These components are precisely connected to form functional circuits within a very compact area. The silicon piece on which the circuits are built is called a die.

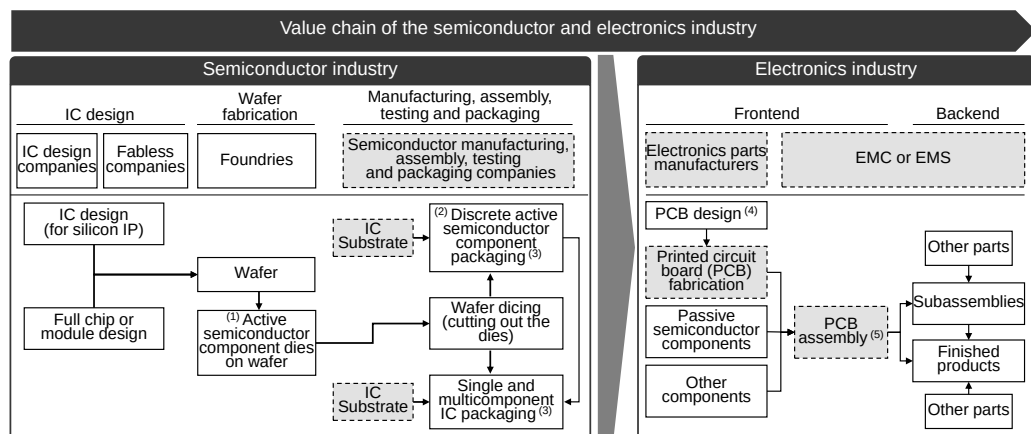


8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



- Before ICs can be mounted onto a PCB, they undergo IC packaging. The IC die is first attached to a **substrate** or lead frame, which provides mechanical support and converts the die's tiny input/output (I/O) pads into a layout suitable for external connections. The assembly is then encapsulated within a protective package that shields the IC from physical damage and environmental factors while maintaining electrical connectivity. This entire process, from die attachment to substrate to encapsulation, forms the IC packaging process. **Note:** SQA Group manufactures IC substrates.
- Advances in IC packaging technologies further enhance device performance, miniaturisation, and integration. These techniques enable the integration of multiple dies or components, improve electrical and thermal characteristics, and optimise space utilisation, supporting the development of modern high-speed, compact, and highly functional electronics.

2.2 Value Chain of the Semiconductor and Electronics Industry



EMC = Electronics manufacturing companies. Companies that manufacture electronic products by assembling semiconductors, components, and other parts into final devices; **EMS** = Electronics manufacturing service companies. Companies that provide contract-based electronic manufacturing, including PCB assembly, testing, and system integration, for original equipment manufacturers (OEMs). Notes: (1) Active semiconductor components require an external power source to function and include devices such as processors, memory chips, diodes, and transistors. (2) They are active semiconductor components separated and packaged individually. They include transistors, diodes and voltage regulators. (3) Packaging includes die attach, wire or flip-chip bonding, encapsulation and final testing. (4) This activity may also be carried out by others such as fabless semiconductor companies or PCB designers. (5) Common assembly methods include surface-mount technology (SMT) and through-hole technology (THT).

SQA Group operates within these segments.

- IC substrates are essential input materials for semiconductor assembly, testing, and packaging (ATP) companies, positioned at the backend of the semiconductor industry value chain. FPC manufacturers are positioned at the frontend of the electronics industry.
 - IC design companies:** Develop circuit architectures and IC designs that can be integrated into larger ICs or commercialised through silicon IP licensing.
 - Fabless companies:** Design ICs by integrating various silicon IP cores into complex chips, work with semiconductor foundries for fabrication, and manage marketing and sales of the finished semiconductor products.
 - Foundries:** Manufacture semiconductor wafers and process them into individual dies based on designs provided by fabless companies or integrated device manufacturers.
 - Semiconductor manufacturing and ATP companies:** This includes companies that are involved in manufacturing IC substrates and those that are involved in separating individual dies from wafers, assembling them into packaged chips, and conducting testing to ensure quality before shipment.
 - Electronics part manufacturers:** Produce essential electronic components, such as capacitors, resistors, connectors, and PCBs (including FPCs), required for use in final electronic products.
 - EMC/EMS Providers:** Assemble semiconductors, electronic components, and other parts into fully functional electronic products.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



3. GLOBAL TECHNOLOGY ADVANCEMENTS

- The semiconductor and electronics industry is rapidly evolving due to the demand for smaller, faster, and more energy-efficient devices, alongside the rise of artificial intelligence (AI) and machine learning (ML) applications. This growth is driven by several key factors:

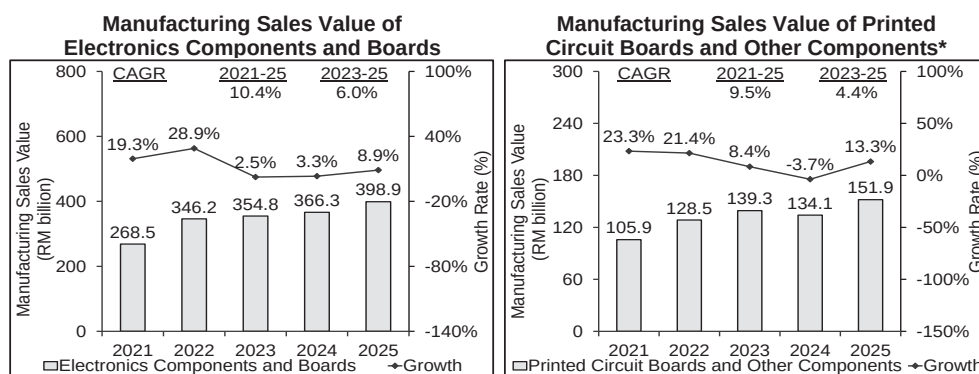
Consumer electronics:	FPCs and IC substrates are vital to devices such as smartphones, wearables, and laptops, providing electrical pathways and enabling compact designs for improved performance.
AI and ML:	They rely on high-density interconnects and multi-layer FPCs/IC substrates to integrate AI accelerators, ensuring fast, efficient power delivery for AI tasks.
High-performance computing (HPC):	Advanced IC substrates with high interconnection density and thermal management capabilities are essential for handling heavy HPC system workloads.
Communication systems:	FPCs and IC substrates support high-speed signal transmission in routers, modems, and 5G/6G stations, maintaining signal integrity and low latency.
Automotive electronics:	In electric vehicles (EVs) and automotive systems, FPCs and IC substrates enable reliable electrical connections, compact layouts, and resistance to mechanical/thermal stresses.
Industrial/medical equipment:	These technologies are used in automation, robotics, IoT, and medical devices, ensuring stable, reliable interconnections for long-term performance.

- Key developments in the FPC and IC substrate manufacturing include the following:
 - Miniaturisation and high-density interconnect (HDI):** The semiconductor and electronics industry is moving towards smaller, more compact designs with finer circuitry, smaller vias, and higher layer counts. This supports increased I/O density, faster data rates, and smaller form factors. Achieving this requires advanced patterning techniques, microvias, and high-performance substrate materials.
 - Advanced packaging:** FPCs and IC substrates are being designed to support advanced packaging methods like flip-chip, fan-out, system-in-package, and heterogeneous integration. These technologies allow multiple dies with different functions and materials to be integrated into a single package. This increases demand for substrates with high routing density, low electrical loss, and precise dimensional control.

4. SEMICONDUCTOR AND ELECTRONICS MANUFACTURING INDUSTRY PERFORMANCE

4.1 Malaysia

- SQAI Group manufactures FPC and IC substrates in Malaysia. PCBs, including FPCs, are part of the broader category of electronics components and boards. Hence, the performance of Malaysia's semiconductor and electronics manufacturing industry is a critical indicator of the FPC and IC substrate manufacturing segment.

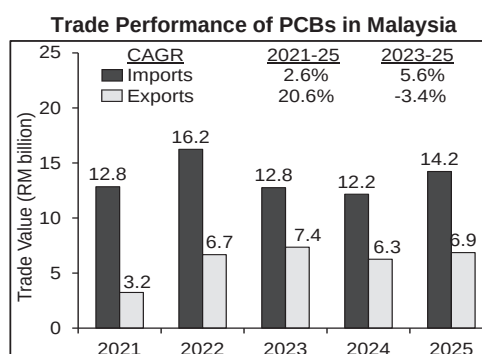


(Source: Department of Statistics Malaysia (DoSM)) **Note:** No further segmentation is available. * Other components include electrical capacitors and resistors, as well as display components.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



- Between 2023 and 2025, the manufacturing sales value of electronics components and boards in Malaysia grew at a compound annual growth rate (CAGR) of 6.0%. The growth was in line with the 22.6% increase in global semiconductor sales during the same period (*Source: Vital Factor analysis*). In 2025, the manufacturing sales value of electronic components and boards increased by 8.9% to RM398.9 billion, primarily driven by growth in PCBs and other components, which expanded by 13.3%, followed by the largest segment, diodes, transistors, and similar semiconductor devices, as well as electronic IC micro-assemblies, which rose by 8.3%. (*Source: DoSM*)
- In terms of trade performance, Malaysia's PCB imports grew at a CAGR of 5.6% between 2023 and 2025, while PCB exports declined at an average annual rate of 3.4% over the same period. Malaysia has remained a net importer of PCBs for the past five years, with the trade deficit reaching RM7.4 billion in 2025. Chinese Mainland was the largest contributor to PCB imports into Malaysia, accounting for 49.4% of total imports. In contrast, Chinese Mainland and Singapore were the top two destinations for Malaysia's PCBs in 2025, each accounting for 23.3% and 22.4%, respectively. (*Source: DoSM*) This deficit is largely attributable to Malaysia's strategic role in the downstream segment of the semiconductor and electronics industry, particularly in PCBA, which relies heavily on PCBs as key input material.

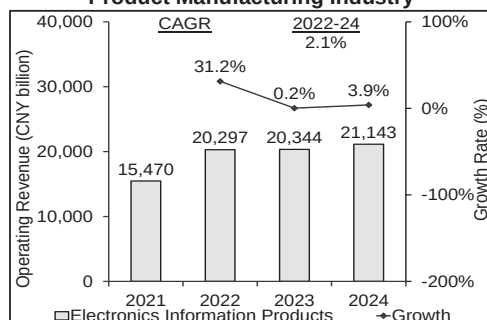


(*Source: DoSM*)

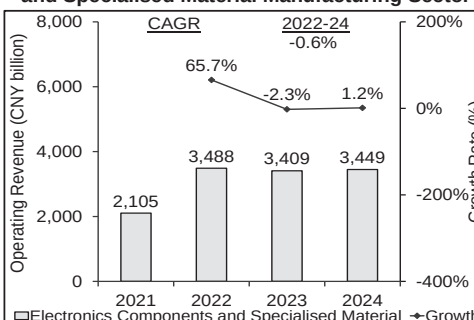
4.2 Chinese Mainland

- Chinese Mainland is a major market for semiconductors and electronics due to its large domestic consumption. SQAI Group has a FPC manufacturing facility in Chinese Mainland. Between 2022 and 2024, operating revenue in Chinese Mainland's electronics information product manufacturing industry grew at a CAGR of 2.1%, mainly driven by a 6.2% growth in the communication equipment manufacturing sector's operating revenue. (*Source: MIIT, the People's Republic of China (PRC)*)

Operating Revenue of Electronics Information Product Manufacturing Industry



Operating Revenue of Electronics Components and Specialised Material Manufacturing Sector



(*Source: Ministry of Industry and Information Technology (MIIT), PRC*) **Notes: (1)** Electronics components and specialised material manufacturing sector is part of the broader electronics information product manufacturing industry. **(2)** Latest available data.

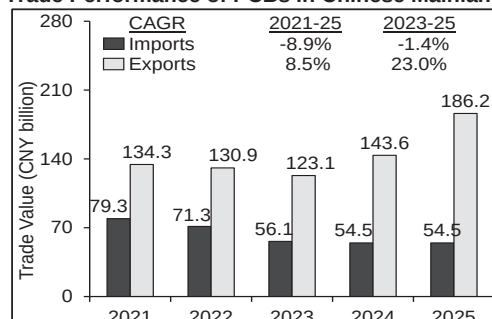
- In Chinese Mainland, FPC manufacturing is categorised as part of the electronics components and specialised material manufacturing sector. Between 2022 and 2024, the operating revenue of this sector declined at an average annual rate of 0.6%, partly due to the high base effect in 2022, when operating revenue surged by 65.7% compared to 2021. In 2024, the operating revenue of the electronics components and specialised material manufacturing sector grew by 1.2% to CNY3.4 trillion (RM2.2 trillion at CNY1 = RM0.6358). (*Source: MIIT and Bank Negara Malaysia (BNM)*)
- Chinese Mainland has been a net exporter of PCBs over the past five years. Between 2023 and 2025, the import value of PCBs declined at an average annual rate of 1.4%, while the export value of PCBs increased at a CAGR of 23.0%. In 2025, the trade balance of PCBs remained surplus at

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



CNY131.7 billion (RM78.5 billion at CNY1 = RM0.5958). Imports whose products originally came from Chinese Mainland accounted for the largest share at 24.2%, followed by Japan and Taiwan at 22.3% and 21.1%, respectively. In terms of exports, Hong Kong, Vietnam, and Taiwan were Chinese Mainland's top three destinations for PCBs, each accounting for 29.0%, 16.2%, and 15.1%, respectively. (Source: GACC, PRC and BNM)

Trade Performance of PCBs in Chinese Mainland



(Source: General Administration of Customs of the People's Republic of China (GACC), PRC)

5. DEMAND AND DEMAND DEPENDENCIES

- SQAI Group primarily ships its products to Malaysia, Chinese Mainland, Japan, and the USA, across several sectors, including communication devices, semiconductors, medical devices, consumer electronics (primarily photographic equipment), and automotive electronics manufacturing. As such, the performance of these end-user industries in respective locations affects the demand.

5.1 Malaysia

Manufacturing Sales Value of Selected E&E Products and Motor Vehicles

RM million	Irradiation* and medical equipment	Communication equipment	Photographic^ equipment	Semiconductors@	Motor vehicles
2021	7,829	14,469	1,682	154,125	38,540
2022	5,147	14,515	2,249	206,533	43,437
2023	5,382	20,566	2,794	200,443	49,965
2024	5,746	25,357	3,197	209,293	51,272
2025	6,161	24,384	4,052	226,605	44,471
2021-25 CAGR	(5.8%)	13.9%	24.6%	10.1%	3.6%
2023-25 CAGR	7.0%	8.9%	20.4%	6.3%	(5.7%)

(Source: DoSM) **Notes:** No further segmentation is available. * Include non-medical purpose irradiation equipment. ^ Include optical instruments, magnetic, and optical media. @ Include diodes, transistors, and other semiconductor components, as well as electronic ICs and micro assemblies.

- Malaysia represents the major market of SQAI Group. In 2025, the manufacturing sales value of photographic equipment grew the most, up by 26.7%. This was followed by the manufacturing sales value of semiconductors at 8.3%, and irradiation and medical equipment at 7.2%, while the manufacturing sales value of communication equipment and motor vehicles declined by 3.8% and 13.3%, respectively. (Source: DoSM)

5.2 Chinese Mainland

- Chinese Mainland is SQAI Group's largest market after Malaysia. Between 2022 and 2024, the operating revenue of companies manufacturing communication equipment and electronic devices increased at CAGRs of 6.2% and 4.1%, respectively. In contrast, operating revenue of audio-visual equipment manufacturers reduced at an average annual rate of 0.5% over the same period. In 2024, operating revenue of the communication equipment, audio-visual equipment, and electronic devices manufacturing sectors grew by 9.6%, 4.2%, and 13.7%, respectively (Source: MIIT, PRC).

Operating Revenue of Selected Electronics Information Product Manufacturing Sectors

CNY billion	2021	2022	2023	2024	'22-'24 CAGR (%)
Communication Equipment	4,142.8	4,239.4	4,362.4	4,780.1	6.2
Audio-Visual Equipment*	754.6	699.9	665.8	693.5	(0.5)
Electronic devices^	2,966.5	3,369.9	3,211.9	3,652.5	4.1

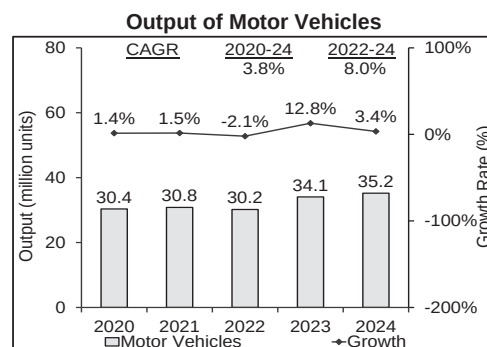
(Source: MIIT, PRC) **Notes:** (1) No further segmentation is available. (2) Latest available data.

* Photographic equipment is part of this broader category. ^ Include semiconductors, integrated circuits, and others

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



- In 2024, the sales revenue of new products in the medical equipment industry increased by 1.4% to CNY534.2 billion (RM339.6 billion at CNY1 = RM0.6358) (Source: National Bureau of Statistics of China, PRC and BNM). The sales revenue of new products refers to revenue generated by products that are newly developed or significantly improved within a reference period. This may imply commercialisation efficiency and sustained innovation momentum in Chinese Mainland's medical equipment manufacturing industry.
- SQAI Group also serves automotive makers in Chinese Mainland. Between 2022 and 2024, motor vehicle output increased at a CAGR of 8.0%. In 2024, motor vehicle output reached 35.2 million units.



(Source: National Bureau of Statistics of China, PRC) **Note:** Latest available data.

5.3 Japan

- In 2025, the production value of ICs in Japan increased by 10.6%, followed by motor vehicles by 0.9%. In contrast, the production value of communication equipment and medical equipment declined by 14.9% and 6.9%, respectively in 2025.
- In terms of digital cameras, in 2023 (latest complete information), the production value of digital cameras increased by 14.2% to JPY124.1 billion (RM4.0 billion at JPY100 = RM3.2501) compared to the previous year. (Source: Ministry of Economy, Trade and Industry (METI), Japan, and BNM)

Production Value of Selected E&E Products and Motor Vehicles

JPY billion	Medical equipment [^]	Communication equipment	Digital cameras	Integrated circuits	Motor vehicles [@]
2021	234.8	919.1	103.8	1,268.1	17,746.3
2022	244.6	667.5	108.7	1,343.6	19,381.7
2023	251.0	626.5	124.1	1,197.1	36,581.3
2024	238.4	683.0	67.9*	1,555.1	37,656.0
2025	222.0	581.1	87.3**	1,719.8	38,003.3
2021-25 CAGR	(1.4%)	(10.8%)	n.a.	7.9%	21.0%
2023-25 CAGR	(6.0%)	(3.7%)	n.a.	19.9%	1.9%

(Source: METI, Japan) [^] Includes X-ray equipment, ultrasound machines, and measuring instruments. * Data ranges from January 2024 to July 2024 only, as data from August 2024 to December 2024 is not available. ** Data ranges from July 2025 to December 2025 only, as data from January 2025 to June 2025 is not available. n.a. = not available due to incomplete information. [@] Data for 2023 onwards includes EVs.

5.4 USA

- SQAI Group also ships its products to the USA, and hence, the sectoral output of the end-user industries it supplies to indicates demand for its products. Sectoral output measures the value of goods and services produced by an industry, excluding transactions within the same industry.

Sectoral Output of Selected E&E Products and Motor Vehicles

USD million	Electronic instruments*	Communication equipment	Photographic and other [^] equipment	Semiconductor and electronic components	Motor vehicles
2020	147,121	30,144	22,556	81,166	294,803
2021	151,644	31,444	26,135	89,091	315,308
2022	162,241	38,864	29,838	96,976	385,715
2023	164,628	41,098	31,722	97,359	417,401
2024	169,165	44,222	32,625	99,286	411,169
2020-24 CAGR	3.6%	10.1%	9.7%	5.2%	8.7%
2022-24 CAGR	2.1%	6.7%	4.6%	1.2%	3.2%

(Source: Bureau of Labor Statistics, USA) **Notes:** (1) No further segmentation is available. (2) Latest available data. * Electromedical equipment and apparatus are part of this broader category. [^] Includes commercial and service-sector machinery and equipment.

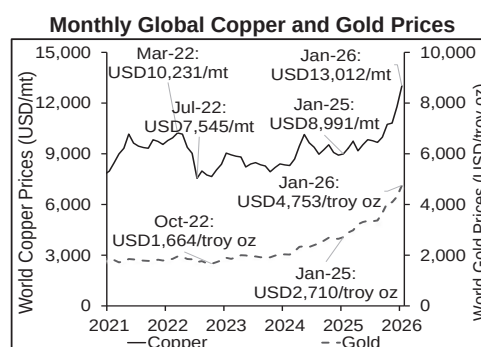
8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



- Between 2022 and 2024, sectoral output of the electronic instruments, communication equipment, photographic and other equipment, semiconductor and electronic components, and motor vehicles increased by 2.1%, 6.7%, 4.6%, 1.2%, and 3.2%, respectively. In 2024, sectoral output of communication equipment increased by 7.6%, making it the fastest-growing segment in the table above. This was followed by electronic instruments, and photographic and other equipment, both at 2.8%, while semiconductor and electronic components were at 2.0%. In contrast, motor vehicle sectoral output in the USA declined by 1.5% in 2024. (Source: Bureau of Labor Statistics, USA)

6. SUPPLY AND SUPPLY DEPENDENCIES – GLOBAL COPPER AND GOLD PRICES

- Copper-clad laminates are the main substrates used in the manufacture of FPC, while gold-plating is commonly applied as a surface-finishing treatment for FPCs and IC substrates. As such, SQAI Group is exposed to volatility in gold and copper prices.
- Global copper prices were volatile between 2021 and 2025. The price surged to USD10,231 per metric tonne (/mt) in March 2022, primarily due to supply restrictions from containment measures taken on the COVID-19 pandemic and increased copper demand in Chinese Mainland. Subsequently, the global copper price fell by 26.3% to USD7,545/mt in July 2022 as fears of a global recession spread, coupled with interest rate hikes. Since then, the global copper price has been on an upward trend, peaking at USD13,012/mt in January 2026, indicating a 44.7% premium compared with January 2025. This was primarily due to mining outages in several countries, including Chile and Indonesia, which tightened global supply. (Source: Vital Factor analysis)
- Global gold prices have trended upward between 2021 and 2025. In January 2026, prices surged to USD4,753 per troy ounce (oz), representing a 75.4% increase from January 2025. This sharp rise was partly reflecting ongoing policy uncertainty and financial market dynamics. (Source: Vital Factor analysis)



(Source: Vital Factor analysis) **Note:** The data ranges from January 2021 to January 2026.

7. COMPETITIVE LANDSCAPE

- The following companies operate within a similar business environment as SQAI Group, sorted in decreasing order of total revenue. The selection criteria for FPC (including rigid-flex) manufacturers include having manufacturing facilities in Malaysia or Chinese Mainland. Chinese Mainland's manufacturers are publicly listed on the domestic stock exchanges with revenue exceeding RM3 billion. IC substrate manufacturers must have production facilities in Malaysia. This list is not exhaustive:

Company	FYE ⁽¹⁾	Rev ⁽²⁾ (RM mil)	GP/(GL) ⁽²⁾ (RM mil)	GP/(GL) ⁽²⁾ margin	PAT/(LAT) ⁽²⁾ (RM mil)	PAT/(LAT) ⁽²⁾ margin
SQAI Group	May-25	367.7	120.0	32.6%	80.2	21.8%
FPC manufacturers in Malaysia						
MFS Technology (M) S/B ⁽³⁾	Dec-24	358.1	48.4	13.5%	14.9	4.2%
Denshi Maruwa Industries (M) S/B ⁽⁴⁾	Sep-24	12.9	(3.8)	(29.7%)	(6.6)	(51.1%)
FPC manufacturers in Chinese Mainland ⁽⁵⁾						
Suzhou Dongshan Precision ⁽⁶⁾	Dec-24	23,376.9	n.a.	n.a.	689.8	3.0%
Avary Holding (Shenzhen) C/L	Dec-24	22,340.6	n.a.	n.a.	2,300.8	10.3%
Shennan Circuits C/L	Dec-24	11,384.7	n.a.	n.a.	1,194.4	10.5%
Shenzhen Kinwong Electronic C/L	Dec-24	8,048.2	n.a.	n.a.	737.6	9.2%
Victory Giant Technology (HuiZhou) C/L	Dec-24	6,822.6	n.a.	n.a.	733.9	10.8%
Suntak Technology C/L	Dec-24	3,990.7	n.a.	n.a.	192.6	4.8%

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Company	FYE ⁽¹⁾	Rev ⁽²⁾ (RM mil)	GP/(GL) ⁽²⁾ (RM mil)	GP/(GL) ⁽²⁾ margin	PAT/(LAT) ⁽²⁾ (RM mil)	PAT/(LAT) ⁽²⁾ margin
Xiamen Hongxin Electronics ⁽⁷⁾	Dec-24	3,735.1	n.a.	n.a.	70.6	1.9%
Shenzhen FastPrint Circuit Tech C/L	Dec-24	3,698.4	n.a.	n.a.	(337.5)	(9.1%)
Guangdong Goworld C/L	Dec-24	3,659.7	n.a.	n.a.	164.2	4.5%
Olympic Circuit Technology C/L	Dec-24	3,192.8	n.a.	n.a.	405.5	12.7%
IC substrate manufacturers in Malaysia						
Ibiden Electronics Malaysia S/B ⁽⁸⁾	Mar-25	358.6	71.2	19.8%	8.7	2.4%
Sustio S/B ⁽⁹⁾	Dec-24	136.5	(261.7)	(191.7%)	(260.7)	(191.0%)
AT&S Austria Technologie ⁽¹⁰⁾	Mar-25	15.0	(101.8)	(677.3%)	(247.1)	(1644.4%)

FYE= Financial Year Ended; Rev= Revenue; GP= Gross Profit; GL= Gross Loss; PAT= Profit After Tax; LAT= Loss After Tax; mil= million; S/B= Sendirian Berhad; C/L= Company Limited; n.a.= not available.

(1) Latest audited financial data from the Companies Commission of Malaysia, annual reports, and SQAI Group. (2) It may include other business activities, products or services at the group or company level. (3) A subsidiary of Victory Giant Technology (HuiZhou) C/L, a listed entity on the Shenzhen Stock Exchange. (4) On 21 February 2025, the shareholders of the company entered into a Sale and Purchase Agreement to dispose of their entire shareholding to Vital Alliance Global Limited, a subsidiary of Yan Tat Group Holdings Limited, which is listed on the Hong Kong Stock Exchange. Upon completion, Vital Alliance Global Limited will assume full control of the company. (5) Conversion from CNY to RM based on BNM's exchange rate of CNY1 = RM0.6358 for 2024. (6) Suzhou Dongshan Precision Manufacturing C/L. (7) Xiamen Hongxin Electronics Technology Group Inc. (8) A subsidiary of Ibiden Co., Ltd, a listed entity on the Tokyo and Nagoya Stock Exchange. (9) A subsidiary of Simmtech Holdings Co., Ltd, a listed entity on the Korea Stock Exchange. (10) AT&S Austria Technologie & Systemtechnik (Malaysia) S/B. A subsidiary of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft, a listed entity on the Vienna Stock Exchange. The company commenced business operations on 1 December 2024.

- Ichia Technologies Malaysia SB, a subsidiary of Ichia Technologies Inc., listed on the Taiwan Stock Exchange, is also engaged in the manufacturing of FPCs. As the company commenced operations in October 2025, its most recent financial statements for the year ended 31 December 2024 do not reflect any operating revenue.

8. BARRIERS TO ENTRY

- The barriers to entry for IC substrate manufacturing are high, especially for Ajinomoto-Build-up Film (ABF) based substrates used in advanced packaging for high-performance semiconductors (mainly used at advanced process nodes with 7 nm and below). For FPCs, the barriers to entry are also high, especially for multi-layer, rigid-flex, and FPCs targeting HDI applications (those in mobile phones and wearables). SQAI Group manufactures IC substrates, including ABF-based substrates for advanced packaging. It also manufactures single-layer, double-layer, rigid-flex, and HDI FPCs.
- Some of the barriers to entry for FPC and IC substrate manufacturing are as follows:
 - **High capital intensity:** Establishing IC substrate manufacturing facilities requires significant upfront investment in advanced equipment such as high-precision laminating machines, photolithography equipment, and semiconductor-grade cleanroom facilities. While the capital requirements for FPC manufacturing are comparatively lower, they remain substantial due to the need for cleanroom environments, photolithography equipment, and specialised processing lines equipped with laser drilling, lamination, and precision imaging technologies.
 - **Specialised technical expertise:** FPC and IC substrate manufacturing demands highly specialised design and process capabilities, including ultra-fine line patterning, HDI architecture, precise layer-to-layer alignment, and tight electrical and thermal tolerances, to meet growing customer specifications.
 - **Intensive research and development (R&D):** Ongoing innovation is essential to remain competitive amid rapid technological changes, miniaturisation, and evolving user needs. The significant financial commitment required for sustained R&D represents a barrier.
- There are no significant licensing or regulatory barriers to entry in the FPC and IC substrate manufacturing industry. Long-term success depends on securing long-term customer contracts, establishing a proven track record, and competing effectively with domestic and global suppliers.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



9. INDUSTRY SIZE AND SHARE

- Some relevant industry statistics and market share of SQAI Group are estimated below:

2024	Industry size ^(a) (RM billion)	SQAI Group	
		Revenue (RM million) ^(b)	Market share ⁽³⁾
Malaysia: Printed circuit boards and other components	134 ⁽¹⁾	212 ⁽²⁾	Less than 1%
Chinese Mainland: Electronics components and specialised materials	2,193 ⁽⁴⁾	156 ⁽⁵⁾	Less than 1%

Source: (a) DoSM and MIIT, PRC; (b) SQAI Group. **(1)** Manufacturing sales value of printed circuit boards, electrical capacitors and resistors, and display components in 2024. No further segmentation is available. **(2)** SQAI Group's revenue from Malaysia's operation for the financial year ended 31 May 2025 is taken as a proxy for 2024. **(3)** $((b) \text{ divided by } (a)) \times 100\%$. **(4)** Operating revenue of electronics components and specialised material manufacturing sector in 2024. **(5)** SQAI Group's revenue from Chinese Mainland's operation for the financial year ended 31 May 2025 is taken as a proxy for 2024.

10. INDUSTRY OUTLOOK AND PROSPECTS

Operational landscape and opportunities

- As the E&E industry operates within a global value chain, **global E&E export** performance directly affects demand for FPCs and IC substrates. In 2024, the global E&E exports increased by 1.6% to USD3,942.8 billion. Chinese Mainland, Hong Kong, the USA, South Korea, and Singapore together accounted for 55.4% of exports (Source: Vital Factor analysis). This concentration of exports indicates a sustained demand base for semiconductor and electronic components, including FPC and IC substrates, from manufacturers serving these countries.
- Global IC sales** are a key indicator of IC substrate demand. Between 2022 and 2024, the global IC sales grew at a CAGR of 6.6% to USD539.5 billion, with 2024 recording a 25.9% increase. In 2025, global IC sales are estimated to increase by 13.4% to USD 611.6 billion, primarily driven by stronger performance in memory and logic components. (Source: Vital Factor analysis) The continuing growth in global IC sales will drive demand for IC substrates.
- The global transition toward **5G** and the early **6G** development are driving structural growth in demand for advanced interconnect solutions with higher bandwidth efficiency, lower signal loss, and superior radio frequency performance. This shift is creating opportunities for IC substrate and FPC manufacturers with proven capabilities in advanced technologies such as ABF, semi-additive processes, coreless architectures, and high-performance FPC and rigid-flex solutions. **Note:** SQAI Group is involved in the above-mentioned FPC and IC substrate capabilities and technologies.
- Rapid expansion of **generative AI** and **data-centre** workloads is accelerating demand for high-layer-count, thermally optimised IC substrates and high-current FPCs. As compute density and power consumption continue to rise, advanced substrates and interconnects are critical for performance and reliability, benefiting manufacturers with scalable HDI platforms, power-delivery integration, and thermal management capabilities. **Note:** SQAI Group manufactures single- and double-layer FPCs, and incorporates HDI features in selected FPCs and IC substrates.
- Shifting market dynamics** driven by automation, AI, edge computing, and high-value IoT applications are increasing the technical complexity of IC substrates and FPCs. These applications require finer line and space geometries, higher interconnect density, and advanced materials to support higher I/O, faster data rates, compact form factors, and improved power and thermal performance. As a result, value is increasingly concentrating among manufacturers with strong process technology, capital discipline, and the ability to meet demanding customer qualification standards, creating a structurally favourable environment for advanced manufacturers.
- Government policies** supporting the semiconductor and electronics industries are expected to drive growth in the FPC and IC substrate manufacturing industries.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Malaysia

- The **New Industrial Master Plan 2030** aims to elevate Malaysia's position within the E&E value chain by emphasising front-end activities such as IC design, wafer fabrication, and advanced packaging (*Source: Ministry of Investment, Trade and Industry (MITI)*). Increased activity at the front end of the semiconductor value chain will benefit IC substrate manufacturers, while broader growth in electronics will benefit FPC manufacturers.
- The **National Semiconductor Strategy (NSS)** targets RM500 billion in investments, focusing on domestic IC design, advanced packaging, and foreign investment in wafer fabrication. Under Budget 2026, RM500 million in loan funds will support high-value-added activities under the NSS, including R&D (*Source: Ministry of Finance (MoF)*). The NSS is expected to directly benefit IC substrate manufacturers.
- The Malaysian government actively promotes **local EV** assembly, production, and parts localisation, with a plan to offer a range of localisation incentives to enhance competitiveness in the EV supply chain. These initiatives strengthen domestic manufacturing and provide opportunities for local parts suppliers. (*Source: MITI*)

PRC

- **Made in China 2025** is a national industrial strategy designed to transform PRC into a global leader in advanced manufacturing while reducing reliance on foreign technologies. The initiative prioritises sectors such as next-generation information technology, which includes semiconductors. It encourages localisation of critical materials and equipment, promoting higher-precision and advanced production processes. (*Source: MIIT, PRC*). Local manufacturers, including SQAI Group, are likely to benefit from the localisation of semiconductor and electronics products.
- The **Fourteenth Five-Year Plan (2021-2025)** reinforces PRC's focus on technological self-sufficiency and enhanced manufacturing capabilities, targeting strategic emerging industries to contribute over 17% of GDP by 2025. This framework provides sustained support for advanced electronic components, smart manufacturing, and supply-chain resilience, aligned with sectors such as consumer electronics, electric vehicles, and communication networks. (*Source: National Development and Reform Commission, PRC*)
- **Technological advancements**, from 3-micron nodes in 1987 to 2nm in 2025, combined with electronics miniaturisation and the need for HDIs, have significantly increased manufacturing complexity. These developments are driving wider adoption across consumer, industrial, medical, AI, autonomous vehicle, communications, HPC, and IoT applications, sustaining demand for advanced ICs, FPCs, and IC substrates as critical interconnects.

Threats and challenges

- As of the date of this report, the USA imposes a 19% reciprocal **tariff** on most goods imported from Malaysia, although certain semiconductor products are exempted. Exports from Chinese Mainland to the USA, including PCBs and related electronics, remain subject to cumulative tariff measures. Depending on product types, effective duty rates may range from approximately 20% to over 50%. While exemptions exist for 2-layer and 4-layer rigid PCBs, they do not extend to FPCs or IC substrates. On 20 February 2026, the USA announced a temporary 10% global tariff, effective 24 February 2026 for 150 days, with a subsequent proposal to increase the rate to 15%. The extent to which this temporary tariff will operate, considering existing country-specific tariff measures, remains unclear as of the date of this report. These tariffs may reduce the price competitiveness of manufacturers from Malaysia and Chinese Mainland exporting to the USA.
- Ongoing **technological advancements** compel manufacturers to make significant investments in R&D and advanced manufacturing infrastructure to stay at the forefront of innovation. Manufacturers that fail to keep pace risk losing their competitive edge. Sustaining this advantage requires continuous investment in both equipment and skilled personnel.
- Volatility in key **input material prices**, such as copper and gold, poses operational risks for manufacturers. Ongoing price fluctuations, driven by supply constraints, global economic and geopolitical uncertainties, and financial markets, are expected to increase cost pressures for those who rely on these materials.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

9.1 Promoters and substantial shareholders

9.1.1 Shareholdings in our Company

The table below sets out the direct and indirect shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO:-

Name	Nationality/ Place of incorporation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
<u>Promoters and substantial shareholders</u>									
Jeffrey Hwang	Malaysian	-	-	(3)(8)1,297,500,000	100.00	75,000,000	5.00	(3)796,875,000	53.12
Brian Low	Malaysian	-	-	(4)(8)1,297,500,000	100.00	28,125,000	1.88	(4)262,500,000	17.50
<u>Substantial shareholders</u>									
Twisden	British Virgin Islands	135,000,000	10.40	-	-	-	-	-	-
SQTSB	Malaysia	1,162,500,000	89.60	-	-	-	-	-	-
SQ Technology Limited	Hong Kong	-	-	(5)1,162,500,000	89.60	-	-	-	-
SQ Technology Group Limited	Cayman Islands	-	-	(6)1,162,500,000	89.60	-	-	-	-
SQT Holdings	British Virgin Islands	-	-	(7)1,162,500,000	89.60	796,875,000	53.12	-	-
SQ Venture	British Virgin Islands	-	-	(7)1,162,500,000	89.60	262,500,000	17.50	-	-

Notes:-

- (1) Based on our issued share capital comprising 1,297,500,000 Shares after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged issued share capital comprising 1,500,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholding in SQT Holdings, applying Section 8(4) of the Act.
- (4) Deemed interested by virtue of his shareholding in SQ Venture, applying Section 8(4) of the Act.
- (5) Deemed interested by virtue of its shareholding in SQTSB, applying Section 8(4) of the Act.
- (6) Deemed interested by virtue of its shareholding in SQ Technology Limited, applying Section 8(4) of the Act.
- (7) Deemed interested by virtue of his shareholding in SQ Technology Group Limited, applying Section 8(4) of the Act.
- (8) Deemed interested by virtue of his shareholding in Twisden, applying Section 8(4) of the Act.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Our Promoters and substantial shareholders do not have different voting rights from any other shareholders of our Group.

Save for our Promoters and substantial shareholders, we are not aware of any other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company, our Promoters and our substantial shareholders, with any third party of which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

9.1.2 Changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years

Save as disclosed below, there has been no changes in our Promoters' and substantial shareholders' shareholdings in our Company for the Financial years Under Review:-

Name	As at 31 May 2023				As at 31 May 2024			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Promoters and substantial shareholders</u>								
Jeffrey Hwang	-	-	⁽¹⁾ 25,000,002	100.00	-	-	⁽¹⁾ 25,000,002	100.00
Brian Low	-	-	⁽²⁾ 25,000,002	100.00	-	-	⁽²⁾ 25,000,002	100.00
<u>Substantial shareholders</u>								
SQTSB	25,000,002	100.00	-	-	25,000,002	100.00	-	-
Twisden	-	-	-	-	-	-	-	-
SQ Technology Limited	-	-	⁽³⁾ 25,000,002	100.00	-	-	⁽³⁾ 25,000,002	100.00
SQ Technology Group Limited	-	-	⁽⁴⁾ 25,000,002	100.00	-	-	⁽⁴⁾ 25,000,002	100.00
SQT Holdings	-	-	⁽⁵⁾ 25,000,002	100.00	-	-	⁽⁵⁾ 25,000,002	100.00
SQ Venture	-	-	⁽⁵⁾ 25,000,002	100.00	-	-	⁽⁵⁾ 25,000,002	100.00

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name	As at 31 May 2025				After the Pre-IPO Restructuring/[As at the LPD]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Promoters and substantial shareholders</u>								
Jeffrey Hwang	-	-	(1)25,000,002	100.00	-	-	(1)(6)1,297,500,000	100.00
Brian Low	-	-	(2)25,000,002	100.00	-	-	(2)(6)1,297,500,000	100.00
<u>Substantial shareholders</u>								
SQTSB	25,000,002	100.00	-	-	1,162,500,000	89.60	-	-
Twisden	-	-	-	-	135,000,000	10.40	-	-
SQ Technology Limited	-	-	(3)25,000,002	100.00	-	-	(3)1,162,500,000	89.60
SQ Technology Group Limited	-	-	(4)25,000,002	100.00	-	-	(4)1,162,500,000	89.60
SQT Holdings	-	-	(5)25,000,002	100.00	-	-	(5)1,162,500,000	89.60
SQ Venture	-	-	(5)25,000,002	100.00	-	-	(5)1,162,500,000	89.60

Notes:-

- (1) Deemed interested by virtue of his shareholding in SQT Holdings, applying Section 8(4) of the Act.
- (2) Deemed interested by virtue of his shareholding in SQ Venture, applying Section 8(4) of the Act.
- (3) Deemed interested by virtue of its shareholding in SQTSB, applying Section 8(4) of the Act.
- (4) Deemed interested by virtue of its shareholding in SQ Technology Limited, applying Section 8(4) of the Act.
- (5) Deemed interested by virtue of its shareholding in SQ Technology Group Limited, applying Section 8(4) of the Act.
- (6) Deemed interested by virtue of his shareholding in Twisden, applying Section 8(4) of the Act.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.1.3 Profiles of our Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:-

(i) Jeffrey Hwang

Promoter, substantial shareholder, Managing Director and CEO

Jeffrey Hwang, a Malaysian aged 39, is our Promoter, substantial shareholder, Managing Director and CEO. Details of his profile are set out in **Section 9.2.2(iii)** of this Prospectus. Please refer to **Section 9.8** of this Prospectus for further details on Jeffrey Hwang's family relationship with our other Promoters, substantial shareholders, Directors and Key Senior Management.

(ii) Brian Low

Promoter, substantial shareholder, Executive Director and President of PRC Operations

Brian Low, a Malaysian aged 53, our Promoter, substantial shareholder, Executive Director and President of PRC Operations. Details of his profile are set out in **Section 9.2.2(iv)** of this Prospectus. Please refer to **Section 9.8** of this Prospectus for further details on Brian Low's family relationship with our other Promoters, substantial shareholders, Directors and Key Senior Management.

(iii) Twisden

Substantial shareholder

Twisden was incorporated in British Virgin Islands ("BVI") under the International Business Companies Act on 22 July 2004 and reregistered under the BVI Business Companies Act 2004 on 1 January 2007 as a BVI business company and its principal activity is investment holding.

As at the LPD, the issued share capital of Twisden is USD1,000.00 comprising 1,000 ordinary shares of USD1.00 each. Twisden is 75.00% owned by Jeffrey Hwang and 25.00% owned by Brian Low.

(iv) SQT Holdings

Substantial shareholder

SQT Holdings was incorporated in BVI under the BVI Business Companies Act 2004 on 21 July 2021 as a BVI business company under its present name and its principal activity is investment holding.

As at the LPD, the issued share capital of SQT Holdings is USD800.00 comprising 800 ordinary shares of USD1.00 each. SQT Holdings is wholly owned by Jeffrey Hwang.

(v) SQ Venture

Substantial shareholder

SQ Venture was incorporated in BVI under the BVI Business Companies Act 2004 on 19 January 2022 as a BVI business company under its present name and its principal activity is investment holding.

As at the LPD, the issued share capital of SQ Venture is USD1.00 comprising 1 ordinary share of USD1.00 each. SQ Venture is wholly owned by Brian Low.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.1.4 Payments made to our Promoters and substantial shareholders

Save for the dividends to be paid or proposed to be paid as set out in **Section 12.6** of this Prospectus, to our Promoters and substantial shareholders and the aggregate remuneration and benefits paid or proposed to be paid to our Promoters and/or substantial shareholders for services rendered to our Group in all capacities for the FYE 2025 and FYE 2026 as set out in **Section 9.5** of this Prospectus, there are no other amounts or benefits paid or intended to be paid or given to our Promoters and/or substantial shareholders within the 2 years preceding the date of this Prospectus.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2 Directors

9.2.1 Shareholdings in our Company

The table below sets out the direct and indirect shareholdings of each of our Directors in our Company before and after our IPO, assuming our Directors will subscribe for their respective entitlements in full under the Pink Form Allocations as set out in **Section 4.3.1(ii)** of this Prospectus:-

Director	Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Dato' Hwang Thean Long	-	-	-	-	1,000,000	0.07	-	-
Datuk Radzali Bin Hassan	-	-	-	-	600,000	0.04	-	-
Jeffrey Hwang	-	-	(3)(5)1,297,500,000	100.00	75,000,000	5.00	(3)796,875,000	53.12
Brian Low	-	-	(4)(5)1,297,500,000	100.00	28,125,000	1.88	(4)262,500,000	17.50
Dato' Lim Bee Vian	-	-	-	-	300,000	0.02	-	-
Lam Voon Kean	-	-	-	-	300,000	0.02	-	-
Noor Alina Binti Mohamad Faiz	-	-	-	-	300,000	0.02	-	-
Dr. Lee Teck Kheng	-	-	-	-	300,000	0.02	-	-

Notes:-

(1) Based on our issued share capital comprising 1,297,500,000 Shares after the Pre-IPO Restructuring but before our IPO.

(2) Based on our enlarged issued share capital comprising 1,500,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his shareholding in SQT Holdings, applying Section 8(4) of the Act.

(4) Deemed interested by virtue of his shareholding in SQ Venture, applying Section 8(4) of the Act.

(5) Deemed interested by virtue of his shareholding in Twisden, applying Section 8(4) of the Act.

Notwithstanding the Pink Form Allocations reserved for our Directors, and to the extent known to our Company, none of our Directors have the intention to apply and subscribe for the Issue Shares under the Malaysian Public balloting portion as set out in **Section 4.3.1(i)** of this Prospectus

None of our Directors represents any corporate shareholder on our Board.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.2 Profile of our Directors

The profile of our Directors are as follows:-

(i) Dato' Hwang Thean Long
Non-Independent Non-Executive Chairman

Dato' Hwang Thean Long, a Malaysian aged 76, is our Non-Independent Non-Executive Chairman. He was appointed to our Board on 20 December 1999. He has vast experience in supermarket retailing, property development, hotel construction as well as corporate management with more than 50 years' experience in the retail and property industries.

He began his career in 1970 when he joined his late father, Mr. Hwang Siong Wah, founder of Swee Wah General Merchant, a mini-market business at Ayer Itam, Penang. He subsequently expanded the family business into supermarket retailing and established multiple outlets, including amongst others, Sunshine Square, Sunshine Air Itam, Sunshine Jelutong, Sunshine Bertam Shopping Mall and Sunshine Central in Penang.

He is currently the Managing Director and a major shareholder of SCB. Under his leadership, SCB grew from a neighbourhood retail business into a retail chain through departmental stores and supermarkets and subsequently diversified into semiconductor manufacturing, property development and international trading. SCB was listed on the Second Board of Bursa Securities on 18 September 1995, and was subsequently transferred to the Main Board of Bursa Securities (presently known as the Main Market) on 29 April 2005, SCB later delisted on 23 July 2019.

Following the de-listing of SCB from the Official List of Bursa Securities in 2019, Dato' Hwang Thean Long remains as the Managing Director of SCB, where he remains actively involved in its business operations, particularly in property development projects with the development of Sunshine Central, a mixed-use complex in Paya Terubong, Penang.

Further details of his directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.2.3** of this Prospectus.

Please refer to **Section 9.8** of this Prospectus for further details on his family relationship with our Promoter, substantial shareholder and Director.

(ii) Datuk Radzali Bin Hassan
Non-Independent Non-Executive Director

Datuk Radzali Bin Hassan, a Malaysian aged 68, is our Non-Independent Non-Executive Director. He was appointed to our Board on 20 December 1999.

He obtained an Advanced Diploma in International Business Studies from Institute of Commercial Management, United Kingdom in 1985 and an Executive Master of Business Administration from Swiss School of Management, Italy in 2017. He has also been conferred with several honours, including the Kesatria Setia Diraja (K.S.D.) by the Yang di-Pertuan Agong in 1997, the Darjah Mulia Seri Melaka (D.M.S.M.) by the Yang di-Pertua Negeri Melaka in 2008 and the Darjah Setia Pangkuan Negeri (D.S.P.N) by the Yang di-Pertua Negeri Pulau Pinang in 2013.

