

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

This Circular has been reviewed by Affin Hwang Investment Bank Berhad, being the Principal Adviser of the Company for the Proposed Acquisitions (as defined herein).



YBS INTERNATIONAL BERHAD
Registration No. 200201014380 (582043-K)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED ACQUISITIONS BY YBS INTERNATIONAL BERHAD ("YBS" OR "COMPANY"), OF 100.00% EQUITY INTERESTS IN ALLIED PRECISION TECHNOLOGIES (M) SDN BHD, ALLIED PRECISION (THAILAND) COMPANY LIMITED, ALLIED PRECISION MANUFACTURING (M) SDN BHD AND ALLIED TECHNOLOGIES (SAIGON) CO LTD FROM ALLIED TECHNOLOGIES HOLDINGS PTE LTD FOR A TOTAL CASH CONSIDERATION OF UP TO USD38,000,000 (EQUIVALENT TO RM159,144,000) ("PROPOSED ACQUISITIONS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AFFIN HWANG INVESTMENT BANK BERHAD
(Registration No.: 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("EGM") of YBS will be held at Mertajam, Level 1, Holiday Inn & Suites Penang Prai, 1919, Menara Sentral, Jalan Juru Sentral, 14000 Bukit Mertajam, Pulau Pinang on Wednesday, 3 December 2025 at 11.00 a.m. or any adjournment thereof. The Notice of EGM, together with the Proxy Form are enclosed in this Circular, which are also available for download from the Company's website at www.ybsinternational.com or Bursa Securities' website at www.bursamalaysia.com.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Proxy Form should be completed, signed and lodged at the Share Registrar's office, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or alternatively to lodge electronically via the portal at <https://www.equiti.my/> or emailed to mega-shareereg@megacorp.com.my not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 1 December 2025 at 11.00 a.m.

Date and time of the EGM : Wednesday, 3 December 2025 at 11.00 a.m.

This Circular is dated 18 November 2025

DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

Accountants' Report	: Accountants' Report of the Target Companies for FYEs 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024
Act	: Companies Act 2016
Affin Hwang IB	: Affin Hwang Investment Bank Berhad (Registration No.: 197301000792 (14389-U))
ATH or Vendor	: Allied Technologies Holdings Pte Ltd (Unique Entity Number: 201800387N)
APTM	: Allied Precision Technologies (M) Sdn Bhd (Registration No.: 201601027135 (1198074-T))
APTC	: Allied Precision (Thailand) Company Limited (Registration No.: 0765557000171)
APM	: Allied Precision Manufacturing (M) Sdn Bhd (Registration No.: 199901020916 (495816-P))
AT Assets	: AT Assets Pte Ltd (Unique Entity Number: 202414226G)
ATSC	: Allied Technologies (Saigon) Co Ltd (Enterprise Code: 0303163388)
Agreement	: Master sale and purchase agreement dated 28 May 2025 entered into between the Company and the Vendor in relation to the Proposed Acquisitions
Board	: The Board of Directors of YBS
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
BNM	: Bank Negara Malaysia
Circular	: This circular to the shareholders of YBS dated 18 November 2025 in relation to the Proposed Acquisitions
Comparable Companies	: Selected comparable companies that are principally involved in the precision engineering industry
Comparable Transactions	: Recent comparable transactions undertaken by companies that had entered into the acquisitions (controlling stake) of companies in Malaysia, Thailand and Vietnam that are principally in the precision engineering industry
CTA	: Comparable transaction analysis
Completion Date	: The date falling thirty (30) days from the Pre-Completion Date, or such other date as may be agreed between the parties in writing, being a business day, and on which Completion takes place
Date of Opinion	: 15 August 2025, being the date of SCA's opinion in the Fairness Opinion Report
DBD	: Department of Business Development, the Ministry of Commerce of Thailand

DEFINITIONS (CONT'D)

Decree 31	:	Decree No. 31/2021/ND-CP dated 26 March 2021 of the Government of Vietnam on elaboration of some articles of the Law on Investment
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EGM	:	Extraordinary General Meeting
ESOS	:	YBS' employees' share option scheme which will expire on 28 February 2026
EPS	:	Earnings per Share
EV	:	Enterprise value
EV/EBITDA Multiple	:	EV to EBITDA multiple
Fairness Opinion Report	:	The expert's report dated 20 August 2025 prepared by SCA on the fairness of the Purchase Price
FBA	:	Foreign Business Act, B.E.2542(1999)
FBL	:	Foreign business license
FIE	:	Foreign investor invested
FYE	:	Financial year ended/ending, as the case may be
Kenneth Low	:	Low Si Ren, Kenneth
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Law on Enterprises or LOE	:	Law No. 59/2020/QH14 on Enterprises adopted by the National Assembly on 17 June 2020
Law on Investment or LOI	:	Law No. 61/2020/QH14 on Investment adopted by the National Assembly of Vietnam on 17 June 2020
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	31 October 2025, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per Share
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of Investment, Trade and Industry
MOU	:	Memorandum of understanding
NA	:	Net assets
NBV	:	Net book value

DEFINITIONS (CONT'D)

Operational EBITDA	:	Aggregate audited unrealised earnings before interest, taxes, depreciation and amortisation, gain/loss on derecognition of right-of-use-assets and lease liabilities, gain/loss on disposal of property, plant and equipment, gain/loss on foreign exchange and, property, plant and equipment written off of the Target Companies (calculated in accordance with post-MFRS116), subject to adjustments to exclude any increased expenses in relation to employees of the Target Companies as at the management accounts date
Operational EBITDA Target	:	Operational EBITDA in respect of the Target Companies for the Target Period shall not be less than USD8,000,000 (equivalent to RM33,504,000)
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PCBs	:	Printed circuit boards
PE Multiple	:	Price to earnings multiple
Pre-Completion Date	:	On or before the date falling three (3) months from the Unconditional Date, or such other date as may be agreed between the parties in writing, being a business day, and on which the Part Purchase Price is deposited with the Vendor's solicitors as stakeholders and on which matters stated in Section 4 of Appendix I of this Circular take place in accordance with the terms therein
Purchase Price	:	The purchase price for the Proposed Acquisitions of up to USD38,000,000 (equivalent to RM159,144,000). The details of which are set out in the Section 2.1 of this Circular
Proposed Acquisitions	:	Collectively, the Proposed Acquisition of APTM, Proposed Acquisition of APTC, Proposed Acquisition of APM and Proposed Acquisition of ATSC
Proposed Acquisition of APM	:	Proposed acquisition of 100% equity interest in APM from the Vendor for a cash consideration of USD7,127,250
Proposed Acquisition of APTC	:	Proposed acquisition of 100% equity interest in APTC from the Vendor for a cash consideration of USD12,382,250
Proposed Acquisition of APTM	:	Proposed acquisition of 100% equity interest in APTM from the Vendor for a cash consideration of USD14,550,250
Proposed Acquisition of ATSC	:	Proposed acquisition of 100% equity interest in ATSC from the Vendor for a cash consideration of USD3,940,250
PPE	:	Property, plant and equipment
Retention Sum	:	Part of the Purchase Price that will be retained as retention sum, amounting to USD6,000,000
RM and sen	:	Ringgit Malaysia and sen, respectively
RVA	:	Relative valuation analysis
SCA	:	Strategic Capital Advisory Sdn Bhd (Registration No.: 199901003253 (478153-U))
SG CA	:	Singapore Companies Act 1967

DEFINITIONS (CONT'D)

SGX RegCo	:	Singapore Exchange Regulation
SIC	:	Securities Industry Council
Security Amount	:	Part of the Purchase Price that will be further retained as security amount, amounting to USD6,000,000 for the Target Period
SHTP Management Board	:	Management Board of Saigon Hi-Tech Park of Vietnam
Target Companies or Allied Group	:	Collectively, APTM, APTC, APM and ATSC
Target Period	:	Period from 1 April 2025 to 31 March 2027
THB	:	Thai Baht
USA	:	United States of America
USD	:	United States Dollar
VND	:	Vietnamese Dong
WHT	:	Withholding tax
YBS or Company or Purchaser	:	YBS International Berhad (Registration No.: 200201014380 (582043-K))
YBS Group or Group	:	YBS and its subsidiaries, collectively
YBS Share(s) or Share(s)	:	Ordinary share(s) in YBS

Exchange rate:

Unless otherwise stated and wherever applicable, the following exchange rate as at the LPD is used throughout this Circular for illustration purposes:

THB100: RM12.9539

USD1.00: RM4.1880

(Source: BNM's website)

Reference to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, the subsidiaries of the Company. All references to “you” are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED ACQUISITIONS. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Summary	Reference to this Circular
Summary of the Proposed Acquisitions	The Proposed Acquisitions entails YBS acquiring 100% equity interests in the Target Companies for a total cash consideration of up to USD38,000,000 (equivalent to RM159,144,000).	Section 1
Basis of and justification for the Purchase Price	The Purchase Price was arrived at on a “willing-buyer willing-seller” basis, after taking into consideration, amongst others, the following: (i) the combined EBITDA of the Target Companies for FYE 31 December 2023 of approximately RM25.98 million; (ii) the Operational EBITDA Target provided by the Vendor; and (iii) the combined NA of the Target Companies as at 31 December 2023 of approximately RM66.62 million. For informational purposes, the combined PAT, EBITDA and NA of the Target Companies for FYE 31 December 2024 based on the Accountants’ Report are approximately RM24.92 million, RM38.71 million and RM75.96 million respectively.	Section 2.7
Rationale for the Proposed Acquisitions	(i) The Proposed Acquisitions are part of YBS’ strategic plan to effectively grow its business and market share by increasing its production capacity as well as widening its product and service offerings within the integrated distribution channel and value chain. (ii) The Proposed Acquisitions will provide YBS Group an opportunity to leverage on the strengths of the Target Companies in terms of technology, manufacturing facilities and business practices to drive the technology development initiatives and continue business growth of the enlarged YBS Group. (iii) The Proposed Acquisitions will enhance YBS’ shareholders’ value in the medium to long term as the Proposed Acquisitions are expected be earnings accretive (the Group will be able to consolidate the financial results of the Target Companies upon completion of the Proposed Acquisitions).	Section 3

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to this Circular
Effects of the Proposed Acquisitions	The effects of the Proposed Acquisitions are as follows: (i) the Proposed Acquisitions will not have any effect on the issued share capital and substantial shareholders' shareholdings of YBS as the Proposed Acquisitions do not involve any issuance of new YBS Shares; (ii) the pro forma NA per Share of the Group will decrease from approximately RM0.46 to approximately RM0.45 after taking into consideration the estimated expenses for the Proposed Acquisitions of approximately RM4.00 million. The pro forma gearing ratio of the Group will also increase from 0.39 times to 1.77 times upon completion of the Proposed Acquisitions; and (iii) the Group will record a pro forma EPS of approximately 0.72 sen instead of LPS of approximately 3.42 sen after taking into consideration the estimated expenses for the Proposed Acquisitions, combined PAT of the Target Companies and interest expenses arising from the full drawdown of bank borrowings of approximately RM4.00 million, approximately RM24.92 million and approximately RM8.72 million, respectively.	Section 7
Interest of directors, major shareholders and/or persons connected with them	None of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, directly or indirectly, in the Proposed Acquisitions.	Section 10
Directors' statement and recommendation	The Board, having considered all aspects of the Proposed Acquisitions, including but not limited to the basis and justifications for the Purchase Price, rationale and benefits of the Proposed Acquisitions, effects of the Proposed Acquisitions as well as the prospects of the Target Companies and the risks involved, is of the opinion that the Proposed Acquisitions are in the best interests of the Company. Accordingly, the Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM of the Company.	Section 13



YBS INTERNATIONAL BERHAD
Registration No. 200201014380 (582043-K)
(Incorporated in Malaysia)

Registered Office:

170-09-01
Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

18 November 2025

Board of Directors:

Dato' Dr. Mohd Sofi bin Osman
Yong Chan Cheah
Yong Li-Xiang
Dato' Jimmy Ong Chin Keng
Gor Siew Yeng
Najihah binti Abas

Independent Non-Executive Chairman
Group Managing Director and Chief Executive Officer
Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director

To: The Shareholders of the Company

Dear Sir/Madam,

PROPOSED ACQUISITIONS

1. INTRODUCTION

On 18 September 2024, Affin Hwang IB had, on behalf of the Board, announced that the Company had on even date entered into a MOU with the Vendor in relation to the proposed acquisition of 100% equity interest in the Target Companies and/or assets of the Target Companies.