He is currently the Chairman and Group Managing Director of Harta Maintenance Sdn Bhd. He has over 45 years of experience in the facilities maintenance and services industry through Harta Maintenance Sdn Bhd and its subsidiaries ("**Harta Group**"), an integrated facility management services group offering services ranging from cleaning, housekeeping, landscaping, security, pest control, building maintenance and infrastructure management to a diverse range of individuals and organisations.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Throughout his tenure with the Harta Group, he has been closely involved in the development of its business capabilities, including the strengthening of its core facility management services and expansion of its service offerings. He remains actively involved in the Harta Group's operations, with his responsibilities encompassing corporate management, business planning and operational oversight in driving its continued growth.

He was previously a director of SCB, which was then a company listed on Bursa Securities, from 2004 to 2019, and a director of Halal Development Corporation Berhad, an agency under MITI, from 2022 to 2024.

He is currently the Chairman of the Malaysian Franchise Association. Further details of his directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.2.3** of this Prospectus.

(iii) **Jeffrey Hwang**

Promoter, substantial shareholder, Managing Director and CEO

Jeffrey Hwang, a Malaysian aged 39, is our Promoter, substantial shareholder, Managing Director and CEO. He was appointed to our Board on 15 March 2012 and is responsible in driving sustainable growth by adopting progressive technology and business development, aligning operation sites and departments, strengthening quality and engineering depth and building organisational capability, setting overall vision and strategy of our Group as well as represents our Group in key engagements with shareholders, strategic customers and partners.

He graduated with a Bachelor of Engineering in Electrical and Electronic Engineering from Imperial College London, United Kingdom, with First Class Honours in 2009 and obtained his Master of Philosophy in Industrial Systems, Manufacturing and Management from the University of Cambridge in 2010.

He began his career in 2010 as a Project Manager at QFSB, our wholly-owned subsidiary, where he implemented cross-department initiatives, including a plant-wide enterprise resource planning system project and cost savings through engineering materials innovation. In 2013, he assumed the role of Business Development Manager, where he explored new technologies and customer segments and developed new projects from design concept and prototype build through to mass production.

He served as the Executive Director of SCB, which was then the holding company of SQAI from 2015 to 2019. He was responsible for technology development and the expansion of our Group, and led the set-up of our Batu Kawan Plant, which enabled the commercialisation of semi-additive process utilised in our IC substrate manufacturing. In 2018, he was appointed as our Group CEO and later redesignated as the Managing Director and CEO of SQAI in 2026.

Further details of his directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.2.3** of this Prospectus.

Please refer to **Section 9.8** of this Prospectus for further details on his family relationship with our other Promoter, substantial shareholder and Director.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iv) **Brian Low**

Promoter, substantial shareholder, Executive Director and President of PRC Operations

Brian Low, a Malaysian aged 53, is our Promoter, substantial shareholder, Executive Director and President of PRC Operations. He was appointed to our Board on 1 September 2024 and is responsible for setting long-term strategic plans as well as overseeing technological development, cross-functional management, manufacturing, engineering, supply chain management, sales and marketing, human resources and financial management of our PRC Operations.

He graduated with a Bachelor of Management from Universiti Sains Malaysia in 1997.

He began his career in 1997 as an Executive in the Promotion and Event Department of Resorts World Bhd (now known as Genting Malaysia Berhad), where he managed event operations, ticketing systems and venue coordination for casino marketing activities. He subsequently left Resorts World Bhd in 1999 to join UMW Corporation Sdn Bhd in the same year. In this role, he led and managed a sales team and oversaw customer service activities. He left UMW Corporation Sdn Bhd in 2000.

He then joined our Group in 2000 as an Assistant Sales Manager under QFSB and subsequently served as Operations Manager until 2005. During this period, he played a key role in laying the foundation for the establishment of our Group's business expansion in the PRC through SHTEI.

He assumed a founding role in the establishment and development of SHTEI, a subsidiary of SECL, comprising our PRC Operations in 2005. In this founding role, he led the establishment of our PRC Operations including the initial setting up of our Xiamen Plant, deploying and implementing operational systems, setting and implementing sales and marketing strategies, driving core technological directions, recruiting and mentoring the core leadership team as well as establishing rigorous production and quality assurance standards that underpins our Group's reputation in the industry.

He also served as the General Manager of SECL since 2020. As a co-founding member and the General Manager of SHTEI and SECL, he has, over the past 20 years, led the development of the strategic, technical and operational functions of our PRC Operations. Under his leadership, our Xiamen Plant has evolved into a key manufacturing hub for the PRC market. He was subsequently redesignated as the President of our PRC Operations in 2026.

Further details of his directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.2.3** of this Prospectus.

Please refer to **Section 9.8** of this Prospectus for further details on his family relationship with our other Promoter, substantial shareholder and Director.

(v) **Dato' Lim Bee Vian**

Senior Independent Non-Executive Director

Dato' Lim Bee Vian, a Malaysian aged 61, is our Senior Independent Non-Executive Director. She was appointed to our Board on 11 February 2026.

She graduated with a Bachelor of Economics with Honours from Universiti Utara Malaysia in 1989. She has been a member of the Institute of Corporate Directors Malaysia since 2025. In 2025, she was conferred the award of Darjah Setia Pangkuan Negeri (D.S.P.N) by the Yang di-Pertua Negeri Pulau Pinang.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She began her career in 1989 as an Assistant Training Executive at High-Desert (Malaysia) Sdn Bhd (now known as HDI Network (M) Sdn Bhd) (“**HDI**”), a direct selling company. She was responsible for conducting training for dealers and distributors. After leaving HDI in 1990, she had a short stint at S.K. Brothers Realty (M) Sdn Bhd, a real estate firm, as an Administrative Assistant from July 1990 to September 1990, and subsequently joined M-Panel System (Malaysia) Sdn Bhd in October 1990, a manufacturer of building materials, as an Office Administrator managing a branch office in Kuala Lumpur before she left the company in December 1990.

She subsequently joined the Malaysian Investment Development Authority (“**MIDA**”), Malaysia’s main investment promotion agency, as an Economic Affairs Officer in 1991, where she was involved in tax incentive approvals for companies investing in Malaysia. Throughout her employment with MIDA, she has served in various roles including as the Senior Economic Affairs Officer, Deputy Director, Senior Deputy Director, Director and Executive Director for various units such as Planning and Research, Manufacturing Services, Industry Talent Management, Services Development and Strategic Planning (Services).

Throughout her 33-year career with MIDA, she has made notable contributions and achievements. She was tasked with setting up several new divisions in MIDA namely, the Industry Talent Management Division in 2013 to support MIDA’s investment eco-system approach to service investors’ human capital needs, the Incentive Coordination and Collaboration Office (ICCO) in 2015, an initiative under the Malaysia Services Sector Blueprint for better management of the country’s incentive framework, and the Digital Investment Office (DIO) in 2021 under the MyDigital Blueprint to promote and coordinate digital investment together with the Malaysia Digital Economy Corporation (MDEC). She led the development of the i-incentive portal and the i-services portal to facilitate information sharing and business matching.

She was promoted to Deputy CEO of Investment Development in 2022, overseeing 11 Industries and Services Divisions in MIDA that evaluate applications from both manufacturing and services sectors, a position she held until her retirement in 2024.

She is currently the Independent Non-Executive Director of PMB Technology Berhad and SAM Engineering & Equipment (M) Berhad (both of which are listed on the Main Market) and Independent Non-Executive Chairperson of iCents Group Holdings Berhad (listed on the ACE Market of Bursa Securities). She also serves as a director of Malaysia-China Business Council and Technology Depository Agency Berhad as well as a member of the Business Development, Collaboration and Internationalisation Advisory Committee of Tunku Abdul Rahman University of Management and Technology. Further details of her directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.2.3** of this Prospectus.

(vi) **Lam Voon Kean** *Independent Non-Executive Director*

Lam Voon Kean, a Malaysian aged 73, is our Independent Non-Executive Director. She was appointed to our Board on 11 February 2026.

She was admitted as a member of the Malaysian Institute of Certified Public Accountants in 1982 and has been a member of Malaysian Institute of Accountants since 2001.

She began her career in 1974 as an articled clerk at KPMG Peat Marwick (now known as KPMG PLT) (“**KPMG**”), Penang, Malaysia, and later served as a senior audit manager. During her 20 years with the firm, she acted as engagement manager for various audit engagements and was also involved in assignments relating to listings on the Malaysian Stock Exchange (presently known as Bursa Securities), including the review and preparation of profit and cash flow forecasts and projections.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She left KPMG in 1994 and joined M&C Services Sdn Bhd (presently known as Boardroom Corporate Services Sdn Bhd), a company principally involved in the provision of corporate secretarial, accounting and related services, in the same year as a Senior Manager. She was subsequently appointed as Executive Director, a position she held until 2005.

In 2005, she joined Agriteum Sdn Bhd (presently known as Boardroom Corporate Services (Penang) Sdn Bhd) ("**Boardroom Penang**") as Managing Director where her responsibilities included overseeing all management and operational functions and providing management and technical support to the team. She retired in 2011 and was subsequently engaged as Consultant with Boardroom Penang in 2012 under a 1 year contract to provide corporate secretarial support. Her consultancy services concluded upon completion of the contract term upon expiry of the contractual term in end of 2012.

She is currently the Independent Non-Executive Director of Alcom Group Bhd and Tambun Indah Land Bhd (both of which are listed on the Main Market). Further details of her directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.2.3** of this Prospectus.

(vii) **Noor Alina Binti Mohamad Faiz** *Independent Non-Executive Director*

Noor Alina Binti Mohamad Faiz, a Malaysian aged 51, is our Independent Non-Executive Director. She was appointed to our Board on 11 February 2026.

She graduated with a Bachelor of Laws (Hons) from the University of Leicester, United Kingdom in 1996 and obtained a Professional Masters in Business Administration from Universiti Teknologi Malaysia School of Professional & Continuing Education (UTMSPACE) in 2025. She is a member of the Middle Temple and was called to the Bar of England and Wales in 1998. Subsequently, she was admitted to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1999.

She began her career in 1999 as a legal assistant at Messrs. Lee, Perara & Tan ("**LPT**"), specialising mainly in corporate and securities law. She left LPT in 2002 and briefly joined Messrs. Zaid Ibrahim & Co. as a legal associate before re-joining LPT in 2003. She was promoted to senior legal assistant in 2006, a position she held until her departure from LPT in 2009.

Between 2010 and 2011, she served as Group General Manager, Legal & Secretarial of Media Prima Berhad, a company listed on the Main Market. In 2012, she joined Peremba (Malaysia) Sdn Bhd as the Head of the Legal and Secretarial Department. She was subsequently appointed as a consultant with Peremba (Malaysia) Sdn Bhd in 2015 to provide legal and secretarial consultancy services, a role she held until 2017. In her in-house roles, her responsibilities included managing corporate transactions, providing legal and regulatory advice, as well as overseeing the company secretarial function.

She resumed legal practice in 2017 as the sole proprietor of the Chambers of Noor Alina Faiz. In 2021, she returned to LPT where she is currently a partner. She specialises in corporate and commercial matters, where she is principally involved in asset acquisitions and disposals, general conveyancing matters, corporate and commercial contract drafting, regulatory advisory for licensing and compliance and general corporate advisory.

She is currently the Independent Non-Executive Director of Kawan Food Berhad and Unisem (M) Berhad (both of which are listed on the Main Market). Further details of her directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.2.3** of this Prospectus.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(viii) Dr. Lee Teck Kheng
Independent Non-Executive Director

Dr. Lee Teck Kheng, a Singaporean aged 55, is our Independent Non-Executive Director. He was appointed to our Board on 11 February 2026.

He graduated with a Degree of Engineering from the National University of Singapore (“NUS”) in 1995, obtained his Master of Science (Material Science and Engineering) from NUS in 1999 and later completed his Doctor of Philosophy at Nanyang Technological University, Singapore in 2006.

He has received numerous professional recognitions in the fields of engineering, microelectronics, innovation and technical education, including, amongst others, International Electrotechnical Commission 1906 Award in 2023, the Singapore International Chamber of Commerce Innovation Award for Most Scalable Collaboration in 2022, multiple Institute of Technical Education Innovation and Establishment Awards from 2011 to 2024, several awards issued by the Ministry of Education, Singapore (“MOE”), namely the PS21 Innergy Award in 2015 and Innergy and Outstanding Innovator Awards from 2021 to 2023.

He began his career in 1995 as an Equipment Engineer at Texas Instruments Singapore Pte Ltd, Singapore, where he was involved in semiconductor package assembly, prior to leaving the company in 1997. In 1997, he joined the Institute of Microelectronics/ Institute of Microelectronics, Singapore as a Research Engineer, where he managed R&D in micro-electro-mechanical systems and advanced packaging in the R&D lab.

In 1999, he joined Micron Technology Asia Pte Ltd (presently known as Micron Semiconductor Asia Operations Pte Ltd), Singapore, a global designer and manufacturer of memory and storage solutions, initially as Principal Packaging Development Engineer and later promoted to Senior Technical Member. During his tenure from 1999 to 2008, he was responsible for R&D development relating to advanced packaging and substrate technologies and for managing all global substrate suppliers for the company.

In 2008, he joined the Institute of Technical Education, College Central (“ITE”), Singapore, a provider of technical and career education and served as Deputy Director and was subsequently promoted to Director of Technology Development, in 2011 where he founded the Technology Development Centre and developed strategic plans to restructure innovation initiatives within ITE. He led a team of 20 engineers and researchers supporting ITE’s national research and innovation projects. He remained with ITE until 2025.

He has been serving as a Consultant at Nanyang Technological University, Singapore since 2024, supporting teaching, research and innovation activities. In 2025, he founded Launchxtec Pte Ltd, Singapore, a company involved in providing training courses for manufacturing and engineering design, as well as consultancy activities.

He is presently a committee member of the Advanced Packaging Technical Committee of Semi Southeast Asia and the Singapore Chinese Chamber of Commerce and Industry Committee and serves as the co-convenor of the working group on semiconductor devices, represents Singapore in the review of International electrotechnical commission (IEC) TC47 Semiconductor devices standards.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.3 Involvements of our Directors in other businesses and corporations outside our Group

Save as disclosed below, none of our Directors are involved in any principal business activities outside our Group as at the LPD or has any directorships outside our Group at present and in the past 5 years prior to the LPD:-

(i) Dato' Hwang Thean Long

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Present Directorships and other involvement in principal business activities outside our Group:-</u>				
Barisan Mahir (M) Sdn Bhd	Dormant	Substantial shareholder (direct)	-	-
Crimson Omega Sdn Bhd	Property development and property holding	- Director - Substantial shareholder (indirect)	16 April 1998	-
Emerald Capital (Ipoh) Sdn Bhd	Property developer	Shareholder (direct)	-	-
Harta Maintenance (Penang) Sdn Bhd	Contractors in housekeeping, pest control services, maintenance and integrated facility management for multitype of buildings and properties; provide engineering support services, energy management, indoor air quality, sanitising services and green technology; provide other related general trading and services	Substantial shareholder (direct)	-	-
Hesechan Realty Sdn Bhd	Investment holdings with investment in shares	Director	30 December 1994	-
Magirex Sdn Bhd	Property investment	- Director - Substantial shareholder (indirect)	17 January 2025	-
Nanometric Sarawak Sdn Bhd	Property investment	- Director - Substantial shareholder (direct)	22 October 1990	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
Penang Commercial & Industrial Development Bhd	Investment and holding shares in companies	• Director • Substantial shareholder (direct)	12 April 1988	-
QBPO	Dormant	• Director	4 July 2007	-
Qdynamics	Dormant	• Director	30 December 2016	-
Qforce	Investment holding with investment in Quantum Fri Sdn Bhd (formerly known as QDOS FRI Sdn Bhd)	• Director	30 December 2016	-
Quantum Fri Sdn Bhd (formerly known as QDOS FRI Sdn Bhd)	Dormant	• Director	29 July 2016	-
Rotitiam Sdn Bhd	Growing and selling durian	• Substantial shareholder (direct)	-	-
S.W. Hwang Holdings Sdn Bhd	Investment holdings with investment in shares	• Director • Substantial shareholder (direct)	19 November 1982	-
Sealite Optical (Bayan Baru) Sdn Bhd	Opticians and dealers in optical wear and accessories.	• Substantial shareholder (direct)	-	-
Silver Resort Sdn Bhd	Property development	• Director • Substantial shareholder (indirect)	30 April 2025	-
SCB	Investment holding, provision of management services and letting of property	• Director • Substantial shareholder (direct)	10 December 1992	-
Suiwah Holdings (Bayan Baru) Sdn Bhd	To carry on the business of property investment and car park operator	• Director • Substantial shareholder (indirect)	24 June 1996	-
Suiwah Holdings Sdn Bhd	Property and investment holding and to act as a car park operator	• Director • Substantial shareholder (direct)	16 October 1990	-
Suiwah Supermarket Sendirian Berhad	Investment holdings with investment in shares	• Director • Substantial shareholder (direct)	1 October 1996	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
Sunshine Paramount Sdn Bhd	Letting of properties	- Director - Substantial shareholder (indirect)	1 November 1985	-
Sunshine Wholesale Mart Sdn Bhd	To operate a supermarket and departmental store and to carry on the business of moneylending under the Moneylenders Act 1951	- Director - Substantial shareholder (indirect)	20 December 1985	-
Toko Eely Development Sdn Bhd	Investment holdings with investment in shares	- Director - Substantial shareholder (direct)	12 January 1985	-
Zoom Success Sdn Bhd	Property investment	- Director - Substantial shareholder (indirect)	20 June 2023	-
<u>Past Directorship:-</u> Silver Ridge Agricultural Infomatics Sdn Bhd	Dormant	- Director - Substantial shareholder (direct)	12 April 2021	7 August 2025

(ii) Datuk Radzali Bin Hassan

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Present Directorships and other involvement in principal business activities outside our Group:-</u> Allied Occupational Health & Medical Services Sdn Bhd	To provide medical services	- Director - Substantial shareholder (direct)	2 July 1998	-(1)

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
Danal Technologies Asia Sdn Bhd	Business as an investment property, provision of services on repairing, cleaning and types of property maintenance	• Director	30 August 2016	-
Feuilleorganix Sdn Bhd	Manufacturing, trading and marketing of ointments and healthcare products	• Substantial shareholder (direct)	-	-
Harta Maintenance Sdn Bhd	Contractors in housekeeping, pest control services, maintenance and integrated facility management for multitype of buildings and properties; provide engineering support services, energy management, indoor air quality, sanitising services and green technology; provide other related general trading and services	• Director • Substantial shareholder (direct)	15 August 1984	-
Harta Maintenance (Penang) Sdn Bhd	To carry on business of cleaning, upkeep and maintenance of offices and buildings	• Director • Substantial shareholder (indirect)	7 November 1992	-
Hexosphere Sdn Bhd	Investment holding with investment in shares	• Director • Substantial shareholder (direct)	20 March 1999	-
Koperasi Global Halal Berhad	Production, processing, distribution and marketing of halal products, including in the food and beverage, cosmetics, personal care, pharmaceutical, tourism and health-related services sectors	• Director	25 April 2024	-
Nexus Byte Asia Sdn Bhd (formerly known as Gogold Jewellery Sdn Bhd)	Dormant	• Director • Substantial shareholder (direct)	29 January 2024	-
The Outward Bound Trust of Malaysia	Providing education and character training, both physical and mental for young people	• Director	8 December 2023	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
Yayasan Modal Insan Harta	To foster improve and aid in development of education in any manner whatsoever as the board of the yayasan may decide but without prejudice to the generality of the provisions the founding and maintaining of scholarship at schools, colleges and universities	• Director	18 February 2010	-
Zoom Success Sdn Bhd	Property investment	• Director • Substantial shareholder (direct)	20 June 2023	-
<u>Past Directorships:-</u>				
BiON plc	Dormant	• Director	6 May 2016	16 March 2021
Halal Development Corporation Berhad	To plan, develop, implement, monitor, promote, coordinate and to be a central organisation for the implementation of national policies, strategies, activities on the halal industry and halal standards	• Director	30 March 2022	26 April 2024
Harta Tech Labs Sdn Bhd (formerly known as Harta Environment Maintenance Services Sdn Bhd)	Information technology and digital solution provider (both soft and hardware services)	• Director • Substantial shareholder (indirect)	8 December 1997	10 June 2025
OCS Global Services Sdn Bhd	Facilities management	• Director	15 October 2015	27 July 2021

Note:-

(1) Datuk Radzali Bin Hassan has submitted his resignation from this company, which is pending filing with the Companies Commission of Malaysia.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)
(iii) Jeffrey Hwang

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Present Directorships and other involvement in principal business activities outside our Group:-</u>				
Millennium Solutions Sdn Bhd	Dormant	• Director • Substantial shareholder (indirect)	5 June 2018	-
Prochamp Overseas Limited (winding-up)	Dormant	• Director • Substantial shareholder (direct)	1 August 2019	-
QSC	Dormant	• Director • Substantial shareholder (indirect)	19 July 2018	-
QBPO	Dormant	• Director • Substantial shareholder (indirect)	15 March 2012	-
Qdynamics	Investment holding with investment in Quantum Fri Sdn Bhd (formerly known as QDOS FRI Sdn Bhd)	• Director • Substantial shareholder (indirect)	30 December 2016	-
QIndia	Dormant	• Director • Substantial shareholder (indirect)	24 March 2023	-
Qforce	Investment holding with investment in Quantum Fri Sdn Bhd (formerly known as QDOS FRI Sdn Bhd)	• Director • Substantial shareholder (indirect)	30 December 2016	-
Quantum Fri Sdn Bhd (formerly known as QDOS FRI Sdn Bhd)	Dormant	• Director • Substantial shareholder (indirect)	29 July 2016	-
Qdos Semiconductor Limited (winding-up)	Dormant	• Director • Substantial shareholder (direct)	7 January 2016	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
Qventures	Dormant	• Director • Substantial shareholder (indirect)	29 July 2016	-
SQ Technology Group Limited	Investment holding with investment in SQ Technology Limited	• Director • Substantial shareholder (indirect)	21 December 2021	-
SQ Technology Limited	Investment holding with investment in SQTsb	• Director • Substantial shareholder (indirect)	26 August 2019	-
SQT Holdings	Investment holding with investment in SQ Technology Group Limited	• Director • Substantial shareholder (direct)	21 July 2021	-
SQTsb	Investment holding with investment in our Company	• Director • Substantial shareholder (indirect)	4 October 2019	-
SCB	Investment holding, provision of management services and letting of property	• Shareholder (direct)	-	-
Sunshine Power (HK) Limited	Investment holding with investment in Sunshine Power (Xiamen) Electronic Co., Ltd which has since been deregistered	• Director	12 February 2009	-
Twisden	Investment holding with investment in SECL group of companies	• Director • Substantial shareholder (direct)	1 August 2019	-
Wawasan Education Foundation	To promote equal access to quality education for all individuals, support research and innovation, engage with communities, foster global citizenship, and encourage lifelong learning	• Director	9 December 2025	-
Zoom Success Sdn Bhd	Property investment	• Director	23 October 2024	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Past Directorship:-</u> Nanometric Electronics Sdn Bhd	Dormant	• Director	31 March 2011	18 December 2025

(iv) Brian Low

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Present Directorships and other involvement in principal business activities outside our Group:-</u> SQTSB	Investment holding with investment in our Company	• Substantial shareholder (indirect)	-	-
SQ Technology Group Limited	Investment holding with investment in SQ Technology Limited	• Director • Substantial shareholder (indirect)	21 December 2021	-
SQ Technology Limited	Investment holding with investment in SQTSB	• Substantial shareholder (indirect)	-	-
SQ Venture Ltd	Investment holding with investment in SQ Technology Group Limited	• Director • Substantial shareholder (direct)	19 January 2022	-
Twisden	Investment holding with investment in SECL group	• Substantial shareholder (direct)	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)
(v) Dato' Lim Bee Vian

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Present Directorships and other involvement in principal business activities outside our Group:-</u>				
iCents Group Holdings Berhad (listed on the Ace Market of Bursa Securities)	Investment holding with subsidiaries principally involved in engineering, construction and related services for cleanrooms and other facilities; and manufacture of cleanroom fixtures and related products	• Director • Shareholder (direct)	22 November 2024	-
Malaysia-China Business Council	To promote trade and investment between Malaysia and China by providing business information, advisory services and to facilitate business connections to foster a deeper understanding and cooperation between the 2 nations	• Director	8 May 2025	-
PMB Technology Berhad (listed on the Main Market)	Investment holding with subsidiaries principally involved in production and distribution of metallic silicon and related products; design, fabrication and installation of aluminium curtain wall and formwork system; marketing and leasing of boom lift machinery and manufacturing of aluminium mobile; and manufacturing and marketing of aluminium ladder and product	• Director	20 November 2024	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
SAM Engineering & Equipment (M) Berhad (listed on the Main Market)	Investment holding and provision of corporate management services with subsidiaries principally involved in design and assembly of modular or complete machine and equipment; design, development and manufacture of trim and form dies and suspension tooling for hard disk drive parts; manufacture and assembly of aircraft equipment, spares components and precision engineering parts; fabrication of precision tools and machinery parts and manufacture of aircraft and other equipment parts, spares components and precision engineering parts, precision and engineering components; and manufacture of dies, jigs and parts and cutting tools for disk drives, electronics, semi-conductor and other industries	Director	1 April 2025	-
Technology Depository Agency Berhad	To become an operating arm for the Government of Malaysia in procurement offset program	Director	29 August 2024	-
<u>Past Directorship:-</u> Malaysia Steel Institute	To promote and develop competitiveness, resilience and sustainability of the Malaysian iron and steel industry; provide advisory services and carry out, commission or promote study scientific, technological and economic aspects of iron and steel industry development in Malaysia; promote iron and steel product standardisation and utilisation within Malaysia	Director	31 March 2023	8 July 2024

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(vi) Lam Voon Kean

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Present Directorships and other involvement in principal business activities outside our Group:-</u>				
Alcom Group Berhad (listed on the Main Market)	Manufacturing and trading of aluminium sheet and foil product, investment holding and property development	• Director	9 August 2018	-
Excel Machine Tools (M) Sdn Bhd	Dormant	• Director	17 December 1999	-
Instanture Holdings Sdn Bhd	Investment holdings in software design	• Shareholder (direct)	-	-
Tambun Indah Land Bhd (listed on the Main Market)	Investment holding with subsidiaries principally involved in property development, project and construction management, operation of car park and investment holding	• Director • Shareholder (direct)	1 June 2018	-
<u>Past Directorships:-</u>				
Asia File Corporation Bhd (listed on the Main Market)	Investment holding, commission agent and provider of management services, with subsidiaries principally involved in manufacturing and trading of stationery products, paper and plastic based related products and consumer and food wares products	• Director	11 June 2012	30 June 2025
RGB International Bhd (listed on the Main Market)	Investment holding with subsidiaries principally involved in sales and marketing, technical support and management, and engineering service of gaming and amusement machines and equipment	• Director • Shareholder (direct)	31 March 2014	30 May 2025
Globetronics Technology Bhd (listed on the Main Market)	Investment holding with subsidiaries principally involved in semiconductor assembly and testing, manufacturing of semiconductor components, property investment and letting, development of sensors and optical products, provision of hardware and software system solutions, and investment holding	• Director	15 May 2013	15 May 2023

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(vii) Noor Alina Binti Mohamad Faiz

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Present Directorships and other involvement in principal business activities outside our Group:-</u>				
Eco Redcrews Sdn Bhd	Real estate activities with own or leased property N.E.C. ⁽¹⁾ ; activities auxiliary to finance N.E.C. ⁽¹⁾ ; wholesale of other household goods N.E.C. ⁽¹⁾	• Director • Substantial shareholder (direct)	29 May 2017	-
Fauzi Sdn Bhd	Real property investment	• Director	19 June 2024	-
Kawan Food Berhad (listed on the Main Market)	Investment holding with subsidiaries principally involved in the manufacturing, sale, exporting, trading and distribution of frozen food products, investment property, investment holding activities, rental of trucks, engaged in the beverage industry, specialises in manufacturing, trading, distributing, importing and exporting concentrated syrups of various flavours as well as frozen fruit juices and information technology	• Director	1 October 2024	-
Unisem (M) Berhad (listed on the Main Market)	Manufacturing services of semiconductor devices	• Director	30 July 2024	-
<u>Past Directorship:-</u>				
PMB Technology Berhad (listed on the Main Market)	Investment holding with subsidiaries principally involved in design, fabrication and installation of aluminium curtain walls, cladding systems, and manufacturing and trading of aluminium related products	• Director	18 October 2016	26 June 2025
Press Metal Aluminium Holdings Berhad (listed on the Main Market)	Investment holding with subsidiaries principally involved in the manufacturing, trading and marketing of aluminium and other related products	• Director	4 July 2017	29 August 2025

Note:-

(1) The expression "N.E.C" utilised herein shall have the meaning "not elsewhere classified".

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

The involvements of our Directors as disclosed above in other principal business activities outside of our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Directors as:-

- (i) our Managing Director and Executive Director are of the view that their involvement in other businesses or corporations does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve;
- (ii) Dato' Hwang Thean Long and Datuk Radzali Bin Hassan are of the view that although they are involved in other businesses as set out above, they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties and they are not involved in the day-to-day operations of our Group; and
- (iii) Dato' Lim Bee Vian, Lam Voon Kean and Noor Alina Binti Mohamad Faiz are of the view that their involvement in other businesses or corporations does not preclude them from allocating or committing their time and effort to our Group as they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties as they are not involved in the day-to-day operations of our Group and these businesses.

9.3 Board practice

9.3.1 Directorship

Our Board acknowledges and takes cognisance of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG that at least half of the Board comprises Independent Non-Executive Directors, that our chairperson of the Board should not be a member of our Audit and Risk Management Committee and Nomination and Remuneration Committee, and to have at least 30.00% women directors on our Board.

In accordance with our Constitution, our Directors shall have the power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with our Constitution which is 9 directors.

Any Director so appointed shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

Our Board has adopted the following responsibilities for effective discharge of its functions:-

- (i) To effectively represent and promote the interests of shareholders with a view to add long-term value to our Shares;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (ii) To direct and supervise the management, the business and affairs of our Company including, in particular:-
 - (a) reviewing and adopting a strategic plan for our Company, including establishing company goals and ensuring that the strategic plan of our Company supports long-term value creation and includes strategies on economic, environment and social considerations underpinning sustainability;
 - (b) establishing policies for strengthening the performance of our Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
 - (c) identifying principal risks, set the risk appetite within which our Board expects the management to operate and ensuring the implementation of appropriate systems to identify, analyse, evaluate, manage and monitor the significant financial and non-financial risks and ensuring there is a sound framework for internal controls and risk management;
 - (d) ensuring that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;
 - (e) reviewing the adequacy and the integrity of our Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - (f) deciding on whatever steps are necessary to protect our Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
 - (g) ensuring that our Company's financial statements are true and fair and conform with any applicable laws and/or regulations;
 - (h) ensuring that our Company adheres to high standards of ethics and corporate behaviour;
 - (i) together with senior management, promote good corporate governance culture within our Company which reinforces ethical, prudent and professional behaviour;
 - (j) review, challenge and decide on the management's proposals for our Company, and monitor its implementation by the management;
 - (k) supervise and assess management performance to determine whether the business is being properly managed; and
 - (l) ensure our Company has in place procedures to enable effective communication with the stakeholders;
- (iii) In the normal course of events, day-to-day management of our Company will be in the hands of management and under the stewardship of our CEO; and
- (iv) Our Board will satisfy itself that our Company is achieving the company goals.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:-

Name	Date of appointment as Director	Date of expiration of the current term of office ⁽¹⁾	Approximate no. of years in office
Dato' Hwang Thean Long	20 December 1999	Subject to retirement at AGM in year 2027	26 years
Datuk Radzali Bin Hassan	20 December 1999	Subject to retirement at AGM in year 2027	26 years
Jeffrey Hwang	15 March 2012	Subject to retirement at AGM in year 2028	13 years
Brian Low	1 September 2024	Subject to retirement at AGM in year 2028	1 year
Dato' Lim Bee Vian	11 February 2026	Subject to retirement at AGM in year 2029	-(2)
Lam Voon Kean	11 February 2026	Subject to retirement at AGM in year 2029	-(2)
Noor Alina Binti Mohamad Faiz	11 February 2026	Subject to retirement at AGM in year 2030	-(2)
Dr. Lee Teck Kheng	11 February 2026	Subject to retirement at AGM in year 2030	-(2)

Notes:-

(1) Pursuant to our Constitution, an election of the Directors shall take place each year. At the first AGM of our Company, all the Directors shall retire from office and at the AGM in every subsequent year, 1/3 of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

In addition, the Directors to retire in each year shall be those who have been the longest in office since their appointment or last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(2) Appointed after the LPD.

9.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 11 February 2026. The composition of our Audit and Risk Management Committee is set out below:-

Name	Designation	Directorship
Lam Voon Kean	Chairperson	Independent Non-Executive Director
Noor Alina Binti Mohamad Faiz	Member	Independent Non-Executive Director
Dr. Lee Teck Kheng	Member	Independent Non-Executive Director

The terms of reference of our Audit and Risk Management Committee, amongst others, include the following:-

- (i) To review the quarterly and annual financial statements of our Group, focusing particularly on:-
 - (a) any changes in or implementation of major accounting policies changes and practices;
 - (b) significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions, and how these matters are addressed;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (c) significant adjustments arising from the audits;
 - (d) compliance with applicable Financial Reporting Standards and other legal and regulatory requirements; and
 - (e) the going concern assumption;
- (ii) To review any related party transactions and conflict of interest situations that arose, persist or may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
- (iii) To ensure that internal control system is soundly conceived and in place, effectively administered and regularly monitored;
- (iv) To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures;
- (v) To recommend to our Board, steps to improve the internal control system derived from the findings of the internal auditor and external auditor and from the consultations of our Audit and Risk Management Committee itself;
- (vi) To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through our Group specifically:-
 - (a) To review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (b) To review the internal audit plans and to be satisfied as to their consistency with the Risk Management Framework used, adequacy of coverage and audit methodologies employed;
 - (c) To be satisfied that internal audit has the competency and qualifications to enable them to complete their mandates and approved audit plans;
 - (d) To review internal audit plan, processes, the results of the internal audit assessments, investigation undertaken, and ensure that proper action is taken on the recommendations of the internal audit function;
 - (e) To recommend any broader reviews deemed appropriate as a consequence of the issues or concerns identified;
 - (f) To review any appraisal or assessment of the performance of the members of the internal audit, approve any appointment or termination of senior staff members of the internal audit function and inform itself of any resignations of internal audit staff members and reasons thereof;
 - (g) To ensure internal auditor has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
 - (h) To request and review any special audit which it deems necessary;
- (vii) To review with the external auditor the nature and scope of the audit plan, audit report, evaluation of internal controls and ensure co-ordination where more than one external auditor is involved. Our Audit and Risk Management Committee will consider a consolidated opinion on the quality of external auditing at its meetings;
- (viii) To review any matters concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal including any written explanations, and the letter of resignation from the external auditor;
- (ix) To review and evaluate factors related to the suitability, objectivity and independence of the external auditor and assist the external auditor in preserving its independence;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (x) To review and approve the engagement of the external auditor in performing non-audit services within our Group, considering both the types of services rendered and the fees, such that the external auditor's position as auditors is not deemed to be compromised;
- (xi) To review the external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of our Group to the external auditor in order to be satisfied that appropriate action is being taken;
- (xii) To review with the external auditor the statement of internal control of our Group for inclusion in the annual report;
- (xiii) To prepare the annual Audit and Risk Management Committee report to our Board for inclusion in the annual report;
- (xiv) To report to our Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention, and are of sufficient importance to warrant the attention of our Board;
- (xv) To review the risk management framework adopted within our Group and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow our Group to minimise losses and maximise opportunities;
- (xvi) To review, monitor and assess the effectiveness of our Group's implementation of risk treatment/mitigation action plan(s) for the management, and control of the key risks;
- (xvii) To review and keep updated of any new or emerging trends of threats, so as to ensure that the management continues to promote risk awareness at all levels within our Group;
- (xviii) To review any significant risks that could affect our Group and assess the steps that the management has taken to manage such risks;
- (xix) Business continuity management:-
 - (a) To review and deliberate reports on business continuity testing results and recommendations;
 - (b) To review the plan and the scope as well as the effectiveness of business continuity plans;
- (xx) To review and/or act on any other matters as may be directed by our Board; and
- (xxi) To carry out any other responsibilities, functions or assignments as may be defined/agreed to by our Audit and Risk Management Committee and our Board as may be required under the Listing Requirements or other regulatory requirements.

9.3.3 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established by our Board on 11 February 2026. The composition of our Nomination and Remuneration Committee is set out below:-

Name	Designation	Directorship
Dr. Lee Teck Kheng	Chairperson	Independent Non-Executive Director
Dato' Lim Bee Vian	Member	Senior Independent Non-Executive Director
Datuk Radzali Bin Hassan	Member	Non-Independent Non-Executive Director

The terms of reference of our Nomination and Remuneration Committee, amongst others, include the following:-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(i) Nomination matters

- (a) To make proposals to our Board on suitable candidates for appointment or reappointment as Directors in accordance with the Directors' Fit and Proper Policy;
- (b) To assess and recommend nominees for appointment to C-Suite Management, ensuring they possess the requisite skills, knowledge, expertise, experience, qualifications, and other core competencies;
- (c) To ensure that our Board and C-Suite Management have an appropriate balance of diversity in terms of skills, knowledge, expertise, experience, age, gender, culture, professionalism, integrity, attributes and core competencies;
- (d) To assess annually the effectiveness of our Board as a whole, our Board Committees and the contribution of each individual Director. The annual assessment to be conducted would be based on objective performance criteria as approved by our Board. All assessments and evaluations carried out by our Nomination and Remuneration Committee in the discharge of all its functions should be properly documented;
- (e) To assist our Board to assess the independence of all the Independent Directors annually;
- (f) To assist the Board in the assessment of the performance of our Board and C-Suite Management performance, with annual evaluations conducted based on objective performance criteria approved by our Board;
- (g) To facilitate our Director's induction and training programmes for continuous development of Directors to ensure our Directors keep abreast with development in the industry, regulatory changes and board business trends;
- (h) To give consideration to succession planning for Directors and other C-Suite Management, taking into account the challenges and opportunities facing our Group and the skills, expertise and gender diversity needed on our Board and senior management in the future;
- (i) To review the tenure of each Director annually and ensure that the annual re-election of a Director is based on satisfactory evaluation of the Director's performance and contribution to our Board, and our Director has submitted the Fit and Proper Declaration Form; and
- (j) To review the term of office and performance of our Nomination and Remuneration Committee and each of its members annually to determine whether our Nomination and Remuneration Committee and its members have carried out their duties in accordance with their Terms of Reference.

(ii) Remuneration matters

- (a) To recommend to our Board the general remuneration policy for Executive Directors, Non-Executive Directors and C-Suite Management with the objective of attracting, retaining and motivating Directors and C-Suite Management of the quality required;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (b) To review and recommend to our Board in relation to the remuneration structures of the Executive Directors, Non-Executive Directors and C-Suite Management in all forms, taking into account the following criteria (where applicable):-
- the roles and level of responsibilities;
 - required qualification, skills, knowledge, technical competency, expertise, experience and time commitment;
 - integrity;
 - complexity of the business of our Group;
 - Group's business strategy and long-term objectives;
 - Group's performance in operating results as well as managing material sustainability risks and opportunities; and
 - Market statistics of other companies of a similar size in a comparable industry sector;
- (c) In respect of Executive Directors, to ensure that the recommended remuneration package is commensurate with skills and responsibility expected of the Director concerned and is sufficient to attract and retain Directors needed to run our Company successfully;
- (d) In respect of Non-Executive Directors, to ensure via our Board as a whole that the recommended remuneration payable reflects the experience, time demanded of the Directors to discharge their duties and responsibilities undertaken;
- (e) In respect of C-Suite Management, to ensure that the recommended remuneration package commensurate with individual's performance, skills and experience, level of responsibility as well as the market benchmarks;
- (f) To recommend performance bonus, annual increment, market adjustment and promotion increment to our Board for consideration and approval;
- (g) To engage external professional advisors to assist and/or advise our Nomination and Remuneration Committee, on remuneration matters, where necessary;
- (h) To review the fees of the Non-Executive Directors and any benefits payable to them including any compensation for loss of employment of Director or former Director before recommending to the Board for presentation to the shareholders for approval;
- (i) To provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and C-Suite management as well as the overall remuneration framework of our Company; and
- (j) To review the policies and procedures of the remuneration framework as and when necessary.

(iii) Other responsibilities

To carry out any other responsibilities, functions or assignments as may be defined by our Board as may be required under the Listing Requirements or other regulatory requirements.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4 Key Senior Management

9.4.1 Shareholdings in our Company

The table below sets out the direct and indirect shareholdings of each of our Key Senior Management (other than our Executive Directors which are disclosed in **Section 9.2.1** of this Prospectus) in our Company before and after our IPO, assuming our Key Senior Management subscribe for their respective entitlements under the Pink Form Allocations in full as set out in **Section 4.3.1(ii)** of this Prospectus:-

Name	Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Sim Gaik Lan	-	-	-	-	500,000	0.03	-	-
Whong Poh Choon	-	-	-	-	500,000	0.03	-	-
Ang Toon Yoon	-	-	-	-	500,000	0.03	-	-
Balaguru A/L Shanmugam	-	-	-	-	500,000	0.03	-	-
Mohammed Iqbal Siddiqui	-	-	-	-	500,000	0.03	-	-
Chen Bo	-	-	-	-	-	-	-	-
Yuan Lin Hui	-	-	-	-	-	-	-	-
Chan Kok Yeow	-	-	-	-	500,000	0.03	-	-

Notes:-

(1) Based on our issued share capital comprising 1,297,500,000 Shares after the Pre-IPO Restructuring but before our IPO.

(2) Based on our enlarged issued share capital comprising 1,500,000,000 Shares after our IPO.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.2 Profiles of our Key Senior Management

The profiles of our Executive Directors who are also part of our Key Senior Management are set out in **Section 9.2.2** of this Prospectus and the profiles of our remaining Key Senior Management are as follows:-

(i) Sim Gaik Lan
CFO

Sim Gaik Lan, a Malaysian aged 46, is our CFO. She is responsible for the financial management of our Group as well as overseeing the statutory reporting and internal management reporting functions of our Group, ensuring appropriate financial planning and financial corporate compliance, treasury, tax and other finance operations.

She graduated with a Bachelor of Accounting (Honours) in 2002 and obtained her Master of Business Administration from Universiti Sains Malaysia in 2014. She was admitted as a member of the Malaysian Institute of Accountants in 2006. She has over 20 years of experience in finance, including audit, financial planning and analysis and overseeing corporate finance functions.

She began her career in 2002 as an audit assistant at Ahmad Abdullah & Goh, an audit firm, where she was involved in statutory audit engagements until 2003. Between 2003 and 2007, she served as a finance officer and later as a senior finance officer at Sitt Tatt Company Sdn Bhd, a company engaged in logistics and warehousing services, where her responsibilities included financial reporting as well as financial planning and analysis.

In 2007, she joined Globetronics Sdn Bhd (a subsidiary of Globetronics Technology Berhad, a company listed on the Main Market) as a finance officer. She later served in several roles including senior finance officer, finance section manager, finance department manager and senior finance department manager before being promoted to finance director in 2022, a position she held until 2024. In this role, she oversaw the overall finance function of the company, covering financial planning and analysis, reporting, taxation, treasury, payroll and other corporate matters.

She subsequently joined our Group as CFO in 2025, where she assumed her current responsibilities.

Further details of her directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.4.3** of this Prospectus.

(ii) Whong Poh Choon
Vice President, Strategic Customers Management

Whong Poh Choon, a Malaysian aged 58, is our Vice President, Strategic Customers Management. He is responsible for retaining, growing and building relationships with long-term strategic customers, focusing on long-term value, retention and expansion by influencing development roadmaps through customer insights as well as supporting progressive business growth and commercial targets by protecting revenue continuity, resolving escalations and ensuring long-term strategic customers' satisfaction.

He graduated with a Diploma in Technology (Electronic Engineering) from Tunku Abdul Rahman College, Malaysia in 1991 and obtained his Master of Science in Management of Manufacture from Coventry University, United Kingdom in 1994. He has over 30 years of experience in electronics manufacturing, product development, business management and operations.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He began his career in 1992 as an Electronics Engineer at Sony Electronics (Malaysia) Sdn Bhd, where he was responsible for overseeing test equipment for compact disc player and hi-fi products, before leaving the company in the same year.

He subsequently joined Unico Technology Sdn Bhd in 1995 as the New Product Engineer, where he was responsible for managing the new product introduction programme for Intel's new motherboard projects, including coordination and oversight of prototype sample development and evaluation until 1996.

In 1997, he joined our Group as a New Product Engineer and was subsequently promoted through several positions, including New Product Manager, Planning Manager, Operation Director and Business Development Director. He was subsequently appointed as the CEO of QFSB in 2011. In his capacity as CEO of QFSB, he is responsible for overseeing the overall business and operations of QFSB, with a focus on driving top-line revenue growth and optimising bottom-line profitability, including maintaining and expanding sales from existing customers, exploring new markets and acquiring new customers, strengthening operational efficiency and maintaining high quality standards, as well as enhancing programme management capabilities to support the conversion of new projects into mass production sales.

He was subsequently redesignated as Vice President of Strategic Customers Management, Malaysia Operations in 2026 and assumed his current responsibilities.

Further details of his directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.4.3** of this Prospectus.

(iii) **Ang Toon Yoon** *Vice President, IC Substrate Operations*

Ang Toon Yoon, a Malaysian aged 57, is our Vice President, IC Substrate Operations. He is responsible for overseeing the IC substrate business and operations at the Batu Kawan Plant, with a focus on ramping up production to meet increasing customer demand and drives end-to-end IC substrate operational execution, including prototype build to manufacturing and quality assurance to ensure product delivery, cost efficiency and quality performance for our customers.

He graduated with a Diploma in Technology (Materials Engineering) from Tunku Abdul Rahman College in 1992 and obtained his Master of Science in Manufacturing Systems Engineering from the Queen's University of Belfast, United Kingdom in 1993. He has over 30 years of experience in operations management, manufacturing and business leadership across the medical device, semiconductors and electronic manufacturing services.

He began his career in 1993 as a Quality Engineer at Advanced Micro Devices Global Services (M) Sdn Bhd, where he was responsible for process and product quality in assembly and test manufacturing until 1995. He later joined Intel Technology Sdn Bhd in 1995 as the Technology Development Process and Equipment Engineer and was subsequently promoted through several positions, including Technology Development Integration Manager, before assuming the role of Senior Engineering Manager in 2007, where he was responsible for overseeing safety, quality, yield, cost and equipment performance for assembly and test operations at the Kulim assembly and test facility.

He subsequently left Intel Technology Sdn Bhd in 2011 and joined First Solar Malaysia Sdn Bhd in the same year as Manufacturing Director, where he was responsible for the overall operations of 2 solar panel manufacturing plants in Kulim before leaving the company in 2013.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Between 2013 and 2015, he joined Bard Sdn Bhd as the Operations Manager, where he was managing manufacturing operations of the catheter plant and leading the operations team. From 2015 to 2017, he joined Siangpack Sdn Bhd (presently known as Hartmann Packaging (M) Sdn Bhd) as General Manager, where he managed plant operations across functions including operations, sales, purchasing, quality assurance, finance and administration.

From 2017 to 2020, he served as General Manager at Plexus Manufacturing Sdn Bhd ("Plexus"), where he was responsible for the overall operational and financial performance of the manufacturing plant under the medical devices division. He then left Plexus and joined Teleflex Medical Sdn Bhd, as Head of Operations for the Asia-Pacific Region from 2020 to 2021, where he oversaw the overall operational and financial performance across the group's manufacturing plants in Malaysia and India.

From 2021 to 2022, he rejoined Plexus and served as Vice President of Operations, responsible for overall operational and financial performance of four manufacturing sites.