On 17 April 2025, Affin Hwang IB had, on behalf of the Board, announced that the Company and the Vendor had mutually agreed to extend the expiry date for the MOU to 30 May 2025.

On 28 May 2025, Affin Hwang IB had, on behalf of the Board, announced that the Company had entered into the Agreement with the Vendor for the acquisition of 100% equity interests in the Target Companies for a total cash consideration of up to USD38,000,000 (equivalent to RM159,144,000).

On 17 July 2025, Affin Hwang IB had, on behalf of the Board, announced that the Company had on 7 July 2025 submitted an application to Bursa Securities to seek for an extension of time to submit the draft Circular i.e. by 27 September 2025 ("**Extension of Time**") to comply with Rule 9.32(1)(a) of the Listing Requirements. Bursa Securities had, vide its letter dated 17 July 2025, resolved to grant YBS the Extension of Time.

On 4 August 2025, Affin Hwang IB had, on behalf of the Board, announced that BNM had vide its letter dated 1 August 2025, resolved to approve the Proposed Acquisition of APTC for investment of up to USD4.90 million (equivalent to approximately RM21.00 million) under the Foreign Exchange Policy Notices. BNM had also via the same letter stated that its approval for the investment amounting to USD3.94 million (equivalent to approximately RM17.01 million) in relation to Proposed Acquisition of ATSC is not required as such investment amount is within the allowable aggregate investment limit for YBS Group (resident entities) for year 2025. For informational purposes, the Proposed Acquisition of APTM and Proposed Acquisition of APM are not subject to BNM's approval under the Foreign Exchange Policy Notices.

On 30 October 2025, Affin Hwang IB had, on behalf of the Board, announced that the Company and the Vendor had via a letter dated 30 October 2025 ("**Variation Letter**") mutually agreed that no Operating Profit* shall be required to be paid by YBS to the Vendor. Both the Company and the Vendor agreed to this variation as the parties could not agree on the payment mechanism of the Operating Profit due to its complexity and the intention of the parties to complete the Proposed Acquisitions in an expedient manner. As a result of the Variation Letter, the definition of Operating Profit and Operating Profit Payment Agreement and clauses 6.1.11, 7.5(b), 7.5(c) and 7.9 of the Agreement shall be deleted. Further, clause 8.3.3 of the Agreement shall also be deleted and replaced by the paragraph stated in Section 5.3.3 of Appendix I of this Circular.

* Being 50% of the total earnings less the total operating expenses of the Target Companies, but excluding the deduction of interest and taxes, for the period commencing from 1 January 2025 until the Completion Date.

Further details of the Proposed Acquisitions are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR, TOGETHER WITH THE APPENDICES, IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITIONS TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Details of the Proposed Acquisitions

The Proposed Acquisitions entail the acquisition by YBS of 100% equity interests in the Target Companies from the Vendor for the Purchase Price, subject to the terms and conditions of the Agreement.

The Proposed Acquisitions comprise the following:

Name of Target Companies	Equity interest %	Cash consideration	
		USD	RM*
APTМ	100.00	14,550,250	60,936,447
APTC	100.00	12,382,250	51,856,863
APM	100.00	7,127,250	29,848,923
ATSC	100.00	3,940,250	16,501,767
Total		38,000,000	159,144,000

* For avoidance of doubt, the exchange rate to be used in the Agreement shall be USD1.00:RM4.2381 pursuant to the terms of the Agreement.

Upon completion of the Proposed Acquisitions, APTM, APTC, APM and ATSC will become wholly-owned subsidiaries of YBS.

The equity interests in the Target Companies to be acquired by YBS shall be free from any mortgage, charge (whether fixed or floating), pledge, lien, encumbrance, hypothecation, security interest, title retention or other security arrangement of any kind or any other encumbrance of any nature whatever and with all attached or accrued rights as at the Completion Date for the Purchase Price. For avoidance of doubt, the Purchase Price is subject to adjustment as set out in Section 3.6 of Appendix I of this Circular.

The salient terms of the Agreement are set out in Appendix I of this Circular.

Further, the Vendor unconditionally and irrevocably guarantees and undertakes on the Operational EBITDA Target to YBS. Further details of the Operational EBITDA Target are set out in Section 2.3 of this Circular.

2.2 Purchase Price and Payment

In accordance with the terms and conditions of the Agreement, the Purchase Price shall be paid by YBS in the following manner:

Payment terms	Timing of payment	Amount	
		USD	RM
Deposit	Paid to the Vendor on 4 June 2025	1,000,000	4,188,000
Part Purchase Price	On or before the Pre-Completion Date	25,000,000	104,700,000
Retention Sum	Payable to the Vendor three (3) months from the Completion Date	6,000,000	25,128,000
Security Amount	Further retain part of the Security Amount for the Operational EBITDA Target's guarantee for the Target Period	Up to 6,000,000	25,128,000
Total		Up to 38,000,000	159,144,000

2.3 Operational EBITDA Target

The Vendor unconditionally and irrevocably guarantees and undertakes to YBS that the Operational EBITDA Target shall not be less than USD8,000,000 (equivalent to RM33,504,000).

The Board is of the opinion that the Operational EBITDA Target is reasonable and realistic after taking into consideration, amongst others, the following:

- (i) the historical financial performances of the Target Companies (as set out in Section 6 of Appendices II(A) to II(D) of this Circular respectively) whereby the combined revenue, PAT and EBITDA of the Target Companies for FYEs 31 December 2023 and 31 December 2024 are as follows:

	FYE 31 December	
	2023	2024
	RM'000	RM'000
Revenue	371,317	384,337
PAT	9,739	24,916

	FYE 31 December	
	2023	2024
	RM'000	RM'000
EBITDA	25,979	38,711

- (ii) the favourable outlook of the global manufacturing industry as set out in Section 4.4 of this Circular; and
- (iii) the prospects of the Target Companies and the potential benefits to be derived from the Proposed Acquisitions as set out in Section 4.6 of this Circular.

Please refer to the table below on the mechanism governing the Purchase Price (including possible adjustment) and release of the Security Amount as well as the Operational EBITDA Target:

Target Period	Operational EBITDA achieved	Release of Security Amount	Example
1 April 2025 to 31 March 2026 ("FYE 2026")	Operational EBITDA ≥ USD4.00 million	USD3.00 million	- Operational EBITDA = USD4.50 million - USD3.00 million will be released to the Vendor
	Operational EBITDA < USD4.00 million	Operational EBITDA achieved less USD1.00 million	- Operational EBITDA = USD3.50 million - USD2.50 million will be released to the Vendor
1 April 2026 to 31 March 2027 ("FYE 2027")	Total Operational EBITDA (FYE 2026 and FYE 2027) ≥ USD8.00 million	Entire remaining amount of Security Amount	- Operational EBITDA for FYE 2026 = USD4.00 million - USD3.00 million will be released (FYE 2026) to the Vendor - Operational EBITDA for FYE 2027 = USD4.50 million - Remaining USD3.00 million will be released (FYE 2027) to the Vendor
	Total Operational EBITDA (FYE 2026 and FYE 2027) < USD8.00 million	Security Amount in proportion to the Total Operational EBITDA achieved (less any amount released in FYE 2026) will be released in FYE 2027. Remaining Security Amount to be adjusted against the Purchase Price	- Operational EBITDA for FYE 2026 = USD3.50 million - USD2.50 million will be released (FYE 2026) to the Vendor - Operational EBITDA for FYE 2027 = USD3.00 million - USD2.375 million[^] will be released (FYE 2027) to the Vendor [^] Based on 81.25%^(a) * USD6.00 million = USD4.875 million less USD2.50 million (a) (USD3.50 million + USD 3.00 million) / USD8.00 million

Target Period	Operational EBITDA achieved	Release of Security Amount	Example
	Total Operational EBITDA (FYE 2026 and FYE 2027) ≤ USD0.00 million	The Vendor must refund the Security Amount released in FYE 2026 and make an additional payment of USD2.00 million to YBS. The Purchase Price will be adjusted lower by USD8.00 million.	- Operational EBITDA for FYE 2026 = USD2.00 million - USD1.00 million will be released (FYE 2026) to the Vendor - Operational loss before interest, taxation, depreciation and amortisation for FYE 2027 = (USD3.00) million - The Vendor to refund USD1.00 million (which was released earlier) plus additional payment of USD2.00 million to YBS

Further details of the mechanism governing the Purchase Price and release of the Security Amount as well as the Operational EBITDA Target are set out in Sections 3.6 and 3.7 of Appendix I of this Circular.

2.4 Background information on the Target Companies

Background information on the Target Companies is set out in Appendix II of this Circular.

2.5 Background information on the Vendor

ATH was incorporated in Singapore on 3 January 2018 as a private limited company under the Companies (Amendment) Act 2017.

The principal activities of ATH are investment holding and management consultancy services. ATH, through its subsidiaries (i.e. the Target Companies), is principally involved in toolmaking, manufacture of metal stamped parts, injection moulding and provision of value-added assembly services.

As at LPD, the issued share capital of ATH is SGD30,925,175 comprising 30,925,175 ordinary shares.

As at the LPD, the director of ATH and his shareholding in ATH is as follows:

Name	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Kenneth Low	Singaporean	Director	-	-	⁽ⁱ⁾ 30,925,175	100.00

Note:

- (i) Deemed interest by virtue of his shareholding in AT Assets pursuant to Section 7(4)(a) of the SG CA.

As at the LPD, the substantial shareholders of ATH and their respective shareholdings in ATH are as follows:

Name	Nationality/ Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
AT Assets	Singapore	30,925,175	100.00	-	-
Kenneth Low	Singaporean	-	-	⁽ⁱ⁾ 30,925,175	100.00

Note:

- (i) *Deemed interest by virtue of his shareholding in AT Assets pursuant to Section 7(4)(a) of the SG CA.*

Solely for informational purposes, the SIC had issued a statement on Allied Technologies Limited (now known as AT Holdco Pte Ltd) dated 24 January 2024. The SIC's hearing committee had ruled that during the privatisation exercise of Allied Technologies Limited (now known as AT Holdco Pte Ltd) carried out in 2022, Kenneth Low breached Rules 10 (No Special Rules) and 8.2 (Standard of Care) of the Singapore Code on Take-overs and Mergers.

Please refer to the link below for further details on the statement issued by the SIC:

[https://www.mas.gov.sg/news/media-releases/2024/public-statement-on-allied-technologies-limited#:~:text=24%20January%202024-.Securities%20Industry%20Council%20\(%22SIC%22%20or%20the%20%22Council%22,State%20ment%20on%20Allied%20Technologies%20Limited&text=1%20On%2017%20June%202022,\)%20conditional%20upon%2090%25%20acceptance](https://www.mas.gov.sg/news/media-releases/2024/public-statement-on-allied-technologies-limited#:~:text=24%20January%202024-.Securities%20Industry%20Council%20(%22SIC%22%20or%20the%20%22Council%22,State%20ment%20on%20Allied%20Technologies%20Limited&text=1%20On%2017%20June%202022,)%20conditional%20upon%2090%25%20acceptance)

Prior to the event above, Kenneth Low was mentioned in transactions highlighted by SGX RegCo relating to Allied Technologies Limited (now known as AT Holdco Pte Ltd). On 6 April 2022, SGX RegCo stated that it would refer the special audit report in relation to the transactions highlighted by SGX RegCo to the relevant authorities for review. If investigations or court ruling confirm listing rules breaches, SGX RegCo may take appropriate disciplinary action. As at the LPD, there is no further updates.

As at the LPD, Kenneth Low is the sole director and sole shareholder of AT Holdco Pte Ltd and AT Assets (the holding company of the Vendor). Notwithstanding the above, upon completion of the Proposed Acquisitions, Kenneth Low will cease to be a director or shareholder of the Target Companies.

2.6 Basis and justification for the Purchase Price

The Purchase Price was arrived at on a “willing-buyer willing-seller” basis, after taking into consideration, amongst others, the following:

- (i) the combined EBITDA of the Target Companies for FYE 31 December 2023 of approximately RM25.98 million based on the Accountants' Report (being the latest available combined financial statements prior to the signing of the Agreement), the details of which are as follows:

	FYE 2023 RM'000
Combined PAT	9,739
Add: Taxation	1,996
Depreciation	10,419
Finance costs	4,324
Less: Interest income	(499)
Combined EBITDA	25,979

- (ii) the Operational EBITDA Target provided by the Vendor; and
- (iii) the combined NA of the Target Companies as at 31 December 2023 of approximately RM66.62 million based on the Accountants' Report.

For informational purposes, the combined PAT, EBITDA and NA of the Target Companies for FYE 31 December 2024 based on the Accountants' Report are approximately RM24.92 million, RM38.71 million and RM75.96 million respectively.

In addition, SCA, being the expert appointed by the Company to opine on the fairness of the Purchase Price, had used the following valuation methodologies in arriving at their opinion:

- (a) RVA by comparing the implied PE Multiple and implied EV/EBITDA Multiple of the Target Companies to companies listed on Bursa Securities, The Stock Exchange of Thailand, Ho Chi Minh Stock Exchange and Hanoi Stock Exchange with principal activities that are broadly comparable to the Target Companies. However, no Comparable Companies were found on the stock exchanges in Vietnam that are principally involved in the precision engineering industry.

The Comparable Companies are as follows:

Name of company	Principal activities	Country	Market capitalisation ⁽ⁱ⁾ RM'million	A	B	C = A / B	D	E	F = D / E
				Closing share price ⁽ⁱ⁾ RM	Trailing twelve (12) months earnings per share ⁽ⁱ⁾ RM	PE Multiple ⁽ⁱ⁾ (times)	EV ⁽ⁱ⁾ RM'million	Trailing twelve (12) months EBITDA ⁽ⁱ⁾ RM'million	EV/EBITDA Multiple ⁽ⁱ⁾ (times)
V.S. Industry Berhad (listed on the Main Market of Bursa Securities)	Engages in the manufacturing, assembling and selling electronic and electrical products, and plastic moulded components and parts. Offers electronics manufacturing services for office and household electrical and electronic products	Malaysia	2,970.77	0.77	0.0374	20.61	3,073.45	353.83	8.69
SKP Resources Berhad (listed on the Main Market of Bursa Securities)	Manufactures and sells electrical and electronic plastic products primarily in Malaysia. The company offers design and engineering, tool and die fabrication, injection moulding and cosmetic finishing, contract manufacturing and component assembly, logistics and fulfilment, and other manufacturing services	Malaysia	1,476.43	0.95	0.0753	12.62	1,325.04	178.93	7.41

Name of company	Principal activities	Country	Market capitalisation ⁽ⁱ⁾ RM'million	A	B	C = A / B	D	E	F = D / E
				Closing share price ⁽ⁱ⁾ RM	Trailing twelve (12) months earnings per share ⁽ⁱ⁾ RM	PE Multiple ⁽ⁱ⁾ (times)	EV ⁽ⁱ⁾ RM'million	Trailing twelve (12) months EBITDA ⁽ⁱ⁾ RM'million	EV/EBITDA Multiple ⁽ⁱ⁾ (times)
Aurelius Technologies Berhad (listed on the Main Market of Bursa Securities)	Offers electronic manufacturing services for industrial electronic products. It provides manufacturing services for printed circuit board assemblies, sub-assemblies, and box and system build products, as well as test development and testing, proto and new product introduction support, further processing, and lean manufacturing	Malaysia	1,352.60	1.04	0.0481	21.61	1,186.28	74.34	15.96
GE-Shen Corporation Berhad (listed on the Main Market of Bursa Securities)	Primarily engages in the manufacture and trading business in Malaysia, Singapore, and Vietnam. It manufactures and trades in rubber products; plastic moulded products, components, tools and die, and other related products, as well as provides assembly services; and manufactures fabricated metal products	Malaysia	658.72	1.63	0.0356	45.76	769.33	35.60	21.61

Name of company	Principal activities	Country	Market capitalisation ⁽ⁱ⁾ RM'million	A	B	C = A / B	D	E	F = D / E
				Closing share price ⁽ⁱ⁾ RM	Trailing twelve (12) months earnings per share ⁽ⁱ⁾ RM	PE Multiple ⁽ⁱ⁾ (times)	EV ⁽ⁱ⁾ RM'million	Trailing twelve (12) months EBITDA ⁽ⁱ⁾ RM'million	EV/EBITDA Multiple ⁽ⁱ⁾ (times)
Kobay Technology Berhad (listed on the Main Market of Bursa Securities)	Engages in, amongst others, manufacturing precision plating and machined components; precision metal stamping, sheet metal, tooling and form dies, and die casting parts; aluminium extrusions, formations, and surface treatment solutions; precision moulds and parts; semiconductor assembly and testing equipment; metal works and structures, modules, and parts for oil and gas production and extraction equipment; and components and sub-assemblies for aerospace parts	Malaysia	384.22	1.20	0.0446	26.90	477.21	27.13	17.59
SVI Public Company Limited	Provides electronic manufacturing services in Thailand, Asia, Europe, and internationally. In addition, the company engages in the vertically integrated solutions, such as cable assembly, plastic injection moulding, metal stamping, sheet metal fabrication	Thailand	1,670.11 [#]	0.07464 [#]	0.0437 [#]	17.09	1,685.01 [#]	127.61 [#]	13.19
Muramoto Electron (Thailand) Public Company Limited	Manufactures and sells metal and plastic parts for audio/visual equipment, and electronic equipment for automobiles and office automation appliances in Thailand, Japan, USA and internationally	Thailand	602.22 [#]	28.8168 [#]	3.8906 [#]	7.41	272.01 [#]	202.21 [#]	1.34

Name of company	Principal activities	Country	Market capitalisation ⁽ⁱ⁾ RM'million	A	B	C = A / B	D	E	F = D / E
				Closing share price ⁽ⁱ⁾ RM	Trailing twelve (12) months earnings per share ⁽ⁱ⁾ RM	PE Multiple ⁽ⁱ⁾ (times)	EV ⁽ⁱ⁾ RM'million	Trailing twelve (12) months EBITDA ⁽ⁱ⁾ RM'million	EV/EBITDA Multiple ⁽ⁱ⁾ (times)
					High Low Median Average	45.76 7.41 20.61 21.71			21.61 1.34 13.19 12.26
					Target Companies FYE 31 December 2023 FYE 31 December 2024	⁽ⁱⁱ⁾ 16.44 ⁽ⁱⁱ⁾ 6.43			⁽ⁱⁱⁱ⁾ 7.56 ⁽ⁱⁱⁱ⁾ 5.58

Notes:

- # Based on the exchange rate of THB1.00: RM0.1298 as at the Date of Opinion.
- (i) Extracted from S&P Capital IQ as at the Date of Opinion.
- (ii) Computed based on the Purchase Price divided by the combined PAT of the Target Companies for the respective financial years as follows:

	FYE 31 December	
	2023 RM'000	2024 RM'000
Purchase Price	*160,151	*160,151
Divide: Combined PAT	9,739	24,916
PE Multiple (times)	16.44	6.43

* Based on the exchange rate of USD1.00: RM4.2145 as at the Date of Opinion.

(iii) Computed based on EV of the Target Companies divided by combined EBITDA of the Target Companies for the respective financial years as follows:

	FYE 31 December	
	2023 RM'000	2024 RM'000
Purchase Price	*160,151	*160,151
Add: Combined borrowings and lease liabilities	48,522	75,255
Less: Combined cash and cash equivalents	(12,256)	(19,541)
EV	196,417	215,865
Divide: Combined EBITDA	25,979	38,711
EV/EBITDA Multiple (times)	7.56	5.58

* Based on the exchange rate of USD1.00: RM4.2145 as at the Date of Opinion.

Based on the Operational EBITDA Target of USD4,000,000 (equivalent to RM16,858,000*) each year, the implied EV/EBITDA Multiple of the Target Companies is approximately 11.65 times (FYE 31 December 2023) and 12.80 times (FYE 31 December 2024), respectively.

* Based on the exchange rate of USD1.00: RM4.2145 as at the Date of Opinion.

- (b) CTA by comparing the implied PE Multiple of the Target Companies to the Comparable Transactions.

The details of Comparable Transactions for the past four (4) years up to the Date of Opinion and the respective PE Multiple are set out below:

Date of announcement	Acquirer	Target	Equity stake acquired	PE Multiple (times)
May 2022	Xin Hwa Holdings Berhad (listed on the Main Market of Bursa Securities)	Micron Metal Engineering Sdn Bhd	79.00%	11.39
July 2022	Artroniq Berhad (listed on the ACE Market of Bursa Securities)	Fujim Digital Sdn Bhd	60.00%	24.27
September 2023	SAM Engineering & Equipment (M) Berhad (listed on the Main Market of Bursa Securities)	Aviatron (M) Sdn Bhd	100.00%	40.88
			High	40.88
			Low	11.39
			Median	24.27
			Average	25.51
			Target Companies	
			FYE 31 December 2023	16.44
			FYE 31 December 2024	6.43

SCA has selected the RVA as it is much more likely to reflect the current sentiment of the market, and the CTA to assess the fairness of the Purchase Price as the methodology reflects a reasonable estimate of multiples or premiums that others have paid for similar companies in the past.

Commentaries on implied PE Multiples of the Target Companies:

(i) FYE 31 December 2023

- lower than the average and median as well as within the range of the PE Multiple of the Comparable Companies under RVA; and
- lower than the average and median as well as within the range of the PE Multiple of the recent comparable transactions under CTA.

(ii) FYE 31 December 2024

- lower than the average and median as well as the range of the PE Multiple of the Comparable Companies under RVA; and
- lower than the average and median as well as the range of the PE Multiple of the recent comparable transactions under CTA.

Further, the implied EV/EBITDA Multiples of the Target Companies for FYEs 31 December 2023 and 31 December 2024 are lower than the average and median as well as within the range of the EV/EBITDA Multiple of the Comparable Companies under RVA.

The implied EV/EBITDA Multiple of the Target Companies based on the Operational EBITDA Target each year is:

- (i) lower than the average and median as well as within the range of EV/EBITDA Multiple of the Comparable Companies under RVA for FYE 31 December 2023; and
- (ii) lower than median but higher than average and within the range of EV/EBITDA Multiple of the Comparable Companies under RVA for FYE 31 December 2024.

Premised on the above, SCA is of the opinion that the Purchase Price is fair as it appears to be more attractive when benchmarked against the Comparable Companies under RVA and recent comparable transactions under CTA, specifically, the investment amount paid per unit of earnings for the Target Companies is comparatively lower.

Further details of the Fairness Opinion Report are set out in Appendix VIII of this Circular.

The Board is of the view that the Purchase Price is justifiable and in the best interests of the Company after taking into consideration the following:

- (i) the opinion from SCA that the Purchase Price is fair in view that the implied PE Multiples and implied EV/EBITDA Multiples of the Target Companies fall within / below the range of PE Multiples and EV/EBITDA Multiples of the Comparable Companies under RVA and PE Multiples of recent comparable transactions under CTA, as discussed above;
- (ii) the rationale and benefits of the Proposed Acquisitions as set out in Section 3 of this Circular; and
- (iii) the prospects of the Target Companies and the enlarged YBS Group as set out in Section 4.6 of this Circular.

2.7 Liabilities to be assumed

Save for the assumption of guarantees given by the directors of the Target Companies and Vendor in respect of the banking facilities from Malayan Banking Berhad, Alliance Bank Malaysia Berhad, Bangkok Bank Public Company Limited, Kasikornbank Public Company Limited, CTBC Bank Co., Ltd. and Joint Stock Commercial Bank for Foreign Trade of Vietnam (where applicable), there are no other liabilities, including contingent liabilities and guarantees to be assumed by the Company pursuant to the Proposed Acquisitions.