He joined our Group in 2022 as the CEO under QISB and was subsequently redesignated as Vice President of IC Substrate Operations, Malaysia Operations in 2026, where he assumed his current responsibilities.

Further details of his directorships or principal business activities performed outside our Group as at the LPD are set out in **Section 9.4.3** of this Prospectus.

(iv) **Balaguru A/L Shanmugam** *Vice President, FPC Operations*

Balaguru A/L Shanmugam, a Malaysian aged 62, is our Vice President, FPC Operations. He is responsible for overseeing FPC business and operations at the Bayan Lepas Plant, with a focus on ramping up production to meet increasing customer demand through electronics engineering talent development and best-known-practices implementation and drives end-to-end FPC operational execution, including prototype build to manufacturing and supply chain to ensure product delivery, cost efficiency and quality performance for our customers.

He graduated with a Bachelor of Science with Honours from University of Malaya in 1987. He has over 35 years of experience in the electrical and electronics industry.

He began his career in 1989 when he joined Sony Electronics (M) Sdn Bhd, a manufacturer of audio products, as a materials officer. In 1990, he left Sony Electronics (M) Sdn Bhd and joined Philips Audio Sdn Bhd, also a manufacturer of audio products, as a planning officer, responsible for production scheduling and material requirements, and was promoted to Manufacturing Manager in 1992 until 1997, where he was responsible for overseeing production.

In 1997, he joined Lemtronics Sdn Bhd, a company engaged in the manufacture of power tools, automotive and medical products. He held various managerial roles, including Production Manager, Division Head of Quality Assurance and Division Head of Quality Engineering before being promoted to Division Head of Quality Engineering and Operations in 2005, where he was responsible for quality management, engineering functions and production. He remained with Lemtronics Sdn Bhd until 2007.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Between 2007 and 2014, he served at SimpleTech Electronics Sdn Bhd (which later became STEC Technology Sdn Bhd and was subsequently known as HGST Technologies Malaysia Sdn Bhd), a data storage products manufacturer, where he held senior quality management roles including Quality Director and Global Senior Director of Quality. He subsequently joined Plexus Manufacturing Sdn Bhd in 2014 as Regional Director of Quality and later Hotayi Electronic (M) Sdn Bhd in 2018 as Quality Director, a position he held until 2019. In these roles, he was responsible for overseeing quality management functions, including product and supplier quality.

He joined our Group as Manufacturing Director in 2019 and was re-designated as Operations Director in 2020. He was then promoted to Deputy General Manager and General Manager of the Bayan Lepas Plant in 2021 and 2024, respectively. He was redesignated as Vice President of FPC Operations, Malaysia Operations in 2026, where he assumed his current responsibilities.

(v) **Mohammed Iqbal Siddiqui** *Vice President, Development*

Mohammed Iqbal Siddiqui, an Indian citizen aged 52, is our Vice President, Development. He is responsible for overseeing technology and business development with a focus on identifying and commercialising new business opportunities by integrating customer requirements, market trends and SQA Group's technological capabilities as well as drives business growth through customer development, technology roadmap, product engineering and effective transfer of new programs into operations for scalable execution.

He graduated with a Bachelor of Science in Mechanical Engineering from Aligarh Muslim University, India in 1998. He has over 25 years of experience in the electrical and electronics industry, spanning engineering, operations and corporate management.

He began his career in 1998 as a trainee engineer at Fusion Electronics Pvt Ltd ("**Fusion Electronics**") in India, a company principally engaged in the manufacture of FPC. He was subsequently promoted to Manager of Quality Assurance and Product Development in 1999, where he was responsible for product quality and development as well as leading the company's technology transformation. He was also responsible for managing the company's quality management systems, led the quality engineering function and facilitated internal and external audits.

In 2006, he was appointed as Plant Manager, a position he held until 2015, where he oversaw overall plant operations. In this role, he developed key operational functions by establishing systems, recruiting and training staff and led initiatives to enhance operational performance. During his career with Fusion Electronics, he gained exposure in quality assurance, product development, engineering, purchasing, human resources and technical sales.

Between 2016 and 2017, he pursued an independent venture focused on developing a business plan for the establishment of a FPC manufacturing facility in India and exploring potential investment opportunities for the project.

He joined our Group as Operations Director in 2017, where he assisted in setting up the Batu Kawan Plant and subsequently oversaw its operations. In 2022, he assumed the position of General Manager of Group Strategy and Development, responsible for overseeing our Group's strategic planning and business development initiatives. He was subsequently redesignated as Vice President of Development, Malaysia Operations in 2026, where he assumed his current responsibilities.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(vi) Chen Bo
Vice President, Manufacturing

Chen Bo, a Chinese citizen aged 50, is our Vice President, Manufacturing. He is responsible for implementing various indicators issued by the manufacturing centre, coordinating functions between departments, establishing and maintaining internal management systems within departments, continuously promoting and improving efficiency and quality indicators, and enhancing quality skills in the Xiamen Plant.

He graduated with a Bachelor of Mechatronics from Kunming University of Science and Technology, PRC in 1998. He has over 25 years of experience in engineering, research and development, and production management in the FPC and SMT industry.

He began his career in 1998 as a Technician in the Research and Development Department at Longtexin Electronics (Dongguan) Co., Ltd, where he was involved in project research and development as well as sample coordination. He subsequently served as an Engineering Department Engineer at Yashin Electronics (Dongguan) Co., Ltd from 2000 to 2004, focusing on development of pre-production and manufacturing process technologies.

In 2004, he joined ZTE Xinyu (Shenzhen) Electronics Co., Ltd as an Engineer and Deputy Manager of the Engineering Department, where he was responsible for research and development, process design and process technology.

In 2005, he joined our Group as a Process Technology Manager under SHTEI, where he was primarily responsible for research and development, sample production and process design before leaving our Group in 2008.

Between late 2008 and 2011, he served as Vice President of Zhongruan Xinda Electronics (Shenzhen) Co., Ltd, overseeing the company's research and development, engineering and quality management functions.

He later re-joined our Group in 2011, where he served as Deputy General Manager of the Manufacturing Centre and was subsequently redesignated as Vice President of Manufacturing, PRC Operations in 2026, where he assumed his current responsibilities.

(vii) Yuan Lin Hui
Vice President, Quality and Engineering

Yuan Lin Hui, a Chinese citizen aged 45, is our Vice President, Quality and Engineering. He is responsible for work planning and management of the quality and technology centre, overseeing the design engineering, research and development, as well as the quality assurance department in the Xiamen Plant.

He graduated with an Industrial and Management Engineering from Hunan University, PRC in 2002. He has over 20 years of experience in engineering management, product design, quality assurance, and research and development in the electronic components manufacturing industry.

He began his career in 2000 as an Equipment Maintenance Worker at Xiamen Faratronics Co., Ltd., where he was responsible for the maintenance and repair of machinery and equipment involved in the development and manufacturing of thin-film capacitors.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He joined our Group in 2004 as an Equipment Maintenance Engineer, where he was responsible for maintenance, repair and management of production equipment. He was subsequently promoted to Design Engineer, Supervisor of the Design Centre and Manager of the Quality Assurance and Design Engineering Centre. He was responsible for the planning and management of the design department, overseeing work planning and management of the Design Engineering Centre and managed the design engineering and quality assurance and design engineering centres.

He was promoted to Deputy General Manager of Quality Assurance and Design Engineering Centre in 2016 and was subsequently redesignated as Vice President of Quality and Engineering, PRC Operations in 2026, where he assumed his current responsibilities.

(viii) Chan Kok Yeow

Vice President, Administration

Chan Kok Yeow, a Malaysian aged 50, is our Vice President, Administration. He is responsible for managing and overseeing administrative functions such as purchasing department, human resource (HR) department, information technology (IT) department and warehouse in the Xiamen Plant.

He graduated a Bachelor of Engineering with Honours in Mechanical Engineering from Universiti Sains Malaysia in 1999. He has over 25 years of experience in the electrical and electronics industry, spanning operations, supply chain and administrative management.

He began his career in 1999 as a Process Engineer at Renesas Semiconductor (Malaysia) Sdn Bhd, a company principally involved in the manufacture and sale of silicon transistors and integrated circuits, where he was involved in the cutting and marking processes in manufacturing operations.

He left Renesas Semiconductor (Malaysia) Sdn Bhd in 2003 and in the same year, he joined Agilent Technologies (Malaysia) Sdn Bhd, a company principally involved in the manufacture of semiconductor components, as a New Product Introduction Engineer. Following the divestiture of Agilent Technologies' semiconductor products business in 2005, which subsequently became Avago Technologies, he transitioned to Avago Technologies (M) Sdn Bhd as an Outsourcing Manager. He was responsible for managing outsourcing activities, including vendor evaluation and coordination with external parties.

In 2011, he left Avago Technologies (M) Sdn Bhd and joined our Group as a Procurement Manager under SHTEI, where he was involved in purchasing activities, including sourcing of materials and equipment, before leaving in 2012.

Between 2012 and 2015, he joined Inari Technology Sdn Bhd, a company involved in outsourced semiconductor assembly and test as well as electronics manufacturing services, as Senior Supply Chain Manager. In this role, his responsibilities including materials planning, supplier management and overseeing warehouse operations.

He re-joined our Group as our Deputy General Manager of Administration of SHTEI in 2015 and was subsequently redesignated as Vice President of Administration Centre, PRC Operations in 2026, where he assumed his current responsibilities.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.3 Involvement of our Key Senior Management in other businesses and corporations outside our Group

Save as disclosed below, none of our Key Senior Management are involved in any principal business activities outside our Group as at the LPD or has any directorships outside our Group at present and in the past 5 years prior to the LPD:-

(i) Sim Gaik Lan

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u><i>Present directorships and other involvement in principal business activities outside our Group:-</i></u> JMACC Services PLT	Providing accounting and payroll services	Partner	17 March 2025	-

(ii) Whong Poh Choon

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u><i>Present directorships and other involvement in principal business activities outside our Group:-</i></u> QBPO	Dormant	Director	28 August 2008	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) Ang Toon Yoon

Company	Principal business activities	Nature of relationship	Date of appointment as director	Date of cessation as director
<u>Past directorships:-</u>				
Teleflex Medical Sdn Bhd	Manufacture of latex medical products and plastic medical devices, provision of manufacturing services for latex and plastic medical products	• Director	3 August 2020	24 June 2021
Inmed Manufacturing Sdn Bhd	Activities of holding companies	• Director	3 August 2020	8 July 2021

The involvements of our Key Senior Management mentioned above in other principal business activities outside of our Group will not affect their commitment and responsibilities to our Group in their roles as one of our Key Senior Management given that the day-to-day management and operations of the business is managed by the other shareholders and supported by an independent management team.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.5 Remuneration of Directors and Key Senior Management

9.5.1 Directors

(i) FYE 2025 (paid)

Director	Fixed and non-deferred remuneration			Variable and non-deferred remuneration		Total (RM'000)
	Director's fee (RM'000)	Salary (RM'000)	*Statutory Contributions (RM'000)	Bonus (RM'000)	Benefit-in-kind (RM'000)	
<u>Executive Directors</u>						
Jeffrey Hwang	-	371	75	230	23	699
Brian Low	-	511	58	205	-	774
<u>Non-Executive Directors</u>						
Dato' Hwang Thean Long	20	150	5	30	-	205
Datuk Radzali Bin Hassan	20	-	-	-	-	20
Dato' Lim Bee Vian ⁽¹⁾	-	-	-	-	-	-
Lam Voon Kean ⁽¹⁾	-	-	-	-	-	-
Noor Alina Binti Mohamad Faiz ⁽¹⁾	-	-	-	-	-	-
Dr. Lee Teck Kheng ⁽¹⁾	-	-	-	-	-	-

Note:-

(1) Our Independent Non-Executive Directors were appointed on 11 February 2026.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) FYE 2026 (proposed to be paid)

Name	Fixed and non-deferred remuneration			Variable and non-deferred remuneration		Total		
	Director's Fee (RM'000)	Salary (RM'000)	Statutory Contributions (RM'000)	Bonus (RM'000)	Benefit-in-kind (RM'000)	Paid as at the LPD (RM'000)	Expected to be paid (RM'000)	Total (RM'000)
<u>Executive Directors</u>								
Jeffrey Hwang	-	401	56	122	74	395	258	653
Brian Low	-	570	58	213	-	348	493	841
<u>Non-Executive Directors</u>								
Dato' Hwang Thean Long	23	(1)80	1	20	11	112	23	135
Datuk Radzali Bin Hassan	20	-	-	-	-	-	20	20
Dato' Lim Bee Vian	23	-	-	-	-	-	23	23
Lam Voon Kean	23	-	-	-	-	-	23	23
Noor Alina Binti Mohamad Faiz	20	-	-	-	-	-	20	20
Dr. Lee Teck Kheng	23	-	-	-	-	-	23	23

Note:-

(1) The salary received by Dato' Hwang Thean Long represents salary up to the LPD, subsequent to the redesignation to Non-Independent Non-Executive Chairman he will entitled to receive Director's fee only.

The remuneration of our Directors, which includes salaries, Directors' fees, bonus and such other allowances as well as other benefits-in-kind, must be considered and recommended by our Nomination and Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.5.2 Remuneration and material benefits in-kind of our Key Senior Management

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Key Senior Management for (other than our Executive Directors) services rendered in all capacities to our Group for the FYE 2025 and FYE 2026 are as follows:-

Key Senior Management	Remuneration band	
	FYE 2025 (paid) (RM'000)	FYE 2026 (proposed) (RM'000)
Sim Gaik Lan	⁽¹⁾ 100 - 150	400 - 450
<u>Malaysia Operations</u>		
Whong Poh Choon	600 - 650	600 - 650
Ang Toon Yoon	600 - 650	600 - 650
Balaguru A/L Shanmugam	550 - 600	550 - 600
Mohammed Iqbal Siddiqui	450 - 500	500 - 550
<u>PRC Operations</u>		
Chen Bo	350 - 400	400 - 450
Yuan Lin Hui	350 - 400	400 - 450
Chan Kok Yeow	300 - 350	350 - 400

Note:-

(1) Sim Gaik Lan, our CFO, joined our Group in January 2025.

The above remuneration of our Key Senior Management, which includes salaries, bonuses and allowances and other benefits, must be considered and recommended by our Nomination and Remuneration Committee and subsequently approved by our Board.

9.6 Declaration from our Promoters, Directors and Key Senior Management

As at the LPD, save as disclosed below, none of our Promoters, Directors and Key Senior Management is or has been involved in any of the following events (whether in or outside Malaysia):-

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of Key Senior Management;
- (ii) such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (vi) such person was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

In respect of item (vii) above, Sim Gaik Lan, our CFO, had received a warning letter from the SC dated 16 February 2021 regarding an alleged insider trading matter in April 2016, when she was a finance manager at a subsidiary of Globetronics Technology Berhad. The matter occurred approximately 10 years ago in 2016 and to the best of our Company's and Sim Gaik Lan's knowledge, no charge or any criminal proceeding has been instituted against her in any court of law in relation to the matter and no other claims were made by the SC against her subsequent to the issuance of the warning letter. This matter did not involve our Company nor any of our subsidiaries.

9.7 Key technical personnel

Save for our CFO, Sim Gaik Lan, and our Vice President, Administration, Chan Kok Yeow, the remaining members of our Key Senior Management are also our key technical personnel.

9.8 Associations or family relationships between our Promoters, substantial shareholders, Directors and Key Senior Management

Save as disclosed below, there is no other family relationship and/or association between any of our Promoters, substantial shareholders, Directors and Key Senior Management:-

- (i) Dato' Hwang Thean Long, our Non-Independent Non-Executive Chairman, is father of Jeffrey Hwang, who is our Promoter, substantial shareholder, Managing Director and CEO.
- (ii) Jeffrey Hwang, our Managing Director and CEO, Promoter and substantial shareholder, is:-
 - (a) the son of Dato' Hwang Thean Long, who is our Non-Independent Non-Executive Chairman; and
 - (b) the nephew of Brian Low, our Promoter, substantial shareholder, Executive Director and President of PRC Operations.
- (iii) Brian Low, our Promoter, substantial shareholder, Executive Director and President of PRC Operations, is the uncle of Jeffrey Hwang, our Promoter, substantial shareholder, Managing Director and CEO.

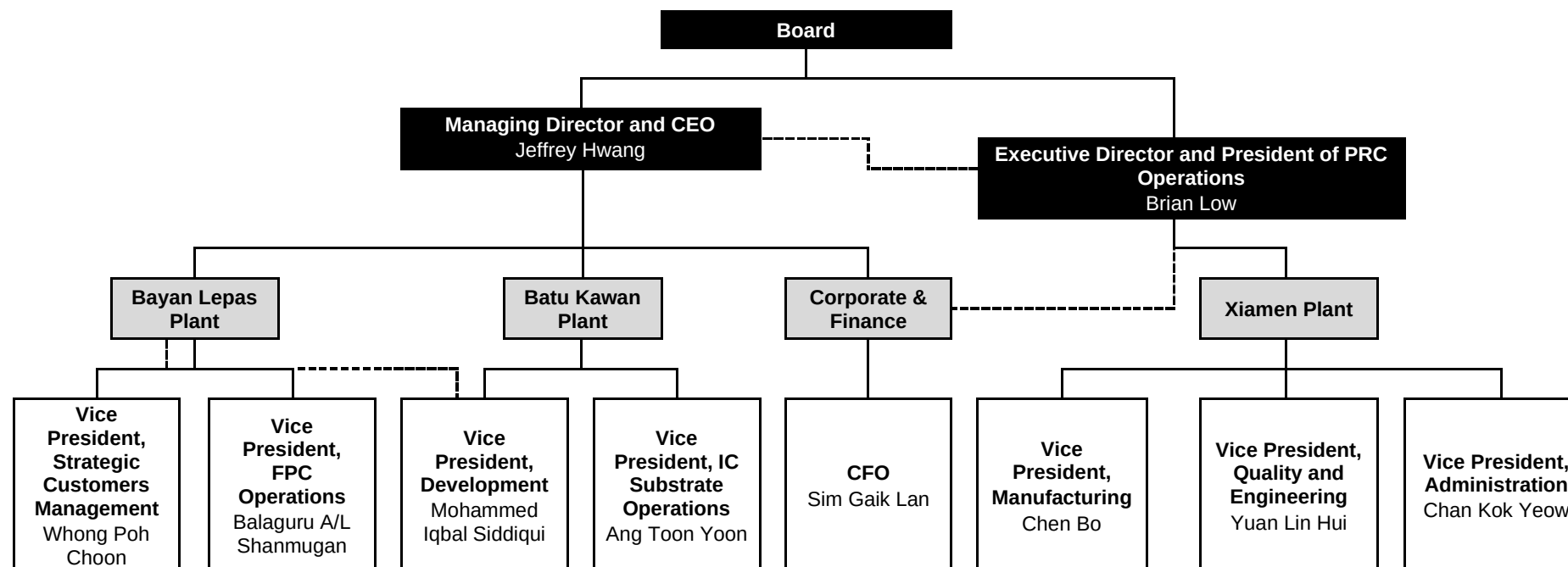
9.9 Service agreements

As at the date of this Prospectus, none of our Directors and/or Key Senior Management has any existing or proposed service agreement with our Group which provide for benefits upon termination of employment.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.10 Management reporting structure

The management reporting structure of our Group is as follows:-



10. RELATED PARTY TRANSACTIONS

10.1 Related party transactions

Save for the Acquisition of SECL and as disclosed below, there are no other material related party transactions to be entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the Financial Years Under Review as well as the subsequent period up to the LPD:-

No.	Transacting parties with our Group	Nature of relationship	Nature of transaction	FYE 2023	FYE 2024	FYE 2025	(2)From 1 June 2025 up to the LPD
				(RM'000)	(RM'000)	(RM'000)	(RM'000)
1.	SQTSB group of companies as follows:- - QBPO - QSC - Qforce - Qdynamics - Qventures - QIndia	Interested Major Shareholders - SQT Holdings - SQ Venture - SQ Technology Group Limited - SQ Technology Limited - SQTSB Interested Major Shareholders and Directors - Jeffrey Hwang - Brian Low Interested Directors - Dato' Hwang Thean Long - Whong Poh Choon QBPO, QSC, Qforce, Qdynamics and Qventures are the wholly-owned subsidiaries of SQTSB. SQTSB, our major shareholder, is wholly-owned by SQ Technology Limited, which in turn is a wholly-owned subsidiary of SQ Technology Group Limited. SQ Technology Group Limited is 75.00% owned by SQT Holdings and 25.00% owned by SQ Venture.	Marketing service fees payable by our Group to QBPO for marketing, promotional, sales and support services in relation to the business and operations of QFSB. The transaction ceased in September 2025. Upon the disposal of QBPO by SQAI to SQTSB, our Group assumed the marketing role.	96 (0.20% of our Group's total administrative and marketing expenses)	106 (0.24% of our Group's total administrative and marketing expenses)	120 (0.30% of our Group's total administrative and marketing expenses)	40
			Sales commission for marketing paid by our Group to QSC. The transaction ceased in September 2025. Upon the disposal of QSC by SQAI to SQTSB, our Group assumed the marketing role, dealing directly with the customer instead of through QSC.	174 (0.37% of our Group's total administrative and marketing expenses)	221 (0.50% of our Group's total administrative and marketing expenses)	301 (0.74% of our Group's total administrative and marketing expenses)	92

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties with our Group	Nature of relationship	Nature of transaction	FYE 2023	FYE 2024	FYE 2025	⁽²⁾ From 1 June 2025 up to the LPD
				(RM'000)	(RM'000)	(RM'000)	(RM'000)
		SQT Holdings is wholly owned by Jeffrey Hwang, our Promoter, major shareholder and Director, and SQ Venture is wholly owned by Brian Low, our Promoter, major shareholder and Director. Jeffrey Hwang is the director of SQT SB. Brian Low, is the uncle of Jeffrey Hwang. Jeffrey Hwang is the son of Dato' Hwang Thean Long, our Non-Independent Non-Executive Chairman. Dato' Hwang Thean Long and Jeffrey Hwang are directors of QBPO, Qforce and Qdynamics, with Jeffrey Hwang also serving as a director of QSC and Qventures. Whong Poh Choon is the director of QFSB, QISB and QTSB, our wholly-owned subsidiaries. He is also the director of QBPO.	A one-off sale of tooling and prototype by our Group to QSC. This was a one-off transaction entered into between our Group and QSC. Following our Listing, our Group does not intend to enter into similar transactions with QSC. Disposal of the entire equity interest of the Non-Core Subsidiaries by our Group to SQT SB and QBPO⁽¹⁾.	-	26 (0.01% of our Group's total revenue)	-	-
				-	-	-	20,903

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties with our Group	Nature of relationship	Nature of transaction	FYE 2023	FYE 2024	FYE 2025	(2)From 1 June 2025 up to the LPD
				(RM'000)	(RM'000)	(RM'000)	(RM'000)
2.	Nanometric Electronics Sdn Bhd	Interested Major Shareholder and Director - Jeffrey Hwang Interested Directors - Dato' Hwang Thean Long Nanometrics Electronics Bhd is a wholly-owned subsidiary of Suiwah Holdings Sdn Bhd, a company controlled by Dato' Hwang Thean Long, our Non-Independent Non-Executive Chairman, who is the director and major shareholder of Suiwah Holdings Sdn Bhd. Jeffrey Hwang, our Promoter, major shareholder and Director, is the son of Dato' Hwang Thean Long.	Provision of manpower and operational support services by Nanometric Electronics Sdn Bhd to our Group, the sole customer of Nanometric Electronic Sdn Bhd. This transaction ceased in September 2025.	334 (0.15% of our Group's total cost of sales)	327 (0.14% of our Group's total cost of sales)	329 (0.13% of our Group's total cost of sales)	70
3.	Sunshine Power (Xiamen) Electronic Co., Ltd ("Sunshine Power")	Interested Major Shareholders and Directors - Jeffrey Hwang - Brian Low Sunshine Power is a wholly-owned subsidiary of Sunshine Power (HK) Limited. Jeffrey Hwang, our Promoter, major shareholder and Director, is the director of Sunshine Power (HK) Limited.	Provision of SMT processing services by Sunshine Power to our Group, the sole customer of Sunshine Power. As at the LPD, this transaction has ceased and Sunshine Power was deregistered on 23 January 2026.	2,232 (1.01% of our Group's total cost of sales)	1,887 (0.81% of our Group's total cost of sales)	1,335 (0.54% of our Group's total cost of sales)	1,009

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties with our Group	Nature of relationship	Nature of transaction	FYE 2023	FYE 2024	FYE 2025	⁽²⁾ From 1 June 2025 up to the LPD
				(RM'000)	(RM'000)	(RM'000)	(RM'000)
		Low Siew Hoe, who holds 99.99% equity interest in Sunshine Power (HK) Limited, is the mother of Jeffrey Hwang and sibling of Brian Low, our Promoters, major shareholders and Directors.	Rental and property management fees paid to our Group by Sunshine Power. As at the LPD, this transaction has ceased and Sunshine Power was deregistered on 23 January 2026.	146 (0.42% of our Group's total other operating income)	147 (0.52% of our Group's total other operating income)	138 (0.54% of our Group's total other operating income)	58
4.	Harta Maintenance (Penang) Sdn Bhd ("Harta Maintenance")	Interested Directors - Dato' Hwang Thean Long - Datuk Radzali Bin Hassan Jeffrey Hwang, our Promoter, major shareholder and Director, is the son of Dato' Hwang Thean Long, our Non-Independent Non-Executive Chairman. Dato' Hwang Thean Long is a major shareholder of Harta Maintenance. Datuk Radzali Bin Hassan, our Non-Independent Non-Executive Director, is a major shareholder and director of Harta Maintenance.	Provision of cleaning and maintenance services by Harta Maintenance to our Group. This transaction is recurrent.	129 (0.27% of our Group's total administrative and marketing expenses)	134 (0.30% of our Group's total administrative and marketing expenses)	147 (0.36% of our Group's total administrative and marketing expenses)	110

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:-

- (1) *The disposal of the entire equity interest of QBPO, QSC, Qforce, Qdynamics and Qventures to SQTBS and the disposal of the entire equity interest in QIndia to SQTBS and QBPO is part of a restructuring exercise undertaken prior to our Listing. The consideration of RM20.9 million for the said disposal was arrived at on a willing-buyer willing-seller basis after taking into consideration the net tangible assets or net tangible liabilities as stated in the audited financial statements of QBPO, Qforce, Qdynamics and Qventures for the FYE 2024, the audited financial statements of QSC for the FYE 2025 and the latest unaudited management accounts of QIndia as at 30 November 2025.*
- (2) *Percentage contributions are not available as there are no audited financial statements for the period from 1 June 2025 up to the LPD for our Group.*

The Disposal of Non-Core Subsidiaries and the transaction set out in item 3 in the table above, are not considered to be on an arm's length basis and were not transacted on commercial terms as:-

- (i) the disposal considerations for the Disposal of Non-Core Subsidiaries were arrived at based on the respective net tangible assets or net tangible liabilities, without reference to an independent valuation or prevailing market comparable and without considering any similar commercial terms. The disposals were undertaken by our Group to establish a clearer operating structure, focusing on the FPC and IC substrate segment; and
- (ii) there were insufficient comparable transactions to support the prevailing market rates for the provision of SMT processing services by Sunshine Power and the rental income charged was not in line with the prevailing market rates.

Save for the aforementioned, our Board is of the opinion that all the transactions set out in **Section 10.1** of this Prospectus were carried out on an arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and to the detriment to our minority shareholders.

Our Directors confirmed that there are no material related party transactions that have been effected after the LPD, or entered into but not yet effected up to the date of this Prospectus by our Group that involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them.

Upon our Listing, in the event that our Group enters into any material related party transactions in accordance with the Listing Requirements, we will be required to seek our shareholders' approval accordingly. However, if such related party transactions are deemed as recurrent related party transactions, we may then seek a general mandate from our shareholders (which mandate would typically be renewed as required at each AGM of our Company) to enter into such recurrent transactions without having to seek separate shareholders' approval each time our Group wishes to enter into such recurrent related party transactions during the validity period of the mandate.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, our Directors, substantial shareholders and/or persons connected with them, which have any interest, direct or indirect, in the proposed related party transaction, will hence abstain from deliberating and voting in respect of their direct and/or indirect shareholdings, if any. Such interested Directors and/or substantial shareholders will also undertake to ensure that the person(s) connected with them will abstain from voting on the resolution approving the proposed related party transaction at a general meeting of our Company.

10. RELATED PARTY TRANSACTIONS (CONT'D)

In addition, our Audit and Risk Management Committee will, amongst others, review the terms of the related party transactions (if any) moving forward and report to our Board for further action to safeguard the interest of our Group and our minority shareholders, as well as to mitigate any potential conflict of interest situation. Further details on our monitoring and oversight practices in relation to related party transactions and conflicts of interest are set out in **Section 10.4** of this Prospectus.

10.2 Related party transactions that are unusual in their nature or conditions

Our Directors have confirmed that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for the Financial Years Under Review as well as the subsequent period up to the LPD.

10.3 Material outstanding loans and/or financial assistance

10.3.1 Material outstanding loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties

Save as disclosed below, our Board has confirmed that there are no material outstanding loans and/or financial assistance (including guarantees of any kind) that has been provided by our Group to or for the benefits of any related parties for the Financial Years Under Review as well as the subsequent period up to the LPD:-

No.	Transacting parties with our Group	Nature of relationship	Nature of transaction	As at			As at the LPD
				FYE 2023	FYE 2024	FYE 2025	
				(RM'000)	(RM'000)	(RM'000)	
1.	SQTSB group of companies as follows:- - SQTSB - QBPO - Qventures - Qforce - QSC - Qfri - Millennium Solutions Sdn Bhd	- SQTSB⁽¹⁾ is our major shareholder. - Jeffrey Hwang⁽²⁾ is the director of SQTSB.	The advance was extended by SQAI to SQTSB for working capital purposes.	-	-	191	-
		- QBPO is a wholly-owned subsidiary of SQTSB. - Dato' Hwang Thean Long⁽²⁾, Jeffrey Hwang⁽²⁾ and Whong Poh Choon⁽²⁾ are the directors of QBPO.	The advance was extended by QFSB to QBPO for working capital purposes.	82	68	20	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties with our Group	Nature of relationship	Nature of transaction	As at			As at the LPD
				FYE 2023	FYE 2024	FYE 2025	
				(RM'000)	(RM'000)	(RM'000)	(RM'000)
		- Qdynamics is a wholly-owned subsidiary of SQTsb. - Dato' Hwang Thean Long⁽²⁾ and Jeffrey Hwang⁽²⁾ are the directors of Qdynamics.	The advance was extended by QFSB to Qdynamics for working capital purposes.	538	-	-	-
		- Qforce is a wholly-owned subsidiary of SQTsb. - Dato' Hwang Thean Long⁽²⁾ and Jeffrey Hwang⁽²⁾ are the directors of Qforce.	The advance was extended by QFSB to Qforce for working capital purposes.	784	-	-	-
		- Qventures is a wholly-owned subsidiary of SQTsb. - Jeffrey Hwang⁽²⁾ is the director of Qventures.	The advance was extended by QFSB to Qventures for working capital purposes.	45	54	63	-
		- QSC is a wholly-owned subsidiary of SQTsb. - Jeffrey Hwang⁽²⁾ is the director of QSC.	The advance was extended by QFSB to QSC for working capital purposes.	222	3	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties with our Group	Nature of relationship	Nature of transaction	As at			As at the LPD
				FYE 2023	FYE 2024	FYE 2025	
				(RM'000)	(RM'000)	(RM'000)	(RM'000)
		- Quantum Fri Sdn Bhd (formerly known as Qdos Fri Sdn Bhd) ("Qfri") is 60.00% owned by Qforce and 40.00% owned by Qdynamics, both of which are wholly-owned subsidiaries of SQTsb. - Dato' Hwang Thean Long⁽²⁾ and Jeffrey Hwang⁽²⁾ are the directors of Qfri.	The advance was extended by QFSB to Qfri for working capital purposes.	252	21	23	-
		- Millennium Solutions Sdn Bhd⁽³⁾ is wholly-owned by Qventure, which in turn is a wholly-owned subsidiary of SQTsb. - Jeffrey Hwang⁽²⁾ is the director of Millennium Solutions Sdn Bhd.	The advance was extended by QFSB to Millennium Solutions Sdn Bhd for purchase of spare parts and working capital purposes.	464	490	507	-
2.	Crimson Omega Sdn Bhd	- Crimson Omega Sdn Bhd is 76.00% owned by SCB and 24.00% owned by Sunshine Wholesale Mart Sdn Bhd, which is in turn wholly owned by SCB, a company controlled by Dato' Hwang Thean Long. - Dato' Hwang Thean Long⁽²⁾ is the director of Crimson Omega Sdn Bhd.	The corporate guarantee was provided by QFSB, in favour of United Overseas Bank (Malaysia) Bhd ("UOB") in relation to term loan of RM377.0 million granted to Crimson Omega Sdn Bhd to be used for the development of Sunshine Central, a mix development in Penang. The corporate guarantee had been uplifted on 19 May 2025.	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:-

- (1) *SQTSB is our major shareholder and is wholly-owned by SQ Technology Limited, which in turn is a wholly-owned subsidiary of SQ Technology Group Limited. SQ Technology Group Limited is 75.00% owned by SQT Holdings and 25.00% owned by SQ Venture. Jeffrey Hwang holds 100.00% equity interest in SQT Holdings and Brian Low holds 100.00% equity interest in SQ Venture.*
- (2) *Jeffrey Hwang is our Promoter, major shareholder and Director. He is also the son of Dato' Hwang Thean Long, our Non-Independent Non-Executive Chairman. Whong Poh Choon is our Key Senior Management and the director of QFSB, QISB and QTSB, our wholly-owned subsidiaries.*
- (3) *Qventures and Millennium Solutions Sdn Bhd will be struck off prior to our Listing.*

The effective interest rates charged by our Group on advances to the SQTSB group of companies are 2.00% to 6.00% per annum for the Financial Years under Review and up to the LPD. The advances were not on arm's length basis as the repayment terms for the advances are unsecured, short-term in nature and no fixed term of repayment. In addition, the corporate guarantee had been fully discharged without liability.

As at the LPD, all the above advances have been repaid in full and the above corporate guarantee has been uplifted. Our Group undertakes that they will no longer provide such advances/financial assistance (including corporate guarantee) to any related parties moving forward.

10.3.2 Material outstanding loans and/or financial assistance (including guarantees of any kind) made from related parties to our Group

QFSB has obtained 3 banking facilities from Hong Leong Islamic Bank Berhad, OCBC Bank (Malaysia) Berhad and UOB for the Financial Years Under Review and up to the LPD, pursuant to which personal guarantees were provided by Jeffrey Hwang and/or Dato' Hwang Thean Long.

As at the LPD, our Group has obtained conditional approval from the aforementioned financiers to discharge and/or uplift the said personal guarantees and the key conditions for the release being the successful listing of our Group and/or the replacement of the personal guarantees with a new corporate guarantee to be executed by our Group.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.4 Monitoring and oversight of related party transactions and conflicts of interest

10.4.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee will review the related party transactions and conflicts of interest situations that may arise within our Company or Group, including any transaction, procedures or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee also reviews any transaction, procedure or course of conduct that raises questions of management integrity including our related party transactions. In reviewing the related party transactions, the following, amongst other things will be considered:-

- (i) the rationale and the cost/benefit to our Company are first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (iv) that the transactions are not detrimental to our Company's non-interested shareholders.

Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations in the transactions. All reviews by our Audit and Risk Management Committee are reported to our Board for their further action. Where necessary, our Board will make the appropriate disclosure in our annual report with regard to any related party transactions (recurrent or one-off) entered into by us.

10.4.2 Our policy on related party transactions and conflicts of interest

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. It is the policy of our Group that all related party transactions in the course of business are carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and these terms are not detrimental to the other shareholders of our Company who are not interested in the transaction.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the Malaysian Code of Corporate Governance upon our Listing. The procedures which form part of the framework include, among others, the following:-

- (i) our Board shall ensure that at least half of our Board's members are Independent Directors and will undertake an annual assessment of our Independent Directors; and
- (ii) our Directors will be required to immediately make full disclosure of any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would, in turn, make a recommendation to our Board.

11. CONFLICT OF INTEREST

11.1 Interest in businesses which carry on similar trade as our Group or businesses which are our customers or suppliers

11.1.1 Involvement of our Directors and substantial shareholders in entities which carry on a similar trade as that of our Group

As at the LPD, our Directors and/or substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as that of our Group.

11.1.2 Involvement of our Directors and substantial shareholders in entities which are our customers and/or suppliers

As at the LPD, our Directors and/or substantial shareholders do not have any interest, direct or indirect, in any entities which are our customers and/or suppliers.

As set out in **Section 10.4.1** of this Prospectus, our Audit and Risk Management Committee will review any conflict of interest situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions on management integrity. Our Audit and Risk Management Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Notwithstanding the above, the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers or suppliers may give rise to a conflict of interest situation with our business. Where such interests give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interests. Such transactions will be carried out on arm's length basis and on normal commercial terms.

11.2 Declaration by advisers on conflict of interest

(i) Declaration by UOBKH

UOBKH, being the Principal Adviser for our Listing, and the Joint Bookrunner and Joint Underwriter for our IPO confirms that there is no conflict of interest situation its capacity as the Principal Adviser, Joint Underwriter and Joint Bookrunner for our IPO.

(ii) Declaration by Maybank IB

Maybank IB, being the Joint Underwriter and Joint Bookrunner for our IPO, and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group.

11. CONFLICT OF INTEREST (CONT'D)

Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

Notwithstanding the above, Maybank IB is of the view that there is no conflict of interest in respect of its capacity as the Joint Bookrunner and Joint Underwriter for our IPO due to the following:-

- (i) Maybank and Maybank Islamic are a licensed commercial bank and Islamic bank respectively, and the extension of credit facilities to our Group arose in their ordinary course of business; and
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by, among others, the Financial Services Act 2013, Islamic Financial Services Act 2013 and its own internal controls and checks.

As at the LPD, Maybank IB is not aware of any existing or potential conflict of interest or any circumstance which would give rise to a conflict of interest in respect of its capacity as the Joint Bookrunner and Joint Underwriter for our IPO.

Accordingly, Maybank IB confirms that there is no conflict of interest situation in its capacity as the Joint Bookrunner and Joint Underwriter for our IPO.

(iii) Declaration by Lee Choon Wan & Co.

Lee Choon Wan & Co. confirms that there is no conflict of interest situation its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

(iv) Declaration by Grandall Law Firm (Shanghai)

Grandall Law Firm (Shanghai) confirms that there is no conflict of interest situation in its capacity as the legal adviser to our Company as to the law of Chinese Mainland in relation to our IPO.

(v) Declaration by Cheang & Ariff

Cheang & Ariff confirms that there is no conflict of interest situation in its capacity as the legal adviser to the Joint Bookrunners and Joint Underwriters as to Malaysian law in relation to our IPO.

(vi) Declaration by BDO PLT

BDO PLT confirms that there is no conflict of interest situation in its capacity as the auditors and reporting accountants for our IPO.

(vii) Declaration by Vital Factor

Vital Factor confirms that there is no conflict of interest situation in its capacity as the IMR in relation to our IPO.

(viii) Declaration by Resolve IR Sdn Bhd

Resolve IR Sdn Bhd confirms that there is no conflict of interest situation in its capacity as the Internal Control Consultant for our IPO.

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)
GP	93,361	106,310	119,968
Other operating income ⁽¹⁾	34,474	28,419	25,523
Administrative and marketing expenses	(47,319)	(44,070)	(40,419)
Net losses on impairment of financial assets ⁽²⁾	(678)	(3,774)	(12,314)
Finance costs	(2,764)	(2,132)	(670)
PBT	77,074	84,753	92,088
Tax expense	(8,474)	(9,937)	(11,922)
PAT	68,600	74,816	80,166
Other comprehensive loss, net of tax:-			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Foreign currency translations	(2,427)	(209)	(24,715)
Total comprehensive income for the financial year	66,173	74,607	55,451
EBITDA (RM'000) ⁽³⁾	91,505	104,054	118,693
GP margin (%) ⁽⁴⁾	29.76	31.23	32.63
EBITDA margin (%) ⁽⁵⁾	29.17	30.57	32.28
PBT margin (%) ⁽⁶⁾	24.57	24.90	25.05
PAT margin (%) ⁽⁷⁾	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) ⁽⁸⁾	4.57	4.99	5.34
<u>Adjusted profit excluding disposal of Exora Technologies Private Limited ("Exora"):-</u>			
Adjusted PAT ⁽⁹⁾	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):-

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
PBT	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
EBITDA	91,505	104,054	118,693

- (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:-

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
PAT	68,600	74,816	80,166
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
Adjusted PAT	60,896	78,187	92,268

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
Total assets	572,831	565,611	504,256
Equity			
Invested equity	86,380	86,380	86,380
Reserves	346,620	349,308	297,825
Total equity⁽¹⁾	433,000	435,688	384,205
Total non-current liabilities	45,910	13,013	5,477
Total current liabilities	93,921	116,910	114,574
Total liabilities	139,831	129,923	120,051
Total equity and liabilities	572,831	565,611	504,256
Net current assets	248,829	229,345	191,578

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.

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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 stylized signature in black ink, appearing to read 'BDO PLT'.

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

Penang
26 February 2026

A stylized signature in black ink, appearing to read 'Lee Beng Tuan'.

Lee Beng Tuan
03271/07/2026 J
Chartered Accountant

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 ¹	Within 36 months	[●]	[●]
Research and development expenditure ¹	Within 36 months	[●]	[●]
Talent development and retention ¹	Within 36 months	[●]	[●]
Working capital	Within 24 months	[●]	[●]
Repayment of existing bank borrowings	Within 3 months	[●]	[●]
Estimated listing expenses ²	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.

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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	Adjustments	After	Adjustments	After	Adjustments	After
		SOFP	for Material	adjusted	for Material	Pro Forma I	for Utilisation	Pro Forma I, II
		as at	Events and	Subsequent	Events and	and the	of Proceeds	and Utilisation
		31 May 2025	Pre-IPO	Exercise	Pre-IPO	Public Issue	of Proceeds	of Proceeds
	Note	RM'000	Exercise	RM'000	Exercise	RM'000	RM'000	RM'000
ASSETS								
Non-current assets								
Property, plant and equipment		165,979	-	165,979	-	165,979	-	165,979
Right-of-use assets		9,321	-	9,321	-	9,321	-	9,321
Intangible assets		393	-	393	-	393	-	393
Other investments	3.2.1	22,286	(22,286)	-	-	-	-	-
Deferred tax assets		125	-	125	-	125	-	125
		198,104	(22,286)	175,818	-	175,818	-	175,818
Current assets								
Inventories		39,269	-	39,269	-	39,269	-	39,269
Other investments		12,234	-	12,234	-	12,234	-	12,234
Trade and other receivables	3.2.2	94,705	4,573	99,278	-	99,278	-	99,278
Contract assets		7,557	-	7,557	-	7,557	-	7,557
Derivatives assets		116	-	116	-	116	-	116
Current tax assets		1,430	-	1,430	-	1,430	-	1,430
Short term funds		17,422	-	17,422	-	17,422	-	17,422
Cash and bank balances	3.2.3	133,419	-	133,419	[.]	[.]	[.]	[.]
		306,152	4,573	310,725	[.]	[.]	[.]	[.]
TOTAL ASSETS		504,256	(17,713)	486,543	[.]	[.]	[.]	[.]
EQUITY AND LIABILITIES								
Equity attributable to equity holders of the Company								
Invested equity/Share capital	3.2.4	86,380	60,134	146,514	[.]	[.]	[.]	[.]
Reserves	3.2.5	297,825	(198,218)	99,607	-	99,607	[.]	[.]
TOTAL EQUITY		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	Adjustments	After	Adjustments	After	Adjustments	After
	SOFP	for Material	adjusted	for Material	Pro Forma I	for Utilisation	Pro Forma I, II
	as at	Subsequent	for Material	Subsequent	and the	of Proceeds	and Utilisation
	31 May 2025	Events and	Events and	Exercise	Public Issue		of Proceeds
Note	RM'000	Pre-IPO	Pre-IPO	Exercise	RM'000	RM'000	RM'000
		Exercise	Exercise				
		RM'000	RM'000				
LIABILITIES							
Non-current liabilities							
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
Current liabilities							
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	[•]	[•]
TOTAL LIABILITIES	120,051	120,371	240,422	-	240,422	[•]	[•]
TOTAL EQUITY AND LIABILITIES	504,256	(17,713)	486,543	[•]	[•]	[•]	[•]
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:

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

3.2.2 Trade and other receivables

The movements of trade and other receivables are as follows:

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

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

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:

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

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
As at 31 May 2025	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)
Pro Forma I/ Pro Forma II	14,257	(22,752)	48,367	124,870	(65,135)	99,607
Utilisation of proceeds (Note 2.4(2))						
- Estimated listing expenses	-	-	-	[•]	-	[•]
Pro Forma III	14,257	(22,752)	48,367	[•]	(65,135)	[•]

3.2.6 Borrowings

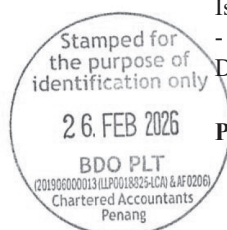
The movements of borrowings are as follows:

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

3.2.7 Trade and other payables

The movements of trade and other payables are as follows:

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



12. FINANCIAL INFORMATION (CONT'D)

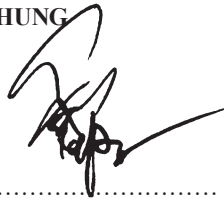
*SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
Registration No. 199901001962 (476862-P)
Pro Forma Combined Statements of Financial Position*

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.



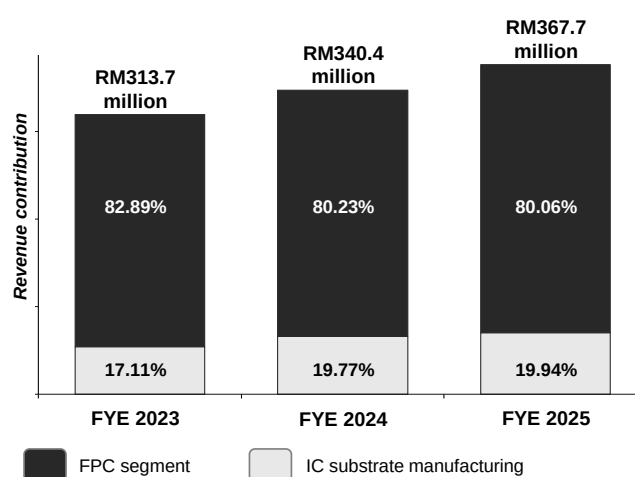
Please refer to **Section 7** of this Prospectus for further information on our business operations.

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.