Please refer to Section 5.6.7 of Appendix I of this Circular for further details on the above guarantees.

2.8 Additional financial commitment

Upon completion of the Proposed Acquisitions, there is no additional financial commitment to be incurred by YBS Group as the Target Companies are already in operations and are profit generating.

2.9 Source of funding

The Purchase Price will be satisfied fully in cash and will be funded via a combination of bank borrowings and internally generated funds of YBS Group, the proportions of which are as follows:

Source of funding	Amount		%
	USD	RM	
Bank borrowings	26,600,000	111,400,800	70.00
Internally generated funds	11,400,000	47,743,200	30.00
Total	38,000,000	159,144,000	100.00

As at the LPD, the Group's bank borrowings and cash and cash equivalents are approximately RM51.54 million and RM12.16 million, respectively.

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITIONS

Presently, YBS Group is principally involved in the following:

- manufacture and sale of precision machining and stamping components and the provision of related specialised engineering services;
- design and manufacture of high precision moulds, tools, dies, jigs and fixtures, plastic injection moulding and sub-assembly;
- manufacture and sale of corrugated and honeycomb boards and paper products; and
- manufacture, assembly and sale of electronic components and devices, lithium-ion batteries and PCBs.

The Target Companies are principally involved in toolmaking, manufacture of metal stamped parts, injection moulding and provision of value-added assembly services, which is similar to the core business of YBS Group. The Target Companies have been in the precision engineering industry for over 25 years and the products manufactured by the Target Companies are used as components in various industries, including computer and computer peripherals, consumer electronics and home appliances, office equipment, automotive, plastic and other industries.

The Target Companies have a pool of skilled professionals with expertise in toolmaking, manufacturing of metal stamped parts, plastic injection moulding and provision of value-added assembly services. The Proposed Acquisitions are part of YBS' strategic plan to effectively grow its business and market share by increasing its production capacity as well as widening its product and service offerings within the integrated distribution channel and value chain, both locally and regionally.

Further, the Proposed Acquisitions will provide YBS Group an opportunity to leverage on the strengths of the Target Companies in terms of technology, manufacturing facilities and business practices. This is expected to drive the technology development initiatives and continue business growth of the enlarged YBS Group. The Proposed Acquisitions will also provide greater synergy for business sustainability through the expansion of its customer base, both locally and regionally, in the precision engineering industry.

Upon completion of the Proposed Acquisitions, the Target Companies will become wholly-owned subsidiaries of YBS, thereby enabling the Company to consolidate the financial results of the Target Companies. The Proposed Acquisitions are expected to be earnings accretive, details of which are set out in Section 7.3 of this Circular. Premised on the foregoing and barring any unforeseen circumstances, the Proposed Acquisitions are expected to contribute positively to YBS Group in the future, thus enhancing YBS' shareholders' value in the medium to long term.

4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. In addition, strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans (i.e. New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy) provided further impetus to investment growth. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending. This provided support to the current account, leading to a continued surplus of 1.7% of GDP in 2024 (1.5% in 2023).

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024)

The rapidly-evolving developments surrounding trade tariffs are expected to affect the global outlook for the rest of the year. As a small and open economy, Malaysia will inevitably face both direct and indirect impact from these tariffs. Growth of the Malaysian economy is expected to be slightly lower than the earlier forecast of 4.5% - 5.5% in 2025. The high uncertainty surrounding outcomes of trade negotiations and how these will reshape global trade complicates a clear assessment of their impact on growth at this juncture. The new official growth forecast will be released in the near future once there is a greater visibility in these factors.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2025)

The Malaysian economy expanded by 4.4% in the second quarter of 2025 (1Q 2025: 4.4%), driven by robust domestic demand. Household spending was higher amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salaries. Of significance, both private and public investments recorded stronger expansion, supported by the realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower commodities-related exports. This was partially offset by continued electrical and electronics (E&E) exports and robust tourism activity. At the same time, import growth was higher, driven by strong demand for capital goods, reflecting higher investment activities.

On the supply side, growth was driven by the services and manufacturing sectors. The services sector was supported by consumer-related and Government services. Steady growth in domestic-oriented clusters underpinned the performance in the manufacturing sector. Overall growth was weighed down by a contraction in the mining sector amid lower commodities production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 2.1% (1Q 2025: 0.7%).

Headline inflation moderated to 1.3%, while core inflation remained stable at 1.8% (1Q 2025: 1.5% and 1.8%, respectively). The moderation was largely due to lower prices for fuel such as RON97 petrol and diesel (-0.6%; 1Q 2025: 0.3%) and slower price increases for food-related items (2.2%; 1Q 2025: 2.5%), particularly fresh food and food away from home. This was partly offset by a slower price decline for mobile communication services, averaging at -12.1% (1Q 2025: -13.5%). Inflation pervasiveness, measured by the share of Consumer Price Index (CPI) items recording monthly price increases, experienced a slight decline amid softer global commodity prices (41.8%; 1Q 2025: 43.3%). Nonetheless, it remained broadly in line with the long-term average for the second quarter (2Q 2011-2019: 43.9%).

In the second quarter of 2025, the ringgit's nominal effective exchange rate (NEER) appreciated by 1.5% against the currencies of Malaysia's major trading partners. The ringgit also strengthened by 5.1% against the US dollar, primarily driven by broad US dollar weakness. This was driven by expectations of more subdued US economic growth, rising uncertainties over US trade policies and growing concerns over US fiscal sustainability. Furthermore, the ongoing coordinated efforts by the Government and BNM, which include proactive engagements with corporates and investors, have encouraged healthy two-way flows in the domestic foreign exchange market observed during the quarter.

The ringgit exchange rate will continue to be influenced by external factors. Notwithstanding, Malaysia's favourable economic prospects and domestic structural reforms, complemented by ongoing initiatives to encourage flows, will continue to provide support to the ringgit. BNM remains committed to ensuring the orderly functioning of the domestic foreign exchange market.

Credit to the private non-financial sector expanded by 5.2% in the second quarter (1Q 2025: 5.4%). Outstanding corporate bond growth moderated, (4.3%; 1Q 2025: 5.3%) while growth in outstanding loans remained steady at 5.5% (1Q 2025: 5.5%). Business loans expanded by 4.5% (1Q 2025: 4.6%), amid broadly stable loan growth for both working capital and investment-related purposes. Additionally, demand for financing among businesses was sustained with higher applications, particularly for investment-related loans. Household loans grew by 6% (1Q 2025: 6%), with sustained loan growth across most purposes.

Headline inflation is projected to remain moderate, averaging 1.5% – 2.3% in 2025. Notably, the headline inflation forecast range for the year was revised lower following the more moderate demand and cost outlook since the earlier projections in March 2025. Inflationary pressure from global commodity prices is expected to remain limited, contributing to moderate domestic cost conditions. In this environment, the impact of domestic policy measures on inflation is expected to remain contained.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2025, BNM, 15 August 2025)

4.2 Overview and outlook of the Thailand economy

In the fourth quarter, the Thai economy continued to expand from the previous quarter, driven by improving activities in the service sector, higher tourism revenue, as well as a good expansion in government investment. Merchandise exports, excluding gold, remained high and stable from the previous quarter, particularly for exports in technological products. Private consumption was also stable, partly benefiting from government cash transfer, despite a continued contraction in sales of vehicle. Private investment, however, declined in both vehicle and construction categories. On the economic stability front, headline inflation increased from the previous quarter, driven by higher core inflation and energy inflation. The former was due to increases in cost pass-through, while the latter was due to the low base effect of last year's energy prices, resulting from government subsidies. Employment remained stable from the previous quarter, with increased employment in the hotel and restaurant sectors, while employment in the construction sector declined. The current account surplus increased mainly due to improvements in services, income, and transfers.

(Source: Press Release on the Economic and Monetary Conditions for December and the Fourth Quarter of 2024, Bank of Thailand)

The Thai economy in June softened from the previous month, as merchandise exports and manufacturing production declined following earlier acceleration. Tourism-related activities also contracted, in line with the decrease in both the number and revenue of foreign tourist. Private consumption declined across most categories, facing pressure from the continued deterioration in consumer confidence. Nevertheless, government expenditure expanded, supported by increased disbursements from the central government and investment by state-owned enterprises. Private investment also grew, driven by increased spending on machinery and equipment.

On the economic stability front, headline inflation became less negative compared to the previous month, primarily due to higher fresh food prices, particularly vegetables. Energy inflation also moderated, reflecting an increase in domestic retail oil prices in line with crude oil prices. Core inflation remained stable, with lower prices for cooking ingredients and prepared foods offset by higher prices for ready-to-eat meals. The current account balance returned to a surplus, mainly driven by a narrower deficit in the services, income, and transfers balance. While labor market conditions remained stable, the increasing proportion of unemployment benefit claimants relative to the total number of insured persons warrants close monitoring.

Private consumption indicators, after seasonal adjustment, decreased from the previous month across several categories; (1) spending on services fell due to reduced foreign tourist spending, while domestic tourist spending continued to increase, (2) non-durable goods consumption fell due to lower sales of fuel, consumer products, and alcoholic beverages, (3) spending on durable goods decreased, following a decline in car sales after a surge in deliveries earlier. However, semi durable goods consumption rose due to higher imports of textiles and apparels. Meanwhile consumer confidence continued to decline amid concerns over U.S. trade policy, sluggish demand recovery, and high debt levels.

Private investment indicators, after seasonal adjustment, increased from the previous month, driven by higher machinery and equipment investment, in line with rising domestic machinery sales and increased production of electrical equipment. Vehicle investment remained stable as higher imports of ships and increased registrations of pickup trucks offset declines in registrations of other vehicle types, such as passenger cars and trucks. Investment in construction remained stable. Non-residential construction rose across all components, particularly in areas permitted for factory construction. In contrast, residential construction declined, as reflected by reduced permitted areas for single houses and townhouses.

The value of merchandise exports, excluding gold and after seasonal adjustment, declined from the previous month, driven by: (1) electronics, particularly computers exported to China and Hong Kong, after the previous surge, (2) automotive, with lower exports of passenger cars and pickups to Australia and the Middle East, reflecting a slowdown in sales, while exports of auto parts stable, and (3) agricultural and agro-manufacturing products, including durians and synthetic rubber to China, palm oil to India, and rice and canned fish to the U.S., which had also accelerated previously. However, petroleum exports to ASEAN improved. The value of merchandise imports, excluding gold and after seasonal adjustment, declined from the previous month. This was mainly driven by imports of capital goods (excluding aircraft), particularly computers from Taiwan. Consumer goods imports decreased, notably electric vehicles from China, in line with reduced domestic passenger car sales. However, imports of raw materials and intermediate goods increased, especially due to higher imports of electronic components from China.

In the second quarter of 2025, the Thai economy expanded at a pace comparable to the previous quarter, supported by robust merchandise exports. Growth in exports was primarily driven by electronics and machinery, reflecting increase in global demand for technology-related products. This was consistent with increased industrial production, particularly in semiconductors, as well as a rise in automotive manufacturing in response to passenger vehicle sales. Public expenditure continued to grow, underpinned by increased investment disbursements. Private investment also expanded, especially in machinery and equipment. However, tourism-related activities and private consumption, particularly in service categories, slightly slow down, in line with a decline in tourist arrivals from short-haul markets. Nonetheless, overall tourism revenue improved, supported by higher spending from long-haul international visitors. On the economic stability front, headline inflation declined from the previous quarter, primarily due to lower energy prices in line with global crude oil prices, and a decrease in fresh food prices following a high base from vegetable and fruit prices in the same period last year. Core inflation slightly increases, driven by higher food prices. The current account surplus narrowed, as the deficit in the services, income, and transfers account widened, largely due to seasonal profit repatriation. Meanwhile, the labor market remained broadly stable compared to the previous quarter.