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

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 ⁽¹⁾	
				FYE 2023-2024 (%)	FYE 2024-2025 (%)
Average⁽²⁾ exchange rate relative to RMB					
• RMB1.00	0.6456	0.6487	0.6171	0.48	(4.87)
Closing⁽³⁾ exchange rate relative to RMB					
• 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)	(%)
FPC segment	260,048	82.89	273,135	80.23	294,330	80.06
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
IC substrate manufacturing	53,660	17.11	67,290	19.77	73,328	19.94
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

(b) Revenue by operation locations and business segments

	FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia Operations	156,593	49.92	189,976	55.81	212,073	57.68
FPC segment	102,933	32.81	122,686	36.04	138,745	37.74
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
IC substrate manufacturing	53,660	17.11	67,290	19.77	73,328	19.94
PRC Operations⁽¹⁾	157,115	50.08	150,449	44.19	155,585	42.32
FPC segment						
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
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

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 ⁽¹⁾	60,560	19.31	57,603	16.92	46,608	12.68
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

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)	(%)
Malaysia Operations	156,593	49.92	189,976	55.81	212,073	57.68
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 ⁽¹⁾	35,491	11.32	34,623	10.17	32,372	8.80
PRC Operations	157,115	50.08	150,449	44.19	155,585	42.32
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 ⁽²⁾	26,964	8.59	26,005	7.64	20,702	5.63
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

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
Total revenue	313,708	100.00	340,425	100.00	367,658	100.00

(f) Sales volume by operation locations and business segments

	FYE 2023	FYE 2024	FYE 2025
	(million pieces)	(million pieces)	(million pieces)
Malaysia Operations			
FPC segment	24	28	33
IC substrate manufacturing	324	356	378
PRC Operations			
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 ⁽¹⁾	127,292	57.77	134,968	57.65	144,630	58.39
Labour costs ⁽²⁾	53,347	24.21	58,754	25.10	61,580	24.86
Factory overhead costs ⁽³⁾	39,708	18.02	40,393	17.25	41,480	16.75
Total	220,347	100.00	234,115	100.00	247,690	100.00

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
Total cost of sales	220,347	100.00	234,115	100.00	247,690	100.00

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

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 ⁽¹⁾	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 ⁽²⁾	4,169	12.09	1,776	6.25	850	3.33
Gain on disposal of joint venture ⁽³⁾	8,801	25.53	-	-	-	-
Others ⁽⁴⁾	1,333	3.87	2,315	8.15	1,686	6.61
Total other operating income	34,474	100.00	28,419	100.00	25,523	100.00

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 ⁽¹⁾	16,556	34.99	17,137	38.89	16,418	40.62
Upkeep-related expenses ⁽²⁾	6,470	13.67	8,724	19.80	8,367	20.70
Regulatory, tax, and related expenses ⁽³⁾	3,608	7.62	3,588	8.14	3,658	9.05
Depreciation expenses ⁽⁴⁾	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 ⁽⁵⁾	3,566	7.54	2,511	5.70	1,161	2.87
Logistic expenses ⁽⁶⁾	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 ⁽⁷⁾	4,586	9.61	3,580	8.11	2,912	7.20
	47,319	100.00	44,070	100.00	40,419	100.00
Net losses on impairment of financial assets	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 ⁽¹⁾	40	1.45	21	0.98	-	-
	2,764	100.00	2,132	100.00	670	100.00

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
Our Group			
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) ⁽¹⁾⁽²⁾	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:-

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
PAT	68,600	74,816	80,166
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
Adjusted PAT	60,896	78,187	92,268

- (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:-

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

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)
Net (decrease)/increase in cash and cash equivalents	(22,393)	37,957	(22,284)
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
Cash and cash equivalents at end of the financial year	21,915	59,971	35,094

12. FINANCIAL INFORMATION (CONT'D)

	Audited		
	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
Cash and cash equivalents comprise the following:-			
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)
	21,915	59,971	35,094

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)
Capitalisation				
Total shareholders' equity	281,788	[•]	[•]	[•]
Total capitalisation	281,788	[•]	[•]	[•]
Indebtedness				
Non-current				
<u>Secured and guaranteed</u>				
Term loan	2,916	[•]	[•]	[•]
Current				
<u>Secured and guaranteed</u>				
Term loan	912	[•]	[•]	[•]
Revolving credits	15,000	[•]	[•]	[•]
Invoice financing facility	4,639	[•]	[•]	[•]
	20,551	[•]	[•]	[•]
Total indebtedness	23,467	[•]	[•]	[•]
Total capitalisation and indebtedness	305,255	[•]	[•]	[•]
Gearing ratio	0.08	[•]	[•]	[•]

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
Total					20,341

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
Total			20,341

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.

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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 ⁽¹⁾	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
Total capital expenditure	3,458	100.00	11,512	100.00	10,148	100.00	6,808	100.00

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
Total capital divestiture	2,004	100.00	5,719	100.00	2,564	100.00	2,320	100.00

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) ⁽¹⁾	104	96	87
Trade payables turnover period (days) ⁽²⁾	83	75	70
Inventory turnover period (days) ⁽³⁾	66	58	56
Current ratio (times) ⁽⁴⁾	3.65	2.96	2.67
Gearing ratio (times) ⁽⁵⁾	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:-

	FYE 2023	FYE 2024	FYE 2025
	(RM'000)	(RM'000)	(RM'000)
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
Trade receivables turnover period (days)⁽¹⁾	104	96	87

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
	88,917	88,641	276

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
Trade payables turnover period (days)⁽¹⁾	83	75	70

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
	46,019	45,879	140

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
Average inventory turnover period (days)⁽¹⁾	66	58	56

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
Current ratio (times)⁽¹⁾	3.65	2.96	2.67

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 ⁽¹⁾	49,333	13,280	20,341
Shareholders' equity	433,000	435,688	384,205
Gearing ratio (times)⁽²⁾	0.11	0.03	0.05

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 ⁽¹⁾ (%)	-	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.

13. ACCOUNTANTS' REPORT



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 FEB 2026**

Our ref: BDO/LBT/LSX/ROYX

Dear Sirs,

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report ("this Report") of SQ Advanced Interconnect Berhad (formerly known as Qdos Holdings Bhd.) ("SQAI" or "the Company")

Opinion

We have audited the combined financial statements of SQ Advanced Interconnect Berhad and its combining entities (collectively referred to as the "the Group"), which comprise the combined statements of financial position as at 31 May 2023, 31 May 2024 and 31 May 2025 of the Group, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 May 2023, 31 May 2024 and 31 May 2025, and notes to the combined financial statements, including material accounting policies information, as set out in this report.

This combined financial statements have been prepared for inclusion in the prospectus of the Company ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("the Listing"). This report is given for the purposes of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 May 2023, 31 May 2024 and 31 May 2025, and of their financial performance and cash flows for the financial years ended 31 May 2023, 31 May 2024 and 31 May 2025 in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

13. ACCOUNTANTS' REPORT (CONT'D)*Independence and Other Ethical Responsibilities*

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’ *International 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.

Directors’ Responsibility for the Combined Financial Statements

The Directors of the Company (“Directors”) are responsible for the preparation of the combined financial statements that give a true and fair view in accordance with MFRSs and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants’ Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

13. ACCOUNTANTS' REPORT (CONT'D)



Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- (e) Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. ACCOUNTANTS' REPORT (CONT'D)



Other Matters

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

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

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Lee Beng Tuan
03271/07/2026 J
Chartered Accountant

Penang

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13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
 Registration No. 199901001962 (476862-P)
 Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION

The audited combined statements of financial position as at 31 May 2023, 31 May 2024 and 31 May 2025 are set out below:

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	194,900,557	185,035,403	165,978,451
Right-of-use assets	6	11,023,113	10,673,255	9,321,382
Intangible assets	7	1,046,576	691,819	392,760
Other investments	8	20,606,399	22,286,199	22,286,199
Deferred tax assets	9	116,357	125,778	124,904
Trade and other receivables	10	2,388,099	543,311	-
		<u>230,081,101</u>	<u>219,355,765</u>	<u>198,103,696</u>
Current assets				
Inventories	11	36,630,881	37,180,097	39,268,751
Other investments	8	8,098,778	22,850,719	12,234,156
Trade and other receivables	10	116,494,482	106,984,946	94,704,523
Contract assets	12	6,384,087	8,342,571	7,556,803
Derivatives assets	13	-	16,103	115,676
Current tax assets		3,187,300	3,128,306	1,430,413
Short term funds	14	6,116,896	19,632,877	17,422,458
Cash and bank balances	15	165,837,722	148,119,207	133,419,116
		<u>342,750,146</u>	<u>346,254,826</u>	<u>306,151,896</u>
TOTAL ASSETS		<u><u>572,831,247</u></u>	<u><u>565,610,591</u></u>	<u><u>504,255,592</u></u>
EQUITY AND LIABILITIES				
Equity attributable to common controlling shareholders of the combining entities/owners of the Company				
Invested equity	16	86,380,121	86,380,121	86,380,121
Reserves	17	346,619,902	349,307,427	297,824,674
TOTAL EQUITY		<u><u>433,000,023</u></u>	<u><u>435,687,548</u></u>	<u><u>384,204,795</u></u>



13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
 Registration No. 199901001962 (476862-P)
 Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION (continued)

The audited combined statements of financial position as at 31 May 2023, 31 May 2024 and 31 May 2025 are set out below (continued):

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
LIABILITIES				
Non-current liabilities				
Lease liabilities	6	927,120	593,473	72,931
Deferred tax liabilities	9	1,746,293	3,523,492	2,032,470
Government grants	18	397,805	480,088	320,059
Borrowings	19	38,605,682	6,727,677	3,051,878
Trade and other payables	20	440,087	237,627	-
Contract liabilities	12	3,793,561	1,450,432	-
		<u>45,910,548</u>	<u>13,012,789</u>	<u>5,477,338</u>
Current liabilities				
Lease liabilities	6	688,719	938,747	547,424
Government grants	18	816,444	222,529	160,029
Borrowings	19	10,727,642	6,552,183	17,289,441
Trade and other payables	20	73,921,474	103,538,780	93,073,654
Contract liabilities	12	2,614,570	2,706,939	744,604
Derivatives liabilities	13	37,465	-	-
Current tax liabilities		5,114,362	2,951,076	2,758,307
		<u>93,920,676</u>	<u>116,910,254</u>	<u>114,573,459</u>
TOTAL LIABILITIES		<u>139,831,224</u>	<u>129,923,043</u>	<u>120,050,797</u>
TOTAL EQUITY AND LIABILITIES		<u>572,831,247</u>	<u>565,610,591</u>	<u>504,255,592</u>

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13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
 Registration No. 199901001962 (476862-P)
 Accountants' Report

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited combined statements of profit or loss and other comprehensive income as at 31 May 2023, 31 May 2024 and 31 May 2025 are set out below:

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
Revenue	21	313,708,097	340,425,345	367,658,427
Cost of sales		<u>(220,347,349)</u>	<u>(234,115,401)</u>	<u>(247,690,318)</u>
Gross profit		93,360,748	106,309,944	119,968,109
Other operating income		34,473,733	28,418,645	25,522,614
Administrative and marketing expenses		(47,318,417)	(44,069,370)	(40,418,750)
Net losses on impairment of financial assets		(677,625)	(3,774,374)	(12,313,683)
Finance costs	23	<u>(2,764,307)</u>	<u>(2,132,181)</u>	<u>(670,178)</u>
Profit before tax	24	77,074,132	84,752,664	92,088,112
Tax expense	25	<u>(8,473,757)</u>	<u>(9,937,388)</u>	<u>(11,921,667)</u>
Profit for the financial year		68,600,375	74,815,276	80,166,445
Other comprehensive loss, net of tax				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translations		<u>(2,427,211)</u>	<u>(208,571)</u>	<u>(24,715,378)</u>
Total comprehensive income for the financial year		<u>66,173,164</u>	<u>74,606,705</u>	<u>55,451,067</u>
Profit attributable to common controlling shareholders of the combining entities/ owners of the Company		<u>68,600,375</u>	<u>74,815,276</u>	<u>80,166,445</u>
Total comprehensive income, attributable to common controlling shareholders of the combining entities/ owners of the Company		<u>66,173,164</u>	<u>74,606,705</u>	<u>55,451,067</u>
Earnings per ordinary share attributable to common controlling shareholders of the combining entities/owners of the Company:				
<i>Basic and diluted (sen)</i>	26	<u>4.57</u>	<u>4.99</u>	<u>5.34</u>



13. ACCOUNTANTS' REPORT (CONT'D)

*SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
Registration No. 199901001962 (476862-P)
Accountants' Report*

COMBINED STATEMENTS OF CHANGES IN EQUITY

The audited combined statements of changes in equity for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below:

Audited	Invested equity RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Statutory reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 May 2022	86,380,121	14,257,388	4,599,481	(13,000,000)	32,235,581	242,354,288	366,826,859
Profit for the financial year	-	-	-	-	-	68,600,375	68,600,375
Other comprehensive income, net of tax	-	-	(2,427,211)	-	1,588	(1,588)	(2,427,211)
Total comprehensive income	-	-	(2,427,211)	-	1,588	68,598,787	66,173,164
Balance as at 31 May 2023	86,380,121	14,257,388	2,172,270	(13,000,000)	32,237,169	310,953,075	433,000,023



13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
Registration No. 199901001962 (476862-P)
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

The audited combined statements of changes in equity for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below (continued):

<u>Audited</u>	<u>Note</u>	<u>Invested equity RM</u>	<u>Capital reserve RM</u>	<u>Foreign currency translation reserve RM</u>	<u>Reorganisation debit reserve RM</u>	<u>Statutory reserve RM</u>	<u>Retained earnings RM</u>	<u>Total equity RM</u>
Balance as at 1 May 2023		86,380,121	14,257,388	2,172,270	(13,000,000)	32,237,169	310,953,075	433,000,023
Adjustment due to modified retrospective application of MFRS 9 (financial guarantee contracts)	19(c)	-	-	-	-	-	(3,805,680)	(3,805,680)
Balance as at 1 May 2023, as restated		86,380,121	14,257,388	2,172,270	(13,000,000)	32,237,169	307,147,395	429,194,343
Profit for the financial year		-	-	-	-	-	74,815,276	74,815,276
Other comprehensive income, net of tax		-	-	(208,571)	-	7,596,052	(7,596,052)	(208,571)
Total comprehensive income		-	-	(208,571)	-	7,596,052	67,219,224	74,606,705
Transactions with owners:								
Dividends paid	27	-	-	-	-	-	(68,113,500)	(68,113,500)
Balance as at 31 May 2024		86,380,121	14,257,388	1,963,699	(13,000,000)	39,833,221	306,253,119	435,687,548



13. ACCOUNTANTS' REPORT (CONT'D)

*SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
Registration No. 199901001962 (476862-P)
Accountants' Report*

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

The audited combined statements of changes in equity for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below (continued):

<u>Audited</u>	<u>Note</u>	<u>Invested equity RM</u>	<u>Capital reserve RM</u>	<u>Foreign currency translation reserve RM</u>	<u>Reorganisation debit reserve RM</u>	<u>Statutory reserve RM</u>	<u>Retained earnings RM</u>	<u>Total equity RM</u>
Balance as at 1 May 2024		86,380,121	14,257,388	1,963,699	(13,000,000)	39,833,221	306,253,119	435,687,548
Profit for the financial year		-	-	-	-	-	80,166,445	80,166,445
Other comprehensive income, net of tax		-	-	(24,715,378)	-	8,534,036	(8,534,036)	(24,715,378)
Total comprehensive income		-	-	(24,715,378)	-	8,534,036	71,632,409	55,451,067
Transactions with owners: Dividends paid	27	-	-	-	-	-	(106,933,820)	(106,933,820)
Balance as at 31 May 2025		86,380,121	14,257,388	(22,751,679)	(13,000,000)	48,367,257	270,951,708	384,204,795



13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
 Registration No. 199901001962 (476862-P)
 Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS

The audited combined statements of statements of cash flows for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below:

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		77,074,132	84,752,664	92,088,112
Adjustments for:				
Amortisation of:				
- intangible assets	7	280,587	259,707	204,919
- government grants	18	(816,445)	(511,632)	(222,529)
- loan transaction cost		12,614	15,553	22,060
Bad debt written off		36,062	-	-
Depreciation of:				
- property, plant and equipment	5	21,194,048	20,816,170	20,229,494
- right-of-use assets	6	1,158,599	1,221,064	1,109,002
Fair value loss/(gain) on derivative financial instruments	13(c)	37,465	(53,568)	(99,573)
Fair value gain on financial guarantee contracts	19(c)	-	(2,212,525)	(1,593,155)
Fair value gain on other investments		(41,437)	(21,423)	(198,737)
Gain on disposal of investment in a joint venture		(8,800,627)	-	-
Gain on lease termination	6(f)	(456)	(331)	(1,154)
Impairment losses on trade and other receivables	10(i)&(k)	1,097,504	3,835,000	12,313,683
Interest expense	23	2,764,307	2,132,181	670,178
Interest income		(2,458,504)	(8,002,921)	(7,509,199)
Loss on disposals of property, plant and equipment		375,000	278,724	151,380
Net inventories written down	11(c)	1,420,339	1,629,391	1,364,690
Property, plant and equipment written off		4,126,591	123,153	92,803
Reversal of impairment losses on trade receivables	10(i)	(419,879)	(60,626)	-
Unrealised loss/(gain) on foreign exchange		2,020,636	1,614,414	(956,181)
Operating profit before changes in working capital		99,060,536	105,814,995	117,665,793
Changes in working capital:				
Inventories		5,000,274	(2,190,302)	(4,758,453)
Trade and other receivables		411,271	5,590,150	(5,745,436)
Trade and other payables		5,298,302	2,337,649	(3,453,610)
Contract assets		152,532	(1,958,328)	67,849
Contract liabilities		(2,522,777)	(2,250,760)	(3,412,767)
Cash generated from operations		107,400,138	107,343,404	100,363,376
Tax paid		(11,615,491)	(10,517,338)	(12,435,590)
Tax refunded		237,745	250,455	779,832
Net cash from operating activities		96,022,392	97,076,521	88,707,618



13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
 Registration No. 199901001962 (476862-P)
 Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (continued)

The audited combined statements of statements of cash flows for the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 are set out below (continued):

	Note	2023 Audited RM	2024 Audited RM	2025 Audited RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposals of property, plant and equipment		141,843	79,900	175,864
Purchase of property, plant and equipment	5	(3,457,767)	(11,511,692)	(10,148,293)
Interest received		2,458,504	8,002,921	7,509,199
Reduction/(Additions) of other investments		1,494,562	(16,388,053)	9,113,099
Reduction in intangible assets	7	85,270	95,050	94,140
Net changes in deposits with licensed banks		(98,609,908)	42,088,121	(18,599,691)
Net cash (used in)/from investing activities		(97,887,496)	22,366,247	(11,855,682)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net advances/(repayments) from a related party		-	27,725,478	(8,503)
Dividends paid	27	-	(68,113,500)	(106,933,820)
Interest paid		(2,693,927)	(2,059,180)	(636,743)
Net drawdown of revolving credit		-	-	15,000,000
Repayments of:				
- term loans		(16,844,487)	(38,030,797)	(5,655,488)
- lease liabilities	6	(989,560)	(1,008,486)	(901,396)
Net cash used in financing activities		(20,527,974)	(81,486,485)	(99,135,950)
Net (decrease)/increase in cash and cash equivalents		(22,393,078)	37,956,283	(22,284,014)
Effects of exchange rate changes on cash and cash equivalents		(580,800)	99,450	(2,593,007)
Cash and cash equivalents at beginning of financial years		44,889,223	21,915,345	59,971,078
Cash and cash equivalents at end of financial years	15(c)	21,915,345	59,971,078	35,094,057



13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
 Registration No. 199901001962 (476862-P)
 Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (continued)***Reconciliation of Liabilities Arising from Financing Activities***

	Lease liabilities (Note 6) RM	Borrowings* (Note 19) RM	Amount owing to a related party RM
Audited			
Balance as at 1 June 2022	775,235	63,674,959	-
Cash flows	(989,560)	(16,844,487)	-
Non-cash flows:			
- Additions of lease liabilities	1,836,612	-	-
- unwinding of interest	30,028	-	-
- lease modification	(35,459)	-	-
- amortisation of loan transaction cost	-	12,614	-
- effects on exchange rate changes	(1,017)	2,490,238	-
Balance as at 31 May 2023	<u>1,615,839</u>	<u>49,333,324</u>	<u>-</u>
Balance as at 1 June 2023	1,615,839	49,333,324	-
Cash flows	(1,008,486)	(38,030,797)	27,725,478
Non-cash flows:			
- Additions of lease liabilities	890,198	-	-
- unwinding of interest	52,338	-	-
- lease modification	(16,382)	-	-
- amortisation of loan transaction cost	-	15,553	-
- effects on exchange rate changes	(1,287)	368,625	569,500
Balance as at 31 May 2024	<u>1,532,220</u>	<u>11,686,705</u>	<u>28,294,978</u>
Balance as at 1 June 2024	1,532,220	11,686,705	28,294,978
Cash flows	(901,396)	9,344,512	(8,503)
Non-cash flows:			
- Additions of lease liabilities	240,185	-	-
- unwinding of interest	33,435	-	-
- lease modification	(87,661)	-	-
- lease termination	(106,646)	-	-
- amortisation of loan transaction cost	-	22,060	-
- effects on exchange rate changes	(89,782)	(711,958)	(2,764,850)
Balance as at 31 May 2025	<u>620,355</u>	<u>20,341,319</u>	<u>25,521,625</u>

* Borrowings are included with term loans and revolving credits, excluding financial guarantees contracts.

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13. ACCOUNTANTS' REPORT (CONT'D)

*SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
Registration No. 199901001962 (476862-P)
Accountants' Report*

NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 MAY 2023, 31 MAY 2024 AND 31 MAY 2025

1. CORPORATE INFORMATION

The Company was incorporated and domiciled in Malaysia under the Companies Act 2016 on 8 February 1999 as a private limited liability company under the name of All Malaysian Technology Sdn. Bhd.. On 2 March 1999, the Company changed its name to Qdos Holdings Bhd. and converted to a public limited company on 31 October 2005. Subsequently on 8 August 2025, the Company changed its name to SQ Advanced Interconnect Berhad.

The registered office of the Company is located at Suite 18.05, MWE Plaza, No.8, Lebuhraya Farquhar, 10200 Georgetown, Penang.

The principal place of business of the Company is located at 99, Lebuhraya Kampung Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang.

These combined financial statements for the financial years ended ("FYE") 31 May 2023, 31 May 2024 and 31 May 2025 are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the combining activities are set out in Note 4 to the combined financial statements.

3. BASIS OF PREPARATION

The Accountants' Report comprises the combined financial statements of the Group for the FYEs 31 May 2023, 31 May 2024 and 31 May 2025. The combined financial statements are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("the Listing").

The combined financial statements of the Group consist of the combined financial statements of the Company and its combining entities as disclosed in Note 4 to the combined financial statements, which are under common control throughout the reporting years. The common control of the combining entities has been established by virtue of Mr. Hwang Shin Hung and Mr. Low Loke Chew, being the promoters, substantial shareholders and Executive Directors of the combining entities.

The financial information to this Report is based on the respective audited financial statements of the combining entities with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.



13. ACCOUNTANTS' REPORT (CONT'D)

SQ Advanced Interconnect Berhad
(Formerly known as Qdos Holdings Bhd.)
 Registration No. 199901001962 (476862-P)
 Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 MAY 2023, 31 MAY 2024 AND 31 MAY 2025

3. BASIS OF PREPARATION (continued)

The financial information presented in the combined financial statements may not correspond with the consolidated financial statements of the Company and its subsidiaries, after effecting the relevant acquisitions/disposals as the combined financial statements reflect business combination under common control for the purpose of the Listing. Consequently, such financial information from the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the Company and its subsidiaries.

The relevant financial years of the audited financial statements used for the purpose of this Report and the statutory auditors of the respective companies within the Group are as follows:

Companies	Relevant Financial Years	Auditors
SQ Advanced Interconnect Berhad ("SQAI") (formerly known as Qdos Holdings Bhd.	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO PLT BDO PLT BDO PLT
Qdos Flexcircuits Sdn. Bhd. ("QFSB")	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO PLT BDO PLT BDO PLT
Qdos Interconnect Sdn. Bhd. ("QISB")	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO PLT BDO PLT BDO PLT
Qdos Technology Sdn. Bhd.	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO PLT BDO PLT BDO PLT
Suiwa Electronics (Xiamen) Co., Ltd.	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO China Shu Lun Pan Certified Public Accountants LLP ("BDO China") BDO China BDO China
Suiwa High Tech Electronics Industries (Xiamen) Co., Ltd. ("SHTEI")	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO China BDO China BDO China
Ruihua (Xiamen) Property Management Co., Ltd	FYE 31 May 2023 FYE 31 May 2024 FYE 31 May 2025	BDO China BDO China BDO China

The audited financial statements of the respective companies within the Group for the relevant financial years reported above were not subject to any qualification, modification or disclaimer.

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards.



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3. BASIS OF PREPARATION (continued)

The accounting policies adopted are consistent with those of the previous financial years except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial years are disclosed in Note 35.1 to the combined financial statements.

The combined financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

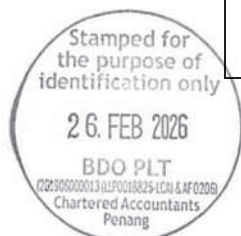
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Notes 10 for measurement of impairment losses of trade and other receivables.

4. LIST OF COMBINING ENTITIES

Details of combining entities are as follows:

Name of companies	Principal place of business/ Country of incorporation	Effective interest in equity			Principal activities
		2023 %	2024 %	2025 %	
Qdos Flexcircuits Sdn. Bhd.	Malaysia	100	100	100	Manufacturing of flexible printed circuit boards
Qdos Interconnect Sdn. Bhd.	Malaysia	100	100	100	Design, manufacturing, assembly and sales of electronic or semiconductor substrates
Qdos Technology Sdn. Bhd.	Malaysia	100	100	100	Research and development, design and prototyping of flexible printed circuit boards and semiconductor substrates and property investment



13. ACCOUNTANTS' REPORT (CONT'D)

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4. LIST OF COMBINING ENTITIES (continued)

Details of combining entities are as follows (continued):

Name of companies	Principal place of business/ Country of incorporation	Effective interest in equity			Principal activities
		2023 %	2024 %	2025 %	
Suiwa Electronics (Xiamen) Co., Ltd. ("SECL")	People's Republic of China	100	100	100	Investment Holdings
Suiwa High Tech Electronics Industries (Xiamen) Co., Ltd.	People's Republic of China	100	100	100	Manufacturing and assembly of flexible printed circuit boards
Ruihua (Xiamen) Property Management Co., Ltd	People's Republic of China	100	100	100	Property leasing and management services

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13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 1.6.2022	Additions	Disposals	Written off	Reclassification	Exchange difference	Balance as at 31.5.2023
<u>Audited</u>	RM	RM	RM	RM	RM	RM	RM
At 31 May 2023							
At cost							
Freehold land and building	2,111,052	-	-	-	-	-	2,111,052
Long-term leasehold apartments	1,030,570	-	-	-	-	-	1,030,570
Leasehold buildings	164,365,136	-	-	(517,244)	84,233	(1,319,898)	162,612,227
Renovation	4,440,902	809,698	-	-	-	(10,302)	5,240,298
Plant and machinery	157,303,313	595,477	(1,544,376)	(5,201,209)	7,298,641	(690,986)	157,760,860
Furniture, fixtures and office equipment	4,912,854	131,377	-	(73,978)	-	(15,360)	4,954,893
Motor vehicles	2,564,803	285,426	(175,054)	-	-	(20,630)	2,654,545
Electrical equipment	7,121,038	86,027	-	(147,880)	740,473	(79,460)	7,720,198
Tooling	113,161	-	-	-	-	-	113,161
Capital work-in-progress	12,035,111	1,549,762	(285,094)	(253,192)	(8,123,347)	(13,992)	4,909,248
	<u>355,997,940</u>	<u>3,457,767</u>	<u>(2,004,524)</u>	<u>(6,193,503)</u>	<u>-</u>	<u>(2,150,628)</u>	<u>349,107,052</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.6.2022 RM	Depreciation charge RM	Disposals RM	Written off RM	Exchange difference RM	Balance as at 31.5.2023 RM
At 31 May 2023 (continued)						
Accumulated depreciation						
Freehold land and building	316,532	42,222	-	-	-	358,754
Long-term leasehold apartments	134,188	13,212	-	-	-	147,400
Leasehold buildings	34,041,207	6,012,487	-	(65,255)	(261,801)	39,726,638
Renovation	2,456,949	851,881	-	-	798	3,309,628
Plant and machinery	89,068,743	12,280,052	(1,330,132)	(1,795,192)	(400,623)	97,822,848
Furniture, fixtures and office equipment	4,349,365	345,808	-	(67,578)	(13,124)	4,614,471
Motor vehicles	2,126,360	169,184	(157,549)	-	(18,933)	2,119,062
Electrical equipment	4,716,087	1,463,586	-	(138,887)	(46,253)	5,994,533
Tooling	97,545	15,616	-	-	-	113,161
	<u>137,306,976</u>	<u>21,194,048</u>	<u>(1,487,681)</u>	<u>(2,066,912)</u>	<u>(739,936)</u>	<u>154,206,495</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance as at 1.6.2023	Additions	Disposals	Written off	Reclassification	Exchange difference	Balance as at 31.5.2024
<u>Audited</u>	RM	RM	RM	RM	RM	RM	RM
At 31 May 2024							
At cost							
Freehold land and building	2,111,052	-	-	-	-	-	2,111,052
Long-term leasehold apartments	1,030,570	-	-	-	-	-	1,030,570
Leasehold buildings	162,612,227	56,836	-	-	2,175,728	(63,127)	164,781,664
Renovation	5,240,298	408,681	-	-	-	(504)	5,648,475
Plant and machinery	157,760,860	278,952	(5,583,966)	(363,721)	12,311,296	(38,965)	164,364,456
Furniture, fixtures and office equipment	4,954,893	190,894	-	(21,717)	-	(750)	5,123,320
Motor vehicles	2,654,545	193,327	-	-	-	(1,032)	2,846,840
Electrical equipment	7,720,198	29,879	(135,254)	(31,439)	-	(5,002)	7,578,382
Tooling	113,161	-	-	-	-	-	113,161
Capital work-in-progress	4,909,248	10,353,123	-	(32,102)	(14,487,024)	(163)	743,082
	<u>349,107,052</u>	<u>11,511,692</u>	<u>(5,719,220)</u>	<u>(448,979)</u>	<u>-</u>	<u>(109,543)</u>	<u>354,341,002</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.6.2023 RM	Depreciation charge RM	Disposals RM	Written off RM	Exchange difference RM	Balance as at 31.5.2024 RM
At 31 May 2024 (continued)						
Accumulated depreciation						
Freehold land and building	358,754	42,222	-	-	-	400,976
Long-term leasehold apartments	147,400	13,212	-	-	-	160,612
Leasehold buildings	39,726,638	6,585,874	-	-	(8,044)	46,304,468
Renovation	3,309,628	855,391	-	-	768	4,165,787
Plant and machinery	97,822,848	12,057,327	(5,238,867)	(277,098)	(19,795)	104,344,415
Furniture, fixtures and office equipment	4,614,471	154,435	-	(20,249)	(636)	4,748,021
Motor vehicles	2,119,062	144,873	-	-	(753)	2,263,182
Electrical equipment	5,994,533	962,836	(121,729)	(28,479)	(2,184)	6,804,977
Tooling	113,161	-	-	-	-	113,161
	<u>154,206,495</u>	<u>20,816,170</u>	<u>(5,360,596)</u>	<u>(325,826)</u>	<u>(30,644)</u>	<u>169,305,599</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance as at 1.6.2024	Additions	Disposals	Written off	Reclassification	Exchange difference	Balance as at 31.5.2025
<u>Audited</u>	RM	RM	RM	RM	RM	RM	RM
At 31 May 2025							
At cost							
Freehold land and building	2,111,052	-	-	-	-	-	2,111,052
Long-term leasehold apartments	1,030,570	1,228,800	-	-	-	-	2,259,370
Leasehold buildings	164,781,664	758,416	-	-	2,878,689	(10,331,145)	158,087,624
Renovation	5,648,475	-	-	-	-	(224,123)	5,424,352
Plant and machinery	164,364,456	1,888,145	(2,092,244)	(911,832)	680,814	(4,962,311)	158,967,028
Furniture, fixtures and office equipment	5,123,320	601,960	-	(26,985)	-	(116,825)	5,581,470
Motor vehicles	2,846,840	1,196,671	(415,525)	-	-	(148,060)	3,479,926
Electrical equipment	7,578,382	36,547	(55,932)	(146,207)	-	(684,377)	6,728,413
Tooling	113,161	-	-	-	-	-	113,161
Capital work-in-progress	743,082	4,437,754	-	-	(3,559,503)	(50,171)	1,571,162
	<u>354,341,002</u>	<u>10,148,293</u>	<u>(2,563,701)</u>	<u>(1,085,024)</u>	<u>-</u>	<u>(16,517,012)</u>	<u>344,323,558</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Balance as at 1.6.2024 RM	Depreciation charge RM	Disposals RM	Written off RM	Exchange difference RM	Balance as at 31.5.2025 RM
At 31 May 2025 (continued)						
Accumulated depreciation						
Freehold land and building	400,976	42,221	-	-	-	443,197
Long-term leasehold apartments	160,612	24,046	-	-	-	184,658
Leasehold buildings	46,304,468	6,356,437	-	-	(3,446,318)	49,214,587
Renovation	4,165,787	733,368	-	-	(127,973)	4,771,182
Plant and machinery	104,344,415	12,407,572	(1,790,035)	(832,749)	(3,534,615)	110,594,588
Furniture, fixtures and office equipment	4,748,021	188,485	-	(24,995)	(106,904)	4,804,607
Motor vehicles	2,263,182	276,717	(396,925)	-	(123,863)	2,019,111
Electrical equipment	6,804,977	200,648	(49,497)	(134,477)	(621,635)	6,200,016
Tooling	113,161	-	-	-	-	113,161
	<u>169,305,599</u>	<u>20,229,494</u>	<u>(2,236,457)</u>	<u>(992,221)</u>	<u>(7,961,308)</u>	<u>178,345,107</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

	31.5.2023 Audited RM	31.5.2024 Audited RM	31.5.2025 Audited RM
Net carrying amounts			
Freehold land and building	1,752,298	1,710,076	1,667,855
Long-term leasehold apartments	883,170	869,958	2,074,712
Leasehold buildings	122,885,589	118,477,196	108,873,037
Renovation	1,930,670	1,482,688	653,170
Plant and machinery	59,938,012	60,020,041	48,372,440
Furniture, fixtures and office equipment	340,422	375,299	776,863
Motor vehicles	535,483	583,658	1,460,815
Electrical equipment	1,725,665	773,405	528,397
Capital work-in-progress	4,909,248	743,082	1,571,162
	<u>194,900,557</u>	<u>185,035,403</u>	<u>165,978,451</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Land and buildings shall be accounted for separately, even when they are acquired together.

- (b) Freehold land has unlimited useful life and is not depreciated.

Capital work-in-progress represents building under construction and machinery and systems under installation. Capital work-in-progress is not depreciated until such time commences when the asset is available for use.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Freehold building	2%
Leasehold buildings	2% - 5%
Long-term leasehold apartments	1.27% - 1.51%
Renovation	20% - 33.3%
Plant and machinery	9% - 20%
Furniture, fixtures and office equipment	18% - 33.3%
Motor vehicles	19% - 25%
Electrical equipment	18% - 33.3%
Tooling	33.3%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

- (c) As at end of reporting period, a leasehold building of the Group with carrying amount of RM41,189,280 (2024: RM36,780,052; 2023: RM37,615,962) has been pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 19(d) to the combined financial statements.

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13. ACCOUNTANTS' REPORT (CONT'D)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 MAY 2023, 31 MAY 2024 AND 31 MAY 2025

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

<u>Audited</u> Carrying amount	Balance as at 1.6.2022 RM	Additions RM	Depreciation charged for the financial year RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2023 RM
Leasehold lands	9,485,556	-	(218,087)	-	-	(27,452)	9,240,017
Hostels	924,658	1,836,612	(940,512)	-	(35,003)	(2,659)	1,783,096
	10,410,214	1,836,612	(1,158,599)	-	(35,003)	(30,111)	11,023,113
<u>Audited</u> Carrying amount	Balance as at 1.6.2023 RM	Additions RM	Depreciation charged for the financial year RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2024 RM
Leasehold lands	9,240,017	-	(218,407)	-	-	(1,466)	9,020,144
Hostels	1,783,096	890,198	(1,002,657)	-	(16,051)	(1,475)	1,653,111
	11,023,113	890,198	(1,221,064)	-	(16,051)	(2,941)	10,673,255
<u>Audited</u> Carrying amount	Balance as at 1.6.2024 RM	Additions RM	Depreciation charged for the financial year RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2025 RM
Leasehold lands	9,020,144	-	(220,301)	-	-	(189,822)	8,610,021
Hostels	1,653,111	240,185	(888,701)	(87,661)	(105,492)	(100,081)	711,361
	10,673,255	240,185	(1,109,002)	(87,661)	(105,492)	(289,903)	9,321,382



13. ACCOUNTANTS' REPORT (CONT'D)

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities

<u>Audited</u> Carrying amount	Balance as at 1.6.2022 RM	Additions RM	Lease payments RM	Interest expense RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2023 RM
Hostels	775,235	1,836,612	(989,560)	30,028	-	(35,459)	(1,017)	1,615,839
<u>Audited</u> Carrying amount	Balance as at 1.6.2023 RM	Additions RM	Lease payments RM	Interest expense RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2024 RM
Hostels	1,615,839	890,198	(1,008,486)	52,338	-	(16,382)	(1,287)	1,532,220
<u>Audited</u> Carrying amount	Balance as at 1.6.2024 RM	Additions RM	Lease payments RM	Interest expense RM	Lease modification RM	Lease termination RM	Exchange difference RM	Balance as at 31.5.2025 RM
Hostels	1,532,220	240,185	(901,396)	33,435	(87,661)	(106,646)	(89,782)	620,355



13. ACCOUNTANTS' REPORT (CONT'D)

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Represented by:			
Current liabilities	688,719	938,747	547,424
Non-current liabilities	927,120	593,473	72,931
	<u>1,615,839</u>	<u>1,532,220</u>	<u>620,355</u>
Lease liabilities owing to non-financial institutions	<u>1,615,839</u>	<u>1,532,220</u>	<u>620,355</u>

- (a) Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases. After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.
- (b) Right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:
- | | |
|-----------------|---------------|
| Leasehold lands | 50 - 60 years |
| Hostels | 1 - 3 years |
- (c) The Group has certain leases of hostels with lease term of twelve (12) months or less, and low-value leases of office equipment of RM20,000 and below. The Group applies the 'short-term lease' and 'lease of low-value assets' exemption for these leases.
- (d) Certain leasehold land of the Group with carrying amount of RM6,755,930 (2024: RM5,997,403; 2023: RM6,113,857) has been pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 19(d) to the combined financial statements.
- (e) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Purchase of right-of-use assets	1,836,612	890,198	240,185
Financed by lease liabilities	(1,836,612)	(890,198)	(240,185)
Cash payment on purchase of right-of-use assets	<u>-</u>	<u>-</u>	<u>-</u>



13. ACCOUNTANTS' REPORT (CONT'D)

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(f) The following are the amounts recognised in profit or loss:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Depreciation charge of right-of-use assets (included in cost of sales)	539,187	657,989	627,225
Depreciation charge of right-of-use assets (included in administrative and marketing expenses)	619,412	563,075	481,777
Expense relating to leases of low-value assets (included in cost of sales)	14,640	34,920	13,810
Expense relating to short-term leases (included in cost of sales)	82,000	168,083	122,240
Gain on lease termination (included in other operating income)	(456)	(331)	(1,154)
Variable lease payments (included in cost of sales)	301,391	498,026	1,076,297
Interest expense on lease liabilities (included in finance costs)	30,028	52,338	33,435
	<u>1,586,202</u>	<u>1,974,100</u>	<u>2,353,630</u>

(g) The following are total cash outflows for leases as a lessee:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Included in net cash from operating activities:			
Payments relating to:			
- low-value assets	14,640	34,920	13,810
- short-term leases	82,000	168,083	122,240
- variable lease payments	301,391	498,026	1,076,297
Included in net cash used in financing activities:			
Payment of lease liabilities	989,560	1,008,486	901,396
	<u>1,387,591</u>	<u>1,709,515</u>	<u>2,113,743</u>



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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

- (h) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing that assets used in the Group's operations.

The following are the undiscounted potential future rental payments that are not included in the lease term:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Extension options expected not to be exercised			
- within five (5) years	15,600	-	85,800

- (i) The Group as lessor

The Company has entered into non-cancellable lease agreements for commercial properties.

The Company has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Less than one (1) year	5,112,134	7,925,274	5,807,858
One (1) to two (2) years	4,165,440	4,667,240	2,447,395
Two (2) to three (3) years	3,098,804	1,783,066	699,363
More than three (3) years	1,264,137	616,399	54,910
	13,640,515	14,991,979	9,009,526

- (j) Information on financial risks of lease liabilities is disclosed in Note 33 to the combined financial statements.

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7. INTANGIBLE ASSETS

	2023	2024	2025
	Audited	Audited	Audited
	RM	RM	RM
<i>Patent license</i>			
Cost			
Balance as at 1 June 2022/2023/2024	4,047,288	3,962,018	3,866,968
Reduction in license fee	(85,270)	(95,050)	(94,140)
Balance as at 31 May 2023/2024/2025	<u>3,962,018</u>	<u>3,866,968</u>	<u>3,772,828</u>
Accumulated amortisation			
Balance as at 1 June 2022/2023/2024	(2,634,855)	(2,915,442)	(3,175,149)
Amortisation during the financial year	(280,587)	(259,707)	(204,919)
Balance as at 31 May 2023/2024/2025	<u>(2,915,442)</u>	<u>(3,175,149)</u>	<u>(3,380,068)</u>
Net carrying amounts			
Balance as at 31 May 2023/2024/2025	<u><u>1,046,576</u></u>	<u><u>691,819</u></u>	<u><u>392,760</u></u>

- (a) The intangible assets are recognised as asset at the acquisition date and initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.
- (b) Patent license represents the right secured by the Group to manufacture licensed products in Malaysia and to receive technology transfer training.
- (c) Amortisation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal amortisation period for the patent license is 14 years. The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

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13. ACCOUNTANTS' REPORT (CONT'D)

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8. OTHER INVESTMENTS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-current			
At cost			
Unquoted shares in Malaysia	17,500,300	19,180,100	19,180,100
Unquoted shares outside Malaysia	5,696,873	5,696,873	5,696,873
Less: impairment losses	(2,590,774)	(2,590,774)	(2,590,774)
	20,606,399	22,286,199	22,286,199
Current			
Financial assets held at fair value through profit or loss			
Short term investments	7,444,895	22,541,347	12,001,678
Quoted shares outside Malaysia	653,883	309,372	232,478
	8,098,778	22,850,719	12,234,156
	28,705,177	45,136,918	34,520,355

- (a) On 15 August 2025, the Group completed the disposal of its equity interest in other investments for unquoted shares outside Malaysia, QS Circuits Pte. Ltd. (formerly known as Qdos (SG) Pte. Ltd.), a company incorporated in Singapore for a consideration of RM6,335 to Suiwa Qdos Technology Sdn. Bhd. ("SQTSB").
- (b) On 19 September 2025, the Group completed the following disposals of other investments for unquoted shares in Malaysia:
- 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;
 - 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;
 - 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
 - disposed of its entire interest in Qdos Ventures Sdn. Bhd., a company incorporated in Malaysia for a cash consideration of RM1 to SQTSB.
- (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.



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8. OTHER INVESTMENTS (continued)

(d) The currency exposure profile of other investments is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	20,606,399	22,286,199	22,286,199
Chinese Yuan	8,098,778	22,850,719	12,234,156
	<u>28,705,177</u>	<u>45,136,918</u>	<u>34,520,355</u>

(e) Short term investments comprise of bank-issued wealth management products. These short term investments are categorised as Level 2 of the fair value hierarchy.

(f) The fair value of quoted ordinary shares outside Malaysia were categorised as Level 1 respectively in the fair value hierarchy. There was no transfer between levels in the fair value hierarchy during the financial year.

(g) The method and assumptions applied in determining the fair value of short term investments and quoted shares outside Malaysia are disclosed in Note 31 to the combined financial statements.

(h) Sensitivity analysis for other investments is not disclosed as it is not material to the Group.

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13. ACCOUNTANTS' REPORT (CONT'D)

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9. DEFERRED TAXATION

(a) The deferred tax (assets) and liabilities are made up of the following:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Balance as at 1 June	2,165,016	1,629,936	3,397,714
Recognised in profit or loss (Note 25):			
- relating to origination and reversal of temporary differences	230,432	2,872,100	383,249
- over provision in prior years	(767,900)	(1,104,400)	(1,884,300)
- exchange difference	2,388	78	10,903
Balance as at 31 May	<u>1,629,936</u>	<u>3,397,714</u>	<u>1,907,566</u>
Presented after appropriate offsetting:			
Deferred tax assets, net*	(116,357)	(125,778)	(124,904)
Deferred tax liabilities, net*	<u>1,746,293</u>	<u>3,523,492</u>	<u>2,032,470</u>
	<u>1,629,936</u>	<u>3,397,714</u>	<u>1,907,566</u>

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM1,178,300 (2024: Nil; 2023: RM1,410,914) for the Group.

(b) Components and movements of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

Audited	Unused tax losses RM	Unabsorbed capital allowance RM	Other temporary differences RM	Total RM
Balance as at 1 June 2022	(293,000)	(570,115)	(170,688)	(1,033,803)
Recognised in profit or loss	-	(547,799)	54,331	(493,468)
Balance as at 31 May 2023/ 1 June 2023	(293,000)	(1,117,914)	(116,357)	(1,527,271)
Recognised in profit or loss	293,000	1,117,914	(9,421)	1,401,493
Balance as at 31 May 2024/ 1 June 2024	-	-	(125,778)	(125,778)
Recognised in profit or loss	-	(609,300)	(568,126)	(1,177,426)
Balance as at 31 May 2025	-	(609,300)	(693,904)	(1,303,204)



13. ACCOUNTANTS' REPORT (CONT'D)

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9. DEFERRED TAXATION (continued)

- (b) Components and movements of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows (continued):

Deferred tax liabilities of the Group

<u>Audited</u>	Property, plant and equipment RM	Revaluation surplus* RM	Other temporary differences RM	Total RM
Balance as at 1 June 2022	2,407,072	791,335	412	3,198,819
Recognised in profit or loss	(12,785)	(28,421)	(406)	(41,612)
Balance as at 31 May 2023/ 1 June 2023	2,394,287	762,914	6	3,157,207
Recognised in profit or loss	393,859	(28,414)	840	366,285
Balance as at 31 May 2024/ 1 June 2024	2,788,146	734,500	846	3,523,492
Recognised in profit or loss	(284,217)	(28,428)	(77)	(312,722)
Balance as at 31 May 2025	<u>2,503,929</u>	<u>706,072</u>	<u>769</u>	<u>3,210,770</u>

* Revaluation surplus relates to revaluation of property, plant and equipment in prior years. Upon transition to MFRS, the Group elected to measure all its property, plant and equipment using the cost model. Accordingly, the revaluation surplus was transferred to retained earnings on the date of transition to MFRS.

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of the financial position are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Other temporary differences	-	269,654	135,880

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits would be available against which the deductible temporary differences could be utilised.

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13. ACCOUNTANTS' REPORT (CONT'D)

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10. TRADE AND OTHER RECEIVABLES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-current			
Other receivables			
Amounts owing by related parties	2,388,099	543,311	-
Current			
Trade receivables			
Third parties	92,017,495	87,501,483	89,774,165
Less: Impairment losses			
Third parties	(324,909)	(723,210)	(856,858)
	91,692,586	86,778,273	88,917,307
Other receivables			
Amounts owing by related parties	6,458	91,396	612,788
Third parties	19,385,057	19,614,937	18,558,255
Deposits	653,140	274,762	412,287
Less: Impairment losses			
Third parties	(1,101,652)	(4,701,652)	(16,553,962)
Total other receivables	18,943,003	15,279,443	3,029,368
Prepayments	5,858,893	4,927,230	2,757,848
Total receivables (current)	116,494,482	106,984,946	94,704,523
Total trade and other receivables	118,882,581	107,528,257	94,704,523

- (a) Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised costs.
- (b) Trade receivables of the Group are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2024: 30 to 120 days; 2023: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) In the previous financial year, the non-current portion of amounts owing by related parties were non-trade in nature, unsecured, bore interest at rates ranging from 3.0% to 6.0% (2023: 2.0% to 3.0%) per annum and not repayable within the next twelve (12) months.
- (d) The current portion of amounts owing by related parties are non-trade in nature, unsecured, bear interest at rates ranging from 3.4% to 3.5% (2024: 3.0% to 6.0%; 2023: Nil) per annum and repayable within the next twelve (12) months.