(Source: Press Release on the Economic and Monetary Conditions for June and the Second Quarter of 2025, Bank of Thailand)

4.3 Overview and outlook of the Vietnam economy

Viet Nam's GDP growth climbed to 7.5 percent (y/y) in the first half of 2025, up from 6.5 percent (y/y) in H1-2024, boosted by the frontloading of exports amid trade policy uncertainties. This momentum was driven by a 14.2 percent (y/y) rise in exports over H1-2025, including a 28.3 percent surge in goods exports to the United States ahead of potential tariff increases. Imports also accelerated to 16.0 percent (y/y) during H1- 2025 in response to an uptick in purchase orders during this period of frontloaded exports. Real investment growth jumped by 8.0 percent (y/y), from 6.7 percent (y/y) in H1-2024, boosted by resilient foreign investment and increased public investment. Final consumption also grew by 8.0 percent in H1-2025, from 5.8 percent (y/y), driven by surging tourism. On the supply side, manufacturing remains the largest economic contributor (30.7 percent of GDP growth in H1-2025) followed by trade-related services (8.3 percent). The services sector contributed nearly half of overall economic growth in the first six months of 2025.

Manufacturing production rose on the back of stronger external demand, although early signs of a slowdown in the months ahead are emerging. Manufacturing production registered 14.2 percent growth (y/y) in June 2025, up from 7.0 percent in December 2024. This sharp acceleration captured increased purchase orders from the U.S. export market. However, new export orders have contracted since November 2024 and more so since April 2025 due to trade policy uncertainty, which may indicate reduced manufacturing production and exports in the months ahead as higher U.S. tariffs come into force.

Foreign direct investment (FDI) remained resilient despite global trade uncertainty. FDI disbursement reached US\$26.2 billion (5.5 percent of GDP) in the 12 months to June 2025, representing 9.3 percent growth (y/y). FDI commitments also registered a 23.8 percent increase (y/y) over the period, mostly directed to manufacturing (51 percent) and real estate (22 percent). Newly registered FDI capital, a signal of long term commitment for foreign investment, moderated in H1-2025 at US\$9.3 billion (-3 percent y/y) after two years of increased commitments. However, newly registered capital from China surged during the first six months, rising by 28.9 percent (y/y) and representing 30 percent of all FDI commitments.

Private consumption remained stable, slightly below historical growth rates, and moderately rebalanced towards services.

Amid improved labor market conditions and public sector wage hikes, real income grew modestly after 2023's headwinds, but has not translated into higher private consumption. While still important, private consumption is a declining driver of economic growth.

Global growth is expected to slow as trade growth decelerates. Global economic activity is projected to decelerate in 2025–26 to 2.3 percent and 2.4 percent, respectively (-0.4 ppt and -0.3 ppt compared to January 2025 projections). This is linked to weak global trade growth and sustained geopolitical tensions. Growth in Viet Nam's largest trading partners, the U.S. and China, is expected to slow in H2-2025, further limiting external demand for Viet Nam's products. Elevated trade policy uncertainty is also expected to negatively weigh on investor and consumer confidence. Export-oriented economies, such as Viet Nam, are particularly impacted by these developments.

Viet Nam's GDP growth is forecast to moderate to 6.6 percent in 2025. After strong growth momentum in H1-2025, the Vietnamese economy is expected to cool in the remainder of the year as overall export growth normalizes. Our baseline projection assumes reduced net export contributions to GDP growth. However, the outlook remains heavily dependent on further trade developments. GDP growth is projected to ease to 6.1 percent in 2026 as the impact of slower global trade takes hold. It is then expected to rebound to 6.5 percent in 2027, supported by a pickup in global trade and Viet Nam's continued appeal as a competitive industrial base in global supply chains.

(Source: Taking Stock September 2025, Viet Nam Economic Update, World Bank Group, 8 September 2025)

4.4 Overview and outlook of Malaysian precision engineering industry

Malaysia's Machinery and Equipment (M&E) industry is heavily bolstered by the Engineering Supporting Industry (ESI), which has become a key driver not only for the M&E sector but for nearly all industries. Recognised globally for its world-class manufacturing standards, Malaysia's ESI demonstrates expertise in providing products and services that are competitive in quality, value, and delivery timelines on the global stage.

With over 1,000 engineering support and services companies across the country, Malaysia's ESI includes integrated and total solution providers. These companies have progressed to supply low-volume, high-mix products, as well as various parts and modules that cater to the outsourcing and procurement needs of high-tech industries.

The value of Malaysia's M&E exports increased from RM37.7 billion in 2016 to RM57.2 billion in 2023, showcasing the industry's robust growth, anchored by companies focusing on high-tech products such as semiconductors, intelligent machines, advanced metrology and analytical laboratory equipment, robotics and autonomous guided (self-driving) vehicles. Export destinations included Singapore, the USA, Japan, Indonesia and Thailand. Most M&E imports were advanced, high-tech machines and some general machinery and equipment that were not available locally.

The growth of Malaysia's M&E industry is driven by the continuous inflow of both foreign direct investments and domestic direct investments in various sectors, with the semiconductors, E&E, automotive, oil and gas, aerospace, medical and food processing being among the major ones. The need for high-technology machinery and equipment in these sectors is key to their survival in a highly competitive global environment.

(Source: Malaysia's Machinery & Equipment and Engineering Supporting Industries, Malaysian Investment Development Authority, 14 November 2024)

4.5 Overview and outlook of the global manufacturing industry

Global manufacturing output grew modestly by 1% in the fourth quarter of 2024 on a quarter-over-quarter basis, building on the strong gains of over 0.5% already achieved in the previous two quarters. The global economy has shown resilience in recent quarters, despite continuing to face a multitude of challenges, including potential trade wars at a global level with uncertain outcomes, volatile inflation driven by fluctuating energy prices, as well as supply chain disruptions, political instability, and the repercussions of regional conflicts. Additionally, global production continues to confront a shortage of skilled workers in certain industries, along with an increasing frequency and intensity of natural disasters. These challenges underscore the urgent need for a coordinated and sustainable global response.

In the fourth quarter of 2024, manufacturing activity exhibited varying quarter-over-quarter growth rates across world regions. Asia and Oceania drove global performance, achieving quarterly growth above 1%, fuelled by China's dynamic manufacturing sector, which recorded a 1.9% increase, its highest quarterly growth since late 2022, and the current high performance of the Republic of Korea. Limited data from Africa suggests moderate growth of 0.5% on a quarterly basis. Meanwhile, manufacturing in Latin America and the Caribbean remained stagnant, while Northern America and Europe experienced declining production for the second consecutive quarter.

(Source: World Manufacturing Production Quarterly Report – Q4 2024, United Nations Industrial Development Organisation, 19 March 2025)

In the second quarter of 2025, global manufacturing output grew by a robust 1.1 per cent compared to the previous quarter. As shown in Figure 1.1, this continues the progressive trend, which has now lasted five quarters with quarterly growth close to or above 1 per cent. The global economy has demonstrated remarkable resilience despite multiple headwinds, including tariff escalation and uncertainty, inflationary pressures, supply chain bottlenecks, political instability, and regional conflicts. This robustness is reflected in global manufacturing's uninterrupted streak of positive quarterly growth stretching back to mid-2022. Increased defence spending and higher production of military equipment across major economies have contributed to sustaining this momentum. At the same time, workforce shortages in critical sectors, together with disruptions arising from conflicts and climate-related events, continue to create additional strain. Addressing these complex, interlinked issues will require timely and coordinated international cooperation.

Figure 1.1 | Index of global manufacturing production



Global manufacturing activity posted positive growth across most regions in the second quarter of 2025, though performance varied considerably. Asia and Oceania led regional growth with a robust 1.6 per cent expansion. Limited data from Africa indicate another strong quarterly gain, with a growth of 1.1 per cent. Latin America and the Caribbean recorded a 0.5 per cent increase and markedly surpassed growth in previous quarters. Northern America reported moderate quarterly growth of 0.4 per cent, while Europe was the only region experiencing stagnation during the quarter, though still showing substantial improvement compared to the previous year.

Limited data from Africa suggest a significant expansion in manufacturing output in the second quarter of 2025. However, country-level results varied widely, with an overall positive continental trend. For example, output of Angola (7.1 per cent), Côte d'Ivoire (3.0 per cent), Egypt (1.5 per cent), and South Africa (1.7 per cent) grew significantly compared to the previous quarter, while manufacturing in Senegal experienced a decline of 0.9 per cent.

The manufacturing sector in Latin America and the Caribbean posted a growth of 0.5 per cent during the second quarter of 2025, essentially maintaining the subdued growth trajectory observed since late 2023, with the notable exception of the third quarter of 2024. The region's two largest manufacturers delivered contrasting results, with Mexico achieving a 1.1 per cent growth while Brazil's output declined by 0.6 per cent compared to the previous quarter. Furthermore, Colombia and Peru registered moderate quarterly increases, while Argentina experienced a slight output contraction. In Q2 2025, manufacturing production in Asia and Oceania continues to thrive. Manufacturing in Northern America showed a moderate increase of 0.4 per cent in the current quarter. This result was largely driven by the performance of the United States of America, which posted a 0.6 per cent increase, while Canada faced a 2.1 per cent output reduction. Europe's manufacturing sector presents a contrasting picture. After showing subdued growth in recent quarters and surging during the first quarter of 2025, European manufacturing production has now stagnated. However, performance varied drastically across the region's major economies. Germany (-1.2 per cent), Ireland (-2.1 per cent), and Switzerland (-1.8 per cent) all experienced significant production declines, while France, Italy, and the United Kingdom managed to achieve modest growth.

(Source: Manufacturing Production and Trade Quarterly Report – Q2 2025, United Nations Industrial Development Organisation)

4.6 Prospects of the Target Companies and the enlarged YBS Group

The Target Companies have been in the precision machining and stamping, and plastic injection moulding industries for over 25 years and are principally involved in toolmaking, manufacturing of metal stamped parts, injection moulding and provision of value-added assembly services for customers in the telecommunication, electrical and electronics, automotive, computer and computer peripherals and medical industries.

The Proposed Acquisitions represent a strategy for YBS Group to expand its geographical and customer coverage footprint to include new industries such as computer and computer peripherals and medical as well as to expand deeper into the countries YBS Group is already serving. This bodes well with the Company's business plan to expand into business activities that complement its existing business as well as to capture the growth opportunities in the precision machining and stamping, and plastic injection moulding industries.

To strengthen its presence in the precision machining and stamping, and plastic injection moulding industries and to maintain its competitive strengths, the Target Companies intend to undertake the following future plans and strategies:

(i) **Business expansion**

(a) **Broaden its range of products and services**

The principal products of the Target Companies are mainly metal stamped parts for printers, copiers, computers, computer peripherals, consumer electronics and other products as well as automotive and medical segments. Further, the Target Companies also provide secondary process capabilities such as spot welding, spinning/caulking, tapping, degreasing and surface treatment on metal stamped parts.

Going forward, the Target Companies intend to broaden its range of products and services, to also include PCB assembly wire harness, battery assembly, robotics assembly, plastic injection moulding, enhance prototyping capabilities and begin electronic computer-aided design ("ECAD")-mechanical computer-aided design ("MCAD") integration for smart device to cater to the needs of both existing and new customers. This is expected to commence in the 1st half of 2026 (subject to the feasibility of such plans and requirements of the Target Companies) and will be a continuous and ongoing effort by the Target Companies.

(b) Expand into new customers' industries and geographical coverage

The revenue of the Target Companies are principally generated from its customers in the telecommunication, electrical and electronics, automotive, computer and computer peripherals, aerospace and medical industries, with geographical coverage in Hong Kong, Malaysia, Thailand, Vietnam, Singapore, USA and Europe.