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10. TRADE AND OTHER RECEIVABLES (continued)

- (e) Included in the other receivables (third parties) of the Group is an amount of RM16,553,963 (2024: RM17,350,443; 2023: RM17,834,000) being the cash consideration receivable pursuant to the disposal of investment in a joint venture, Exora Technologies Private Limited ("Exora"). The amount has been fully impaired as at 31 May 2025.
- (f) The currency exposure profile of trade and other receivables (excluding prepayments) is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	31,425,217	10,507,246	14,683,895
Chinese Yuan	34,371,278	26,506,025	21,663,591
United State Dollar	47,202,862	65,575,277	55,586,884
Others	24,331	12,479	12,305
	<u>113,023,688</u>	<u>102,601,027</u>	<u>91,946,675</u>

- (g) Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset, while 12-month ECL are the portion of ECL that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss ('ECL') of trade receivables from past due ageing. Expected loss rates are determined by the probability of the non-collection from the trade receivables multiplied by the amount of the expected loss arising from default. Trade receivables have been grouped based on a common credit risk characteristic - geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information on macroeconomic factors, i.e. consumer price index, inflation rate and annual gross domestic product, and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.



13. ACCOUNTANTS' REPORT (CONT'D)

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10. TRADE AND OTHER RECEIVABLES (continued)

(h) Lifetime expected loss allowance for trade receivables are as follows:

	Gross carrying amount RM	Impairment losses RM	Total RM
<u>Audited</u> 31 May 2023			
Current	78,894,378	(23,164)	78,871,214
Past due			
1 to 30 days	12,308,429	(41,104)	12,267,325
31 to 60 days	52,503	(1,861)	50,642
61 to 90 days	186,912	(32,880)	154,032
91 to 120 days	131,465	-	131,465
More than 120 days	443,808	(225,900)	217,908
	<u>92,017,495</u>	<u>(324,909)</u>	<u>91,692,586</u>
<u>Audited</u> 31 May 2024			
Current	76,218,753	(3,869)	76,214,884
Past due			
1 to 30 days	8,253,389	(559)	8,252,830
31 to 60 days	1,559,537	(381)	1,559,156
61 to 90 days	351,014	(219)	350,795
91 to 120 days	266,491	(30,806)	235,685
More than 120 days	852,299	(687,376)	164,923
	<u>87,501,483</u>	<u>(723,210)</u>	<u>86,778,273</u>
<u>Audited</u> 31 May 2025			
Current	79,072,094	(6,646)	79,065,448
Past due			
1 to 30 days	8,071,271	(6,117)	8,065,154
31 to 60 days	1,713,963	(13,310)	1,700,653
61 to 90 days	16,307	(738)	15,569
91 to 120 days	711	(409)	302
More than 120 days	899,819	(829,638)	70,181
	<u>89,774,165</u>	<u>(856,858)</u>	<u>88,917,307</u>

During the financial year, the Group did not renegotiate the terms of any trade receivables.



13. ACCOUNTANTS' REPORT (CONT'D)

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10. TRADE AND OTHER RECEIVABLES (continued)

- (i) Movement in allowance for impairment losses of trade receivables are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Lifetime ECL			
Balance as at 1 June	747,844	324,909	723,210
Charge for the financial year	-	463,678	211,368
Reversal of impairment losses	(419,879)	(60,626)	-
Exchange difference	(3,056)	(4,751)	(77,720)
Balance as at 31 May	<u>324,909</u>	<u>723,210</u>	<u>856,858</u>

- (j) Impairment for other receivables are recognised based on the three-stage general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets.

For balances in which credit risk has not increased significantly since initial recognition of the financial asset, 12-month ECL along with gross interest income are recognised. For balances in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

The probabilities of non-payments by other receivables are adjusted by forward looking information and multiplied by the amounts of the expected losses arising from defaults to determine the 12-month or lifetime ECL for the other receivables.

The Group defined significant increase in credit risk based on the payment trends and operational performance of other receivables.

It requires management to exercise significant judgement in determining the probabilities of default by other receivables, appropriate forward looking information and significant increase in credit risk.

- (k) Movement in allowance for impairment losses of other receivables are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Lifetime ECL			
Balance as at 1 June	-	1,101,652	4,701,652
Charge for the financial year	1,097,504	3,371,322	12,102,315
Exchange difference	4,148	228,678	(250,005)
Balance as at 31 May	<u>1,101,652</u>	<u>4,701,652</u>	<u>16,553,962</u>

- (l) Information on financial risks of trade and other receivables is disclosed in Note 33 to the combined financial statements.



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11. INVENTORIES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
At cost			
Raw materials	15,372,820	15,741,646	18,088,047
Work-in-progress	12,737,344	15,687,353	13,145,721
Semi finished goods	520,959	436,304	400,079
Finished goods	6,406,287	4,399,359	5,694,690
Spare parts	788,007	802,703	942,188
Goods in transit	805,464	112,732	998,026
	<u>36,630,881</u>	<u>37,180,097</u>	<u>39,268,751</u>

(a) Inventories are stated at the lower of cost and net realisable value.

(b) Cost is determined using the first-in, first-out method. Cost of raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

(c) As at the end of each reporting period, the following are the amounts recognised in cost of sales, including amounts of inventories written back to net realisable value and written down to net realisable value during the financial year are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Cost of inventories	117,331,064	128,461,101	139,654,990
Inventories written back	(438,091)	-	(8,642)
Inventories written down	<u>1,858,430</u>	<u>1,629,391</u>	<u>1,373,332</u>

12. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Contract assets	<u>6,384,087</u>	<u>8,342,571</u>	<u>7,556,803</u>
Contract liabilities	<u>(6,408,131)</u>	<u>(4,157,371)</u>	<u>(744,604)</u>
Represented by:			
Current	2,614,570	2,706,939	744,604
Non-current	<u>3,793,561</u>	<u>1,450,432</u>	<u>-</u>
	<u>6,408,131</u>	<u>4,157,371</u>	<u>744,604</u>



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12. CONTRACT ASSETS/(CONTRACT LIABILITIES) (continued)

- (a) Contract assets relate to the Group's rights to consideration for goods delivered but not yet billed at the end of the reporting period. Contract liabilities comprise deposits received from the customers in advance for sales orders before commencing production activity.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billings to the customers. Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

- (b) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
31 May 2024	2,614,570	-	-
31 May 2025	1,931,209	2,706,939	-
31 May 2026	<u>1,862,352</u>	<u>1,450,432</u>	<u>744,604</u>

- (c) Impairment for contract assets is assessed based on the simplified approach of MFRS 9 as disclosed in Note 10(g) to the combined financial statements. No expected credit loss is recognised arising from contract assets as the amount is negligible.

13. DERIVATIVES

	Contract/ Notional amount RM	Assets/ (Liabilities) RM
<u>Audited</u>		
At 31 May 2023		
Fair value through profit and loss		
Forward currency contracts	<u>2,266,250</u>	<u>(37,465)</u>
<u>Audited</u>		
At 31 May 2024		
Fair value through profit and loss		
Forward currency contracts	<u>1,416,600</u>	<u>16,103</u>
<u>Audited</u>		
At 31 May 2025		
Fair value through profit and loss		
Forward currency contracts	<u>2,659,990</u>	<u>115,676</u>



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13. DERIVATIVES (continued)

- (a) The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.
- (b) Derivatives of the Group are measured at Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (c) The fair value adjustments on derivative financial instruments are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
(Loss)/Gain on derivative financial instruments	<u>(37,465)</u>	<u>53,568</u>	<u>99,573</u>

- (d) The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 31 to the combined financial statements.

14. SHORT TERM FUNDS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Financial assets measured at fair value through profit or loss			
Short term funds	<u>6,116,896</u>	<u>19,632,877</u>	<u>17,422,458</u>

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Short term funds of the Group are highly liquid investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.
- (c) The currency exposure profile of money market funds is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	4,500,748	15,992,168	13,779,238
United States Dollar	<u>1,616,148</u>	<u>3,640,709</u>	<u>3,643,220</u>
	<u>6,116,896</u>	<u>19,632,877</u>	<u>17,422,458</u>

- (d) Short term funds of the Group are measured at Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.



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14. SHORT TERM FUNDS (continued)

(e) The method and assumptions applied in determining the fair value of short term funds are disclosed in Note 31 to the combined financial statements.

(f) Information on financial risks of short term funds is disclosed in Note 33 to the combined financial statements.

15. CASH AND BANK BALANCES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Cash and bank balances	15,798,449	40,338,201	17,671,599
Deposits with licensed banks	150,039,273	107,781,006	115,747,517
	<u>165,837,722</u>	<u>148,119,207</u>	<u>133,419,116</u>

(a) Cash and bank balances are classified as financial assets measured at amortised costs.

(b) The currency exposure profile of cash and bank balances is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	3,142,656	1,722,071	2,798,713
Chinese Yuan	7,283,844	2,727,973	33,639,391
United States Dollar	155,411,095	143,669,026	44,398,132
Canadian Dollar	-	-	52,582,759
Others	127	137	121
	<u>165,837,722</u>	<u>148,119,207</u>	<u>133,419,116</u>

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Cash and bank balances	15,798,449	40,338,201	17,671,599
Deposits with licensed banks	150,039,273	107,781,006	115,747,517
Short term funds (Note 14)	6,116,896	19,632,877	17,422,458
As per statements of financial position	<u>171,954,618</u>	<u>167,752,084</u>	<u>150,841,574</u>
Less:			
Fixed deposits with maturity more than three (3) months	(149,680,058)	(107,646,213)	(34,778,072)
Deposits with maturity more than three (3) months	<u>(359,215)</u>	<u>(134,793)</u>	<u>(80,969,445)</u>
As per statements of cash flows	<u>21,915,345</u>	<u>59,971,078</u>	<u>35,094,057</u>



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15. CASH AND BANK BALANCES (continued)

(d) No expected credit loss is recognised arising from the cash and bank balances because the probability of default by these financial institutions is negligible.

(e) Information on financial risks of cash and bank balances is disclosed in Note 33 to the combined financial statements.

16. INVESTED EQUITY

<u>Audited</u>	2023		2024		2025	
	Number of shares	Amount RM	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid-up with no par value						
Ordinary shares	25,000,002	86,380,121	25,000,002	86,380,121	25,000,002	86,380,121

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

17. RESERVES

		2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-distributable:				
Capital reserve	(a)	14,257,388	14,257,388	14,257,388
Foreign currency translation reserve	(b)	2,172,270	1,963,699	(22,751,679)
Reorganisation debit reserve	(c)	(13,000,000)	(13,000,000)	(13,000,000)
Statutory reserve	(d)	32,237,169	39,833,221	48,367,257
Distributable:				
Retained earnings		310,953,075	306,253,119	270,951,708
		<u>346,619,902</u>	<u>349,307,427</u>	<u>297,824,674</u>

(a) Capital reserve represents the contribution by the combined entities of the Group.



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17. RESERVES (continued)

- (b) The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.
- (c) Reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital and reserves of QFSB pursuant to business combinations under common control.
- (d) Statutory reserve represents the 10% of accumulated gains recognised in the People's Republic of China subsidiaries' income statement, which is not distributable.

According to the Articles of Association of the subsidiaries, when distributing net profit of each financial year, the subsidiaries shall set aside 10% of its after tax profits for the statutory common reserve fund (except where the fund has reached 50% of the subsidiaries' registered capital). These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

18. GOVERNMENT GRANTS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
At cost			
Balance as at 1 June/31 May	<u>6,931,556</u>	<u>6,931,556</u>	<u>6,931,556</u>
Accumulated amortisation			
Balance as at 1 June 2022/2023/2024	4,900,862	5,717,307	6,228,939
Amortisation during the financial year	<u>816,445</u>	<u>511,632</u>	<u>222,529</u>
Balance as at 31 May	<u>5,717,307</u>	<u>6,228,939</u>	<u>6,451,468</u>
Carrying amounts			
Balance as at 31 May	<u>1,214,249</u>	<u>702,617</u>	<u>480,088</u>
Represented by:			
Current	816,444	222,529	160,029
Non-current	<u>397,805</u>	<u>480,088</u>	<u>320,059</u>
	<u>1,214,249</u>	<u>702,617</u>	<u>480,088</u>

Government grants related to an asset are recognised as income and transferred to profit or loss on a systematic basis over the useful lives of the related assets.



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19. BORROWINGS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-current			
<i>Secured</i>			
Term loans	38,605,682	6,727,677	3,051,878
Current			
<i>Unsecured</i>			
Financial guarantee contracts	-	1,593,155	-
<i>Secured</i>			
Revolving credits	-	-	15,000,000
Term loans	10,727,642	4,959,028	2,289,441
	10,727,642	6,552,183	17,289,441
Total borrowings			
Financial guarantee contracts	-	1,593,155	-
Revolving credits	-	-	15,000,000
Term loans	49,333,324	11,686,705	5,341,319
	<u>49,333,324</u>	<u>13,279,860</u>	<u>20,341,319</u>

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) The currency exposure profile of borrowings is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	-	1,593,155	15,000,000
United States Dollar	49,333,324	11,686,705	5,341,319
	<u>49,333,324</u>	<u>13,279,860</u>	<u>20,341,319</u>

(c) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the term of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

Financial guarantee contracts are subject to forward looking expected credit loss model based on the general approach within MFRS 9 as disclosed in Note 10(g) to the combined financial statements.



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19. BORROWINGS (continued)**(c) Financial guarantee contracts (continued)**

The fair value of financial guarantee is determined based on the present value of the different in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a related party for assuming the obligations.

The nominal amounts of financial guarantee provided are as follows:

	2024 Audited RM	2025 Audited RM
Financial guarantees given to financial institutions for credit facilities granted to a related party		
- Limit of guarantee	377,000,000	-
- Amount utilised	<u>293,075,482</u>	<u>-</u>

The movements of the financial guarantee contracts during the financial year are as follows:

	2024 Audited RM	2025 Audited RM
At beginning of financial year	-	1,593,155
Effects of modified retrospective application of MFRS 9	<u>3,805,680</u>	<u>-</u>
As restated	3,805,680	1,593,155
Fair value changes on financial guarantee contracts	<u>(2,212,525)</u>	<u>(1,593,155)</u>
At end of financial year	<u>1,593,155</u>	<u>-</u>

As at 31 May 2024, the maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secure loans of related party amounts to RM377,000,000 representing the outstanding banking facilities of the related party as at the end of the reporting period.

Maturity profile of financial guarantee contracts of the Group at the end of each reporting period based on contractual repayment obligations is repayable upon any default by the related party in respect of the guaranteed bank facilities.

(d) Borrowings of the Group are secured by way of:

- (i) A corporate guarantees by related parties namely, Suiwa Qdos Technology Limited, SQTBS and a related company namely, QISB;
- (ii) A debenture over fixed charge;
- (iii) A first party first legal charge over leasehold land and building as disclosed in Note 5(c) and Note 6(d) to the combined financial statements; and
- (iv) Personal Guarantee by certain Directors of the Group.

(e) Borrowings of the Group are not measured at fair value and are categorised as Level 3 in fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.**(f) Information on financial risks of borrowings is disclosed in Note 33 to the combined financial statements.**

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20. TRADE AND OTHER PAYABLES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Non-current			
Other payables			
Amount owing to a related party	-	237,627	-
Third party	440,087	-	-
	440,087	237,627	-
Current			
Trade payables			
Third parties	46,541,370	49,265,676	46,018,825
Amount owing to a related party	12,003	-	-
	46,553,373	49,265,676	46,018,825
Other payables			
Amounts owing to related parties	2,620,647	28,238,635	25,786,334
Third parties	14,285,976	13,792,359	10,714,968
Accruals	10,268,057	11,910,923	10,532,855
Deposits received	193,421	331,187	20,672
	27,368,101	54,273,104	47,054,829
Total payables (current)	73,921,474	103,538,780	93,073,654
Total trade and other payables	74,361,561	103,776,407	93,073,654

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2024: 30 to 90 days; 2023: 30 to 90 days).
- (c) In the previous financial year, the non-current portion of amount owing to a related party was non-trade in nature, unsecured, interest-free and not repayable within the next twelve (12) months.
- (d) The current portion of amounts owing to related parties are non-trade in nature, unsecured, interest-free and repayable within the next twelve (12) months or upon demand in cash and cash equivalents, except for an amount of RM237,627 which bore interest at rates ranging from 2.0% to 3.0% per annum as at financial year ended 31 May 2023.
- (e) The currency exposure profile of trade and other payables is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Ringgit Malaysia	15,053,725	11,783,996	10,671,496
Chinese Yuan	42,985,722	42,004,875	38,786,419
United States Dollar	15,579,221	47,594,058	43,246,041
Singapore Dollar	487,310	330,277	324,745
Euro	203,350	1,772,721	43,752
Japanese Yen	52,233	290,480	1,201
	74,361,561	103,776,407	93,073,654



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20. TRADE AND OTHER PAYABLES (continued)

- (f) Information on financial risks of trade and other payables is disclosed in Note 33 to the combined financial statements.

21. REVENUE

	2023 Audited RM	2024 Audited RM	2025 Audited RM
<i>Revenue from contracts with customers:</i>			
<i>Revenue recognised at a point in time:</i>			
Sales of goods	<u>313,708,097</u>	<u>340,425,345</u>	<u>367,658,427</u>

- (a) Revenue from sale of goods is recognised at a point in time when the control of the goods has been transferred to the customers and coincide with the delivery of goods and acceptance by customers.

There is no significant financing component in the revenue arising from sales of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

- (b) Disaggregation of revenue from contracts with customers is disclosed in Note 30 to the combined financial statements.

22. EMPLOYEE BENEFITS EXPENSES

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Wages, salaries and bonuses	57,445,038	65,329,493	67,427,363
Contributions to defined contribution plan	3,703,260	4,351,160	4,772,365
Social security contributions	1,262,760	1,624,292	1,867,146
Labour union expenditures	450,360	298,448	304,001
Other benefits	<u>3,289,931</u>	<u>3,769,604</u>	<u>3,936,455</u>
	<u>66,151,349</u>	<u>75,372,997</u>	<u>78,307,330</u>

Included in the employee benefits expenses of the Group are Directors' remuneration amounting to RM2,862,168 (2024: RM2,576,872; 2023: RM1,995,254). Estimated money value of benefits-in-kind provided to the Director of the Group amounting to RM22,857 (2024: Nil; 2023: Nil).



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23. FINANCE COSTS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Interest expenses on:			
- amount owing to a related party	7,767	-	-
- borrowings	2,686,160	2,059,180	636,743
- lease liabilities	30,028	52,338	33,435
- unwinding of discount on non-current other payable	40,352	20,663	-
	<u>2,764,307</u>	<u>2,132,181</u>	<u>670,178</u>

24. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at after charging:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Audit fee:			
- current year	94,684	117,435	129,855
- underprovision in prior years	1,500	-	14,000
Bad debt written off	36,062	-	-
Fair value loss on other investments	-	53,407	-
Loss on disposals of property, plant and equipment	375,000	278,724	151,380
Property, plant and equipment written off	4,126,591	123,153	92,803
Realised loss on foreign exchange	837	2,466	1,359,557
Unrealised loss on foreign exchange	2,348,324	1,661,261	-
and crediting:			
Fair value gain on short term funds	33,196	232,183	315,800
Fair value gain on other investments	41,437	74,830	198,737
Gain on disposal of investment in a joint venture	8,800,627	-	-
Interest income from:			
- financial institutions	2,201,325	7,693,813	7,349,120
- related parties	132,606	49,627	26,875
- short term funds	124,573	259,481	133,204
Rental income	8,424,650	7,760,870	7,219,726
Realised gain on foreign exchange	7,713,462	2,667,910	3,541,976
Unrealised gain on foreign exchange	<u>327,688</u>	<u>46,847</u>	<u>956,181</u>



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25. TAX EXPENSE

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Current year			
- Malaysia income tax	258,203	244,583	2,361,669
- Foreign tax	8,878,671	8,665,872	10,149,141
	9,136,874	8,910,455	12,510,810
(Over)/Under provision in prior years			
- Malaysia income tax	(125,649)	(139,409)	911,908
- Foreign tax	-	(601,358)	-
	(125,649)	(740,767)	911,908
	9,011,225	8,169,688	13,422,718
Deferred tax expense (Note 9):			
- relating to origination and reversal of temporary differences	230,432	2,872,100	383,249
- over provision in prior years	(767,900)	(1,104,400)	(1,884,300)
	(537,468)	1,767,700	(1,501,051)
	8,473,757	9,937,388	11,921,667

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2024: 24%; 2023: 24%) of the estimated taxable profits for the fiscal year. Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

(b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group is as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit before tax	77,074,132	84,752,664	92,088,112
Tax at applicable tax rate	18,497,792	20,340,639	22,101,147
Tax effects in respect of:			
- non-allowable expenses	3,769,918	2,388,804	3,404,305
- non-taxable income	(4,922,631)	(3,556,871)	(2,550,018)
- tax incentive and allowances	(6,674,110)	(6,112,333)	(7,023,065)
- different tax rates in foreign jurisdictions	655,937	1,370,316	1,555,690
Tax exempt income under pioneer status	(1,949,900)	(2,712,700)	(4,561,900)
Deferred tax assets not recognised	-	64,700	-
Utilisation of deferred tax assets previously not recognised	(9,700)	-	(32,100)
(Over)/Under provision of tax expense in prior years	(125,649)	(740,767)	911,908
Over provision of deferred tax in prior years	(767,900)	(1,104,400)	(1,884,300)
	8,473,757	9,937,388	11,921,667



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25. TAX EXPENSE (continued)

- (c) QISB has been granted Pioneer Status under the Exemption order P.U. (A) 112, Income Tax Act 1967, which exempts it from income tax for a period of 10 years beginning from 1 February 2020.
- (d) SHTEI has been granted High-Tech Enterprise Certificate, which the entity enjoys an income tax rate of 15% for a period of 3 years beginning from 17 November 2022. Subsequently, it has been extended to 8 December 2028.
- (e) There is no tax effect on other comprehensive income of the Group during the financial year.

26. EARNINGS PER ORDINARY SHARE**(a) Basic**

Basic earnings per ordinary share for the financial years is calculated by dividing the profit for the financial years attributable to the common controlling shareholders of the combining entities/owners of the Company by the expected number of ordinary shares of the Company pursuant to the Listing.

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit attributable to common controlling shareholders of the combining entities/the owners of the Company (RM)	<u>68,600,375</u>	<u>74,815,276</u>	<u>80,166,445</u>
Expected number of shares upon completion of the Listing (unit)	<u>1,500,000,000</u>	<u>1,500,000,000</u>	<u>1,500,000,000</u>
Basic earnings per ordinary share (sen)	<u>4.57</u>	<u>4.99</u>	<u>5.34</u>

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary share in issue during and at the end of the financial year.

27. DIVIDENDS

Audited	Amount of dividends RM
In respect of financial year ended 31 May 2024	
- Dividend paid by Suiwa Electronics (Xiamen) Co., Ltd.	<u>68,113,500</u>
In respect of financial year ended 31 May 2025	
- Dividend paid by SQ Advanced Interconnect Berhad	30,290,000
- Dividend paid by Suiwa Electronics (Xiamen) Co., Ltd.	<u>76,643,820</u>
	<u>106,933,820</u>



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28. CAPITAL COMMITMENTS

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Capital expenditure in respect of purchase of property, plant and equipment:			
- Contracted but not provided	<u>4,815,766</u>	<u>8,583,116</u>	<u>9,350,440</u>

29. RELATED PARTY DISCLOSURES**(a) Identities of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- (i) Combining entities as disclosed in Note 4 to the combined financial statements;
 - (ii) Key management personnel which comprises persons (including the Directors of the Group) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;
 - (iii) Companies in which certain Directors have substantial financial interests; and
 - (iv) Immediate family member of Directors of the Group.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the financial year:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Transactions with related parties:			
- Cleaning and maintenance service charges	128,733	133,916	146,577
- Dividends paid	-	68,113,500	106,933,820
- Marketing service charges	96,000	106,000	120,000
- Purchase of goods	2,231,622	1,886,601	1,335,080
- Purchase of prototype	-	22,301	-
- Purchase of tooling	-	4,054	-
- Sales commissions paid	173,681	220,977	300,983
- Subcontract service charges	333,720	327,180	329,163
- Property management fees	24,119	24,235	21,133
- Rental income	<u>121,714</u>	<u>122,326</u>	<u>116,368</u>

The related party transactions described above were undertaken on mutually agreed and negotiable terms.



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29. RELATED PARTY DISCLOSURES (continued)**(b) (continued)**

Balances with related parties at the end of the financial year are disclosed in Note 10 and Note 20 to the combined financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

There are no other key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Group other than the Directors.

The total remuneration of Directors and other key management personnel during the financial year are as follows:

	2023	2024	2025
	Audited	Audited	Audited
	RM	RM	RM
Fees	15,000	55,000	15,000
Salaries, bonuses and allowances	3,593,576	4,246,767	4,686,952
Contributions to defined contribution plan	229,956	323,435	387,022
Social security contributions	16,073	21,910	24,882
Other benefits	8,220	13,739	16,478
	<u>3,862,825</u>	<u>4,660,851</u>	<u>5,130,334</u>

Estimated monetary value of benefits-in-kind provided to an Executive Director and a key management personnel of the Group are RM22,857 and RM12,000 respectively (2024: Nil; 2023: Nil).

(d) Material contracts

There were no material contracts, which have been entered into by the Group which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 May 2023, 31 May 2024 and 31 May 2025 or entered into since the end of the previous financial years.

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30. OPERATING SEGMENTS

The Group is principally involved in investment holding, manufacturing and assembly of flexible printed circuit boards and manufacturing of integrated circuit substrates, covering circuit design, prototype fabrication and production. For management purposes, its operating segments are presented based on their products and services provided.

The reportable segments of the Group are as follows:

a) Flexible printed circuit boards ("FPC"):

Involved in the manufacturing and assembly of flexible printed circuit boards, which refers to a bendable electronic interconnects in which circuits are formed on a flexible substrate. FPCs include single-sided, double-sided and multi-layer.

b) Integrated circuit boards ("IC") substrate:

Involved in the manufacturing of integrated circuit boards, which refers to a semiconductor package level interconnect platform that bridges silicon devices to the system by enabling chip-to-board electrical, mechanical and thermal connection. IC substrates include coreless IC substrates and sputtered-core IC substrates

c) Others:

Included investment holding and other activities.

Management monitors the operating results of its reporting segments separately for the purpose of making decisions about resource allocation and performance assessment. The accounting policies of operating segments are the same as those described in the notes to the combined financial statements.

Segment assets exclude derivative assets, current tax assets and deferred tax assets. Segment liabilities exclude derivative liabilities, current tax liabilities and deferred tax liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2023					
Revenue from external customers	260,047,578	53,660,519	-	-	313,708,097
Inter-segment revenue	264,120	-	-	(264,120)	-
Total revenue	260,311,698	53,660,519	-	(264,120)	313,708,097
Interest income	2,340,505	44,552	73,447	-	2,458,504
Finance costs	(2,716,188)	(40,352)	(7,767)	-	(2,764,307)
Net finance (costs)/income	(375,683)	4,200	65,680	-	(305,803)
Segment profit before tax	67,180,648	8,882,545	1,010,939	-	77,074,132
Other material non-cash items:					
Amortisation of government grants	-	566,445	250,000	-	816,445
Amortisation of intangible assets	-	(280,587)	-	-	(280,587)
Depreciation of property, plant and equipment	(14,048,788)	(6,517,070)	(628,190)	-	(21,194,048)
Depreciation of right-of-use assets	(1,158,599)	-	-	-	(1,158,599)
Gain on disposal of investment in a joint venture	8,800,627	-	-	-	8,800,627
Net inventories (written down)/written back	(1,858,430)	438,091	-	-	(1,420,339)
Net impairment losses on trade and other receivables	(677,625)	-	-	-	(677,625)
Property, plant and equipment written off	(1,402,903)	(2,723,688)	-	-	(4,126,591)
Net unrealised (loss)/gain on foreign exchange	(2,024,432)	3,796	-	-	(2,020,636)



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2023 (continued)					
Additions to non-current assets other than financial instruments	4,364,910	192,772	736,697	-	5,294,379
Segment assets	479,888,209	71,737,206	17,902,175	-	569,527,590
Current tax assets					3,187,300
Deferred tax assets					116,357
					<u>572,831,247</u>
Segment liabilities	113,876,766	17,014,494	2,041,844	-	132,933,104
Derivative liabilities					37,465
Current tax liabilities					5,114,362
Deferred tax liabilities					1,746,293
					<u>139,831,224</u>



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2024					
Revenue from external customers	273,135,660	67,289,685	-	-	340,425,345
Inter-segment revenue	248,960	-	-	(248,960)	-
Total revenue	273,384,620	67,289,685	-	(248,960)	340,425,345
Interest income	7,837,231	111,515	54,175	-	8,002,921
Finance costs	(2,108,343)	(23,838)	-	-	(2,132,181)
Net interest income	5,728,888	87,677	54,175	-	5,870,740
Segment profit before tax	69,957,929	14,442,002	352,733	-	84,752,664
Other material non-cash items:					
Amortisation of government grants	-	261,632	250,000	-	511,632
Amortisation of intangible assets	-	(259,707)	-	-	(259,707)
Depreciation of property, plant and equipment	(14,244,593)	(5,714,003)	(857,574)	-	(20,816,170)
Depreciation of right-of-use assets	(1,163,048)	(58,016)	-	-	(1,221,064)
Net inventories written down	(1,163,860)	(465,531)	-	-	(1,629,391)
Net impairment losses on trade and other receivables	(3,310,696)	(463,678)	-	-	(3,774,374)
Property, plant and equipment written off	(69,377)	(53,776)	-	-	(123,153)
Net unrealised loss on foreign exchange	(1,540,241)	(74,173)	-	-	(1,614,414)



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2024 (continued)					
Additions to non-current assets other than financial instruments	6,617,885	5,375,324	408,681	-	12,401,890
Segment assets	458,269,788	76,313,194	27,757,422	-	562,340,404
Derivative assets					16,103
Current tax assets					3,128,306
Deferred tax assets					125,778
					<u>565,610,591</u>
Segment liabilities	79,253,355	14,130,293	30,064,827	-	123,448,475
Current tax liabilities					2,951,076
Deferred tax liabilities					3,523,492
					<u>129,923,043</u>



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2025					
Revenue from external customers	294,330,249	73,328,178	-	-	367,658,427
Inter-segment revenue	425,480	-	-	(425,480)	-
Total revenue	294,755,729	73,328,178	-	(425,480)	367,658,427
Interest income	7,113,269	91,324	304,606	-	7,509,199
Finance costs	(666,873)	(3,305)	-	-	(670,178)
Net interest income	6,446,396	88,019	304,606	-	6,839,021
Segment profit before tax	70,172,394	20,842,634	1,073,084	-	92,088,112
Other material non-cash items:					
Amortisation of government grants	-	160,029	62,500	-	222,529
Amortisation of intangible assets	-	(204,919)	-	-	(204,919)
Depreciation of property, plant and equipment	(13,642,549)	(5,845,478)	(741,467)	-	(20,229,494)
Depreciation of right-of-use assets	(1,021,012)	(87,990)	-	-	(1,109,002)
Net inventories (written down)/written back	(1,373,332)	8,642	-	-	(1,364,690)
Net impairment losses on trade and other receivables	(12,312,568)	(1,115)	-	-	(12,313,683)
Property, plant and equipment written off	(92,803)	-	-	-	(92,803)
Net unrealised gain on foreign exchange	945,585	10,596	-	-	956,181



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30. OPERATING SEGMENTS (continued)

<u>Audited</u>	FPC RM	IC substrate RM	Others RM	Eliminations RM	Total RM
At 31 May 2025 (continued)					
Additions to non-current assets other than financial instruments	9,134,587	1,253,891	-	-	10,388,478
Segment assets	406,190,629	66,687,174	29,706,796	-	502,584,599
Derivative assets					115,676
Current tax assets					1,430,413
Deferred tax assets					124,904
					<u>504,255,592</u>
Segment liabilities	79,519,656	8,705,448	27,034,916	-	115,260,020
Current tax liabilities					2,758,307
Deferred tax liabilities					2,032,470
					<u>120,050,797</u>



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30. OPERATING SEGMENTS (continued)**(a) Geographical information**

Segment revenue is based on geographical location from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include deferred tax assets.

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Revenue from external customers			
Malaysia	106,538,596	131,201,778	155,895,339
Mainland China	91,894,169	91,542,460	101,445,904
Asia (other than Malaysia and Mainland China)	55,367,639	55,939,703	63,447,567
United States of America	22,978,277	23,056,813	24,343,299
Europe	35,698,637	33,885,327	21,226,422
North America	109,049	3,418,910	616,218
Others	1,121,730	1,380,354	683,678
	<u>313,708,097</u>	<u>340,425,345</u>	<u>367,658,427</u>
Non-current assets			
Malaysia	121,791,189	119,409,796	113,116,203
Mainland China	108,173,555	99,820,191	84,862,589
	<u>229,964,744</u>	<u>219,229,987</u>	<u>197,978,792</u>

(b) Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Customer A	<u>43,089,178</u>	<u>53,930,817</u>	<u>55,171,412</u>

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31. FINANCIAL INSTRUMENTS

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

- (ii) Other investments

The fair value of short term investments is determined based on net asset values provided by the issuing financial institutions.

The fair value of quoted ordinary shares outside Malaysia is determined by reference to the exchange quoted market prices at the close of the business on the reporting date.

- (iii) Short term funds

The fair value of short term funds is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

- (iv) Derivatives

The fair values of forward currency contracts are the amounts that would be payable or receivable upon termination of the outstanding position arising and are determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

32. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged throughout the reporting period.

The Group manage their capital structure and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period ended 31 May 2023, 31 May 2024 and 31 May 2025.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to the owners of the combining entities. Net debt is calculated as borrowings net of short term funds and cash and bank balances. Capital represents equity attributable to the common controlling shareholders of the combining entities.



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32. CAPITAL MANAGEMENT (continued)

The gearing ratios as at the financial year are as follows:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Borrowings (Note 19)	49,333,324	13,279,860	20,341,319
Less:			
Short term funds (Note 14)	(6,116,896)	(19,632,877)	(17,422,458)
Cash and bank balances (Note 15)	(165,837,722)	(148,119,207)	(133,419,116)
Net cash	(122,621,294)	(154,472,224)	(130,500,255)
Total capital	433,000,023	435,687,548	384,204,795
Capital gearing ratio	*	*	*

* Capital gearing ratio is not presented as the Group is in net cash position.

The Group is not subject to any externally imposed capital requirements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk, interest rate risk and market risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group to credit risk arises primarily from trade receivables. For financial assets including other investments, cash and bank balances and derivatives, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The objective of the Group is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the policy of the Group that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure of the Group to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.



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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period is as follows:

	2023 Audited		2024 Audited		2025 Audited	
	RM	% of total	RM	% of total	RM	% of total
By geographical locations						
Malaysia	28,700,873	31%	32,417,694	37%	39,461,236	44%
Mainland China	35,146,733	39%	29,269,771	34%	22,736,309	26%
Asia (other than Malaysia and Mainland China)	13,063,519	14%	12,599,722	15%	15,891,066	18%
United States of America	4,874,903	5%	3,473,821	4%	6,886,571	8%
Europe	9,901,285	11%	7,036,882	8%	3,384,243	4%
North America	5,273	*	1,839,269	2%	289,304	*
Others	-	-	141,114	*	268,578	*
	<u>91,692,586</u>	<u>100%</u>	<u>86,778,273</u>	<u>100%</u>	<u>88,917,307</u>	<u>100%</u>

* Less than 1%

At the end of each reporting period, approximately 15% (2024: 9%, 2023: 24%) of the trade receivables of the Group were due from one (1) (2024: one (1), 2023: two (2)) major customers.

(b) Liquidity and cash flow risk

Liquidity and cash flow risk are the risks that the Group will not be able to meet its financial obligations when they fall due. The exposure of the Group to liquidity risk arises principally from its various payables, borrowings and lease liabilities.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.



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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk (continued)

The table below summaries the maturity profile of the liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

Audited	On demand or within one (1) year RM	One (1) to five (5) year RM	More than five (5) years RM	Total RM
Financial liabilities				
31 May 2025				
Trade and other payables	93,073,654	-	-	93,073,654
Borrowings				
- Term loans	2,540,179	3,178,324	-	5,718,503
- Revolving credit	15,010,664	-	-	15,010,664
Lease liabilities	557,689	74,024	-	631,713
Total undiscounted financial liabilities	<u>111,182,186</u>	<u>3,252,348</u>	<u>-</u>	<u>114,434,534</u>
Financial liabilities				
31 May 2024				
Trade and other payables	103,538,780	237,627	-	103,776,407
Borrowings				
- Term loans	5,523,710	7,171,776	166,183	12,861,669
- Financial guarantee contracts	377,000,000	-	-	377,000,000
Lease liabilities	972,874	601,824	-	1,574,698
Total undiscounted financial liabilities	<u>487,035,364</u>	<u>8,011,227</u>	<u>166,183</u>	<u>495,212,774</u>
Financial liabilities				
31 May 2023				
Trade and other payables	73,921,474	440,087	-	74,361,561
Borrowings				
- Term loans	13,588,463	42,922,063	326,107	56,836,633
Lease liabilities	737,201	957,495	-	1,694,696
Total undiscounted financial liabilities	<u>88,247,138</u>	<u>44,319,645</u>	<u>326,107</u>	<u>132,892,890</u>

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily in United States Dollar ("USD").



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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Foreign currency risk (continued)

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in USD exchange rate against the functional currency of the Group, with all other variables held constant:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit after tax			
USD/RM			
- Strengthen by 1% (2024: 1%; 2023: 1%)	1,058,814	1,167,392	418,310
- Weaken by 1% (2024: 1%; 2023: 1%)	(1,058,814)	(1,167,392)	(418,310)

There is no foreign currency risk exposure to the equity, hence the effect of change in the foreign currency is not explained.

Sensitivity analysis of other foreign currencies is not disclosed as the fluctuations of those foreign exchange rate against the functional currency of the Group are not significant.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from interest-bearing fixed deposits with licensed banks, amounts owing by/(to) related parties, borrowings, and lease liabilities. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

As at the end of the reporting period, the Group does not engage any interest hedging instruments in respect of such interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis for floating rate instruments of the profit after tax of the Group if interest rates at the end of the reporting period changed by ten (10) basis points with all other variables held constant:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit after tax			
- Increase by 0.1% (2024: 0.1%, 2023: 0.1%)	(37,493)	(8,882)	(15,459)
- Decrease by 0.1% (2024: 0.1%, 2023: 0.1%)	37,493	8,882	15,459

There is no interest rate risk exposure to the equity, hence the effect of change in the interest rate is not explained.

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are not affected by changes in interest rates.



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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") or incremental borrowing rates ("IBR") as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

<u>Audited</u>	<u>Note</u>	<u>WAEIR/ IBR*</u> %	<u>On demand or within one (1) year RM</u>	<u>One (1) to five (5) years RM</u>	<u>More than five (5) years RM</u>	<u>Total RM</u>
As at 31 May 2023						
Fixed rates						
Amounts owing by related parties	10	2.50	-	2,388,099	-	2,388,099
Fixed deposits with licensed banks	15	4.93	108,635,885	41,044,173	-	149,680,058
Lease liabilities	6	3.83*	(688,719)	(927,120)	-	(1,615,839)
Amount owing to a related party	20	2.50	(237,627)	-	-	(237,627)
Floating rate						
Term loans	19	4.68	(10,727,642)	(38,317,361)	(288,321)	(49,333,324)
As at 31 May 2024						
Fixed rates						
Amounts owing by related parties	10	4.25	91,396	543,311	-	634,707
Fixed deposits with licensed banks	15	5.79	72,996,144	34,650,069	-	107,646,213
Lease liabilities	6	3.79*	(938,747)	(593,473)	-	(1,532,220)
Floating rate						
Term loans	19	6.57	(4,959,028)	(6,583,728)	(143,949)	(11,686,705)



13. ACCOUNTANTS' REPORT (CONT'D)

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Interest rate risk (continued)

The following table sets out the carrying amounts, the incremental borrowing rates ("IBR")/weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (continued):

<u>Audited</u>	Note	WAEIR/ IBR* %	On demand or within one (1) year RM	One (1) to five (5) years years RM	More than five (5) years years RM	Total RM
As at 31 May 2025						
Fixed rates						
Amounts owing by related parties	10	3.48	612,788	-	-	612,788
Fixed deposits with licensed banks	15	4.24	34,778,072	-	-	34,778,072
Lease liabilities	6	3.70*	(547,424)	(72,931)	-	(620,355)
Floating rates						
Term loan	19	6.09	(2,289,441)	(3,051,878)	-	(5,341,319)
Revolving credits	19	4.99	(15,000,000)	-	-	(15,000,000)
			(17,289,441)	(3,051,878)	-	(20,341,319)



13. ACCOUNTANTS' REPORT (CONT'D)

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in quoted prices (other than interest or exchange rates).

The Group is exposed to market risk primarily arising from placements in short term funds held by the Group as at the end of reporting period. They were held mainly to manage free cash flows and optimise working capital rather than for trading purposes. These instruments are classified as financial assets designated at fair value through profit or loss.

To manage its price risk arising from placements in short term funds, the Group diversifies its portfolios in accordance with the limits set by the Group.

The following table demonstrates the sensitivity analysis of the profit after tax of the Group if the Net Asset Value ('NAV') had been one percent (1%) higher or lower arising as a result of higher or lower fair value gains on money market funds designated at fair value through profit or loss, with all other variables held constant:

	2023 Audited RM	2024 Audited RM	2025 Audited RM
Profit after tax			
- Increase by 1% (2024: 1%, 2023: 1%)	46,488	149,210	132,411
- Decrease by 1% (2024: 1%, 2023: 1%)	<u>(46,488)</u>	<u>(149,210)</u>	<u>(132,411)</u>

There is no market rate risk exposure to the equity, hence the effect of change in the market rate is not explained.

34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 15 August 2025, the Group completed the disposal of its entire equity interest in other investment for unquoted shares outside Malaysia, 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 of other investments for unquoted shares in Malaysia:
 - i) disposed of its entire equity interest in QS BPO Sdn. Bhd. (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.
- (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.



13. ACCOUNTANTS' REPORT (CONT'D)

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34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

- (d) On 29 November 2025, the issued and paid-up share capital of the Company has been increased from RM32,000,002 to RM39,999,501 by way of issuance of 14,999,998 new ordinary shares of RM0.5333 each by way of capitalisation of amount owing to SQT. The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company. On 31 December 2025, 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.
- (e) On 31 December 2025, 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.
- (f) On 10 February 2026, the Company undertook a bonus issue which entails the issuance of 1,122,500,000 new ordinary 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 initial public offering ("IPO") and Listing.
- (g) On 23 February 2026, the Company entered into a conditional equity transfer agreement ("ETA") with Twisden Limited ("Twisden"), as the purchaser, to acquire the entire registered share capital of SECL of USD12.0 million, representing 100.00% equity interest in SECL for a total consideration of approximately RM106.5 million, which will be fully satisfied through the allotment and issuance of 135,000,000 new ordinary shares at an issue price of RM0.789 per Share to Twisden. The ETA is conditional upon, among others, the following:
 - (i) the submission of an application for its IPO and Listing to the Securities Commission Malaysia; and
 - (ii) payment of the dividend declared in respect of the financial year ended 31 December 2025 by SECL to Twisden.

The completion of the Agreements is subject to fulfilment of conditions precedent stated in the agreement.

- (h) Litigation matter between QFSB and Valdel Real Estate Pvt Ltd. ("Valdel")

On 14 November 2025, QFSB, a subsidiary of SQAI, filed a petition proceeding (numbered as AP IM No.14 of 2025) ("Petition") against Valdel, M/S Divyasree Valdel Realtors ("DVR") and Exora ("Respondents") before the Karnataka High Court.

The Petition concerns an alleged breach of the sale and purchase agreement entered into between QFSB and Valdel on 11 April 2023, arising from Valdel's repeated default in making payment of USD4.0 million due to QFSB under the agreement as well as false representations made by the Valdel group entities including Valdel and DVR, in relation to the expected payment of such outstanding sum in the course of steps taken to monetise assets.

QFSB is seeking repayment of USD4.0 million together with interest at 18.00% per annum from the date the amounts became due until the date of filing the petition on 14 November 2025 ("Interest"). In the alternative, QFSB seeks bank guarantees for USD4.0 million with the Interest, as well as restrictions on Valdel from selling its lands, together with such other reliefs as the Karnataka High Court may deem appropriate.

On 5 December 2025, the Karnataka High Court granted an ad-interim injunction restraining Valdel, DVR and their promoters, directors, employees, agents, and/or any person acting through or under them from either directly or indirectly dealing with their assets. Following the filing of the Petition, a hearing was scheduled for 19 January 2026, at which the Respondent failed to attend. Accordingly, the court directed that a further hearing date is to be scheduled.



13. ACCOUNTANTS' REPORT (CONT'D)

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34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

- (h) Litigation matter between QFSB and Valdel Real Estate Pvt Ltd. ("Valdel") (continued)

The solicitor of QFSB is of the view that QFSB has an arguable case on the merits. However, as the proceedings are at a preliminary stage and subject to the Respondents' replies, the outcome of the proceedings, including the recoverability and timing of any potential recoveries cannot be determined with certainty at this stage.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**35.1 New MFRSs adopted during the financial year**

The Group adopted the following Standards of the MFRSs Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

Adoption of the above Amendments to the Standards did not have any material effect on the financial performance or position of the Group.

35.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

The following are Standards and Amendments to Standards of the MFRSs that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards - Volume 11</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 121 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for future financial years.



13. ACCOUNTANTS' REPORT (CONT'D)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS 31 MAY 2023, 31 MAY 2024 AND 31 MAY 2025

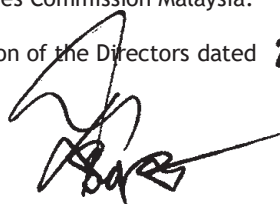
STATEMENT BY DIRECTORS

We, Hwang Shin Hung and Low Loke Chew, being two of the Directors of SQ Advanced Interconnect Berhad (formerly known as Qdos Holdings Bhd.), state that, in the opinion of the Directors, the combined financial statements set out on pages 1 to 68 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 May 2023, 31 May 2024 and 31 May 2025 and of the financial performance and cash flows of the Group for the financial years ended 31 May 2023, 31 May 2024 and 31 May 2025 in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated **26 FEB 2026**



.....
Hwang Shin Hung
Director



.....
Low Loke Chew
Director

Date: **26 FEB 2026**



14. ADDITIONAL INFORMATION

14.1 Share capital

- (i) The share capital of our Company and our subsidiaries as at the LPD and changes in their respective share capital for the Financial Years Under Review and up to the LPD are as set out in **Sections 6.3** and **6.6** of this Prospectus.
- (ii) No securities will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of the issue of this Prospectus.
- (iii) As at the LPD, we have only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iv) Save as disclosed in this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the Financial Years Under Review and up to the LPD.
- (v) As at the LPD, save for the LTIP as disclosed in **Section 4.3.5**, none of the share capital of our Company or any of our subsidiaries is under option, or agreed conditionally or unconditionally to be put under option.
- (vi) As at the date of this Prospectus, save for our Issue Shares reserved for subscription by the Eligible Persons as disclosed in **Section 4.3.1(ii)** of this Prospectus, there is currently no other scheme involving our employees and Directors in the share capital of our Company or any of our subsidiaries.
- (vii) We have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option.
- (viii) Our Company does not have any outstanding convertible debt securities, options, warrants or uncalled capital as at the LPD.
- (ix) Save as disclosed in **Sections 2.2** and **12.6** of this Prospectus and save as provided for under our Constitution as reproduced in **Section 14.2** below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in our Company or any of our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

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14. ADDITIONAL INFORMATION (CONT'D)**14.2 Extracts of our Constitution**

The following provisions are extracted from our Constitution and are qualified in their entirety by the remainder of the provisions of our Constitution and by applicable law. Terms defined in our Constitution shall have the same meaning when used herein unless they are otherwise defined herein or the context otherwise requires.

Words	Meaning
"Act"	means the Companies Act 2016 and every statutory modification, amendment or re-enactment thereof and any other legislation for the time being in force made thereunder and any written law for the time being in force concerning the companies and affecting the Company.
"Applicable Laws"	means all laws, by-laws, regulations, rules, orders and/or official directions for the time being in force affecting or concerning the Company and its subsidiaries, including but not limited to the Act, the applicable securities law, SICDA, the Listing Requirements, the Rules, and every other law for the time being in force concerning companies and affecting the Company and any other directives or requirements imposed on the Company by the SC and/or other relevant regulatory bodies and/or authorities.
"Central Depository"	means Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W)) or such other depository as may be approved by the relevant authorities to be a central depository under SICDA and includes its successors-in-title and permitted assigns.
"Constitution"	means this Constitution as originally framed or as altered from time to time by Special Resolution.
"Clause"	means any provision in this Constitution.
"Company"	means SQ Advanced Interconnect Berhad (formerly known as Qdos Holdings Bhd.) (Registration No. 199901001962 (476862-P)) the abovenamed Company by whatever name from time to time called.
"Director(s)"	means the Director(s) for the time being of the Company by whatever name called and includes a person in accordance with those directions or instructions the majority Directors are accustomed to act and includes alternate or Nominee Director, as defined in Section 2(1) of the Capital Markets and Services Act 2007.
"Exchange"	means Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) or such other name as it may assume from time to time and its successors in title and permitted assigns or such other names by which it may be known from time to time.

14. ADDITIONAL INFORMATION (CONT'D)

Words	Meaning
"Listing Requirements"	means the Main Market Listing Requirements of the Exchange including the guidance notes, directives, circulars and appendices that may be issued thereunder and any modifications or amendments thereto that may be made from time to time.
"Member(s)"	means any person(s) whose name(s) is/are entered in the Company's Register of Members including Depositors whose names appear on the Record of Depositors, including a Depositor who will be treated as if he were a member pursuant to Section 35 of the SICDA but excluding the Depository and/or its nominee company in its capacity as a bare trustee.
"Ordinary Resolution"	means a resolution which has been passed by a simple majority of more than half of such Members who are entitled to vote and do vote in person, or where proxies are allowed, by proxy.
"Record of Depositors"	means the record provided by the Central Depository to the Company under Chapter 24.0 of the Rules.
"Rules"	means the Rules of the Central Depository including any amendment thereto that may be made time to time.
"Security(ies)"	has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force made thereunder.
"Share(s)"	means share(s) in the Company.
"SICDA"	means the Securities Industry (Central Depositories) Act 1991, and every statutory modification, amendment or re-enactment thereof for the time being in force and includes all subsidiary legislations made thereunder.
"Special Resolution"	means a resolution of which a notice of not less than twenty-one (21) days has been given and which has been passed by a majority of not less than seventy-five per centum (75%) of such Members who are entitled to vote and do vote in person, or where proxies are allowed, by proxy.

14.2.1 Remuneration, voting and borrowing powers of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing powers of Directors are as follows:-

(i) Remuneration of Directors**Clause 21.4 – Remuneration**

"The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company and subject to annual shareholder approval at a general meeting by an Ordinary Resolution, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

14. ADDITIONAL INFORMATION (CONT'D)

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;
- (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors and any benefits payable to Directors shall be subject to annual approval by an Ordinary Resolution at a meeting of Members;
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and/or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of Securities."

Clause 22.3 – Remuneration of Managing Director

"The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement."

(ii) Borrowing powers of Directors

Clause 23.2 – Directors' borrowing powers

- "(a) The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons, provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.
- (b) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.

14. ADDITIONAL INFORMATION (CONT'D)

- (c) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.
- (d) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise."

(iii) Voting powers of Directors

Clause 20 – Vote of Members

20.1 Chairman's casting vote

In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote in addition to the votes to which he may be entitled as a Member.

20.2 Voting rights

Subject to this Constitution and to any rights or restrictions for the time being attached to any Shares or classes of Shares, at meetings of Members or classes of Members, each Member shall be entitled to be present and to vote in respect of any Share or Shares upon which all calls due to the Company have been paid, either in person or by proxy or attorney or any other duly authorised representative. On a resolution to be decided by a show of hands, every person who is a member, or a representative or proxy of a member shall be entitled to one (1) vote, including each holder of an ordinary share and each holder of a preference share entitled to vote."

Clause 23.12 – Relaxation of restriction on voting

"A Director, notwithstanding his interest may be counted in the quorum present at any meeting (provided that none of Directors present disagree) whereat he or any other Director is appointed to hold any executive office or other office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment are considered, and he may vote on any such matter other than in respect of his own appointment or the arrangement of the terms thereof.

The provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract arrangement or transaction carried out in contravention of this Constitution may be ratified by Ordinary Resolution of the Company."

14. ADDITIONAL INFORMATION (CONT'D)

14.2.2 Alteration of capital

Clause 15 – Alteration of capital

“15.1 Company may alter its capital in certain ways

Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;
- (b) subdivide its Share or any part thereof, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Share from which the subdivided Share is derived;
- (c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
- (d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and
- (e) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of Shares into any other class of Shares.”

15.2 Power to reduce capital

Subject to Sections 116, 117 and any other relevant provisions of the Act, the Company may, by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.”

14.2.3 Changes to share capital and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Clause 7.2 – Issue of shares

“Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares and subject to the provisions of this Constitution, the Applicable Laws, the Act and the provisions of any resolution of the Company, Shares in the Company may be issued by the Directors, who may issue, allot or otherwise dispose of such Shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of Shares shall comply with the following conditions:

- (a) no Shares shall be issued which shall have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members in meeting of Members;
- (b) in the case of Shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;

14. ADDITIONAL INFORMATION (CONT'D)

- (c) every issue of shares or options to employees and/or Directors pursuant to a Share Issuance Scheme shall be approved by the Members in a meeting of Members. No Director shall participate in any Share Issuance Scheme established for employees of the Company unless the Members in a general meeting have approved the specific allotment to be made to such Director; and
- (d) except in the case of an issue of Securities on a pro rata basis to Members or pursuant to a back-to-back placement or dividend reinvestment scheme undertaken in compliance with the Listing Requirements, a Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other Securities with rights of conversion to ordinary shares unless the Members in meeting of Members have approved the specific allotment to be made to the Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive and the Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive has abstained from voting on the relevant resolution.

In this Clause, “**Major Shareholder**”, “**Chief Executive**” and “**person connected**” shall have the same meaning described thereto in the Listing Requirements.”

Clause 17 – Variation On Rights

“17.1 Variation of rights and Class Meeting

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class.

To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third (1/3) of the issued shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

17.2 Variation of rights by issuance of new shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.”

14. ADDITIONAL INFORMATION (CONT'D)

14.2.4 Transfer of shares

Clause 11 – Transfer of Shares

“11.1 Transfer in writing and to be left at the Office

For the purpose of registration of a transfer of Shares that are not Deposited Securities, every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office or at such other place as the Directors may from time to time determine together with such fee as the Directors may from time to time determine and the duty levy or taxes (if any) with which any such transfer is chargeable under any law for the time being in force, where a share certificate has been issued for the Share to be transferred, the certificate of the Shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the Shares, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as the Member within thirty (30) days from receipt of such duly executed and stamped instrument of transfer.

11.2 Transfer of Securities

The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Security.

11.3 Execution

The instrument of transfer of a Share in the Company shall be signed by or on behalf of the transferor and transferee provided that subject to compliance with the SICDA and the Rules, an instrument of transfer in respect of which the transferee is Central Depository shall be effective although not signed by or on behalf of the Central Depository if it has been certified by an authorised depository agent pursuant to Section 18 of the SICDA. Subject to the Applicable Laws, the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered into the Register of Members in respect thereof.

11.4 Prohibited transfer

Subject to this Constitution, the Rules and except as may be required by the Applicable Laws, there should be no restriction on the transfer of fully paid up Securities in the Company. However, no Securities shall, in any circumstances, be transferred to any infant, bankrupt or person of unsound mind.

11.5 Directors may refuse registration of transfer

Subject to the provisions of the Act, SICDA, the Listing Requirements and the Rules, the Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not the Company claims lien on the same.”

14. ADDITIONAL INFORMATION (CONT'D)

14.3 Limitation on the rights to hold securities and/or exercise voting rights

There are no limitations on the right to own securities, including limitations on the right of non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

14.4 Deposited securities and rights of Depositors

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Malaysia, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.5 Material contracts

Save as disclosed below, our Group has not entered into any material contracts which is not in the ordinary course of our Group's business within the Financial Years Under Review as well as the subsequent period up to the date of this Prospectus:-

(i) Share purchase agreement dated 11 April 2023 in respect of the disposal of shares in Exora Technologies Private Limited ("**Exora**")

On 11 April 2023, QFSB, our wholly-owned subsidiary, had entered into a share purchase agreement with Valdel Real Estate Pvt Ltd ("**Valdel**"), as seller, to dispose of 13,151,893 ordinary shares held in Exora for a cash consideration of USD4,000,000 (equivalent to approximately RM17,834,000, based on an exchange rate of USD1.00: RM4.46) which was to be satisfied via cash ("**Exora SPA**"). QFSB has satisfied all its pre-closing obligations and conditions set out in the Exora SPA. Following completion of the disposal, QFSB does not possess any significant influence, control, or authority over the operations, decisions, or management of Exora.

Valdel has failed to make payment of the purchase consideration in accordance with the agreed timeline and as a result, QFSB has initiated legal proceedings against Valdel to recover the outstanding amount of USD4.0 million and related losses. Further details of the legal proceedings are set out in **Section 14.6** of this Prospectus.

The disposal of Exora, which is principally involved in investments in special purpose vehicles undertaking the development of commercial and residential properties in India, is undertaken as part of our Group's strategy to streamline its business operations and to focus on our core manufacturing business. Notwithstanding that the outstanding sum is still pending, our Group has ceased to exercise control or significant influence over Exora pursuant to the contractual arrangements entered into with Valdel.

14. ADDITIONAL INFORMATION (CONT'D)

(ii) **Equity transfer agreement dated 23 February 2026 in respect of the Acquisition of SECL**

SQAI had entered into a conditional equity transfer agreement (“ETA”) with Twisden, as the purchaser, to acquire the entire registered share capital of SECL of USD12.0 million, representing 100.00% equity interest in SECL for a total consideration of RM106,515,000 million, which will be fully satisfied through the allotment and issuance of 135,000,000 new Shares at an issue price of RM0.789 per Share to Twisden.

The ETA is conditional upon, among others, the following:-

- (a) submission of stage 1 application to SC in relation to the Listing;
- (b) payment for the dividend declared in respect of the financial year ended 31 December 2025 by SECL to Twisden; and
- (c) payment of the capital gain tax by Twisden to the PRC tax authority arising from the Acquisition of SECL.

The Acquisition of SECL was completed on [date].

14.6 Material litigation

Save as disclosed below, as at the LPD, our Group is not 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 in the 12 months immediately preceding the date of this Prospectus:-

QFSB’s Litigation Matter

QFSB, our wholly-owned subsidiary, commenced a petition proceeding before the Karnataka High Court at Bengaluru, India, on 14 November 2025 against Valdel, M/S Divyasree Valdel Realtors and Exora (“**Respondents**”) bearing petition no. AP IM No. 14 of 2025 (“**Petition**”). The Petition concerns an alleged breach of the Exora SPA, arising from Valdel’s alleged repeated default in paying the outstanding sum of USD4.0 million due to QFSB under the Exora SPA. The Petition further alleges that representations were made by Valdel and certain Valdel group entities, including M/s Divyasree Valdel Realtors, in relation to the expected payment of the outstanding sum in the course of steps taken to monetise assets.

QFSB is seeking repayment of USD4.0 million together with interest at 18.00% per annum from the date the amounts became due until the date of filing the petition on 14 November 2025 (“**Interest**”). In the alternative, QFSB seeks bank guarantees for USD4.0 million with the Interest, as well as restrictions on Valdel from selling its lands, together with such other reliefs as the Karnataka High Court may deem appropriate.

On 5 December 2025, the Karnataka High Court granted an ad-interim injunction restraining Valdel, M/s Divyasree Valdel Realtors and their promoter/s, directors, employees, agents, and/or any person acting through or under them from either directly or indirectly selling, transferring, alienating, disposing, encumbering and/or creating any third-party rights over any of their movable, immovable, tangible and/or intangible assets/properties pending further hearing. Following the filing of the Petition, a hearing was scheduled for 19 January 2026, at which the Respondent failed to attend. Accordingly, the court directed that a further hearing date is to be scheduled.

In the interim, QFSB’s solicitors, Khaitan & Co LLP (“**Counsel**”) has, on behalf of QFSB, issued a letter dated 14 February 2026 to the Respondents, inter alia, notifying them that, in view of the continuing payment defaults and pursuant to the relevant clause in the Exora SPA, QFSB will take the necessary steps to commence arbitration.

14. ADDITIONAL INFORMATION (CONT'D)

QFSB has sought legal advice from their Counsel who is of the view that based on the contemporaneous documents reviewed, QFSB has an arguable case on merits. However, as the proceedings are at a preliminary stage and pending receipt of the Respondents' reply, it is difficult to predict with certainty the merits and prospects of success of recovery of all outstanding dues or the likely court costs and legal fees. That said, based on the information and documents made available, the chances of QFSB suffering damages (other than legal costs) arising from the proceedings are not very high.

14.7 Repatriation of capital and remittance of profit

Save as disclosed below, there are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits by or to our Group as at the LPD:-

14.7.1 Malaysia

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Malaysian Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to nonresidents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

With effect from the year of assessment 2025, annual dividend income exceeding RM100,000 received by individual shareholders, whether resident or non-resident, including those holding shares through nominees, with certain exemptions, are subject to a 2.00% Malaysian income tax on the chargeable dividend income.

14.7.2 The PRC

Regulation related to dividend distribution

The principal laws governing dividend distributions by our PRC subsidiaries include the Company Law of the Chinese Mainland (promulgated on 29 December 1993 and latest amended on 29 December 2023) and the Foreign Investment Law of the Chinese Mainland (effective from 1 January 2020).

Under these laws, PRC companies may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards. Before distributing any dividends, a PRC company is required to set aside at least 10.00% of its after-tax profit to its statutory general reserve fund until the cumulative amount of such reserve reaches 50.00% of its registered capital. These reserves are not distributable as cash dividends. Furthermore, a PRC company shall not distribute any profits until any losses from prior fiscal years have been offset.

Regulation related to taxation on dividends

Pursuant to the Chinese Mainland Enterprise Income Tax Law and its implementation rules, dividends generated after 1 January 2008 and payable by a foreign-invested enterprise in Chinese Mainland to its foreign investors are subject to a 10.00% withholding tax, unless the foreign investor's jurisdiction of incorporation has a tax treaty with Chinese Mainland that provides for a preferential withholding arrangement.

14. ADDITIONAL INFORMATION (CONT'D)

Regulation related to foreign exchange control

The government of the Chinese Mainland imposes stringent controls on the convertibility of Renminbi into foreign currencies. The principal regulations governing foreign currency exchange in the PRC are the Regulations on the Administration of Foreign Exchange of the Chinese Mainland, which was promulgated by the State Council on 29 January 1996 and was most recently amended on 5 August 2008. Pursuant to these regulations, RMB is freely convertible into other currencies for payments of "current account" items, such as trade-related aspects and dividend payments, but not freely convertible for "capital account" items, such as direct investment, loan or investment in securities outside the PRC, unless prior approval of Chinese Mainland State Administration of Foreign Exchange ("SAFE") or its local counterpart is obtained.

Whilst the payment of dividends by a company to its foreign shareholders is not restricted by the Regulations on the Administration of Foreign Exchange of the Chinese Mainland and does not require prior approval from the government under the foreign exchange control system of the Chinese Mainland, the relevant document(s) in respect of such payment of dividends must be presented at designated foreign exchange banks within the Chinese Mainland, which are licensed to carry out foreign exchange business. Such repatriation of dividends is subject to the procedural process of presentation of the relevant documents and payment of the applicable withholding tax.

14.8 Letters of consent

The written consents of our Principal Adviser, Joint Underwriters, Joint Bookrunners, Legal Advisers, Company Secretaries, Internal Control Consultant, Share Registrar and Issuing House as set out in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants, for the inclusion in this Prospectus of its name, Accountants' Report and Reporting Accountants' report on the pro forma combined statements of financial position together with all references herein in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

The written consent of the IMR, for the inclusion in this Prospectus of its name and the IMR Report in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

14.9 Documents available for inspection

Copies of the following documents may be inspected at our registered office during normal working hours for a period of 6 months from the date of this Prospectus:-

- (i) our Constitution;
- (ii) Reporting Accountants' report on the pro forma combined statements of financial position as at 31 May 2025 as included in **Section 12.2** of this Prospectus;
- (iii) Accountants' Report as included in **Section 13** of this Prospectus;
- (iv) letters of consent referred to in **Section 14.8** of this Prospectus;
- (v) our material contracts referred to in **Section 14.5** of this Prospectus;

14. ADDITIONAL INFORMATION (CONT'D)

- (vi) audited financial statements of our Company and audited financial statements of each of our subsidiaries for the Financial Years Under Review;
- (vii) the IMR Report as included in **Section 8** of this Prospectus; and
- (viii) By-Laws as included in **Annexure D** of this Prospectus.

14.10 Responsibility statements

Our Directors, Promoters and the Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

UOBKH as our Principal Adviser, Joint Underwriter for the Retail Offering and Joint Bookrunner for the Institutional Offering, acknowledges that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. PROCEDURES FOR APPLICATION

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 Opening and closing of applications

OPENING OF THE APPLICATION PERIOD : 10:00 A.M., [DATE]

CLOSING OF THE APPLICATION PERIOD : 5:00 P.M., [DATE]

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

Late Applications will not be accepted.

15.2 Methods of application

15.2.1 Application of our IPO Shares under the Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:-	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-individuals	White Application Form only

15.2.2 Application of our IPO Shares under the Institutional Offering

Institutional and selected investors who have been allocated our IPO Shares under the Institutional Offering will be contacted directly by the Joint Bookrunners and should follow the instructions as communicated by the Joint Bookrunners.

15. PROCEDURES FOR APPLICATION (CONT'D)

15.3 Eligibility

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM 1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

APPLICANTS WHO WISH TO SUBMIT APPLICATIONS USING A JOINT BANK ACCOUNT MUST ENSURE THAT THE DETAILS PROVIDED BY THE FINANCIAL INSTITUTION TO THE ISSUING HOUSE MATCH THE INFORMATION REGISTERED UNDER THEIR CDS ACCOUNT. ANY DISCREPANCY BETWEEN THE INFORMATION PROVIDED BY YOUR FINANCIAL INSTITUTION AND THE CDS ACCOUNT RECORDS WILL RESULT IN THE REJECTION OF YOUR IPO APPLICATIONS. TO AVOID SUCH REJECTIONS, APPLICANTS ARE STRONGLY ADVISED TO CONTACT THEIR FINANCIAL INSTITUTION IN ADVANCE TO VERIFY AND CONFIRM THE DETAILS. PLEASE NOTE THAT OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE WILL NOT BE HELD RESPONSIBLE FOR ANY ISSUES OR LOSSES ARISING FROM DISCREPANCIES IN THE INFORMATION SUBMITTED.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfil all of the following:-

- (i) you must be one of the following:-
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the Application for our IPO Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

15. PROCEDURES FOR APPLICATION (CONT'D)

(iii) you must submit the Application by using only one of the following methods:-

- (a) White Application Form;
- (b) Electronic Share Application; or
- (c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons (including any entities, wherever established) will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in our Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, UOBKH, participating organisations of Bursa Securities and members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 Procedures for application by way of an Application Form

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[●] for each IPO Share.

Payment must be made out in favour of “**ACM SHARE ISSUE ACCOUNT NO. [●]**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:-

(i) despatch by **ORDINARY POST** in the official envelopes provided to the following address:-

AscendServ Capital Markets Services Sdn Bhd
 (Registration No: 202401031272 (1577121-P))
 Office Suite No. 603 Block C
 Pusat Dagangan Phileo Damansara 1
 No. 9, Jalan 16/11
 Off Jalan Damansara
 46350 Petaling Jaya
 Selangor

(ii) **DELIVER BY HAND AND DEPOSIT** in the Issuing House’s drop-in box provided in front of AscendServ Capital Markets Services Sdn Bhd’s office at Office Suite No. 603 Block C, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor,

so as to arrive not later than 5.00 p.m. on [date] or such other time and date as our Directors and the Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

15. PROCEDURES FOR APPLICATION (CONT'D)

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Form or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 Procedures for application by way of Electronic Share Application

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Applications.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15.6 Procedures for application by way of Internet Share Application

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd, Hong Leong Investment Bank Berhad, iFast Capital Sdn Bhd, Kenanga Investment Bank Berhad, Malacca Securities Sdn Bhd, Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd, Public Bank Berhad, RHB Bank Berhad and UOBKH. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Internet Share Application set out in the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of our Prospectus on the website of Bursa Securities or contact the relevant Internet Participating Financial Institution or Participating Securities Firm for further enquiries.

15.7 Authority of our Board and the Issuing House

The Issuing House, on the authority of our Board reserves the right to:-

- (i) reject the Applications which:-
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

15. PROCEDURES FOR APPLICATION (CONT'D)

- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 Over/under-subscription

In the event of over-subscription for the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major English and Bahasa Malaysia newspapers as well as posted on the Issuing House's website at <https://www.ascendserv.com> within 1 Market Day after the balloting event.

Bursa Securities had, vide its letter dated [date], resolved to [●] a lower public shareholding spread of [●]% upon our Listing, as in compliance with Paragraph 8.02(1) of the Listing Requirements. In addition, pursuant to the Listing Requirements, we are required to have at least 1,000 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation as set out in **Section 4.3.4** of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Retail Underwriting Agreement.

15.9 Unsuccessful/partially successful applicants

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Form

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information on Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

15. PROCEDURES FOR APPLICATION (CONT'D)

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date.

The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 Successful applicants

If you are successful in your Application:-

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

15. PROCEDURES FOR APPLICATION (CONT'D)

- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 Enquiries

Enquiries in respect of the Applications may be directed as follows:-

Mode of application	Parties to direct the queries
Application Form	Issuing House Enquiry Services Telephone at 03-7890 0238
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Participating Securities Firms and Authorised Financial Institutions

The results of the IPO share allocation, based on successful balloting, will be published on the Issuing House's website at <https://www.ascendserv.com>. Applicants can also check the status of their application on the same website after 5:00 pm on the allotment date. Alternatively, you may contact the ADAs listed in the Detailed Procedures for Application and Acceptance, which is available in the Electronic Prospectus on the Bursa Securities' website.

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ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS
A.1 TRADEMARKS

As at the LPD, we have 21 trademarks in Malaysia and Chinese Mainland, which are registered for our operations, details of which are stipulated in the table below:-

(i) Malaysia

No.	Trademark	Registered owner / Applicant	Registration / Application no.	Place of registration	Expiry date / Application date	Class / Description of trademark
1.	 SUIWA	SQAI	TM2025041772 ⁽¹⁾	Malaysia	Application date: 27 November 2025	Class 9 - Electronic circuits; Flexible printed circuits; Printed circuit boards incorporating integrated circuits; Semiconductor integrated circuits; Electronic components for integrated circuit cards; Printed circuit boards; Electronic connectors; Electronic chips (semiconductors) for the manufacture of integrated circuits; Electronic semiconductors; Semiconductors; Semiconductors (integrated circuits)
2.	 SUIWA	SQAI	TM2025041775 ⁽¹⁾	Malaysia	Application date: 27 November 2025	Class 17 - Polymer films and sheets for use in the manufacture of printed circuit boards; Polymer films for use in the manufacture of electronic circuits; Films and sheets made from polymers for use in the manufacture of printed circuit boards; Insulating film; Polymer films for use in manufacture; Electrical insulating materials; Insulating materials; Thermal insulating materials

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)

No.	Trademark	Registered owner / Applicant	Registration / Application no.	Place of registration	Expiry date / Application date	Class / Description of trademark
3.	 SUIWA	SQAI	TM2025041779 ⁽¹⁾	Malaysia	Application date: 27 November 2025	Class 36 - Financial administration of property portfolios; Financial management of property portfolios; Financing of property development; Property investment services; Property management services; Property investment management; Property management; Providing online information relating to financial, banking, insurance and investment services; Real estate funds investment services; Real estate investment services; Property investment and management services; Property investment banking services; Providing on-line information relating to financial, banking, insurance and investment services; Investment services; Investment management services; Capital investment in real estate; Real estate brokerage services
4.	 SUIWA	SQAI	TM2025041783 ⁽¹⁾	Malaysia	Application date: 27 November 2025	Class 40 - Custom manufacturing; Custom assembling of materials for others; Custom manufacture of semiconductor circuits; Custom manufacture of semiconductor components; Custom manufacturing and assembling services relating to semiconductor parts and integrated circuits
5.	 SUIWA	SQAI	TM2025041786 ⁽¹⁾	Malaysia	Application date: 27 November 2025	Class 42 - Scientific and technological services and research and design relating thereto; Scientific and industrial analysis and research services; Design and development of computer hardware and software; Prototype design services

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)

No.	Trademark	Registered owner / Applicant	Registration / Application no.	Place of registration	Expiry date / Application date	Class / Description of trademark
6.		SQAI	TM2026004925 ⁽¹⁾	Malaysia	Application date: 11 February 2026	Class 9 - Electronic circuits; Flexible printed circuits; Printed circuit boards incorporating integrated circuits; Semiconductor integrated circuits; Electronic components for integrated circuit cards; Printed circuit boards; Electronic connectors; Electronic chips (semiconductors) for the manufacture of integrated circuits; Electronic semiconductors; Semiconductors; Semiconductors (integrated circuits)
7.		SQAI	TM2026004931 ⁽¹⁾	Malaysia	Application date: 11 February 2026	Class 17 - Polymer films and sheets for use in the manufacture of printed circuit boards; Polymer films for use in the manufacture of electronic circuits; Films and sheets made from polymers for use in the manufacture of printed circuit boards; Insulating film; Polymer films for use in manufacture; Electrical insulating materials; Insulating materials; Thermal insulating materials
8.		SQAI	TM2026004933 ⁽¹⁾	Malaysia	Application date: 11 February 2026	Class 40 - Custom manufacturing; Custom assembling of materials for others; Custom manufacture of semiconductor circuits; Custom manufacture of semiconductor components; Custom manufacturing and assembling services relating to semiconductor parts and integrated circuits
9.		SQAI	TM2026004935 ⁽¹⁾	Malaysia	Application date: 11 February 2026	Class 42 - Scientific and technological services and research and design relating thereto; Scientific and industrial analysis and research services; Design and development of computer hardware and software; Prototype design services

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)

No.	Trademark	Registered owner / Applicant	Registration / Application no.	Place of registration	Expiry date / Application date	Class / Description of trademark
10.		QFSB	05021403	Malaysia	Expiry date: 19 December 2035	Class 9 - Flexible printed circuits board and components thereof; all included in class 9
11.		QFSB	05021404	Malaysia	Expiry date: 19 December 2035	Class 38 - Telecommunications; all included in class 38
12.		QFSB	05021405	Malaysia	Expiry date: 19 December 2035	Class 42 - Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; legal services; all included in class 42
13.		QFSB	TM2025041770 ⁽¹⁾	Malaysia	Application date: 27 November 2025	Class 17 - Polymer films and sheets for use in the manufacture of printed circuit boards; Polymer films for use in the manufacture of electronic circuits; Films and sheets made from polymers for use in the manufacture of printed circuit boards; Insulating film; Polymer films for use in manufacture; Electrical insulating materials; Insulating materials; Thermal insulating materials
14.		QFSB	TM2025041771 ⁽¹⁾	Malaysia	Application date: 27 November 2025	Class 40 - Custom manufacturing; Custom assembling of materials for others; Custom manufacture of semiconductor circuits; Custom manufacture of semiconductor components; Custom manufacturing and assembling services relating to semiconductor parts and integrated circuits

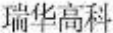
Note:-

(1) As at the LPD, the trademark application is under substantive examination and/or formality validation in Malaysia.

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)
(ii) Chinese Mainland

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry date	Class/ Description of trademark
1.		SHTEI	48503113	Chinese Mainland	27 March 2031	Class 36 - Commercial residential property sales, apartment management, real estate management, real estate brokerage, leasing or renting of buildings, real estate appraisal, real estate rental, office (real estate) rental, shared office rental; real estate agency
2.		SHTEI	48494561	Chinese Mainland	6 April 2031	Class 35 - Leasing of advertising space and advertising materials, commercial management support, organizing commercial or advertising exhibitions, provision of commercial information, management support for tender response, commercial intermediary services, commercial project management services for construction projects, sales promotion on behalf of others, providing an online marketplace for buyers and sellers of goods and services, sponsorship solicitation
3.		SHTEI	48506133	Chinese Mainland	13 April 2031	Class 36 - Apartment management, real estate management, real estate brokerage, real estate agency, residential property sales, real estate rental, office (real estate) leasing, co-working office rental, building leasing and rental, real estate appraisal

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)

No.	Trademark	Registered owner	Registration no.	Place of registration	Expiry date	Class/ Description of trademark
4.		SHTEI	48485622	Chinese Mainland	27 March 2031	Class 35 - Leasing of advertising space and advertising materials, commercial intermediary services, management support for tender response, provision of commercial information, organizing commercial or advertising exhibitions, commercial project management services for construction projects, commercial management support, sales promotion on behalf of others, providing an online marketplace for buyers and sellers of goods and services, sponsorship solicitation
5.		SHTEI	35082441	Chinese Mainland	20 July 2029	Class 9 - Data carriers storing printed fonts, printed circuits, integrated circuits, integrated circuit modules, electronic integrated circuits, circuit boards with integrated circuits, large-scale integrated circuits, chips (integrated circuits), flexible printed circuits board and components thereof
6.		SHTEI	34531080	Chinese Mainland	6 August 2029	Class 9 - Data carriers with stored printing fonts, printed circuits, integrated circuits, integrated circuit modules, electronic integrated circuits, circuit boards with integrated circuits, large-scale integrated circuits, chips (integrated circuits), flexible printed circuit boards, printed circuit boards
7.		SHTEI	5083054	Chinese Mainland	20 December 2028	Class 9 - Integrated circuit, integrated circuit blocks, flexible printed circuit boards, printed circuits, phototubes, flexible printed circuits, optical fibers (optical fibres), semiconductor devices, thermocompression conductive connecting wires, fluorescent screens

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)**A.2 PATENTS**

As at the LPD, we have 54 patents in Malaysia, Chinese Mainland and USA, which are registered for our operations, details of which are stipulated in the table below:-

(i) Malaysia

No.	Patent	Registered owner	Registration no.	Place of registration	Date of grant
1.	Pallet Assembly For Flexible Circuit Board	QFSB	MY-158144-A	Malaysia	15 September 2016
2.	A Method Of Depositing An Object Onto Wiring Board And A System Using The Same	QFSB	MY-166697-A	Malaysia	18 July 2018
3.	An Integrated Circuit Substrate And Method Of Producing Thereof	QFSB	MY-177199-A	Malaysia	9 September 2020
4.	Integrated Circuit Package Having Pin Up Interconnect	QFSB	MY-172923-A	Malaysia	13 December 2019
5.	Single Layer Integrated Circuit Package	QFSB	MY-181637-A	Malaysia	30 December 2020
6.	An Integrated Circuit Substrate Having a Recess For Receiving A Solder Fillet	QFSB	MY-204583-A	Malaysia	5 September 2024
7.	Integrated Circuit Package Having Pin Up Interconnect	QFSB	MY-199582-A	Malaysia	7 November 2023
8.	Integrated Circuit Package	QISB	MY-193261-A	Malaysia	28 September 2022

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)
(ii) Chinese Mainland

No.	Patent	Registered owner	Registration no.	Place of registration	Date of grant
1.	An SMT Carrier for Flexible Circuit Boards	SHTEI	202420090569.0	Chinese Mainland	7 March 2025
2.	A Flying Probe Fixture for Testing Extra-Long Flexible Circuit Boards	SHTEI	202320370333.8	Chinese Mainland	29 August 2023
3.	A Multilayer Flexible Circuit Board	SHTEI	202320364509.9	Chinese Mainland	29 August 2023
4.	An Impedance Test Fixture for Flexible Circuit Boards	SHTEI	202320218977.5	Chinese Mainland	29 August 2023
5.	A Double-Sided Flexible Circuit Board	SHTEI	202222439965.3	Chinese Mainland	31 January 2023
6.	A Manufacturing Method for Extra-Long Flexible Circuit Boards	SHTEI	202210365811.6	Chinese Mainland	25 October 2024
7.	A Double-Sided FPC and Its Manufacturing Method	SHTEI	202210059640.4	Chinese Mainland	29 March 2024
8.	A Multilayer Printed Circuit Board with Misalignment Detection Structure	SHTEI	202220121333.X	Chinese Mainland	12 July 2022
9.	A Plasma Protection Fixture for FPC	SHTEI	202220106596.3	Chinese Mainland	12 July 2022
10.	An FPC Test Sampling Device	SHTEI	202123431860.5	Chinese Mainland	12 July 2022
11.	An FPC Bending Test Fixture	SHTEI	202123220360.7	Chinese Mainland	12 July 2022
12.	A Waste Disposal Fixture for Asymmetric Rigid-Flex Boards	SHTEI	202122870469.9	Chinese Mainland	24 June 2022
13.	A Plating Fixture for FPC Boards	SHTEI	202121263986.3	Chinese Mainland	11 February 2022
14.	An Electrical Performance Test Device for Multilayer FPCs	SHTEI	202121264986.5	Chinese Mainland	11 February 2022
15.	A Reinforcement Lamination Fixture for Flexible Circuit Boards with Electronic Components	SHTEI	202120956456.0	Chinese Mainland	11 February 2022
16.	A Vacuum Platform for Removing Carrier Films	SHTEI	202120965045.8	Chinese Mainland	8 April 2022
17.	A Vision Inspection Machine for FPC Product Tray Packaging	SHTEI	202021506480.6	Chinese Mainland	2 March 2021

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)

No.	Patent	Registered owner	Registration no.	Place of registration	Date of grant
18.	A Vision Inspection Machine for FPC Gold Finger Cutting Offset	SHTEI	202021295369.7	Chinese Mainland	2 March 2021
19.	A Vision Inspection Device for LEDs on FPCAs	SHTEI	202020636965.0	Chinese Mainland	4 December 2020
20.	A High-Precision FPC Reinforcement Lamination Fixture	SHTEI	202020642991.4	Chinese Mainland	4 December 2020
21.	A Manufacturing Method for Ultra-Thin Pseudo-Void Double-Layer FPC Products	SHTEI	202010207049.X	Chinese Mainland	20 April 2021
22.	A Fixture for Reinforcement Lamination of Single FPC Products	SHTEI	202020378548.0	Chinese Mainland	29 September 2020
23.	An SMT Component Alignment and Lamination Fixture	SHTEI	202020257903.9	Chinese Mainland	4 December 2020
24.	A Partially Ultra-Thin Hollowed Double-Layer FPC Product and Its Manufacturing Method	SHTEI	202010138370.7	Chinese Mainland	2 March 2021
25.	A Panel Processing Method for Flexible Circuit Boards	SHTEI	201811632604.2	Chinese Mainland	24 March 2020
26.	A Manufacturing Method for Ultra-Thin Single-Sided FPC Products	SHTEI	201811313317.5	Chinese Mainland	3 December 2019
27.	A Flexible Heating Circuit Board	SHTEI	201821818390.3	Chinese Mainland	27 September 2019
28.	A Fixture Capable of Four-Wire Testing	SHTEI	201821818388.6	Chinese Mainland	12 July 2019
29.	A Foam Bending Mold	SHTEI	201821821319.0	Chinese Mainland	12 July 2019
30.	A Gold Plating Basket for Flexible Circuit Boards	SHTEI	201820280465.0	Chinese Mainland	19 October 2018
31.	A Bending Test Device for Flexible Circuit Boards	SHTEI	201820144506.3	Chinese Mainland	10 August 2018
32.	A Fixture for Laminating 3D Auxiliary Materials onto Flexible Circuit Boards	SHTEI	201820126653.8	Chinese Mainland	10 August 2018
33.	A Gold Finger Punching Die for Flexible Circuit Boards	SHTEI	201820126707.0	Chinese Mainland	7 September 2018
34.	A Microphone Test Device for Flexible Circuit Boards	SHTEI	201820101506.5	Chinese Mainland	7 September 2018

ANNEXURE A: OUR MATERIAL TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS (CONT'D)

No.	Patent	Registered owner	Registration no.	Place of registration	Date of grant
35.	A Tooling Fixture for Reinforcement Lamination of Flexible Circuit Boards	SHTEI	201721192651.0	Chinese Mainland	23 March 2018
36.	A Fixture for Testing the Flex Durability of Flexible Circuit Boards	SHTEI	201721192851.6	Chinese Mainland	23 March 2018
37.	A Dispensing Fixture	SHTEI	201620336348.2	Chinese Mainland	7 September 2016
38.	A Processing Method for Multilayer Flexible Circuit Boards	SHTEI	201510559712.1	Chinese Mainland	19 February 2019
39.	A Manufacturing Method for Circuit Boards	SHTEI	201310209127.X	Chinese Mainland	17 February 2016
40.	A packaging box for a flexible printed circuit board	SHTEI	202423119234.6	Chinese Mainland	25 November 2025
41.	FPC board code-scanning test fixture	SHTEI	202422870588.8	Chinese Mainland	31 October 2025
42.	Hot Melt Machine for Circuit Boards	SHTEI	2025200680600	Chinese Mainland	6 January 2026

(iii) USA

No.	Patent	Registered owner	Registration no.	Place of registration	Date of grant
1.	Method And System For Depositing An Object Onto A Wiring Board	QFSB	US 9,609,759 B2	USA	28 March 2017
2.	Integrated Circuit Substrate And Method Of Producing Thereof	QFSB	US 10,461,004 B2	USA	29 October 2019
3.	Integrated Circuit Package Having Pin Up Interconnect	QFSB	US 10,049,935 B2	USA	14 August 2018
4.	Single Layer Integrated Circuit Package	QFSB	US 10,553,475 B2	USA	4 February 2020

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS

As at the LPD, the details of our major certificates, licences, permits and approvals for our operations together with salient conditions imposed and status of compliance are as follows:-

(i) Malaysia

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
QFSB								
1.	QFSB	Penang Island City Council ("MBPP")	206646008389	Business licence for food establishments, business and industrial trade and business sign board for the address of Plot 99 Hala Kampung Jawa 2, Kaw Perindustrian Bayan Lepas, 11900 Pulau Pinang, Malaysia ("Plot 99")	9 December 2025	31 December 2026	(a) The licence is subject to the provisions of acts, by-laws, enactments, regulations, terms and conditions, and directives enforced by MBPP. (b) The licence is valid only for the business activities stated in the licence. (c) The licence shall always be displayed in a visible place. (d) Business activities shall be conducted within the building premises only, and it is prohibited to use sidewalks/five-foot ways or open areas for business activities or related activities without MBPP's approval. (e) QFSB is required to take necessary measures to ensure that business activities do not cause environmental pollution, nuisance, or obstruction.	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licenser	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
2.	QFSB	MITI	Licence No.: A 012147 Siri No.: A 018759	Manufacturing licence to act as a licensed manufacturer for the manufacture of FPCs at Plot 99	31 December 1999	-	(a) At least 90% of the QFSB's shares shall be purchased and held by Malaysian citizens, including at least 51% that is specifically reserved. Approval from the MITI and the Malaysian Investment Development Authority ("MIDA") shall be obtained before the distribution of the reserved company shares is carried out. (b) QFSB shall train Malaysian citizens so that the transfer of technology and expertise can be implemented at all levels of positions. (c) QFSB shall carry out its project as approved and comply with all regulations/provisions under the Industrial Coordination Act, 1975 (Act 156) and in accordance with other laws and regulations established in Malaysia.	To be complied ⁽¹⁾
3.	QFSB	MITI	Licence No.: A 012147 Siri No.: A 044701	Manufacturing licence to act as a licensed manufacturer for the manufacture of battery management system (BMS) Circuit at Plot 99	23 December 2025	-	(i) QFSB shall notify MITI and MIDA of any sale of its shares. (ii) QFSB shall train Malaysians so that the transfer of technology and expertise can be channelled at all levels of positions. (iii) QFSB shall comply with the Capital Investment Per Employee requirement of at least RM140,000.00.	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
							(iv) QFSB shall take initiatives to ensure that at least 80% of its total full-time workforce consists of Malaysian citizens. The employment of foreign workers (including workers obtained through outsourcing) is subject to current policies. However, flexibility in complying with this requirement is granted until the Multi-Tier Levy Mechanism is fully implemented. (v) QFSB shall implement its project as approved and comply with all regulations/provisions under the Industrial Coordination Act 1975 (Act 156), as well as all other applicable laws and regulations in force in Malaysia.	
4.	QFSB	Royal Malaysian Customs Department	P79G620100000 0024	Manufacturing warehouse licence for flexible printed circuits (single sided flex, double sided flex, multi-layer, bare back) and flexible and rigid printed circuit (rigid flex) for Plot 99	1 March 2025	28 February 2027	Nil	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
5.	QFSB	Ministry of Health	017279	Wholesaler's Poisons License (Type B Licence) granted to representative officer of QFSB to import, store and sell by wholesale such poisons (not being Group A Poison) specified as follows: (a) Ammonia (b) Bismuth; its salts (Group D only) (c) Boric acid and Sodium borate (Group D only) (d) Formaldehyde (e) Hydrogen cyanide; metal cyanides other than ferrocyanides and ferricyanides (f) Potassium hydroxide (g) Potassium permanganate (h) Sodium hydroxide (i) Sulphuric acid	1 January 2026	31 December 2026	(a) The storage and sale of poisons is only allowed at the business address stated in the licence, i.e., QFSB, Plot 99, Hala Kampung Jawa 2, Kawasan Perindustrian Bayan Lepas, 11900, Bayan Lepas, Pulau Pinang and there are no additional stores permitted to store poison (not for sale) (b) For licensees, i.e., QFSB, dealing with boric acid and sodium borate, both of these poisons are not allowed to be sold / used in the food industry (c) The disposal of poisons, including precursors, must be carried out in accordance with the procedures stipulated under the Environmental Quality Act 1974 and the Environmental Quality (Scheduled Wastes) Regulations 2005.	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
6.	QFSB	Penang State Health Department	PP0018/2025	Permit to purchase and use psychotropic substances granted to representative officer of QFSB to purchase the psychotropic substance, Murexide (5,5-nitrilodibarbituric acid ammonium derivative) for the purposes of chemical analysis to check concentration.	24 July 2025	30 June 2026	(a) The permit holder shall maintain a bound record book or a separate section of the said record book for each psychotropic substance stated in the permit and shall record therein the name and form of the psychotropic substance, the name and address of the supplier, the date and quantity received, the date and quantity used, and the remaining stock. (b) The permit holder shall notify the licensing officer by registered post of every purchase of psychotropic substances made, not later than fourteen days after receiving the psychotropic substances, stating the name and form of the psychotropic substance received, the quantity and date received, as well as the name and address of the supplier.	Complied
7.	QFSB	DOSH	10 Certificates of Fitness	Air receiver tank	29 November 2024 to 2 October 2025	23 January 2026 ⁽²⁾ to 31 December 2026	Nil	Not applicable
8.	QFSB	DOSH	1 Certificate of Fitness	Goodshoist	20 February 2025	12 May 2026	Nil	Not applicable

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
9.	QFSB	DOSH	1 Certificate of Fitness	Mobile scissor lift working platform	11 March 2025	10 June 2026	Nil	Not applicable
10.	QFSB	DOSH	2 Certificates of Fitness	Desiccant dryer	20 February 2025	12 May 2026	Nil	Not applicable
11.	QFSB	DOSH	2 Certificates of Fitness	Ingersoll rand desiccant dryer	20 February 2025	12 May 2026	Nil	Not applicable
12.	QFSB	DOSH	2 Certificates of Fitness	After cooler WAC 1700 M	20 February 2025	12 May 2026	Nil	Not applicable
13.	QFSB	DOSH	2 Certificates of Fitness	Filter housing	20 February 2025	12 May 2026	Nil	Not applicable
QISB								
14.	QISB	Seberang Perai City Council	PRI/02/20241008 /5692	Business licence for electronic factory / other material for the address of PMT 743, Persiaran Cassia Selatan 4, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang ("PMT 743")	20 November 2025	31 December 2026	Nil	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
15.	QISB	MITI	Licence No.: A 022411 Siri No.: A 037934	Manufacturing licence to act as a licensed manufacturer for the manufacture of molded interconnect substrate at PMT 743	15 June 2020	-	(a) The sale of shares of the company shall be notified to MITI and MIDA. (b) The company shall train Malaysian citizens in order to transfer technology and knowhow to every level of employee structure. (c) The company shall carry out its project as approved and in accordance with the laws and other regulations established in Malaysia.	Complied
16.	QISB	Royal Malaysian Customs Department	P78G6 2024 00000006	Manufacturing warehouse licence for molded substrate interconnect – flip chip, wire bonding, tab bonding, hybrid at PMT 743	1 May 2024	30 April 2026	Nil	Complied
17.	QISB	Ministry of Health	017286	Wholesaler's Poisons License (Type B Licence) granted to a representative officer of QISB to import, store and sell by wholesale such poisons (not being Group A Poison) specified as follows: (a) Ammonia	1 January 2026	31 December 2026	(a) The storage and sale of poisons is only allowed at the business address stated in the licence, i.e., QISB, PMT 743, Persiaran Bandar Cassia Selatan 4, Taman Perindustrian Batu Kawan, Bandar Cassia 14110 Simpang Ampat, Pulau Pinang and there are no additional stores permitted to store poison (not for sale)	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
				(b) Boric acid and Sodium borate (Group D only) (c) Chloroform (Group D only) (d) Formaldehyde (e) Hydrochloric acid; hydrogen chloride (f) Hydrogen cyanide; metal cyanides other than ferrocyanides and ferricyanides (g) Iodine (Group D only) (h) Lead acetate; compounds of lead with acids from fixed oils (i) Nitric acid (j) Oxalic acid; metallic oxalates (k) Potassium hydroxide (l) Potassium permanganate (m) Sodium hydroxide (n) Sulphuric acid (o) Thallium, salts of (Group D only)			(b) For licensees, i.e., QISB, dealing with boric acid and sodium borate, both of these poisons are not allowed to be sold / used in the food industry (c) The disposal of poisons, including precursors, must be carried out in accordance with the procedures stipulated under the Environmental Quality Act 1974 and the Environmental Quality (Scheduled Wastes) Regulations 2005.	

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
18.	QISB	Penang State Health Department	PP0020/2025	Permit to purchase and use psychotropic substances granted to a representative officer of QISB to purchase the psychotropic substance, Murexide (5,5-nitridibarbaturic acid ammonium derivative) for the purposes of chemical analysis	29 July 2025	30 June 2026	(a) The permit holder shall maintain a bound record book or a separate section of the said record book for each psychotropic substance stated in the permit and shall record therein the name and form of the psychotropic substance, the name and address of the supplier, the date and quantity received, the date and quantity used, and the remaining stock. (b) The permit holder shall notify the licensing officer by registered post of every purchase of psychotropic substances made, not later than fourteen days after receiving the psychotropic substances, stating the name and form of the psychotropic substance received, the quantity and date received, as well as the name and address of the supplier.	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
QTSB								
19.	QTSB	MBPP	206646009386	Business licence for business and industrial trade for electronic and electrical equipment – services (428.66 sqm) at Plot 99	4 December 2025	31 December 2026	(a) The licence is subject to the provisions of acts, by-laws, enactments, regulations, terms and conditions, and directives enforced by MBPP. (b) The licence is valid only for the business activities stated in the licence. (c) The licence shall always be displayed in a visible place. (d) Business activities shall be conducted within the building premises only, and it is prohibited to use sidewalks or open areas for business activities or related activities without MBPP's approval. (e) QTSB is required to take necessary measures to ensure that business activities do not cause environmental pollution, nuisance, or obstruction.	Complied

Notes:-

- (1) QFSB had, on 5 November 2025, submitted an application to MIDA seeking the removal of this condition. Upon request from MIDA, QFSB had on 5 February 2026 provided further information to MIDA/MITI for the removal of this condition of this licence and expect a revised and updated condition of this licence from MIDA to be issued within 3 months.
- (2) QFSB has requested in early January 2026 for DOSH inspection for 6 of the air receiver tanks CFs which expired on 23 January 2026 to be undertaken. The inspection was undertaken on 23 February 2026, and the certificates are expected to be issued within 1 month.