As part of the future plans to grow its customer base, the Target Companies plan to expand into new customers' industries such as electrical vehicle components, artificial intelligence hardware, data centre, semiconductor and energy storage systems as well as expand its geographical coverage to include new countries such as Canada, Australia, Japan and Indonesia. To achieve this, the Target Companies plan to undertake the following:

- (aa) upgrade of technology capabilities such as adoption of Creo 12 (a parametric design framework that enables engineers to generate models that are simple to update and modify) and real-time simulation tools to reduce lead time from designing to manufacturing;
- (bb) enhance operational efficiencies across Malaysia, Thailand and Vietnam by leveraging on shared resources across these countries (where applicable) to reduce costs and improve delivery lead time;
- (cc) tap into YBS' existing customer base in computer peripherals and expand into high-growth industries as mentioned above (e.g. electrical vehicle components, artificial intelligence hardware, data centre and semiconductor); and
- (dd) upskill of workforce in certain areas such as ECAD-MCAD workflows and composite design.

This is expected to commence in the 2nd half of 2026 (subject to the feasibility of such plans and requirements of the Target Companies) and will be a continuous and ongoing effort by the Target Companies.

(c) Enhance and optimise performance of the Target Companies

Based on the historical financial performances of the Target Companies for the FYE 31 December 2022 to FYE 31 December 2024, ATSC and APTM were the main revenue contributors to the Target Companies, collectively contributing to more than 80% of the Target Companies' combined revenue.

Moving forward, to enhance the performance of the main contributors (i.e. ATSC and APTM) as well as to optimise the performance of the underperforming companies (i.e. APM and APTC), the Target Companies plan to undertake the following business strategies and efforts:

- (aa) implement targeted marketing campaigns and promotional activities;
- (bb) implement customer loyalty programmes and personalised marketing to encourage repeat orders and retain existing customers;
- (cc) enhance customers' experience through better service and support; and
- (dd) introduce new products and service offerings.

This is expected to commence in 2027 (subject to the performance and requirements of the Target Companies) and will be a continuous and ongoing effort by the Target Companies.

(ii) Enhance operational and cost efficiencies

The Target Companies have four (4) manufacturing facilities, with one (1) each in Kawasan Perindustrian SILC, Johor, Taman Perindustrian Bukit Rambai, Melaka, Petchaburi, Thailand and Ho Chi Minh City, Vietnam. On the other hand, YBS Group currently operates from seven (7) manufacturing facilities in Johor, Pulau Pinang and Ho Chi Minh City (four (4) of which are for precision engineering and plastic injection moulding, precision machining and stamping with the remaining three (3) for electronic manufacturing service and paper products). Further details of the Group's manufacturing facilities for precision engineering and plastic injection moulding, precision machining and stamping are as follows:

Location	Country	Approximate land size (sq m)	Approximate built-up area (sq m)	FYE 31 March 2025	
				Annual production capacity (million pieces)	Annual production output (million pieces)
Bukit Mertajam, Pulau Pinang	Malaysia	4,063	2,033	<u>Assembly*</u> (iv)0.106	<u>Assembly*</u> 0.066
				<u>Stamping parts</u> (iv)21.29	<u>Stamping parts</u> 13.50
				<u>Precision engineering parts</u> (iv)16.96	<u>Precision engineering parts</u> 4.21
				<u>Robotic welding</u> (iv)0.081	<u>Robotic welding</u> 0.072
Muar, Johor	Malaysia	24,281	Manufacturing Facility 1: 6,286 Manufacturing Facility 2: 4,328	<u>Manufacturing Facility 1 and Manufacturing Facility 2</u>	<u>Manufacturing Facility 1 and Manufacturing Facility 2</u>
				<u>Precision engineering parts</u> (iv)2.27	<u>Precision engineering parts</u> 1.39
				<u>Plastic parts</u> (v)255.47	<u>Plastic parts</u> 104.14
Ho Chi Minh	Vietnam	4,376	2,100	<u>Assembly*</u> (iv)133.88	<u>Assembly*</u> 51.76
				<u>Stamping parts</u> (iv)170.51	<u>Stamping parts</u> 83.13
				<u>Precision engineering parts</u> (iv)39.37	<u>Precision engineering parts</u> 12.99

Notes:

* *Being the assembly of precision engineering parts.*

(i) *Based on the following number of machines:*

Location	No. of assembly machines (unit)
Bukit Mertajam, Pulau Pinang	16
Ho Chi Minh	46 (manual: 41 and automated: 5)

(ii) *Based on the following number of machines:*

Location	No. of stamping machines (unit)
Bukit Mertajam, Pulau Pinang	14
Ho Chi Minh	17

(iii) *Based on the following number of machines:*

Location	No. of turning machines (unit)	No. of milling machines (unit)	No. of electrical discharge machining machines (unit)	No. of grinding machines (unit)
Bukit Mertajam, Pulau Pinang	34	10	-	-
Muar, Johor	-	24	17	35
Ho Chi Minh	21	-	-	-

(iv) *Based on 2 units of robotic welding machine.*

(v) *Based on 48 units of injection moulding machine.*

Upon completion of the Proposed Acquisitions, YBS plans to streamline the manufacturing operations and resources of YBS Group with the Target Companies to reduce costs and enhance operational productivity and efficiency, which will in turn improve the profit margin and profitability of the enlarged YBS Group.

Please refer to Sections 1 and 11 of Appendices II(A), II(B), II(C) and II(D) of this Circular for further details of the Target Companies' annual production capacity, annual production output and manufacturing facilities.

There shall be no upfront commitment in terms of financial resources to realise these future plans of the Target Companies. These future plans will be funded via internally generated funds of the Target Companies and/or bank borrowings. As the aforementioned plans will be implemented on a continuous basis as and when feasible and/or required, the management of the Target Companies is unable to determine the exact amount required to realise the future plans as at the LPD.

(Source: Management of YBS and the Target Companies)

Premised on the overview and outlook of the precision engineering industry in Malaysia and global manufacturing industry as set out in Sections 4.4 and 4.5 of this Circular respectively, as well as the future plans and business strategies of the Target Companies as disclosed above, the Board is of the view that the Target Companies' prospects are expected to be favourable for the enlarged YBS Group and the Proposed Acquisitions are expected to be earnings accretive and thus enhance YBS' shareholders' value in the medium to long term.

5. POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS

5.1 Thailand

The summary of the policies in relation to foreign investments and repatriation of profits of Thailand is as follows:

(i) Foreign investments

In Thailand, foreign participation in business activities is governed by a range of laws and regulations. The primary legislation is the FBA, along with specific laws applicable to certain business sectors.

Pursuant to Section 4 of the FBA, a term "Foreigner" refers to a natural person or juristic entity (such as company or registered partnership) who does not hold Thai nationality. Companies are considered Foreigners if they are either not registered in Thailand or if they are registered in Thailand but at least half of their issued shares are owned by one or more Foreigners.

The FBA reserves certain business activities for Thais. The reserved business activities under the FBA are listed into three lists as follows:

- (a) List One consists of business activities that are prohibited for foreigners for special reasons;
- (b) List Two consists of business activities that requires an approval from the Minister of Commerce, with the consent of the Cabinet. Furthermore, two-fifths (2/5) of the directors must be Thai, and Thai nationals must own at least 40% of the issued shares in the foreign juristic entity. The Minister of Commerce may change these requirements with a Cabinet resolution, however under no circumstances may the percentage of Thai shareholdings in List Two be below 25%;
- (c) List Three consists of business activities, including all service businesses, if not exempted under the FBA, that require an FBL to be approved by the Director-General of the Department of Business Development, subject to approval by the Foreign Business Committee.

Additionally, corporate Foreigners that receive investment promotion from the Board of Investment of Thailand or a permission from the Industrial Estate Authority of Thailand will also be exempt from requiring an FBL for the promoted activity. However, Foreigners must notify the DBD and obtain a Foreign Business Certificate from the DBD.

(ii) Repatriation of profits

In a context of Thai-incorporated company, profits are repatriated to its shareholders in a form of dividends, which can be declared by:

- (a) a resolution of shareholders at an annual general meeting of the shareholders held within four (4) months of the end of an accounting period/fiscal year of a company. The amount of dividends declared will be assessed from the amount of net profit as appears in the audited financial statement. This is commonly referred to as 'annual dividend'; and/or
- (b) a resolution of a board of directors of a company which may be held at any time as the board finds appropriate, having considered the profitability of the business operation. This is referred to as an 'interim dividend'.

Payment of dividend must be made to shareholders in accordance with their respective shareholding ratio or otherwise provided in the articles of association of the company, within one (1) month from the date of resolution approving dividend distribution.

Payment of dividend is generally subject to 10% WHT, regardless of whether a receiving shareholder is a domestic or foreign person/company; albeit exemption is available for a qualified Thai-incorporated corporate shareholder. The amount of WHT deducted may be treated as a final tax, i.e. the amount of dividend need not be included as income/revenue for computation of taxable income/net profit.

5.2 Vietnam

The summary of the policies in relation to foreign investments and repatriation of profits of Vietnam are as follows:

(i) Foreign investments

Under Vietnamese Laws, foreign investment activities are primarily governed by the Law on Investment and its guiding legislation, including but not limited to Decree 31.

Additionally, the Law on Enterprises and its guiding legislation also regulate investment activities in the territory of Vietnam by addressing the corporate types permitted to operate in Vietnam, their establishment, governance, permitted activities, liability, and methods of operation.

According to the LOI, foreign investor is defined as an individual with foreign nationality or an organisation established in accordance with foreign law conducting business investment activities in Vietnam.

The foreign investors shall be entitled to conduct their investment activities in the following forms:

- (a) investment for incorporation of an economic organisation;
- (b) investment in the form of capital contribution, purchase of shares, or purchase of a capital contribution portion;
- (c) implementation of an investment project;
- (d) investment on the basis of a business cooperation contract; and
- (e) new investment forms and forms of economic organisation as stipulated by the Government of Vietnam.

Additionally, a foreign invested company incorporated under Vietnamese law must apply the same investment regime in terms of market access conditions and investment procedures as applicable to foreign investors upon investment in the form as prescribed in items (a), (b) and (d) above if such company falls into any of the following cases:

1. more than 50% of its charter capital is held by foreign investor(s);
2. more than 50% of its charter capital is held by economic organisation(s) prescribed in sub-clause (1) above;
3. more than 50% of its charter capital is held by foreign investor(s) and an economic organisation(s) prescribed in sub-clause (1) above.

(ii) Repatriation of profits

Under Vietnamese Laws, a foreign investor is permitted to remit abroad profits resulting from its investment activities in Vietnam. The profits to be remitted abroad (in cash or in kind) by the foreign investors are legitimate profits derived or earned from direct investment activities in Vietnam, after the foreign investors' fulfilment of all financial obligations, including tax obligations to the competent authorities.

For the purpose of profits repatriation, a foreign investor and/or the foreign-invested enterprise in which the FIE shall be subject to the following conditions and requirements:

- (a) the foreign investor is permitted to remit their profits annually at the end of the fiscal year;
- (b) the foreign investor/FIE has fulfilled its tax and other financial obligations to the State of Vietnam;
- (c) FIE has submitted its audited financial statements and corporate income tax finalisation declarations for the fiscal year to the relevant authorities;
- (d) FIE has no accumulated losses as recorded in the audited financial statements of the relevant fiscal year;
- (e) the foreign investor or the FIE (authorised by the foreign investor) is required to notify the tax authorities of the plan to remit profits at least seven (7) working days prior to the scheduled remittance; and
- (f) in terms of foreign exchange control, the profits remittance must be made via the direct investment capital account of the FIE opened in a licenced credit institution in Vietnam, except in cases where the profits are paid in kind or other alternative methods.

Upon completion of the Proposed Acquisitions, the above policies in relation to foreign investments and repatriation of profits for Thailand and Vietnam will still be applicable to APTC and ATSC respectively as YBS is classified as a foreign company or foreign investor.

6. RISK FACTORS

The Proposed Acquisitions will not materially change the risk profile of YBS Group as YBS Group operates in the same industry segment as the Target Companies. As such, the enlarged YBS Group will be exposed to similar risks inherent in the industry upon the completion of the Proposed Acquisitions. These risks include, but are not limited to, customers' concentration, competition, introduction of new technology and products, political and economic conditions as well as operational risks.