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)
(ii) Chinese Mainland

No.	Licensee	Approving authority/ Body/ Licenser	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
Chinese Mainland								
1.	SHTEI	Ministry of Ecology and Environment of Xiamen	91350200612039010J001T	Pollution Discharge Permit for SHTEI's being permitted to discharge pollutants	27 May 2025	26 May 2030	(a) The discharge of pollutants shall strictly comply with the permitted discharge outlets, discharge directions, types of pollutants, and discharge limits (concentration and total amount) specified in the permit. (b) SHTEI shall establish an environmental management ledger system to record the operation of pollution prevention facilities and discharge data. (c) SHTEI shall submit execution reports to the competent ecological environment department and disclose pollution discharge information to the public in accordance with regulations.	Complied
2.	SHTEI	Gaoqi Customs	3502141279	Approval for consignor/consignee of import and export goods	N/A	31 December 2099	(a) SHTEI shall accept the supervision of the Customs and truthfully declare the import and export goods to the Customs. (b) SHTEI shall establish and maintain accounting books, accounting vouchers, customs declaration documents, and other relevant materials related to import and export business within the statutory retention period.	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licenser	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
3.	SHTEI	Market Supervision and Administration Bureau of Xiamen	91350200612039010J	Business license for the activities ⁽¹⁾ at Zone A and Zone B, 1st to 3rd Floors, Phase 1 Factory, 1776 Lvling Road, Siming Area, Xiamen, Fujian Province, PRC.	1 January 2000	31 December 2050	(a) The business activities shall be conducted strictly within the business scope as registered in the license. Items subject to special approval (if any) shall only be conducted after obtaining relevant permits. (b) The company shall submit an annual report to the market supervision and administration authority within the statutory period each year and disclose relevant information to the public through the National Enterprise Credit Information Publicity System.	Complied
4.	SECL	Market Supervision and Administration Bureau of Xiamen	91350200MA33KCHF8N	Business license for the activities ⁽²⁾ 431A, Building C, Xiamen International Shipping Center, 93 Xiangyu Road, Xiamen, Fujian Pilot Free Trade Zone, PRC.	27 February 2020	26 February 2070	(a) The business activities shall be conducted strictly within the business scope as registered in the license. Items subject to special approval (if any) shall only be conducted after obtaining relevant permits. (b) The company shall submit an annual report to the market supervision and administration authority within the statutory period each year and disclose relevant information to the public through the National Enterprise Credit Information Publicity System.	Complied
5.	RPM	Administration for Market Regulation of Siming District, Xiamen City	91350203MA34NW3X8E	Business license for the activities ⁽³⁾ at Room 401, 1776 Lvling Road, Siming Area,	16 September 2020	15 September 2060	(a) The business activities shall be conducted strictly within the business scope as registered in the license. Items subject to special approval (if any) shall only be conducted after obtaining relevant permits.	Complied

ANNEXURE B: OUR MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS (CONT'D)

No.	Licensee	Approving authority/ Body/ Licensor	Permit/ Licence/ Registration no.	Description of licence/ Approval	Date of Grant/ Renewal	Expiry date	Salient conditions	Status of compliance
							(b) The company shall submit an annual report to the market supervision and administration authority within the statutory period each year and disclose relevant information to the public through the National Enterprise Credit Information Publicity System.	

Notes:-

- (1) *Business license for other unspecified science and technology promotion and application services, manufacture of printed circuit boards, other unspecified manufacturing (excluding items subject to approval and licensing), integrated circuit manufacturing, integrated circuit design, manufacture of optoelectronic devices and other electronic devices, manufacture of electronic components and parts, manufacture of other electronic equipment, new material technology promotion services, other technology promotion services, other unspecified professional consulting services (excluding items subject to approval and licensing), professionalized design services, other unspecified professional and technical services (excluding matters subject to approval and licensing), software development, information technology consulting services, wholesale of electrical equipment, wholesale of other mechanical equipment and electronic products, engaging in the export business of self-produced products and the import business of mechanical equipment, spare parts, raw and auxiliary materials required by the enterprise (without attaching an import and export commodity catalogue separately), except for commodities and technologies restricted or prohibited from import and export by the state, internet sales, other unspecified retail trade (excluding items subject to approval and licensing), leasing of construction engineering machinery and equipment, leasing of other unspecified machinery and equipment (excluding items subject to approval and licensing), real estate development and operation, property management, real estate agency services (excluding appraisal), operation of self-owned real estate, parking lot management, other unspecified real estate activities, real estate leasing and operation, enterprise headquarters management, entrusted by legally established hotel enterprises to manage them (excluding catering and accommodation operations), entrusted by legally established catering enterprises to manage them (excluding catering operations), other unspecified enterprise management services (excluding items subject to approval and licensing). (The above business items do not include items within the scope of special administrative measures for foreign investment access) for the address of Zone A and Zone B, 1st to 3rd Floors, Phase 1 Factory, 1776 Lvling Road, Siming Area, Xiamen, Fujian Province, PRC.*
- (2) *Business license for: Science and technology promotion and application services, manufacture of electronic components, manufacture of electronic (gas) physical equipment and other electronic equipment, sales of internet equipment, sales of electrical accessories, technology import and export, goods import and export; sales of radio, film and television equipment, sales of optical instruments, sales of household audio-visual equipment, sales of household appliances, retail of daily-use household appliances, sales of electronic products, sales of electronic vacuum devices, internet sales (excluding sales of commodities requiring licenses), sales of building decoration materials, sales of mechanical parts and components, research and development of new material technologies, energy conservation management services, information consulting services (excluding licensed information consulting services), graphic design, professional design services, software development, integrated circuit design, general application systems of artificial intelligence, technical consulting services for artificial intelligence public service platforms, leasing of construction engineering machinery and equipment, leasing of computers and communication equipment, enterprise management, non-residential real estate leasing, labour services (excluding labour dispatch), project planning and public relations services, consulting and planning services. Other general business projects not in the scope of special administrative measures for foreign investment access approval and licensing.*
- (3) *Business license for property management, property service evaluation, non-residential real estate leasing, housing leasing, counter and stall leasing, marketing planning, conference and exhibition services, business secretary services, etiquette services, enterprise headquarters management, parking lot services human resources services (excluding occupational intermediary activities and labour dispatch services).*

ANNEXURE C: MATERIAL PROPERTIES

C.1 MATERIAL PROPERTIES OWNED BY OUR GROUP

As at the LPD, the details of material properties owned by our Group are set out follow:-

(i) Malaysia

No.	Name of registered owner/ Title lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate sqm)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	Audited NBV as at FYE 2025 (RM'000)
QFSB							
1.	<u>Name of registered owner</u> QFSB <u>Title lot. no.</u> Pajakan Negeri 4249, No. Lot 12443, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang <u>Postal address</u> No.99, Lebuhraya Kampung Jawa, Bayan Lepas Industrial Estate, 11900 Penang, Malaysia <u>Tenure</u> Leasehold for a period of 60 years expiring on 1 August 2049	<u>Description of property</u> A double-storey office and factory building <u>Existing use</u> Headquarters and manufacturing facility for FPCs	27 March 2001	<u>Land area</u> 8,151 <u>Built-up area</u> 8,786	<u>Category of land use</u> Business / Industrial ("Perusahaan / Perindustrian") <u>Express conditions</u> The registered owner after the Penang Development Corporation shall: (i) Within a period of 2 years from the date of ownership, or within a specified period approved by the state authority, erect a factory building or factory buildings on the land in accordance with the plans approved by the local authority, and shall maintain the said building or buildings to the satisfaction of the local authority.	This land was charged to Hong Leong Islamic Bank Berhad ("HLIB") vide presentation no. 0799SC2024053 200 on 24 December 2024 and is still subsisting	6,126

ANNEXURE C: MATERIAL PROPERTIES (CONT'D)

No.	Name of registered owner/ Title lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate sqm)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	Audited NBV as at FYE 2025 (RM'000)
					(ii) Clean, dispose of, or take measures to clean and dispose of trade effluent in such form or manner satisfactory to the relevant authorities. (iii) Pay and settle all taxes, rates, revenue charges, and other payments assessed at that time in respect of the land or any part thereof as imposed by the Penang Municipal Council. (iv) Ensure that 30% of the employees engaged in the business on the land shall consist of Bumiputera. ⁽¹⁾ <u>Restrictions in interest</u> (i) The land held under this title shall not be transferred, charged, leased, sub-leased, or disposed of without prior written consent from the state authority. (ii) The land held under this title shall not be subdivided or partitioned.		

ANNEXURE C: MATERIAL PROPERTIES (CONT'D)

No.	Name of registered owner/ Title lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate sqm)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	Audited NBV as at FYE 2025 (RM'000)
QTSB							
2.	Name of registered owner QTSB Title lot. no. Pajakan Negeri 12189, No. Lot 21570, Mukim 13, Daerah Seberang Perai Selatan, Negeri Pulau Pinang Postal address PMT 743 Persiaran Cassia Selatan 4, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang Tenure Leasehold for a period of 60 years expiring on 8 December 2075	Description of property Two-storey factory building with an attached three-storey office block Existing use Operations office and manufacturing facility for IC substrates	21 June 2018	Land area 20,450 Built-up area 11,883	Category of land use Business / Industrial ("Perusahaan / Perindustrian") Express conditions a. The land shall be used for industrial purposes only; and b. The first registered owner after the Penang Development Corporation shall, within two years from the date of registration of transfer or within a time frame approved by the state authority, erect a factory building or buildings on the land in accordance with the plan approved by the local authority. Restrictions in interest The land held under this title shall not be transferred, charged, leased or sub- leased, tenanted or involved in any transaction without prior written consent from the state authority.	This land was charged to United Overseas Bank (Malaysia) Bhd vide presentation no. 0799SC2017018 686 on 26 July 2017 and is still subsisting.	41,825

ANNEXURE C: MATERIAL PROPERTIES (CONT'D)
(ii) Chinese Mainland

No.	Name of registered owner/ Title lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate sqm)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	Audited NBV as at FYE 2025 (RM'000)
SHTEI							
1.	<u>Name of registered owner</u> SHTEI <u>Title lot. no.</u> D35001870936 ⁽²⁾ <u>Postal address</u> 1778 Lvling Road, Siming Area, Xiamen, Fujian Province, PRC <u>Tenure</u> Leasehold for a period of 50 years expiring on 21 March 2053	<u>Description of property</u> A twenty-four-storey spiral building <u>Existing use</u> Office, R&D and ancillary commercial facilities	10 October 2019	<u>Land area</u> 16,093 ⁽³⁾ <u>Built-up area</u> 44,227	<u>Category of land use</u> Industrial <u>Express conditions</u> The land shall only be used for the purpose of industrial / office, industrial research and development, ancillary facilities room, equipment room, parking. <u>Restrictions in interest</u> (i) The land and the buildings erected thereon shall only be mortgaged, transferred, charged, leased in accordance with the terms set out in the Contract for the Grant of State-owned Land Use Rights and a Supplementary Contract (collectively, "Grant Contract"). (ii) The land and the buildings erected thereon shall only be mortgaged, transferred, or charged as an indivisible whole.	Nil	65,381 (Building only)

ANNEXURE C: MATERIAL PROPERTIES (CONT'D)

No.	Name of registered owner/ Title lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC or equivalent	Built-up area/ Land area (approximate sqm)	Category of land use/ Express condition/ Restriction in interest	Encumbrances on property	Audited NBV as at FYE 2025 (RM'000)
					(iii) Civil air defence facilities located on the second basement level (B2), with a total construction area of 2538.62 square meters, of which 227.374 square meters is designated as usable space for civil air defence purposes. All other uses of these underground areas shall be in compliance with the applicable civil air defence laws and regulations.		
2.	<u>Name of registered owner</u> SHTEI <u>Title lot. no.</u> D35005069677⁽²⁾ <u>Postal address</u> 1776 Lvling Road, Siming Area, Xiamen, Fujian Province, PRC <u>Tenure</u> Leasehold for a period of 50 years expiring on 20 March 2053	<u>Description of property</u> A five-storey detached office and factory building <u>Existing use</u> Operations office and manufacturing facility for FPCs	24 June 2005	<u>Land area</u> 16,093⁽³⁾ <u>Built-up area</u> 16,193	<u>Category of land use</u> Industrial <u>Express conditions</u> The land shall only be used for the purpose of industrial / factory. <u>Restrictions in interest</u> The land and the buildings erected thereon shall only be mortgaged, transferred, charged, leased in accordance with the terms set out in the Grant Contract.	Nil	4,157 (including the entire land and building)

ANNEXURE C: MATERIAL PROPERTIES (CONT'D)

Notes:-

- (1) *We had on 21 January 2026 submitted the application for the removal of this condition from the land title of the Bayan Lepas Plant. We expect to obtain the approval for the removal of this condition approximately 6 months from the date of submission of the application.*
- (2) *In Chinese Mainland, a Real Property Certificate is a combined certificate which includes both the land use rights and building ownership.*
- (3) *Properties in items (3) and (4) are situated on a same plot of land.*

Save as disclosed above, none of the properties are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

C.2 MATERIAL PROPERTIES LEASED/TENANTED BY OUR GROUP

As at the LPD, there are no material properties leased or rented by our Group from third parties.

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ANNEXURE D: BY-LAWS GOVERNING THE LTIP

SQ ADVANCED INTERCONNECT BERHAD
(formerly known as Qdos Holdings Bhd)

BY-LAWS OF THE LONG-TERM INCENTIVE PLAN

1. DEFINITIONS AND INTERPRETATIONS

- 1.1 Except where the context otherwise requires, the following expression in these By-Laws shall have the following meanings:

Act	: Companies Act 2016
Adviser	: A person who is permitted to carry on the regulated activity of advising corporate finance under the CMSA, which includes a Principal Adviser as defined in the Securities Commission Malaysia's Licensing Handbook (Chapter 7A)
Award Letter	: A letter of offer to Eligible Person(s) issued pursuant to an offer made by the LTIP Committee under the By-Laws
Board	: The Board of Directors of the Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
By-Laws	: The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time)
CDS	: Central Depository System
CDS Account	: An account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
Central Depositories Act	: The Securities Industry (Central Depositories) Act 1991, as amended from time to time including all subsidiary legislations made thereunder and any re-enactment thereof
CMSA	: Capital Markets and Services Act 2007
Constitution	: The constitution of the Company, including any amendments thereto that may be made from time to time
Date of Expiry	: Last day of the duration of the Scheme or last day of any extended period pursuant to By-Law 13.2 (as the case may be) If such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day, but excluding those days during that period on which the Record of Depositors is closed
Director	: A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, within the meaning of subsection 2(1) of the CMSA

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

Effective Date	: The date on which the Scheme comes into force as provided in By-Law 13.1
Eligible Director(s)	: Directors of the Group
Eligible Person(s)	: The Eligible Director(s) and Employees of the Group (excluding dormant subsidiaries, if any) who fulfil the eligibility criteria for participation in the LTIP as set out in the By-Laws
Employee	: A natural person who is employed by and on the payroll of the Company or any company within the Group (excluding dormant subsidiaries)
Entitlement Date	: The date as at the close of business on which shareholders' names must appear in the record of depositors of the Company maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments and/or other distributions
ESGS	: Employee share grant scheme as stipulated in Section 1 of these By-Laws
ESGS Award(s)	: The award of such number of ESGS Shares, to be satisfied through the transfer to the Eligible Person(s) in the manner and subject to the terms and conditions provided in these By-Laws
ESGS Award Date(s)	: The date of the Award Letter in which an ESGS Award(s) is awarded to any Eligible Person(s) pursuant to the ESGS Award made by the LTIP Committee
ESGS Participant(s)	: Eligible Person(s) who has accepted ESGS Award(s) in the manner provided in By-Law 30
ESGS Share(s)	: Existing SQA Share(s) to be purchased by the Company and subsequently retained as treasury shares pursuant to the ESGS
ESGS Vesting Date(s)	: The date upon which all or any parts of the ESGS Award awarded to ESGS Participant(s) are eligible to be vested upon fulfilment of all terms and Vesting Conditions, if any, as determined by the LTIP Committee
ESOS	: Employees' share option scheme as stipulated in Section 2 of these By-Laws
ESOS Award(s)	: The award of such number of ESOS Option(s) to the Eligible Person(s) to subscribe for new SQA Shares at the Exercise Price in the manner and subject to the terms and conditions provided in these By-Laws
ESOS Award Date(s)	: The date of which an ESOS Award(s) is awarded to an Eligible Person(s) pursuant to a LTIP Award letter
ESOS Option(s)	: The right of ESOS Participant(s) to subscribe for new SQA Share(s) at the Exercise Price in the manner provided in By-Law 36
ESOS Participant(s)	: Eligible Person(s) who has accepted the ESOS Award(s) in the manner provided in By-Law 35

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

ESOS Vesting Date(s)	: The date upon which all or any part of the ESOS Options awarded to ESOS Participant(s) are eligible to be vested and are entitled to exercise the ESOS Options upon fulfilment of all terms and Vesting Conditions, if any, as determined by the LTIP Committee
Exercise Price	: The price at which ESOS Participant(s) shall be entitled to subscribe for the new SQA Share(s) upon the exercise of the ESOS Option(s), as initially determined and as may be adjusted, pursuant to the provisions of By-Law 38
Listing Requirements	: Main Market Listing Requirements of Bursa Securities including all amendments thereto and any Practice Notes issued in relation thereto
LTIP	: Long-term incentive plan comprising the ESGS and the ESOS as stipulated in these By-Laws
LTIP Award(s)	: The ESGS Award(s) and/or the ESOS Award(s), as the case may be
LTIP Award Date(s)	: The ESGS Award Date(s) and/or the ESOS Award Date(s), as the case may be
LTIP Award Vesting Date(s)	: The ESGS Vesting Date(s) and/or the ESOS Vesting Date(s), as the case may be
LTIP Committee	: The committee appointed by the Board to administer the Scheme in accordance with By-Law 14, comprising such number of the Directors and/or Senior Management Personnel of the Group identified from time to time
LTIP Participant(s)	: The ESGS Participant(s) and/or the ESOS Participant(s), as the case may be
LTIP Scheme or Scheme	: LTIP for the LTIP Award(s) to any Eligible Person(s) in accordance with these By-Laws
Market Day	: A day on which Bursa Securities is open for trading in securities
Maximum Allowable Allotment	: The maximum number of SQA Shares in respect of the LTIP Award(s) that can be made available to an Eligible Person(s) as set out in By-Law 5 hereof
Record of Depositors	: A record provided by Bursa Depository to a listed issuer under Chapter 24 of the Rules of Bursa Securities, including any amendment that may be made from time to time
RM and sen	: Ringgit Malaysia and sen respectively
Rules of Bursa Depository	: The rules of Bursa Depository, as issued pursuant to the Central Depositories Act
Senior Management Personnel	: Senior management personnel of the Group who fulfil the eligibility criteria for participation in the LTIP as set out in the By-Laws

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

SQAI Group or the Group	:	The Company and its subsidiary companies as defined in Section 4 of the Act, and in the context of the LTIP, shall exclude subsidiary companies which are dormant. Subject to the foregoing, subsidiary companies include subsidiary companies which are existing as at the Effective Date and subsidiary companies which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 11
SQAI or the Company	:	SQ Advanced Interconnect Berhad (Registration No.: 199901001962 (476862-P))
SQAI Share(s) or Share(s)	:	Ordinary share(s) in SQAI
Vesting Conditions	:	The conditions which are required to be fulfilled by a LTIP Participant(s) before the ESOS Option(s) and/or ESGS Award(s) is capable of being vested onto the LTIP Participant(s) pursuant to the terms of these By-Laws

1.2 In this By-Laws:-

- (i) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and Listing Requirements and any policies and/or guidelines of the relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);
- (ii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any LTIP Award(s) awarded and accepted during the duration of the Scheme and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (iii) words denoting the singular shall include the plural and vice versa and references to gender shall include both genders and the neuter;
- (iv) any liberty or power which may be exercised or any determination which may be made hereunder by the LTIP Committee may be exercised in the LTIP Committee's absolute discretion and the LTIP Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
- (v) the headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws;
- (vi) for the purpose of these By-Laws, "person(s) connected" shall have the meaning as defined in Paragraph 1.01 of the Listing Requirements;
- (vii) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day;
- (viii) any reference to the Company and/or other person shall include a reference to its successors-in-title and permitted assigns; and
- (ix) unless otherwise stated herein and whenever applicable, the currency adopted for any matter referred to in this By-Laws is RM and sen, being the lawful currency of Malaysia.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

PART A – GENERAL PROVISIONS OF THE LTIP

Unless otherwise expressly provided, the provisions of Part A shall apply generally to the ESGS and the ESOS.

2. NAME AND OBJECTIVE OF SCHEME

2.1 This Scheme shall be called the “**SQAI’s Long-Term Incentive Plan**”.

2.2 The objectives of the Scheme are as follows:

- (i) to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (ii) to provide an incentive to drive and motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iii) to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company;
- (iv) to attract prospective employees with relevant skills and experience to the Group by making compensation packages offered to the Eligible Persons more competitive; and
- (v) to reward the Eligible Persons by allowing them to participate in the Group’s profitability and eventually realise any potential capital gains arising from possible appreciation in the value of SQAI Shares.

3. MAXIMUM NUMBER OF SQAI SHARES AVAILABLE UNDER THE SCHEME

3.1 The maximum number of SQAI Shares which may be made available under the Scheme shall not in aggregate exceed 10% of the total number of issued SQAI Shares (excluding treasury shares, if any) at any point in time during the duration of the Scheme as provided in By-Law 13.2.

3.2 Notwithstanding the provision of By-Law 3.1 above and any other provisions contained herein, in the event the total number of the SQAI Shares that may be made available under the Scheme exceeds 10% of the total number of issued SQAI Shares (excluding treasury shares, if any) as a result of the Company purchasing, cancelling and/or reducing the SQAI Shares in accordance with the provisions of the Act or the Company undertaking any corporate proposal and thereby diminishing the total number of issued SQAI Shares, then such LTIP Award(s) awarded prior to the adjustment of the issued SQAI Shares (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of this Scheme. However, in such a situation, the LTIP Committee shall not make any further LTIP Award(s) until the total number of SQAI Shares under the subsisting LTIP Award(s) falls below 10% of the total number of issued SQAI Shares (excluding treasury shares, if any).

3.3 Notwithstanding the above, the Company may implement more than one (1) LTIP during the duration of this Scheme provided that the aggregate SQAI Shares available for issuance under all the share issuance schemes implemented by the Company are not more than 10% of the total number of issued SQAI Shares (excluding treasury shares, if any) at any one time or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

4. ELIGIBILITY

4.1 Subject to the sole discretion of the LTIP Committee, only Eligible Persons who fulfil the following conditions as at the LTIP Award Date shall be eligible to participate in the Scheme:

4.1.1 LTIP Awards

- (a) in respect of a director of the Group, he/she:
 - (i) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) has been appointed as a Director of the Company or any company within the Group for such periods as may be determined by the LTIP Committee prior to and up to the LTIP Award Date;
 - (iii) has not given any notice of resignation, received a notice of termination or otherwise ceased or had his/her employment terminated prior to and up to the LTIP Award Date; and
 - (iv) fulfils any other criteria as may be determined by the LTIP Committee from time to time at its sole discretion,
- (b) in respect of an Employee (including Senior Management Personnel), he/she:
 - (i) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) is employed by the Group on a full-time basis or serving in a specific designation under an employment contract with the Group for a fixed duration (or any other contract as may be determined by the LTIP Committee) and is on the payroll of the Group and has not served a notice of resignation or received notice of termination;
 - (iii) must have been in employment of the Group for a continuous fixed period of at least six (6) months or such period as may be determined by the LTIP Committee from time to time (which shall include any probation period) prior to the LTIP Award Date(s); and;
 - (iv) fulfils any other criteria as may be determined by the LTIP Committee from time to time at its sole discretion;

provided always that the selection of Eligible Person(s) for participation in the LTIP and the number of LTIP Award(s) to be awarded to an Eligible Person(s) under the LTIP shall be at the sole and absolute discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

4.1.2 ESGS Awards only

Only Eligible Persons (save for the independent directors of the Company) who fulfil the eligibility conditions as set out in By-Law 4.1.1 above shall be eligible to participate in the ESGS.

The ESGS Awards may require the performance targets to be met by the Eligible Persons prior to the vesting of the ESGS Awards. The performance targets comprise key performance indicators to be measured against the individual performance of the ESGS Participant(s) and/or the Group as well as the performance of their respective business units within the Group, as may be determined by the Company from time to time.

For avoidance of doubt, the ESGS Awards will not be extended to the independent directors of the Company.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- 4.2 Our LTIP Committee may, at any time and from time to time, before and after an LTIP Award is granted, have the sole and absolute discretion to:
- (a) limit the exercise of the ESOS Options to a maximum number of new Shares and/or such percentage of the total new Shares comprised in the ESOS Options during such periods within the option period;
 - (b) subject the exercise of the ESOS Options and/or ESGS to any vesting condition determined by the LTIP Committee at its sole and absolute discretion before an ESOS Options and/or ESGS can be exercised;
 - (c) impose any other terms and conditions (including the time period to exercise the ESOS Options or ESGS) as the LTIP committee may, in its sole discretion deems appropriate including amending or varying any terms and conditions imposed earlier; and/or
 - (d) stagger the allocation of ESOS Options and/or ESGS available over the duration of the LTIP and to determine the vesting period (if any) for the ESOS Options and/or ESGS granted under the LTIP.
- 4.3 The LTIP Committee shall have the discretion to determine whether any vesting condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, and further to amend any Vesting Conditions if the LTIP Committee decides that a changed performance target would be a fairer measure of performance.
- 4.4 Any Eligible Person(s) who holds more than one (1) position within the Group and by holding such positions, the Eligible Person(s) is in more than one (1) category, shall only be entitled to the Maximum Allowable Allotment of any one (1) of those category/designation of employment. The LTIP Committee shall be entitled at its sole discretion to determine the applicable category/designation of employment.
- 4.5 The following persons are not considered eligible to participate in the Scheme:-
- (i) subject to By-Law 11 below, employees of a corporation which has ceased to be subsidiary of SQAI;
 - (ii) an Employee or a director of a dormant company within the Group; and
 - (iii) an Employee who is on probation.
- 4.6 An Employee or a director of the Group who during the duration of the Scheme becomes an Eligible Person(s) may, at the sole discretion of the LTIP Committee, be eligible to participate in the Scheme, subject to the Maximum Allowable Allotment and the decision of the LTIP Committee shall be final and binding.
- 4.7 Eligibility under the Scheme does not confer on an Eligible Person any claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any right over or in connection with the LTIP Award(s) unless the LTIP Award(s) has been made by the LTIP Committee to the Eligible Person(s) and the Eligible Person(s) has accepted the LTIP Award(s) in accordance with these By-Laws.
- 4.8 Directors and Employees of the Group may be eligible to participate in either or both the ESOS and/or the ESGS, as may be determined by the LTIP Committee. For the avoidance of doubt, non-executive Directors shall only be eligible to participate in the ESOS but not the ESGS.
- 4.9 No LTIP Award under the Scheme shall be allocated the following persons:

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- (i) an Eligible Person who is a director, major shareholder or chief executive officer of SQAI or holding company of SQAI (if any) ("**Interested Director**", "**Interested Major Shareholder**" and "**Interested Chief Executive**"); and/or
- (ii) an Eligible Person who is connected with an Interested Director, Interested Major Shareholder or Interested Chief Executive ("**Interested Person Connected with a Director, Major Shareholder or Chief Executive**"),

unless the shareholders of SQAI have approved the specific allocation of LTIP Award(s) to such persons in a general meeting of SQAI.

- 4.10 Such Interested Director, Interested Major Shareholder, Interested Chief Executive or Interested Person Connected with a Director, Major Shareholder or Chief Executive must abstain from on the resolution approving the said allocation of LTIP at the general meeting of SQAI. An Interested Director, Interested Major Shareholder, Interested Chief Executive or Interested Person Connected with a Director, Major Shareholder or Chief Executive must ensure that such persons connected with him/her abstain from voting on the resolution approving the said allocation at the general meeting of SQAI and any such allocation is not prohibited or disallowed by the relevant authorities or by any laws or regulations.

5. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

- 5.1 The allocation of the SQAI Shares to be made available for the LTIP Award(s) under the Scheme shall be determined by the LTIP Committee.
- 5.2 Subject to By-Law 3 and any adjustment which may be made under By-Law 9, the maximum number of LTIP Awards that may be offered to the Eligible Person(s) at any point in time during the duration of the Scheme, shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the Eligible Person(s)' seniority, job grading, performance, length of service, contribution to the Group and/or such other matters as the LTIP Committee deems fit in its sole and absolute discretion, and subject to the following conditions the total number of SQAI Shares made available under the Scheme shall not exceed the amount in By-Law 3.1 above:-
- (i) not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of SQAI Shares under the Scheme shall be allocated to any Eligible Person(s) who, either singly or collectively through persons connected (as defined in the Listing Requirements) with the Eligible Person(s), holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued SQAI Shares (excluding treasury shares, if any);
 - (ii) up to 70% of the number of SQAI Shares made available under the Scheme as referred to in By-Law 3.1 above, shall be allocated in aggregate to the Directors and Senior Management Personnel of the Group. This is intended to incentivise the Directors of the Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of the Group and to incentivise the Senior Management Personnel of the Group for their commitment, dedication and loyalty towards attainment of higher performance; and
 - (iii) the Eligible Person(s) shall not participate in the deliberation or discussion of their respective allocations as well as the allocations to persons connected with them, if any,

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- 5.3 The LTIP Committee shall determine the maximum number of SQA Shares for the LTIP Award(s) that will be made available to an Eligible Person(s) under the Scheme, subject to the provisions of these By-Laws, and the decision of the LTIP Committee shall be final and binding. For the avoidance of doubt, the LTIP Committee shall not be obliged in any way to offer an Eligible Person(s) the LTIP Award(s) for all the specified Maximum Allowable Allotment applicable to such Eligible Person(s) under the Scheme.
- 5.4 In the event that an Employee is promoted and becomes an Eligible Person(s), the Maximum Allowable Allotment applicable to such Eligible Person(s) shall be the Maximum Allowable Allotment that may be awarded corresponding to the category of employee of which he/she then is a party, subject always to the maximum number of new SQA Shares available under the Scheme as stipulated under By-Law 3.1.
- 5.5 In the event that an Eligible Person(s) who is demoted/re-designated to a lower grade for whatsoever reason shall only be entitled to the allocation of that lower grade unless an award has been made and accepted by him before such demotion/re-designation and where he has accepted an award which exceeds his Maximum Allowable Allotment under that lower grade, he shall not be entitled to any further allocation for that lower grade.
- 5.6 The Company shall ensure that the LTIP Award(s) awarded pursuant to the Scheme is verified by the Audit and Risk Management Committee of the Group at the end of each financial year as being in compliance with the award criteria of the LTIP Award(s) which have been disclosed to the Eligible Person(s).
- 5.7 The LTIP Committee may at its sole and absolute discretion determine whether the LTIP Award(s) to the Eligible Person(s) will be made on staggered basis over the duration of the Scheme or in a single award and/or whether the LTIP Award(s) are subject to any vesting period and if so, to determine the Vesting Conditions.
- 5.8 If any Eligible Person(s) is a member of the LTIP Committee, such Eligible Person(s) shall not participate in the deliberation or discussion of his/her LTIP Award(s).
- 5.9 The selection of any Eligible Person(s) to participate in the Scheme will be at the sole discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.
- 5.10 At the time the LTIP Award(s) is awarded in accordance with these By-Laws, the LTIP Committee shall set out the basis of award, identifying the category or grade of the Eligible Person(s) and the Maximum Allowable Allotment that may be awarded to such Eligible Person(s) under the LTIP Award(s).
- 5.11 Subject to By-Law 5.2, nothing herein shall prevent the LTIP Committee from awarding more than one (1) LTIP Award(s) to an Eligible Person(s) provided that the total aggregate number of SQA Shares comprised in the LTIP Award(s) awarded to such Eligible Person(s) during the duration of the Scheme shall not exceed the Maximum Allowable Allotment that an Eligible Person(s) is entitled under the LTIP Award(s).

6. RIGHTS ATTACHING TO THE SQA SHARES

- 6.1 The Share(s) arising upon exercising of the ESOS Option(s) and/or vesting of ESGS Award(s) shall, upon allotment and issuance and/or transfer, as the case may be:-
- (a) be subject to the provisions of the Constitution; and
 - (b) rank equally and in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Share(s).

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- 6.2 The new Shares to be allotted and issued under the ESOS will be subject to the provisions of the constitution of the Company and will, upon allotment and issuance, rank equally in all respects with the existing Shares including voting rights, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid to the shareholders for which the relevant entitlement date precedes the date of issuance of the new Shares pursuant to the ESOS.
- 6.3 In respect of the existing Shares to be transferred to the ESGS Participants pursuant to the vesting of the Shares comprised in an ESGS Award, such Shares rank equally in all respects with the existing Shares. However, the ESGS Participants shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the Shares are credited into the CDS Accounts of the ESGS Participants on or prior to the relevant entitlement date of such dividends, rights, allotments and/or other distributions.

7. RESTRICTION ON DEALING / RETENTION PERIOD

- 7.1 The SQAI Shares to be issued, allotted, credited and/or transferred to the ESGS Participants and/or ESOS Participants, as the case may be, pursuant to the LTIP will not be subjected to any retention period or restriction on transfer. However, LTIP Participant(s) are encouraged to hold the SQAI Shares as a long-term investment and not for any speculative and/or capitalisation of any immediate gain. The expression "retention period" shall mean the period in which the SQAI Shares awarded and issued pursuant to the Scheme must not be sold, transferred, assigned or otherwise disposed of by the LTIP Participant(s).
- 7.2 Notwithstanding the above By-Law 7.1, the LTIP Committee shall be entitled to prescribe or impose, in relation to any LTIP Award(s), any condition relating to any retention period or restriction on the transfer of the SQAI Shares to be issued pursuant to the LTIP as the LTIP Committee deems fit.
- 7.3 Notwithstanding By-Law 7.1 above, an Eligible Person who is a non-executive director must not sell, transfer or assign SQAI Shares obtained through the exercise of ESOS Options within 1 year from the LTIP Award Date pursuant to paragraph 8.20 of the Listing Requirements.

8. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

- 8.1 In the event of any alteration in the share capital of the Company during the Duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of shares or reduction or any other variation of share capital (save for set-off against accumulated losses) or otherwise howsoever, the LTIP Committee may, in its discretion, determine whether:
- (i) in relation to ESGS:
 - (a) the number of ESGS Shares comprised in the ESGS Award(s) to the extent not yet vested; and/or
 - (ii) the method and/or manner in the vesting of the ESGS Shares comprised in the ESGS Award(s).in relation to ESOS:
 - (a) the Exercise Price and/or number of ESOS Options comprised in the ESOS Award(s) to the extent not yet vested or exercised; and/or
 - (b) the method and/or manner in the vesting of the ESOS Options comprised in the ESOS Awards.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

8.3 Subject to By-Law 8.3, the Exercise Price for the ESOS Award(s) and/or the number of new share(s) unvested and/or unexercised relating to ESOS Option(s) and/or ESGS Award(s) shall be adjusted, calculated and determined by the LTIP Committee in accordance with the following relevant provisions in consultation with the Adviser and/or the external auditors of the Company:-

(1) Consolidation and subdivision

Whenever a SQA Share by reason of any consolidation or subdivision, the total number of issued shares shall be different. Then, the Exercise Price for the ESOS Award(s) and/or the number of additional ESGS Awards/ESOS Options relating to the LTIP Award(s) to be awarded shall be adjusted, calculated or determined in the following formula:

(a) New Exercise Price

$$\text{New Exercise Price} = \text{EP} \times \frac{\text{Former total number of issued shares before the consolidation or subdivision}}{\text{Revised total number of issued shares after the consolidation or subdivision}}$$

(b) Number of additional ESGS Awards/ESOS Options

$$\begin{aligned} \text{Number of additional ESGS Awards/ESOS Options} &= T \times \frac{\text{Revised total number of issued shares after the consolidation or subdivision}}{\text{Former total number of issued shares before the consolidation or subdivision}} - T \end{aligned}$$

Where:

EP = Existing Exercise Price; and

T = Existing number of SQA Shares/ESOS Options relating to the LTIP Award(s) awarded.

Such adjustment will be effective from the close of business on the Market Day immediately following the Entitlement Date on which the consolidation or subdivision becomes effective (being the date when the SQA Shares are traded on Bursa Securities), or such other period as may be prescribed by Bursa Securities.

(2) Capitalisation of profits/reserves

If and whenever the Company shall make any issue of new SQA Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation issue from profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund), the Exercise Price for the ESOS Option(s) shall be adjusted as follows:

$$\text{New Exercise Price} = \text{EP} \times \frac{A}{A+B}$$

and the number of additional ESGS Awards/ESOS Options relating to the LTIP Award(s) to be awarded shall be calculated as follows:

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

Number of additional ESGS Awards/ESOS Options =

$$T \times \left[\frac{A+B}{A} \right] - T$$

Where:

A = the aggregate number of issued and fully paid-up SQAI Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of SQAI Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid-up by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund);

EP = EP above; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

If and whenever the Company shall make:

(3) **Capital Distribution**

a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(a) **Rights issue of SQAI Shares**

any offer or invitation to its ordinary shareholders where under they may acquire or subscribe for new SQAI Shares by way of rights; or

(b) **Rights issue of convertible securities**

any offer or invitation to ordinary shareholders by way of rights where under they may acquire or subscribe for securities convertible into new SQAI Shares or securities with rights to acquire or subscribe for new SQAI Shares attached thereto,

then and in respect of each such case, the Exercise Price for the ESOS Option(s) shall be adjusted as follows:

$$\text{New Exercise Price} = EP \times \frac{C-D}{C}$$

and in respect of the case referred to in By-Law 8.2(iii)(b) hereof, the number of additional ESGS Awards/ESOS Options comprised in the LTIP Award(s) to be awarded shall be calculated as follows:

Number of additional ESGS Awards/ESOS Options =

$$T \times \left[\frac{C}{C-D^*} \right] - T$$

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

Where:-

EP = EP above; and

T = as T above;

C = the current market price of each SQAI Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for new SQAI Shares under By-Law 8.2(iii)(b) above or for securities convertible into SQAI Shares or securities with rights to acquire or subscribe for new SQAI Shares under By-Law 8.2(iii)(c) above, the value of rights attributable to 1 existing SQAI Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 8.2(iii) hereof, the fair market value as determined by the external auditor of the Company of that portion of the Capital Distribution attributable to one (1) existing SQAI Share.

D* = the value of rights attributable to one (1) existing SQAI Share (as defined below).

For the purpose of definition “(aa)” of D above, the “**value of rights attributable to one (1) existing SQAI Share**” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:-

C = as C above;

E = the exercise price for one (1) additional SQAI Share under the terms of such offer or invitation to acquire or subscribe for the SQAI Share or exercise price of one (1) additional security convertible into SQAI Shares or one (1) additional security with rights to acquire or subscribe for the SQAI Shares;

F = the number of existing SQAI Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional SQAI Share or subscribe for security convertible into one (1) additional SQAI Share or rights to acquire or subscribe for one (1) additional SQAI Share; and

For the purpose of definition “D*” above, the “**value of rights attributable to one (1) existing SQAI Share**” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = as C above;

E* = the exercise price for one (1) additional SQAI Share under the terms of such offer or invitation to acquire or subscribe for SQAI Shares; and

F* = the number of existing SQAI Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional SQAI Share.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

For the purpose of By-Law 8.2(iii) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of new SQAI Shares (not falling under By-Law 8.2(ii) hereof) or other securities issued by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any capital redemption reserve fund).

Any distribution out of profits or reserves (including any capital redemption reserve fund) made (whenever paid and howsoever described) shall be deemed to be a Capital Distribution unless the distribution is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statements of profit or loss and other comprehensive income of the Company.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

(4) Capitalisation of profits/reserves and rights issue of SQAI Shares/ convertible securities

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 8.2(ii) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 8.2(iii)(b) or (c) above and Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price for the ESOS Option(s) shall be adjusted as follows:

$$\text{New Exercise Price} = \text{EP} \times \frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 8.2(ii) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 8.2(iii)(b) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional ESGS Awards/ESOS Options comprised in the LTIP Award(s) to be awarded shall be calculated as follow:

Number of additional SQAI Shares (ESOS Options) =

$$T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Number of additional SQAI Shares (ESGS Awards) =

$$T \times \left[\frac{(G + H + B) \times C}{(G \times C) + (H \times I)} \right] - T$$

Where:

B = as B above;

C = as C above;

EP = EP above;

G = the aggregate number of issued and fully paid-up SQAI Shares on the Entitlement Date;

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- H = the aggregate number of new SQAI Shares under an offer or invitation to acquire or subscribe for the SQAI Shares by way of rights, or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into the SQAI Shares or rights to acquire or subscribe for the SQAI Shares (if required), as the case may be;
- H* = the aggregate number of new SQAI Shares under an offer or invitation to acquire or subscribe for the SQAI Shares by way of rights;
- I = the exercise price of one (1) additional SQAI Share under the offer or invitation to acquire or subscribe for the SQAI Shares, or the conversion price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional SQAI Share (if required), as the case may be;
- I* = the exercise price of one (1) additional SQAI Share under the offer or invitation to acquire or subscribe for the SQAI Shares; and
- T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

(5) Rights issue of the SQAI Shares and rights issue of convertible securities

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new SQAI Shares as provided in By-Law 8.2(iii)(b) above together with an offer or invitation to acquire or subscribe for securities convertible into new SQAI Shares or securities with rights to acquire or subscribe for new SQAI Shares as provided in By-Law 8.2(iii)(c) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price for the ESOS Award(s) shall be adjusted as follows:

$$\text{New Exercise Price} = \text{EP} \times \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

And the number of additional ESGS Awards/ESOS Options comprised in the LTIP Award(s) shall be calculated as follows:

Number of additional ESOS Options =

$$T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Number of additional ESGS Awards =

$$T \times \left[\frac{(G + H + J) \times C}{(G \times C) + (H \times I) + (J \times K)} \right] - T$$

Where:

- C = as C above;
- EP = EP above;
- G = as G above;
- H = as H above;

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of the SQAI Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for the SQAI Shares by the ordinary shareholders;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional SQAI Share; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

(6) Capitalisation of profits/reserve, rights issue of the SQAI Shares and rights issue of convertible securities

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new SQAI Shares as provided in By-Law 8.2(iii)(b) above together with an offer or invitation to acquire or subscribe for securities convertible into new SQAI Shares or securities with rights to acquire or subscribe for new SQAI Shares as provided in By-Law 8.2(iii)(c) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price for the ESOS Award(s) shall be adjusted as follows:

$$\text{New Exercise Price} = \text{EP} \times \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional ESGS Awards/ESOS Options comprised in the LTIP Award(s) shall be calculated as follows:

Number of additional ESOS Options =

$$T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Number of additional ESGS Awards =

$$T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right] - T$$

Where:

B = as B above;

EP = EP above;

C = as C above;

G = as G above;

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

H	=	as H above;
H*	=	as H* above;
I	=	as I above;
I*	=	as I* above;
J	=	as J above;
K	=	as K above; and
T	=	as T above

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

(7) Others

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under By-Laws 8.2(iii)(b), (iii)(c), (iv), (v) or (vi) above), the Company shall issue either new SQAI Shares or any securities convertible into new SQAI Shares or any rights to acquire or subscribe for the SQAI Shares, and in any such case, the Total Effective Consideration per SQAI Share (as defined below) is less than ninety percent (90%) of the Average Price (as defined below) for one (1) SQAI Share or, as the case may be, the price at which the SQAI Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price for the ESOS Award(s) shall be adjusted as follows:

$$\text{New Exercise Price} = \text{EP} \times \frac{L + M}{L + N}$$

Where:

EP	=	EP above;
L	=	the number of the SQAI Shares in issue at the close of business on Bursa Securities on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
M	=	the number of the SQAI Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
N	=	the aggregate number of the SQAI Shares so issued or, in the case of securities convertible into the SQAI Shares or securities with rights to acquire or subscribe for the SQAI Shares, the maximum number (assuming no adjustment of such rights) of the SQAI Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 8.2(vii), the “**Total Effective Consideration**” shall be determined by the LTIP Committee with the concurrence of the external auditor of the Company and shall be:-

- (a) in the case of the issue of new SQAI Shares, the aggregate consideration receivable by the Company on payment in full for such SQAI Shares; or

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- (b) in the case of the issue by the Company of securities wholly or partly convertible into new SQAI Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for new SQAI Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the **"Total Effective Consideration per SQAI Share"** shall be the Total Effective Consideration divided by the number of new SQAI Shares issued as aforesaid or, in the case of securities convertible into new SQAI Shares or securities with rights to acquire or subscribe for new SQAI Shares, by the maximum number of new SQAI Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 8.2(vii), **"Average Price"** of a SQAI Share shall be the average market price of one (1) SQAI Share as derived from the last traded prices for one or more board lots of SQAI Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such SQAI Shares is determined.

Such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the next Market Day immediately following the date on which the Company determines the exercise price of such SQAI Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

For the purpose of By-Laws 8.2(iii), (iv), (v) and (vi), the current market price in relation to one (1) existing SQAI Share for any relevant day shall be the based on the volume weighted average market price of the SQAI Shares for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

8.3 Such adjustment must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the LTIP Committee, to be in their opinion, fair and reasonable, provided always that:

- (i) any adjustment to the Exercise Price shall be rounded up to the nearest one (1) sen;
- (ii) in the event that a fraction of a new SQAI Share arising from the adjustment referred to in these By-Laws would otherwise be required to be issued upon vesting of the ESGS Awards and/or exercising of the ESOS Options by the LTIP Participant(s), the LTIP Participant's entitlement shall be round down to the nearest whole number;
- (iii) upon any adjustment being made pursuant to these By-Laws, the LTIP Committee shall, within 30 days of the effective date of the alteration in the capital structure of the Company, notify the LTIP Participant(s) (or his legal representatives where applicable) in writing informing him of the adjusted Exercise Price for the ESOS Award(s) thereafter in effect and/or the number of the ESGS Awards/ESOS Options comprised in the LTIP Award(s);
- (iv) any adjustments made must be in compliance with the provisions for adjustments provided in these By-Laws.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

For avoidance of doubt, any adjustments to the Exercise Price for the ESOS Option(s) and/or the number of the ESGS Awards/ESOS Options comprised in the LTIP Award(s) so far as unvested and/or unexercised arising from bonus issue, subdivision or consolidation of the SQA Shares need not be confirmed in writing by the external auditors of the Company.

- 8.4 Save as expressly provided for herein, the external auditors of the Company must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors of the Company shall be final, binding and conclusive.

For the avoidance of doubt, nothing in these By-Laws shall be construed as conferring any vested right on any LTIP Participant, and all determinations of the LTIP Committee shall be conclusive and binding.

- 8.5 The provisions of By-Law 8 shall not apply where the alteration in the capital structure of the Company arises from any of the following:

- (i) an issuance of new SQA Shares pursuant to the exercise of the ESOS Award(s) under the Scheme; or
- (ii) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
- (iii) private placement or restricted issue or special issue of new SQA Shares by the Company; or
- (iv) a special issue of securities to Bumiputera parties or investors nominated by the Ministry of Investment, Trade and Industry and/or other government authority to comply with the government's policy on Bumiputera capital participation; or
- (v) a purchase by the Company of its own SQA Shares and cancellation of all or a portion of such SQA Shares purchased pursuant to Section 127 of the Act; or
- (vi) an issue of new SQA Shares arising from the exercise of any conversion rights attached to securities convertible to new SQA Shares or upon exercise of any other rights including warrants and convertible loan stocks or other instruments (if any) issued by the Company.

- 8.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part III (Division 7, Subdivision 2) of the Act, By-Law 8.1 shall be applicable in respect of such part(s) of the scheme which involves any alteration(s) in the capital structure of the Company to which By-Law 8.1 is applicable, but By-Law 8.1 shall not be applicable in respect of such part(s) of the scheme which involves any alteration(s) in the capital structure of the Company to which By-Law 8.1 is not applicable as described in By-Law 8.5.