In addition to the industry risks above, there are certain risks specifically associated with the Proposed Acquisitions, as follows:

(i) Completion risk

The completion of the Proposed Acquisitions is subject to, amongst others, the fulfilment of the conditions precedent in the Agreement as set out in Section 2 of Appendix I of this Circular and the approvals required for the Proposed Acquisitions as set out in Section 8 of this Circular.

There can be no assurance that the abovementioned conditions and approvals will be satisfied, waived or obtained, as the case may be, within the stipulated timeframe or that any of the termination events under the Agreement will not occur such that the Proposed Acquisitions will not be completed. Failure to complete the Proposed Acquisitions will result in YBS Group not being able to realise the anticipated benefits of the Proposed Acquisitions as set out in Section 3 of this Circular.

Notwithstanding, the Company will take all necessary and reasonable steps to ensure the fulfilment of the conditions precedent in the Agreement that are within the Company's control as well as mitigate the occurrence of any of the termination events that are within the Company's control in order to complete the Proposed Acquisitions.

(ii) Acquisition risk

The Proposed Acquisitions are expected to contribute positively to the future earnings and earnings per YBS Share of YBS Group upon the completion of the Proposed Acquisitions. However, there is no assurance that the anticipated benefits of the Proposed Acquisitions will be realised or that YBS Group will be able to generate sufficient revenue and earnings therefrom to offset the associated costs incurred for the Proposed Acquisitions. There is also no assurance that the existing YBS Group is able to maintain or improve the quality of products and/or services currently offered by the Target Companies.

In mitigating such risks, YBS Group intends to maintain Target Companies' existing business model, key management personnel and be involved in the decision making of strategic matters of the Target Companies.

Further, the Vendor has unconditionally and irrevocably guaranteed and undertaken on the Operational EBITDA Target and in the event that the Operational EBITDA Target is not met, the Purchase Price will be adjusted and will be deducted from the Security Amount. Further details of the mechanism governing the Purchase Price and release of the Security Amount as well as the Operational EBITDA Target are set out in Section 3 of Appendix I of this Circular.

(iii) Dependence on the experience and capability of certain key management personnel of the Target Companies

The business growth and success of the Target Companies are largely attributed to the contributions and expertise of the existing key management team, competent personnel and the Target Companies' ability to attract, motivate and retain qualified and skilled personnel to contribute to the sustainable development and growth of the Target Companies.

There can be no assurance the loss of any key personnel of the Target Companies can be avoided and would not affect the business operations and financial performance of the Target Companies. Hence, YBS Group will adopt an appropriate approach to retain such key management personnel including, amongst others, to offer competitive remuneration packages, requisite training, career advancement opportunities and other employment benefits.

YBS Group will also use its best endeavours to reduce dependency on any key management personnel by attracting qualified and experienced personnel and addressing succession planning by grooming capable employees to complement the management team as well as to ensure continuity and competency of the management team in the Target Companies.

(iv) Goodwill and impairment risk

The Proposed Acquisitions will result in the recognition of a goodwill amount of approximately RM83.19 million on the consolidated financial statements of YBS, representing the excess of the Purchase Price over the fair value of the identified NA acquired. The goodwill amount is subject to change based on the purchase price allocation exercise to be conducted by YBS upon completion of the Proposed Acquisitions.

Goodwill is subject to annual impairment testing or may be impaired when there are changes in circumstances. Any subsequent fair value adjustments allocated to the identifiable assets and liabilities arising from the Proposed Acquisitions may materially affect YBS Group's financial position and performance. Additionally, any impairment losses recognised on the goodwill arising from the Proposed Acquisitions may also materially affect YBS Group's financial position and performance and that may have a corresponding effect on shareholders' value.

Nevertheless, YBS Group will continuously monitor the financial and cash flow performance of the Target Companies to ensure that the goodwill is supported by the cash flows of the Target Companies at all times.

(v) Foreign exchange risk

The financial results of the Target Companies are denominated in different currencies including THB and VND. As the financial results of the Target Companies will be consolidated with the financial results of the YBS Group, which is reported in RM, upon completion of the Proposed Acquisitions, any fluctuation of THB and VND against the RM may have an impact on the YBS Group's financial figures. There can be no assurance that fluctuations in foreign exchange will not have a material and adverse effect on YBS Group's financial performance.

Notwithstanding the above, the exchange translation on consolidation is only an accounting entry for the purpose of consolidating the enlarged YBS Group's financial results as at a particular date.

(vi) Regulations on foreign investments and repatriation of profits

The Proposed Acquisitions will be subject to the foreign investment policies of their respective domicile countries. Any breach or non-compliance with such policies may adversely affect the Company's investments in the Target Companies. Changes in policies on foreign ownership such as an introduction of limits on foreign shareholding may also adversely affect the Company in that the Company may be required to reduce its shareholding in the Target Companies, where applicable.

In addition, the ability of APTC and ATSC to repatriate its profits will depend largely on the relevant legislation relating to the repatriation of profits prevailing at the point of repatriation. In the event of any changes in the foreign investment policies or legislations in the respective domicile country which may cause foreign investments to experience any restrictions whatsoever, there may be a material or adverse impact on the YBS Group.

Further details of the prevailing policies on the foreign investment and repatriation of profits of the respective jurisdictions of the Target Companies are set out in Section 5 of this Circular.

(vii) Financing risk

The Company intends to partly fund the Purchase Price through bank borrowings, which would result in new interest and principal servicing obligations. The borrowings to finance the Purchase Price would expose YBS to financing risk such as fluctuation in interest rates that could impact the Group's cash flows and profitability which may, in turn, affect its repayment commitments. The Group's gearing ratio as at 31 March 2025 is 0.39 times and is expected to increase to 1.77 times upon completion of the Proposed Acquisitions, further details as set out in Section 7.2 and Appendix IV of this Circular. Any adverse movement in interest rates will lead to higher borrowing costs.

Notwithstanding this, YBS Group will take necessary effort to mitigate such financing risk by monitoring and reviewing its debt portfolio from time to time, taking into consideration its gearing level, interest costs as well as cash flows and will seek to adopt cost effective financing options to address any increase in interest rates that could occur in the future, including tapping into the equity market to raise additional funds.

(viii) Economic, political and/or legal environment risk

Any adverse development in the political, economic and regulatory environment in Malaysia, as well as the countries where the Target Companies' products are exported to and where its supplies are imported from, could materially or adversely affect the Target Companies' business operations and financial performance.

For instance, the USA imposed a baseline tariff of 10.00% on all imports to USA effective from 5 April 2025. Further, on 9 April 2025, USA rolled out higher, country-specific reciprocal tariffs on countries with which USA has trade deficits. Some examples of countries affected by the reciprocal tariff rates include Malaysia (24.00%), Vietnam (46.00%) and Thailand (36.00%), whereas tariffs for countries that are not affected by the reciprocal tariffs will remain at the 10.00% baseline tariff. Later that same day, USA announced a pause on the reciprocal tariffs for 90 days, except for China. However, the affected countries will continue to face the 10.00% baseline tariff during the 90-day pause. Subsequent thereto, the reciprocal tariff imposed by the USA on Malaysia, Vietnam and Thailand has been adjusted to 19.00%, 20.00% and 19.00% respectively effective from 8 August 2025. While the implementation of these tariffs may affect the precision engineering industry globally, the full extent of the potential impact of these tariffs on the global precision engineering industry remains uncertain as the tariffs are in the early stage of implementation.

Notwithstanding the above, revenue contribution from USA accounted for approximately 0.14%, 0.54% and 0.68% of the Target Companies' total revenue for FYEs 31 December 2022, 31 December 2023 and 31 December 2024 respectively.

7. EFFECTS OF THE PROPOSED ACQUISITIONS

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisitions will not have any effect on the issued share capital and substantial shareholders' shareholdings of YBS as the Proposed Acquisitions do not involve any issuance of new YBS Shares.

7.2 NA, NA per YBS Share and gearing

For illustrative purposes only, based on the latest audited consolidated statement of financial position of YBS as at 31 March 2025, the pro forma effects of the Proposed Acquisitions on the NA, NA per YBS Share and gearing of YBS Group are as follows:

	Audited as at 31 March 2025 RM	(I) After adjusting for subsequent event RM	(II) After (I) and Proposed Acquisitions RM
Share capital	64,237,782	⁽ⁱ⁾ 64,246,701	64,246,701
Treasury shares	(1,772,164)	(1,772,164)	(1,772,164)
ESOS reserve	7,514,749	⁽ⁱ⁾ 7,511,830	7,511,830
Translation reserve	163,166	163,166	163,166
Revaluation reserve	47,560,098	47,560,098	47,560,098
Retained profits	18,464,147	18,464,147	⁽ⁱⁱ⁾ 14,464,147
Equity attributable to owners of the Company / NA	136,167,778	136,173,778	132,173,778
Number of Shares in issue*	294,561,091	⁽ⁱ⁾ 294,609,091	294,609,091
NA per Share (RM)	0.46	0.46	0.45
Total borrowings (RM)	53,301,998	53,301,998	^{(iii)(iv)} 233,410,462
Gearing (times)	0.39	0.39	1.77

Notes:

* Excluding 3,110,000 treasury shares.

(i) After adjusting for the issuance of 48,000 Shares arising from the exercise of ESOS options at an exercise price of RM0.125 which were allotted on 30 April 2025 and the corresponding reversal of approximately RM2,919 arising from such exercise from the ESOS reserve account to the share capital account.

(ii) After deducting the estimated expenses of approximately RM4.00 million for the Proposed Acquisitions, comprising the following:

Details	RM'000
Professional fees (including Principal Adviser, solicitors (both local and foreign) and Reporting Accountants)	3,960
Fees to authorities	15
Printing, EGM and other incidental expenses	25
Total	4,000

(iii) After consolidating the total borrowings of the Target Companies of approximately RM68.71 million as at 31 December 2024 pursuant to the Proposed Acquisitions.

(iv) Assuming the Proposed Acquisitions are partially funded by bank borrowings of USD26.60 million (equivalent to RM111.40 million).

7.3 Earnings and EPS

The Proposed Acquisitions are not expected to have any material effect on the earnings and EPS of YBS Group for financial year ending 31 March 2026 as the Proposed Acquisitions are only expected to be completed in the first (1st) quarter of 2026. Notwithstanding this, the Proposed Acquisitions are expected to contribute positively to the future earnings and EPS of the YBS Group.

For illustrative purposes only, based on the latest audited statements of comprehensive income of YBS Group for FYE 31 March 2025 and the latest combined statements of comprehensive income of the Target Companies for FYE 31 December 2024 and assuming that the Proposed Acquisitions had been effected on 1 April 2024, the pro forma effects of the Proposed Acquisitions on the earnings and EPS of YBS Group are set out as follows:

	Audited as at 31 March 2025 RM	After adjusting for subsequent event ⁽ⁱ⁾ RM	After the Proposed Acquisitions RM
LAT attributable to owners of the Company	(10,087,704)	(10,087,704)	(10,087,704)
Add: Combined PAT of the Target Companies	-	-	24,915,894
Less: Estimated expenses in relation to the Proposed Acquisitions	-	-	(4,000,000)
Estimated interest expenses arising from the drawdown of bank borrowings in relation to the Proposed Acquisitions	-	-	⁽ⁱⁱ⁾ (8,720,986)
Enlarged (LAT) / PAT	(10,087,704)	(10,087,704)	2,107,204
Number of Shares in issue*	294,561,091	⁽ⁱ⁾ 294,609,091	294,609,091
Actual / Pro forma (LPS) / EPS (sen)	(3.42)	(3.42)	0.72

Notes:

* Excluding 3,110,000 treasury shares.

(i) After adjusting for the issuance of 48,000 Shares arising from the exercise of ESOS options, as detailed in Note (i) of Section 7.2 of this Circular.

(ii) After taking into account the interest expenses to be incurred in the first twelve (12) months, assuming a full drawdown of USD26.60 million (equivalent to RM111.40 million).

7.4 Convertible securities

As at the LPD, save for 22,741,794 outstanding ESOS options, the Company does not have any other convertible securities.