- 8.7 An adjustment pursuant to By-Law 8.1 shall be made according to the following terms:

- (i) in the case of a right issue, bonus issue or other capitalisation issue, on the next Market Day following the Entitlement Date in respect of such issue; or
- (ii) in the case of a consolidation or subdivision of the SQA Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective or such period as may be prescribed by Bursa Securities.

Upon any adjustment being made, the LTIP Committee shall give notice in writing within thirty (30) days from the date of adjustment to the LTIP Participant(s), or his/her legal representative, where applicable, to inform him/her of the adjustment and the event giving rise thereto.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- 8.8 Notwithstanding the provisions referred to in these By-Laws, the LTIP Committee may exercise its sole discretion to determine whether any adjustments to the Exercise Price for ESOS Option(s) and/or the number of the ESGS Awards/ESOS Options comprised in the LTIP Award(s) be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price for the ESOS Option(s) and/or the number of the ESGS Awards/ESOS Options comprised in the LTIP Award(s) notwithstanding that no such adjustment formula has been explicitly set out in these By-Laws.]

9. TAKE-OVERS AND MERGERS, SCHEMES OF ARRANGEMENT, AMALGAMATIONS, RECONSTRUCTIONS AND DISPOSAL OF ASSETS

9.1 In the event of:

- (i) a take-over offer being made for, under the Malaysian Code on Take-Overs and Mergers 2016 and Rules on Take-Overs, Mergers and Compulsory Acquisitions (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over ("**Offeror**") or any persons acting in concert with the Offeror); or
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of the SQAI Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the LTIP Participant(s) that it intends to exercise such rights on a specific date ("**Specified Date**"); or
- (iii) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional;

the LTIP Committee may at its discretion to the extent permitted by law permit the vesting and/or exercise of the LTIP Award(s) and the LTIP Participant(s) will be entitled within such period to be determined by the LTIP Committee, to subscribe and/or exercise all or any of his/her LTIP Award(s) and the Directors of the Company shall use their best endeavours to procure that such a general offer be extended to the SQAI Shares that may be issued pursuant to the LTIP Award(s) under these By-Law.

In the foregoing circumstances, all LTIP Award(s) which the LTIP Committee permits to be vested and/or exercisable, shall automatically lapse and become null and void to the extent remain unvested and/or unexercised by the date prescribed by the LTIP Committee notwithstanding that the LTIP Award Vesting Date has not commenced or has not expired.

- 9.2 Notwithstanding to the provisions of these By-Laws and subject to the sole discretion of the LTIP Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 or any other provisions of the Act or the Company decided to merge with other company or companies, the LTIP Committee may at its absolute discretion decide whether a LTIP Participant may be entitled to be vested and/or to exercise all or any of his/her unvested and/or unexercised LTIP Award(s) at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective provided always that no LTIP Award(s) shall be vested and LTIP Award(s) shall be subscribed and/or exercised after the expiry of the LTIP Award Vesting Date. Upon the compromise or arrangement becoming effective, all unvested and/or unexercised LTIP Award(s) shall automatically lapse and become null and void and of no further force and effect.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

10. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

10.1 If a LTIP Participant(s) is in the employment of a company within the Group and such company is subsequently divested, wholly or in part, from the Group, the LTIP Participant(s):

- (i) shall cease to be capable of being vested with any unvested LTIP Award(s) awarded to him/her under the Scheme from the date of completion of such divestment or the Date of Expiry, whichever expires first; and
- (ii) will not be entitled to exercise any unexercised ESOS Options from the date of completion of such divestment,

unless the LTIP Committee at its discretion permit such exercise of the unexercised ESOS Option or the vesting of the unvested LTIP Award(s) including its allocation thereof. For the avoidance of doubt, save and except to the extent permitted by the LTIP Committee, all existing LTIP Award(s) shall automatically lapse and become null and void and of no further force and effect; and shall not be eligible to participate for further LTIP Award(s) under the Scheme as from the date of completion of such divestment.

10.2 For the purposes of By-Law 10.1 above, a company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from above fifty percent (50%) to fifty percent (50%) or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act (other than pursuant to a takeover, scheme of arrangement, amalgamation, reconstruction, merger or otherwise as provided under the By-Law 9).

10.3 In the event that:-

- (i) an employee who was employed in a company which is not related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of the Group) and is subsequently transferred from such company to any company within the Group; or
- (ii) an employee who was in the employment of a company which subsequently becomes a company within the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (i) above;

(the first abovementioned company in (i) and (ii) herein referred to as the **"Previous Company"**), such an employee of the Previous Company will be eligible to participate in this Scheme for the remaining duration of the Scheme, if the affected employee becomes an **"Eligible Person"** within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to part (ii) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the duration of the Scheme, the Scheme shall apply to the employees of such company on the date of such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of **"Eligible Person"** under By-Law 1 and the provisions of these By-Laws shall apply.

11. WINDING UP

11.1 All outstanding LTIP Award(s) under the Scheme shall be automatically terminated and be of no further force and effect in the event that a resolution is passed or a court order is made for the winding up of the Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights to vest the LTIP Award(s) shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to vest the LTIP Award(s) shall accordingly be lifted from suspension.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

12. DURATION AND TERMINATION OF THE SCHEME

12.1 The Effective Date for the implementation of the Scheme shall be at the date of full compliance with all relevant requirements in the Listing Requirements, including but not limited to the following:

- (i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of a compliance pursuant to Paragraph 2.12 of the Listing Requirements and checklist showing compliance with Appendix 6E of the Listing Requirements;
- (ii) receipt of the approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the SQA Shares to be issued pursuant to the exercise of the ESOS Options under the Scheme;
- (iii) procurement of the shareholders' approval for the Scheme in a general meeting;
- (iv) receipt of the approval of any other relevant authorities whose approvals are necessary in respect of the Scheme; and
- (v) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals, if any.

The Company shall through its Adviser submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of Bursa Securities stating the Effective Date of implementation of the Scheme together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

12.2 The Scheme, when implemented, shall be in force for a period of five (5) years from the Effective Date. The Company may, if the Board deems fit and upon recommendation of the LTIP Committee, extend the LTIP for a period of up to another five (5) years immediately from the expiry of the first five (5) years, provided that the total duration of the Scheme shall not in aggregate exceed ten (10) years from the Effective Date. Unless otherwise required by the relevant authorities, no further approvals from the shareholders of the Company or other persons or authorities shall be required for the extension of the Scheme and the Company shall serve appropriate notices on each LTIP Participant and/or make any necessary announcements to any parties and/or Bursa Securities (if required) within thirty (30) days prior to the Date of Expiry or such other period as may be stipulated by Bursa Securities.

12.3 LTIP Award(s) can only be made from the Effective Date and before the Date of Expiry.

12.4 Notwithstanding anything to the contrary, all unvested LTIP Award(s) and/or unexercised ESOS Options shall lapse and become null and void on the Date of Expiry.

12.5 Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the LTIP Committee at any time before the Date of Expiry PROVIDED THAT an announcement is released to Bursa Securities on the following:

- (i) the effective date of termination ("**Termination Date**");
- (ii) the number of the SQA Shares vested pursuant to the ESGS and/or number of ESOS Option(s) exercised pursuant to the ESOS; and
- (iii) the reasons and justification for termination.

12.6 Prior to the termination of the Scheme pursuant to By-Law 12.5, the Company shall provide thirty (30) days' notice to all LTIP Participants and allow the LTIP Participants to (a) exercise any vested but unexercised ESOS Options; and (b) transfer any shares of any vested ESGS Awards prior to the Termination Date.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

12.7 In the event of termination as stipulated in By-Law 12.5 above, the following provisions shall apply:

- (i) no further LTIP Award(s) shall be awarded by the LTIP Committee from the Termination Date;
- (ii) all LTIP Award(s) which have yet to be accepted by the Eligible Person(s) shall automatically lapse and become null and void on the Termination Date; and
- (iii) any LTIP Award(s) which have yet to be vested or exercised (as the case may be and whether fully or partially) awarded under the Scheme shall automatically lapse and be deemed cancelled and be null and void.

12.8 Subject to the requirements under the Listing Requirements, approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of LTIP Participant(s) who have yet to exercise and/or vest their LTIP Award(s), are not required to effect a termination of the Scheme.

13. ADMINISTRATION AND IMPLEMENTATION OF THE SCHEME

13.1 The Scheme shall be administered by the LTIP Committee. The LTIP Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall deem fit and with such powers and duties as are conferred upon it by the Board. The decision of the LTIP Committee shall be final and binding.

13.2 The Board shall have the power to determine all matters pertaining to the LTIP Committee, including, without limitation, setting the terms of reference for the LTIP Committee, as well as determining its composition, duties, powers and limitations. The Board is also entitled, at any time and from time to time to:-

- (a) rescind or terminate the appointment of any member of the LTIP Committee and appoint replacement members to the LTIP Committee;
- (b) to change the terms of appointment of the members of the LTIP Committee;
- (c) to determine and change the terms of reference for the LTIP Committee; and
- (d) to assume and/or exercise or execute any of the powers and authorities conferred upon the LTIP Committee pursuant to these By-Laws.

13.3 Without limiting the generality of By-Law 13.1, the LTIP Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any error(s) in the LTIP Award(s), execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its sole discretion consider to be necessary or desirable for giving effect to the Scheme including the powers to:

- (i) subject to the provisions of the Scheme, construe and interpret the Scheme and LTIP Award(s) awarded under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The LTIP Committee in the exercise of this power may correct any defects, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for the LTIP Award(s) in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
- (ii) determine all question of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary and/or expedient to promote the best interests of the Company.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

13.4 In implementing the Scheme, the LTIP Committee may at its absolute discretion decide that the LTIP Award(s) be satisfied by the following methods:

- (i) for the ESGS:
 - (a) acquisition and/or transfer of existing SQAI Shares from the open market of Bursa Securities; or
 - (b) acquisition and/or transfer of the Company's treasury shares (if any),
- (ii) for the ESOS, allotment and issuance of new SQAI Shares to the ESOS Participant(s);
- (iii) any other methods as may be permitted by the Act and the Listing Requirements, as amended from time to time and any re-enactment thereof, or cash payments, if any; or
- (iv) a combination of any of the above.

14. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME

14.1 Subject to By-Law 14.2 and compliance with the Listing Requirements and other requirements of Bursa Securities and any other relevant authorities, the LTIP Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its sole discretion deem fit and the Board shall have the power, at any time, by resolution to, add, amend, modify and/or delete all or any of the terms in these By-Laws upon such recommendation and the Company will submit the amended By-Laws together with a confirmation letter to Bursa Securities confirming that such amendment and/or modification is in compliance with the provisions of the Listing Requirements pertaining to the Scheme and the Rules of Bursa Depository.

14.2 Subject to By-Law 14.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of any additions, modifications or amendments to or deletions of these By-Laws provided that no additions, modifications or amendments to or deletions of these By-Laws shall be made which will:

- (i) prejudice any rights which would have accrued to any LTIP Participant(s) without the prior consent or sanction of that LTIP Participant(s); or
- (ii) increase the number of the SQAI Shares available under the Scheme beyond the maximum amount set out in By-Law 5 above; or
- (iii) prejudice any rights of the shareholders of the Company; or
- (iv) alter to the advantage of an Eligible Person(s) and/or LTIP Participant(s) in respect of any matters which are required to be contained in these By-Laws without the prior approval of the Company's shareholders obtained in a general meeting unless allowed by the provisions of the Listing Requirements.

Such amendment or modification to the By-Laws does not need the prior approval of Bursa Securities. However, the Company shall submit to Bursa Securities a confirmation letter that the amendment or modification does not contravene any of the provisions of the Listing Requirements pertaining to the Scheme no later than five (5) Market Days after the effective date of the said amendment or modification is made.

14.3 The LTIP Committee shall within ten (10) Market Days of any amendment and/or modification made pursuant to these By-Laws notify the LTIP Participant(s) in writing of any amendment and/or modification made pursuant to these By-Laws.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

15. INSPECTION OF THE AUDITED ACCOUNTS

- 15.1 All LTIP Participant(s) are entitled to inspect the latest audited accounts of the Company at the registered office of the Company during normal business hours on any working day of the registered office.

16. SCHEME NOT A TERM OF EMPLOYMENT

- 16.1 This Scheme shall not confer or be construed to confer on an Eligible Person(s) any special rights or privileges over the Eligible Person(s)' terms and conditions of employment in the Group under which the Eligible Person(s) are employed nor any rights additional to any compensation or damages that the Eligible Person(s) may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Eligible Person(s).

17. NO COMPENSATION FOR TERMINATION

- 17.1 No Eligible Person(s) shall be entitled to any compensation for damages arising from the termination of the LTIP Award(s) or this Scheme pursuant to the provisions of these By-Laws.

- 17.2 Notwithstanding any provisions of these By-Laws:

- (i) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person(s) of any company of the Group. The rights of any Eligible Person(s) under the terms of his/her office and/or employment with any company within the Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the LTIP Award(s) or consideration for the LTIP Award(s) afford such Eligible Person(s) any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (ii) this Scheme shall not confer on any person any legal or equitable right or other rights under any other law (other than those constituting the LTIP Awards) against the Company or any company within the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other law against any company within the Group.
- (iii) no LTIP Participant(s) or his/her personal or legal representative (as the case may be) shall bring any claim, action or proceeding against any company within the Group, the LTIP Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights to his/her LTIP Award(s) or his/her LTIP Award(s) ceasing to be valid pursuant to the provisions of these By-Laws; and
- (iv) the Company, the Board (including Directors that had resigned but were on the Board during the duration of the Scheme) or the LTIP Committee shall in no event be liable to the LTIP Participant(s) or his/her personal or legal representative (as the case may be) or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the price of the SQA Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company within the Group, the Board or the LTIP Committee has been advised of the possibility of such damage.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

18. DISPUTES

- 18.1 In case any dispute or difference shall arise between the LTIP Committee and an Eligible Person(s) or a LTIP Participant(s) or in the event of an appeal by an Eligible Person(s), as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the LTIP Committee during the duration of the Scheme. The LTIP Committee then shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) given to the Eligible Person(s) and/or the LTIP Participant(s), as the case may be provided that where the dispute is raised by a member of the LTIP Committee, the said member shall abstain from voting in respect of the decision of the LTIP Committee in that instance. In the event the Eligible Person(s) or the LTIP Participant(s), as the case may be, shall dispute the same by written notice to the LTIP Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the LTIP Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the LTIP Committee shall be borne by such party.
- 18.2 Notwithstanding the foregoing provisions of By-Law 18.1 above, matters concerning adjustments made pursuant to By-Law 8 (where required in compliance with the provisions of the Listing Requirements) shall be referred to external auditors of the Company or the Adviser of the Company who shall act as experts and not as arbitrators, to confirm in writing that such adjustments are, in their opinion, fair and reasonable. Such confirmation shall be final and binding.

19. COSTS AND EXPENSES

- 19.1 Unless otherwise stipulated by the Company in the LTIP Award(s), all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issuance and/or transfer of the SQAI Shares pursuant to the vesting and/or exercise of the LTIP Award(s), shall be borne by the Company. Notwithstanding this, the LTIP Participant(s) shall bear any fees, costs and expenses incurred in relation to his/her acceptance of the LTIP Award(s) and/or exercise of the ESOS Option(s) under the Scheme and any holding or dealing of the SQAI Shares after the SQAI Shares have been successfully issued and allotted or transferred to the LTIP Participant(s) pursuant to the LTIP Award(s), including but not limited to the opening and maintenance of his or her own CDS Account, brokerage commissions and stamp duties.

20. CONSTITUTION

- 20.1 In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the provisions of the Constitution shall at all times prevail save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

21. TAXES

- 21.1 For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including, without limitation, income tax), if any, arising from the acceptance and vesting of the ESGS Award(s) and/or exercising of the ESOS Option(s) and any holding or dealing of such SQAI Shares (including but not limited to brokerage commissions and stamp duty) under the Scheme shall be borne by the LTIP Participant(s) for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

22. LISTING OF AND QUOTATION FOR THE SHARES

- 22.1 An application will be made by the Company for the listing of and quotation for the new SQA Shares to be issued pursuant to exercise of the ESOS Options on the Main Market of Bursa Securities.
- 22.2 The Company and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the new SQA Shares or in procuring Bursa Securities to list the new SQA Shares for which the ESOS Participant(s) are entitled to.
- 22.3 For avoidance of doubt, the Company is not required to submit an application to Bursa Securities for the listing of and quotation for the SQA Shares to be transferred pursuant the vesting of the ESGS Awards as the ESGS Awards shall be satisfied by way of existing SQA Shares only.

23. NOTICE

- 23.1 Any notice under the Scheme required to be given to or served upon the LTIP Committee by any Eligible Person(s) or LTIP Participant(s) or any correspondence to be made between any Eligible Person(s) or LTIP Participant(s) to the LTIP Committee shall be given or made in writing and either delivered by hand or sent to the LTIP Committee or the Company by email or ordinary letter. Notwithstanding the foregoing, proof of posting shall not be evidence of receipt of the letter.
- 23.2 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person(s) or the LTIP Participant(s) pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:
- (i) if it is sent by ordinary post by the Company to the Eligible Person(s) or the LTIP Participant(s) at the last address known to the Company as being his/her address such notice or request shall be deemed to have been received three (3) Market Days after posting;
 - (ii) if it is delivered by hand to the Eligible Person(s) or the LTIP Participant(s), such notice or request shall be deemed to have been received on the date of delivery; and
 - (iii) if it is sent by electronic media, including but not limited to electronic mail to the Eligible Person(s) or the LTIP Participant(s), such notice or request shall be deemed to have been received by the recipient on the Market Day immediately following the day on which the electronic mail is sent or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected.

Any change of address of the Eligible Person(s) or the LTIP Participant(s) shall be communicated in writing to the Company by email or ordinary letter.

- 23.3 Where any notice which the Company or the LTIP Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Person(s) or all the LTIP Participant(s) (as the case may be) pursuant to the Scheme, the Company or the LTIP Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the LTIP Participant(s) (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 23.2 above shall be deemed to be sufficiently given, served or made to all affected Eligible Person(s) or LTIP Participant(s), as the case may be.
- 23.4 Any certificate, notification, correspondence or other notice required to be given to the Company or the LTIP Committee shall be properly given if in writing and sent by registered post or delivered by hand (with acknowledgement of receipt) to the Company at its business address at No. 99, Lebuh Raya Kampung Jawa, Bayan Lepas Industrial Estate, 11900 Bayan Lepas, Penang or any other business address which may be notified in writing by the LTIP Committee from time to time.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

24. SEVERABILITY

- 24.1 Any term, condition, stipulation or provision in these By-Laws which is or becomes illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

25. DISCLOSURES IN ANNUAL REPORT

- 25.1 The Company will make such disclosures in its annual report for as long as the Scheme continues in operation as from time to time required by the Listing Requirements.

26. SUBSEQUENT LONG-TERM INCENTIVE PLAN

- 26.1 Subject to the approval of Bursa Securities and other relevant authorities, the Company may establish a new long-term incentive plan after the expiry date of this Scheme or upon termination of this Scheme.
- 26.2 The Company may implement more than one (1) scheme provided that the aggregate number of shares available under all the Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

27. GOVERNING LAW AND JURISDICTION

- 27.1 The Scheme, these By-Laws, all LTIP Award(s) awarded and actions taken under the Scheme shall be governed by and construed in accordance with the laws of Malaysia.
- 27.2 The Eligible Person(s), by accepting the LTIP Award(s) in accordance with these By-Laws and terms of the Scheme and the Constitution, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.

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ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

PART B

Section 1 – ESGS

The provisions of this Section 1 shall only apply to the ESGS.

28. ESGS AWARD

- 28.1 During the duration of the Scheme as provided under By-Law 12, the LTIP Committee may, at its sole discretion, at any time and from time to time award the ESGS Award(s) in writing to an Eligible Person(s) subject to the Maximum Allowable Allotment as set out in By-Law 5 and further subject to other terms and conditions of these By-Laws. Each ESGS Award awarded to the selected Eligible Person(s) shall be separate and independent from any previous or subsequent ESGS Award(s) awarded by the LTIP Committee to that Eligible Person(s).
- 28.2 The actual number of the ESGS Award(s) which may be awarded to an Eligible Person(s) shall be at the discretion of the LTIP Committee, subject to any adjustments that may be made under By-Law 8. The number of the SQA Shares arising from the vesting of the ESGS Award(s) shall not be less than one hundred (100) SQA Shares nor more than the Maximum Allowable Allotment as set out in By-Law 5 and shall be in multiples of one hundred (100) SQA Shares. The LTIP Committee may stipulate any terms and conditions it deems appropriate in an ESGS Award(s) and the terms and conditions of each may differ.
- 28.3 The LTIP Committee shall, in its LTIP Award letter to an Eligible Person(s), state, among others:
- (i) the number of the SQA Shares which the Eligible Person(s) shall be entitled upon acceptance of the ESGS Award(s);
 - (ii) the ESGS Award Date;
 - (iii) the manner of acceptance of the ESGS Award(s);
 - (iv) the closing date for acceptance of the ESGS Award(s);
 - (v) the Vesting Conditions, if any;
 - (vi) the ESGS Vesting Date(s); and
 - (vii) any other terms and conditions deemed necessary by the LTIP Committee.
- 28.4 Under the ESGS, the reference price of the ESGS Awards to be awarded will be determined based on the fair value of the ESGS Awards, which will take into account, among others, the market price of the SQA Shares on the award date of the ESGS Awards.
- 28.5 Without prejudice to By-Law 13, in the event the LTIP Award letter contains an error on the part of the Company in stating any of the particulars in By-Law 28.3 above, as soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental LTIP Award letter, stating the correct particulars referred to in By-Law 28.3.

29. ACCEPTANCE

- 29.1 The ESGS Award(s) shall be valid for acceptance by the Eligible Person(s) for a period of thirty (30) days from the ESGS Award Date (inclusive) or such period as may be determined by the LTIP Committee at its sole discretion on a case to case basis.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- 29.2 The ESGS Award(s) shall be accepted by an Eligible Person(s) within the time as aforesaid by written notice to the Company accompanied by a nominal non-refundable payment to the Company of a sum of RM1.00 only, as acceptance of the ESGS Award(s).
- 29.3 The day of receipt by the Company of such written notice shall constitute the date of acceptance of the ESGS Award(s).
- 29.4 If the ESGS Award(s) is not accepted in the manner as set out in By-Law 29.2 and within the time as set out in By-Law 29.1 or in the event of death or cessation of employment of the Eligible Person(s) or the Eligible Person(s) becomes a bankrupt prior to his/her acceptance of the ESGS Award(s), the ESGS Award(s) shall automatically lapse and become null and void. The ESGS Award(s) may, at the discretion of the LTIP Committee, be re-offered to other Eligible Person(s).
- 29.5 Upon acceptance of the ESGS Award(s) by the Eligible Person(s), the ESGS Award(s) will be vested to the ESGS Participant(s) on the ESGS Vesting Date(s) during the duration of the Scheme subject to the ESGS Participant(s) fulfilling the Vesting Conditions, if any, as determined by the LTIP Committee.
- 29.6 The ESGS Participant is not required to pay for the SQAI Shares they are entitled to receive upon vesting of the ESGS Award(s).

30. ESGS VESTING CONDITIONS

- 30.1 The LTIP Committee shall, as and when it deems necessary, review and determine at its own discretion the Vesting Conditions. The SQAI Shares to be transferred under the ESGS Award(s) shall be vested to the ESGS Participant(s) on the ESGS Vesting Date once the Vesting Conditions, if any, are fully and duly satisfied which includes among others, the following:
- (i) the ESGS Participant(s) must remain as an employee and shall not have given a notice to resign or receive a notice of termination as at the ESGS Vesting Date; and
 - (ii) any other conditions which are determined by the LTIP Committee.
- 30.2 If applicable, where the LTIP Committee has determined that the Vesting Conditions have been fully and duly satisfied, the LTIP Committee shall notify the ESGS Participant(s) of the number of the ESGS Shares vested or which will be vested to him/her on the ESGS Vesting Date ("**ESGS Vesting Notice**").
- 30.3 No ESGS Participant(s) shall have the right to or interest in the SQAI Shares under the ESGS Award(s) until and unless such number of SQAI Shares are credited into their respective CDS Accounts.
- 30.4 The ESGS Participant(s) shall provide all information as required in the ESGS Vesting Notice and subject to the provisions of the Listing Requirements, the Central Depositories Act, the Rules of Bursa Depository, the Constitution and any other relevant laws, the Company shall within eight (8) Market Days from the ESGS Vesting Date or such other period as may be prescribed or allowed by Bursa Securities, despatch notices of transfer to the ESGS Participant(s) accordingly, if applicable.
- 30.5 The SQAI Shares arising from the vesting of the ESGS Award(s) shall be credited directly to the CDS Account of the ESGS Participant(s), and no physical share certificate will be issued and delivered to the ESGS Participant(s). The ESGS Participant(s) shall provide the LTIP Committee with his CDS Account number when accepting the ESGS Award(s). Any change to the ESGS Participant(s)' CDS Account number will need to be made in writing to the LTIP Committee.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- 30.6 Any failure to comply with the procedures specified by the LTIP Committee or to provide information as required by the Company in the ESGS Vesting Notice or inaccuracy in the CDS Account number provided shall result in the ESGS Vesting Notice being rejected at the sole discretion of the LTIP Committee. The LTIP Committee shall inform the ESGS Participant of the rejection of the ESGS Vesting Notice within five (5) Market Days from the date of rejection and the ESGS Participant shall then be deemed not to have vested his/her ESGS Award(s).
- 30.7 Notwithstanding anything contrary contained in these By-Laws, the LTIP Committee shall have the right, at its sole discretion by notice in writing to the relevant ESGS Participant(s) to that effect, to suspend the unvested ESGS Award(s) of any ESGS Participant(s) who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such ESGS Participant or are found to have had no basis or justification) pending the outcome of such disciplinary proceedings.
- 30.8 In addition to the right to suspend, the LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate at its sole discretion, on the ESGS Participant's unvested ESGS Award(s) having regard to the nature of the charges made or brought against such ESGS Participant, provided always that:
- (i) in the event such ESGS Participant is found not guilty of the charges which gave rise to such disciplinary proceedings, the LTIP Committee shall reinstate the unvested ESGS Award(s) of such ESGS Participant;
 - (ii) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such ESGS Participant, all or any part of any unvested ESGS Award(s) of the ESGS Participant shall immediately lapse and become null and void and of no further force and effect, without notice to the ESGS Participant, upon pronouncement of the dismissal or termination of service of such ESGS Participant notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the ESGS Participant in any other forum;
 - (iii) in the event the ESGS Participant is found guilty but no dismissal or termination of service is recommended, the LTIP Committee shall have the right to determine at its sole discretion whether or not the ESGS Participant may continue to satisfy the Vesting Conditions of the unvested ESGS Award(s).

and nothing herein shall impose any obligations on the LTIP Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceedings and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the LTIP Committee's exercise of or failure to exercise any of its rights under these By-Laws.

31. NON-TRANSFERABILITY

- 31.1 An ESGS Award is personal to the Eligible Person(s) and shall be accepted solely by that Eligible Person and is not capable of being accepted by any third party on behalf of that Eligible Person by his/her representative or any other persons.
- 31.2 Subject to the provisions in these By-Laws, an ESGS Award is personal to the ESGS Participant(s) during his/her employment or appointment within the Group and it shall not be transferred, assigned or disposed of by the ESGS Participant(s).

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

32. TERMINATION OF ESGS AWARD(S)

32.1 Prior to the full vesting of any ESGS Award(s) in the manner as provided for under By-Law 30.2, such ESGS Award(s) that remain unvested shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company in the following circumstances:

- (i) termination or cessation of employment of the ESGS Participant(s) within the Group for any reason whatsoever, in such event the unvested ESGS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within the Group on the day the ESGS Participant(s)' employer accepts his/her notice of resignation or the ESGS Participant(s)' employer notifies the ESGS Participant(s) of termination of his/her employment or on the day the ESGS Participant(s) notifies his/her employer of his/her resignation or on the ESGS Participant(s)' last day of employment, whichever is the earlier; or
- (ii) bankruptcy of the ESGS Participant(s), in such event the unvested ESGS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within the Group on the date a receiving order is made against the ESGS Participant(s) by a court of competent jurisdiction; or
- (iii) upon the happening of any other event which results in the ESGS Participant(s) being deprived of the beneficial ownership of the unvested ESGS Award(s), in such event the unvested ESGS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within the Group on the date such event occurs; or
- (iv) winding up or liquidation of the Company, in such event the unvested ESGS Award(s) shall be automatically terminated and/or cease to be valid on the following date:
 - (a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (v) the company which employs the ESGS Participant(s) ceasing to be part of the Group in such event the ESGS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid on the date the company ceases to be part of the Group; or
- (vi) termination of the Scheme pursuant to By-Law 12.5, in such event the unvested ESGS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within the Group on the termination date,

whichever shall be applicable.

32.2 Upon the termination of the unvested ESGS Award(s) pursuant to By-Law 32.1 above, the ESGS Participant(s) shall have no right to compensation or damages or any claim against the Company or any company within the Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any ESGS Award(s) or his/her ESGS Award(s) ceasing to be valid.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

32.3 Notwithstanding By-Law 32.1(i) above, the LTIP Committee may at its discretion allow for all or any part of any unvested ESGS Award(s) to vest in accordance with the provisions of these By-Laws on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

- (i) retirement upon or after attaining the age in accordance with the Company's retirement policy; or
- (ii) retirement before attaining the normal retirement age with the consent of his/her employer; or
- (iii) ill-health, injury, physical or mental disability; or
- (iv) redundancy or retrenchment pursuant to the acceptance by that ESGS Participant(s) or a voluntary separation scheme offered by a company within the Group; or
- (v) any other circumstance as may be deemed as acceptable to the LTIP Committee in its sole discretion,

PROVIDED THAT no ESGS Award(s) shall vest after the expiry of the vesting period. Unless the LTIP Committee in its discretion permits such vesting in accordance with this By-Law 32.3, any unvested ESGS Award(s) shall cease or be deemed to cease to be capable of vesting to the ESGS Participant(s) without any liability or right to claim against the Company and/or the LTIP Committee and/or the Board.

32.4 Where an ESGS Participant dies before the expiry of the vesting period for the ESGS Award(s), the LTIP Committee may at its discretion determine that all or any part of any unvested ESGS Award(s) held by the ESGS Participant, be vested to the executor or administrator of that deceased ESGS Participant, and the times or periods at or within which such ESGS Award(s) may vest, provided always that no ESGS Award(s) may vest after the expiry of the vesting period. In this regard, the LTIP Committee may require the executor or administrator of that deceased ESGS Participant to provide evidence satisfactory to the LTIP Committee of his/her status as such executor or administrator, as the case may be.

32.5 Notwithstanding By-Law 32.4 above, the ESGS Participant(s) may, during his/her lifetime, nominate any of his/her immediate family members who have attained the age of 18 years at the time of nomination to receive the ESGS Award(s) (which are unvested at the time of the death of the deceased ESGS Participant) after the death of the deceased ESGS Participant(s) but in any event during the duration of the scheme. The ESGS Award(s) awarded pursuant to the provision of this By-Law 32.5 may be for the benefit of the estate of the ESGS Participant(s) or the personal benefit of the nominated person. The nomination as aforesaid shall be made by the ESGS Participant(s) during his/her lifetime and shall be in the prescribed form approved by the LTIP Committee and the SQA Shares to be issued will be in the name of the deceased ESGS Participant's estate or in the name of the nominated person as the ESGS Participant(s) shall elect in his/her lifetime. In the event no nomination is made by the ESGS Participant(s) during his/her lifetime, the LTIP Committee may at its discretion determine that his/her unvested ESGS Award(s) shall only be vested to the legal personal representatives pursuant to By-Law 32.4 above.

32.6 For the purposes of By-Law 32.5 above, the term "immediate family members" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the ESGS Participant(s).

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

SECTION 2 – ESOS

The provisions of this Section 2 shall only apply to the ESOS.

33. ESOS AWARD

- 33.1 During the duration of the Scheme as provided under By-Law 12, the LTIP Committee may, at its sole discretion, at any time and from time to time award the ESOS Award(s) in writing to an Eligible Person(s) subject to the Maximum Allowable Allotment as set out in By-Law 5 and further subject to other terms and conditions of these By-Laws. Each ESOS Award(s) awarded to selected Eligible Person(s) shall be separate and independent from any previous or subsequent ESOS Award(s) awarded by the LTIP Committee to that Eligible Person(s).
- 33.2 The actual number of ESOS Option(s) which may be awarded to an Eligible Person(s) shall be at the discretion of the LTIP Committee, subject to any adjustments that may be made under By-Law 8. The number of the SQA Shares which may be allotted and issued upon exercising the ESOS Option(s) shall not be less than one hundred (100) SQA Shares nor more than the Maximum Allowable Allotment as set out in By-Law 5 and shall be in multiples of one hundred (100) SQA Shares. The LTIP Committee may stipulate any terms and conditions it deems appropriate in an ESOS Award(s) and the terms and conditions of each may differ.
- 33.3 The LTIP Committee shall, in its LTIP Award letter to an Eligible Person(s), state, among others:
- (i) the number of ESOS Option(s) under the ESOS Award(s) that are being awarded to the Eligible Person(s);
 - (ii) the number of the SQA Share(s) which the Eligible Person(s) shall be entitled to subscribe for upon the exercise of the ESOS Option(s);
 - (iii) the ESOS Award Date;
 - (iv) the manner of acceptance of the ESOS Award(s);
 - (v) the Exercise Price;
 - (vi) the closing date for acceptance of the ESOS Award(s);
 - (vii) the Vesting Conditions, if any;
 - (viii) the ESOS Vesting Date(s); and
 - (ix) any other terms and conditions deemed necessary by the LTIP Committee.
- 33.4 Without prejudice to By-Law 13, in the event the LTIP Award letter contains an error on the part of the Company in stating any of the particulars in By-Law 33.3 above, the following provisions shall apply:
- (i) as soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental LTIP Award letter, stating the correct particulars referred to in By-Law 33.3;
 - (ii) in the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental LTIP Award letter shall remain as the Exercise Price as per the original LTIP Award letter; and
 - (iii) in the event that the error relates to the Exercise Price, the applicable Exercise Price shall be the Exercise Price in the supplemental LTIP Award letter and with effect as at the date of the supplemental LTIP Award letter, save and except with respect to any ESOS Option(s) which have already been exercised as at the date of issue of the supplemental LTIP Award letter.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

34. ACCEPTANCE

- 34.1 The ESOS Award(s) shall be valid for acceptance by the Eligible Person(s) for a period of thirty (30) days from the ESOS Award Date (inclusive) or such period as the LTIP Committee at its sole discretion on a case to case basis.
- 34.2 The ESOS Award(s) shall be accepted by an Eligible Person(s) within the time as aforesaid by written notice to the Company accompanied by a nominal non-refundable payment to the Company of a sum of RM1.00 only, as acceptance of the ESOS Award(s).
- 34.3 The day of receipt by the Company of such written notice shall constitute the date of acceptance of ESOS Award(s).
- 34.4 If the ESOS Award(s) is not accepted in the manner as set out in By-Law 34.2 and within the time as set out in By-Law 34.1 or in the event of death or cessation of employment of the Eligible Person(s) or the Eligible Person(s) becomes a bankrupt prior to his/her acceptance of the ESOS Award(s), the ESOS Award(s) shall automatically lapse and become null and void. The ESOS Award(s) may, at the discretion of the LTIP Committee, be re-offered to other Eligible Person(s).
- 34.5 Upon acceptance of the ESOS Award(s) by the Eligible Person(s), the ESOS Award(s) will be vested to the ESOS Participant(s) on the ESOS Vesting Date(s) during the duration of the Scheme, subject to the ESOS Participant(s) fulfilling the vesting condition(s), if any, as determined by the LTIP Committee.

35. ESOS VESTING CONDITIONS AND EXERCISE OF OPTIONS

- 35.1 Subject to the provisions of these By-Laws, the ESOS Option(s) awarded to the ESOS Participant(s) are exercisable by that ESOS Participant(s) during his/her employment in the Group during the duration of the Scheme. All unexercised ESOS Options shall become null and void after the expiry date of this Scheme without any claim against the Company or any company within the Group.
- 35.2 The LTIP Committee shall, as and when it deems necessary, review and determine at its own discretion the Vesting Conditions. The ESOS Option(s) can be exercised by the ESOS Participant(s) on the ESOS Vesting Date once the Vesting Conditions, if any, are fully and duly satisfied which includes among others, the following:
- (i) the ESOS Participant(s) must remain as an employee and shall not have given a notice to resign or receive a notice of termination on the ESOS Vesting Date; and
 - (ii) any other conditions which are determined by the LTIP Committee.
- 35.3 If applicable, where the LTIP Committee has determined that the Vesting Conditions have been fully and duly satisfied, the LTIP Committee shall notify the ESOS Participant(s) the number of ESOS Options vested or which will be vested to him/her on the ESOS Vesting Date ("**ESOS Vesting Notice**").
- 35.4 An ESOS Participant shall exercise his/her ESOS Option(s) by notice in writing to the Company in such form as the LTIP Committee may prescribe or approve. The procedure for the exercise of the ESOS Option(s) to be complied with by an ESOS Participant shall be determined by the LTIP Committee from time to time.
- 35.5 Every written notice to exercise the ESOS Option(s) shall state the number of the SQA Shares that an ESOS Participant intends to subscribe and shall state his CDS Account ("**Notice of Exercise**").

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- 35.6 The ESOS Participant(s) shall complete the Notice of Exercise together with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the LTIP Committee for the full amount of the Exercise Price in relation to the number of SQA Shares in respect of which the Notice of Exercise is given and subject to the provisions of the Listing Requirements, the Central Depositories Act, the Rules of Bursa Depository, the Constitution and any other relevant laws, the Company shall within eight (8) Market Days from the date of receipt of the Notice of Exercise or such other period as may be prescribed or allowed by Bursa Securities,
- (i) allot and issue such number of SQA Shares to the ESOS Participant(s) (subject to absolute discretion of the LTIP Committee); and
 - (ii) despatch a notice of allotment to the ESOS Participant, if applicable.
- 35.7 The SQA Shares arising from the exercising of the ESOS Award(s) shall be credited directly to the CDS Account of the ESOS Participant(s) and no physical share certificate will be issued and delivered to the ESOS Participant(s). The ESOS Participant(s) shall provide the LTIP Committee with his/her CDS Account number when accepting the ESOS Award(s). Any change to the ESOS Participant(s)' CDS Account number will need to be made in writing to the LTIP Committee.
- 35.8 Any failure to comply with the procedures specified by the LTIP Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the sole discretion of the LTIP Committee. The LTIP Committee shall inform the ESOS Participant of the rejection of the Notice of Exercise within five (5) Market Days from the date of rejection and the ESOS Participant shall then be deemed not to have exercised his/her ESOS Option(s).
- 35.9 The LTIP Committee may with its power under By-Law 13, at any time and from time to time, before and after the ESOS Award(s) is awarded, limit the exercise of the ESOS Options to a maximum number of SQA Shares and/or such percentage of the total SQA Shares comprised in the ESOS Options and impose any other terms and/or conditions deemed appropriate by the LTIP Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.
- 35.10 An ESOS Participant shall exercise the ESOS Option(s) awarded to him/her in whole or part multiples of one hundred (100) new SQA Shares or such other units of the SQA Shares constituting one (1) board lot as may be determined by the LTIP Committee, save and except where an ESOS Participant's balance of ESOS Option(s) exercisable in accordance with these By-Laws shall be less than one hundred (100) new SQA Shares or such other units of the SQA Shares constituting one (1) board lot as may be determined by the LTIP Committee, in which case the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an ESOS Option shall not preclude the ESOS Participant from exercising the ESOS Option(s) as to the balance of any ESOS Option(s).
- 35.11 Notwithstanding anything contrary contained in these By-Laws, the LTIP Committee shall have the right, at its sole discretion by notice in writing to the relevant ESOS Participant(s) to that effect, to suspend the right of any ESOS Participant(s) who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such ESOS Participant or are found to have had no basis or justification) to exercise his/her ESOS Option(s) pending the outcome of such disciplinary proceedings.
- 35.12 In addition to the right to suspend, the LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate at its sole discretion, on the ESOS Participant's right to exercise his/her ESOS Option(s) having regard to the nature of the charges made or brought against such ESOS Participant, provided always that:

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- (i) in the event such ESOS Participant is found not guilty of the charges which gave rise to such disciplinary proceedings, the LTIP Committee shall reinstate the right of such ESOS Participant to exercise his/her ESOS Option(s);
- (ii) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such ESOS Participant, all unexercised and partially exercised ESOS Option(s) of the ESOS Participant shall immediately lapse and become null and void and of no further force and effect, without notice to the ESOS Participant, upon pronouncement of the dismissal or termination of service of such ESOS Participant notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the ESOS Participant in any other forum;
- (iii) in the event the ESOS Participant is found guilty but no dismissal or termination of service is recommended, the LTIP Committee shall have the right to determine at its sole discretion whether or not the ESOS Participant may continue to exercise his/her ESOS Option(s) or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise right.

and nothing herein shall impose any obligations on the LTIP Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceedings and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the LTIP Committee's exercise of or failure to exercise any of its rights under these By-Laws.

36. NON-TRANSFERABILITY

- 36.1 An ESOS Award(s) is personal to the Eligible Person(s) and shall be accepted solely by that Eligible Person(s) and is not capable of being accepted by any third party on behalf of that Eligible Person(s) by his/her representative or any other persons.
- 36.2 Subject to the provisions in these By-Laws, an ESOS Award(s) is personal to the ESOS Participant(s) during his/her employment or appointment within the Group and it shall not be transferred, assigned or disposed of by the ESOS Participant(s).

37. EXERCISE PRICE

- 37.1 Subject to any adjustments in accordance with By-Law 8 and pursuant to the Listing Requirements, the Exercise Price shall be based on a price to be determined by the Board upon recommendation of the LTIP Committee, based on the volume weighted average price of the SQA Shares for the five (5) Market Days at the ESOS Award Date with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and / or any other relevant authorities from time to time during the duration of the Scheme.

38. TERMINATION OF ESOS AWARD(S)

- 38.1 Prior to the full vesting of any ESOS Award(s) in the manner as provided for under By-Law 35.3, such ESOS Award(s) that remain unvested shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company in the following circumstances:
- (i) termination or cessation of employment of the ESOS Participant(s) within the Group for any reasons whatsoever, in which event the ESOS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within the Group on the day the ESOS Participant(s)' employer accepts his/her notice of resignation or the ESOS Participant(s)' employer notifies the ESOS Participant(s) of termination of his/her employment or on the day the ESOS Participant(s) notifies his/her employer of his/her resignation or on the ESOS Participant(s)' last day of employment, whichever is the earlier; or

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

- (ii) bankruptcy of the ESOS Participant(s), in which event the ESOS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within the Group on the date a receiving order is made against the ESOS Participant(s) by a court of competent jurisdiction; or
- (iii) upon the happening of any other event which results in the ESOS Participant(s) being deprived of the beneficial ownership of the ESOS Award(s), in such event the ESOS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within the Group on the date such event occurs; or
- (iv) winding up or liquidation of the Company, in such event the ESOS Option(s) shall be automatically terminated on the following date:
 - (a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (v) the company which employs the ESOS Participant(s) ceasing to be part of the Group in such event the ESOS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid on the date the company ceases to be part of the Group; or
- (vi) termination of the Scheme pursuant to By-Law 12.5, in such event the ESOS Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within the Group on the termination date;

whichever shall be applicable.

38.2 Upon the termination of the ESOS Award(s) pursuant to By-Laws 38.1 above, the ESOS Participant(s) shall have no right to compensation or damages or any claim against the Company or any company within the Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any ESOS Award(s) or his/her ESOS Award(s) ceasing to be valid.

38.3 Notwithstanding By-Law 38.1 above, the LTIP Committee may at its discretion allow an ESOS Participant to continue to hold and to exercise any ESOS Option(s) held by him/her in accordance with the provisions of these By-Laws on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

- (i) retirement upon or after attaining the age in accordance with the Company's retirement policy; or
- (ii) retirement before attaining the normal retirement age with the consent of his/her employer; or
- (iii) ill-health, injury, physical or mental disability; or
- (iv) redundancy, retrenchment pursuant to the acceptance by that ESOS Participant(s) or voluntary separation scheme offered by a company within the Group; or
- (v) any other circumstances as may be deemed as acceptable to the LTIP Committee in its sole discretion.

ANNEXURE D: BY-LAWS GOVERNING THE LTIP (CONT'D)

38.4 Applications under By-Law 38.3 above shall be made during the duration of the Scheme and:

- (i) in a case where By-Law 38.3(i), (ii) or (v) is applicable, within six (6) months before the ESOS Participant(s)' last day of employment, the ESOS Participant(s) may be vested with such number of unvested SQA Shares under the ESOS Award(s) within the said one (1) month period. In the event that no application is received by the LTIP Committee within the said period, any such number of unvested SQA Shares under the ESOS Award(s) at the expiry of the said period shall be automatically terminated;
- (ii) in a case where By-Law 38.3(iii) is applicable, within six (6) months after the ESOS Participant(s) notifies his/her employer of his/her resignation due to ill-health, injury, physical or mental disability, the ESOS Participant(s) may be vested with such number of unvested SQA Shares under the ESOS Award(s) within the said 6-month period. In the event that no application is received by the LTIP Committee within the said period, any unvested SQA Shares under the ESOS Award(s) at the expiry of the said period shall be automatically terminated; and
- (iii) in a case where By-Law 38.3(iv) is applicable, within six (6) months after the ESOS Participant(s) are notified that he/she will be retrenched or, where he/she is given an offer by his/her employer as to whether he/she wishes to accept retrenchment upon certain terms, and within 6 months after he/she accepts such offer. Thereafter, any such number of unvested and/or unexercised SQA Shares under the ESOS Award(s) at the expiry of the said period shall be automatically terminated.

38.5 The LTIP Committee shall consider applications under By-Law 38.3 on a case to case basis and may at its sole discretion approve or reject any application in whole or in part without giving any reasons thereof and may impose any terms and conditions in granting an approval. The decisions of the LTIP Committee shall be final and binding. In the event the LTIP Committee approves an application in whole or in part, the ESOS Participant(s) may exercise the ESOS Option(s) which are the subject of the approval for such period so approved by the LTIP Committee during the duration of the Scheme and subject to the provisions of By-Law 35. Any ESOS Option(s) in respect of which an application is rejected shall be deemed automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 38.1 or on the date of the LTIP Committee's decision, whichever is the later.

38.6 In the event an ESOS Participant(s) dies before the expiration of the duration of the Scheme and at the time of his/her death held unexercised ESOS Option(s), such unexercised ESOS Option(s) may be exercised by the representative of the deceased ESOS Participant(s) after the date of his/her death provided that such exercise shall be within the duration of the Scheme subject to the approval of the LTIP Committee.

38.7 Notwithstanding By-Law 38.6 above, the ESOS Participant(s) may, during his/her lifetime, nominate any of his/her immediate family members who have attained the age of eighteen (18) years at the time of nomination to exercise the ESOS Option(s) (which are unexercised at the time of the death of the deceased ESOS Participant) or after the death of the deceased ESOS Participant but in any event during the duration of the scheme. The ESOS Option(s) exercised pursuant to the provision of this By-Law 38.7 may be for the benefit of the estate of the ESOS Participant(s) or the personal benefit of the nominated person. The nomination as aforesaid shall be made by the ESOS Participant(s) during his/her lifetime and shall be in the prescribed form approved by the LTIP Committee and the SQA Shares to be allotted and issued will be in the name of the deceased ESOS Participant's estate or in the name of the nominated person as the ESOS Participant(s) shall elect in his/her lifetime. In the event no nomination is made by the ESOS Participant(s) during his/her lifetime, his/her unexercised ESOS Option(s) shall only be exercised by the legal personal representatives pursuant to By-Law 38.6 above.

38.8 For the purposes of By-Law 38.7 above, the term "immediate family members" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the ESOS Participant(s).