8. APPROVALS REQUIRED

The Proposed Acquisitions are subject to the following approvals being obtained:

- (i) BNM under the Foreign Exchange Policy Notices issued by BNM for the Proposed Acquisition of APTC* for investment of up to USD4.90 million (equivalent to approximately RM21.00 million), which was obtained vide its letter dated 1 August 2025, subject to, among others, the following conditions:

No.	Conditions imposed	Status of compliance
(1)	YBS must obtain the approval of BNM prior to effecting any change in relation to the Proposed Acquisition of ATSC;	To be complied
(2)	YBS must repatriate to Malaysia all net proceeds from the foreign investment in APTC, including dividends, interest, profits and proceeds from the disposal of the investment, and deposit them with a licensed local bank; and	To be complied

No.	Conditions imposed	Status of compliance
(3)	YBS is required to notify BNM of the cancellation of the Proposed Acquisition of APTC, if applicable.	To be complied

* BNM's approval for the investment amounting to USD3.94 million (equivalent to approximately RM17.01 million) in relation to Proposed Acquisition of ATSC is not required.

(ii) the shareholders of YBS at an extraordinary general meeting of the Company to be convened;

(iii) SHTP Management Board to approve the registration of capital contribution, purchase of share, capital contribution by the Company* in connection with the Proposed Acquisition of ATSC, further details as set out in Section 2.1.7 of Appendix I of this Circular; and

* As at the LPD, the application to SHTP is pending finalisation. The Vendor/ ATSC intends to submit the application to SHTP by the 4th quarter of 2025.

(iv) any other relevant authorities and/or parties, if required.

9. HIGHEST PERCENTAGE RATIO

Pursuant to Rule 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisitions is approximately 225.97% based on the Company's latest available audited consolidated financial statements prior to the signing of the Agreement (i.e. FYE 31 March 2024).

For avoidance of doubt, the Proposed Acquisitions do not result in a significant change in the business direction or policy of the Company pursuant to Rule 1.01 of the Listing Requirements, due to the following:

(i) the Target Companies are principally involved in toolmaking, manufacture of metal stamped parts, injection moulding and provision of value-added assembly services, which is similar to the core business of YBS Group;

(ii) as at the LPD, YBS does not have any controlling shareholder. Further, the Proposed Acquisitions will not result in the emergence of a controlling shareholder in YBS;

(iii) there is no change in the Board as a result of the Proposed Acquisitions;

(iv) YBS is not classified as a cash company; and

(v) the Proposed Acquisitions do not involve the transfer of the Company's listing status.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of the Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisitions.

11. CONDITIONALITY

The Proposed Acquisitions are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

12. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisitions and the proposed acquisition of a piece of land located at Daerah Seberang Perai Tengah, Negeri Pulau Pinang together with a factory building erected thereon for a cash consideration of RM23,500,000* ("**Proposed Acquisition of Property**"), there is no other corporate exercise which has been announced but pending completion as at the LPD.

* The Proposed Acquisition of Property is expected to be completed by 31 December 2025.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Acquisitions, including but not limited to the basis and justifications for the Purchase Price, rationale and benefits of the Proposed Acquisitions, effects of the Proposed Acquisitions as well as the prospects of the Target Companies and the risks involved, is of the opinion that the Proposed Acquisitions are in the best interests of the Company.

Accordingly, the Board recommends you to vote in favour of the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM of the Company.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained from the relevant authorities and/or parties, the Proposed Acquisitions are expected to be completed by the first (1st) quarter of 2026.

The tentative timetable for the implementation of the Proposed Acquisitions is as follows:

Tentative timeline	Key milestones
3 December 2025	EGM
4 th quarter of 2025	Agreement becomes unconditional
1 st quarter of 2026	Completion of the Proposed Acquisitions

15. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Mertajam, Level 1, Holiday Inn & Suites Penang Prai, 1919, Menara Sentral, Jalan Juru Sentral, 14000 Bukit Mertajam, Pulau Pinang on Wednesday, 3 December 2025 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Acquisitions.

If you are unable to attend and vote in person at the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, the Proxy Form should be completed, signed and lodged at the Share Registrar's office, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or alternatively to lodge electronically via the portal at <https://www.equiti.my/> or emailed to mega-sharereg@megacorp.com.my not less than forty-eight (48) hours, i.e. latest by Monday, 1 December 2025 at 11.00 a.m., before the time appointed for holding the EGM or any adjournment thereof. If you have emailed the Proxy Form, please submit the original document at any time before the time appointed for holding the meeting or to the registration staff on the meeting date for the Company's records.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

16. ADVISER

Affin Hwang IB has been appointed as the Principal Adviser to the Company for the Proposed Acquisitions.

17. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
YBS INTERNATIONAL BERHAD

YONG CHAN CHEAH
Group Managing Director and Chief Executive Officer

SALIENT TERMS OF THE AGREEMENT

The salient terms of the Agreement are set out as follows:

1. Sale of 100% equity interest in APTM, APM, APTC and ATSC (“100% Equity Interest”)

Subject to the terms and conditions of the Agreement, the Vendor, shall sell (as legal and beneficial owner (and in respect of entire registered capital of APTC being THB49,080,000.00, divided into 4,908,000 shares with Baht 10 of par value each inclusive of any enlarged registered capital as at the Completion Date (if any) (“**APTC Shares**”), shall procure Low Kok Hong and Choo Weng Wah collectively (“**APTC Individual Shareholders**”) to sell) and the Purchaser shall buy (including a person/entity designated by the Purchaser) the 100% Equity Interest (being the entire issued share capital of APTM of RM32,000,000 comprising 32,000,000 ordinary shares, entire registered capital of APTC being THB49,080,000.00, divided into 4,908,000 shares with Baht 10 of par value each, entire issued share capital of APM of RM14,000,000 comprising 14,000,000 ordinary shares and entire registered charter capital of ATSC of VND131,994,338,611) and not only part of the 100% Equity Interest free from any mortgage, charge (whether fixed or floating), pledge, lien, encumbrance, hypothecation, security interest, title retention or other security arrangement of any kind or any other encumbrance of any nature whatsoever and with all attached or accrued rights as at the Completion Date for the purchase consideration stipulated in the provisions of Section 3 of this Appendix.

2. Conditions Precedent

2.1 Matters to be satisfied

The obligations of the Vendor to sell and of the Purchaser to buy 100% Equity Interest shall be conditional upon fulfilment of the following conditions precedent (“**Conditions Precedent**”) within the period of six (6) months from the date of Agreement or such other extended period as may be agreed by both parties in writing from the date of Agreement (“**Last Condition Date**”):

- 2.1.1 the Vendor shall provide to the Purchaser a legal opinion from a qualified Singapore counsel on the Vendor’s warranties given under Sections 6.1.2 to 6.1.7 of this Appendix at its own costs and expenses;
- 2.1.2 the Vendor shall provide to the Purchaser the certified true copy of the directors’ approval and shareholders’ approval of the Vendor in relation to the Proposed Acquisitions authorising the execution and delivery by any director of the Vendor of the Agreement and all other documents and agreements ancillary or pursuant to or in connection with the Proposed Acquisitions;
- 2.1.3 the Purchaser shall provide to the Vendor the certified true copy of the directors’ approval and shareholders’ approval of the Purchaser for the Proposed Acquisitions and authorising the execution and delivery by any director of the Purchaser of the Agreement and all other documents and agreements ancillary or pursuant to or in connection with the Proposed Acquisitions;
- 2.1.4 the Vendor shall procure the fulfilment of the following additional conditions precedent pertaining to the Proposed Acquisition of APM:
 - (a) APM obtaining a manufacturing licence for the manufacturing activities located at No. 9, Jalan Bioteknologi 3, Kawasan Perindustrian SILC, 79200 Iskandar Puteri, Johor (“**APM’s Rented Property**”) issued by MITI and/or Malaysian Investment Development Authority;

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (b) APM entering into a tenancy agreement in respect of APM's Rented Property with the landlord, Pembinaan Eastern Aluminium Sdn Bhd, for a period of three (3) years at the current monthly rental of RM129,224.07 with an option to renew for a further two (2) terms of three (3) years each at a monthly rental to be based on the prevailing market rate provided that any increase shall not exceed 5% of the monthly rental paid during the current term and on such other terms to be agreed by the Purchaser;
 - (c) APM obtaining the written consent from Malayan Banking Berhad in relation to the change in APM's existing shareholders' shareholding and directors or management on terms and conditions (if any) acceptable to both parties;
 - (d) APM clearing of all liabilities of APM pertaining to the related party transactions including but not limited to waiver or set-off of all amounts owing by APM to its holding company, the Vendor and related parties, or capitalisation of loan or assignment of debts (where applicable), details as provided in Appendix V of the Agreement;
- 2.1.5 the Vendor shall procure the fulfilment of the following additional conditions precedent pertaining to the Proposed Acquisition of APTM:
 - (a) APTM obtaining the written consent from Alliance Bank Malaysia Berhad in relation to the change in APTM's existing shareholders' shareholding and directors or management on terms and conditions (if any) acceptable to both parties;
 - (b) APTM clearing of all liabilities of APTM pertaining to the related party transactions including but not limited to waiver or set-off of all amounts owing by APTM to its holding company, the Vendor and related parties, capitalisation of loan or assignment of debts (where applicable), details are provided in Appendix V of the Agreement;
- 2.1.6 the Vendor shall procure the fulfilment of the following additional conditions precedent pertaining to the Proposed Acquisition of APTC to the satisfaction of the Purchaser:
 - (a) APTC obtaining clearance of all liabilities of APTC pertaining to the related party transactions including but not limited to waiver or set-off of all amount owing by APTC to its holding company, the Vendor and related parties, capitalisation of loan or assignment of debts (where applicable), details are provided in Appendix V of the Agreement;
 - (b) providing the updated and completed register of shareholders book of APTC to reflect the current share ownership in APTC and delivery of a certified true copy of pages of the updated and completed register of shareholders book with rectified particulars concerning share ownership to the Purchaser;
 - (c) affixing the company seal on share certificates issued to current shareholders of APTC and delivery of a certified true copy of the same to the Purchaser; and
 - (d) delivery of a certified true copy by an authorised signatory of APTC of the following documents to the Purchaser:
 - (i) Approval for removal of waste from factory issued by Director-General of Petchaburi Department of Industrial Works;
 - (ii) Evidence of renewal application of the license to operate business hazardous to health;

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (iii) In relation to the loan agreement no. N66013974512000002 granted by Bangkok Bank PCL ("**BBL**") to APTC, a consent letter issued by BBL on the change in composition of the board of directors and/or authorised person of APTC, or a waiver letter to exercise BBL's rights to terminate loan facilities with APTC;
 - (iv) Evidence of payment of stamp duty on the APTC Foreign Loan Agreements;
 - (v) Duly executed and stamped lease agreement for the lease of APTC's principal place of business/registered office;
 - (vi) Signed and sealed resolution of the board of directors of APTC approving (a) the Proposed Acquisition of APTC, (b) calling for an EGM to consider and approve, *inter alia*, the acknowledgment of the resignation of the current director and the appointment of new director(s) and, if/where applicable, amendment of the binding signatory power of the directors and (c) any other matters as agreed by the parties;
 - (vii) Evidence that the notice calling for the EGM ("**EGM Notice**") is duly issued, consisting of the relevant page of newspaper of the EGM Notice and receipt issued by Thailand post office for mailing of the EGM Notice to APTC's shareholders; and
 - (viii) Signed and sealed copies of the EGM Notice to hold the EGM on or before the Pre-Completion Date to consider and approve, *inter alia*, the acknowledgment of the resignation of the current director and the appointment of new director(s) and, if/where applicable, amendment of the binding signatory power of the directors, with effect on and from the Completion Date.
- 2.1.7 the Vendor shall procure the fulfilment of the following conditions precedent pertaining to the Proposed Acquisition of ATSC to the satisfaction of the Purchaser:
- (a) ATSC clearing all liabilities of ATSC pertaining to the related party transactions including but not limited to waiver or set-off of all amount owing by ATSC to its holding company, the Vendor and related parties, capitalisation of loan, or assignment of debts (where applicable), details are provided in Appendix V of the Agreement;
 - (b) ATSC obtaining original consent letters from CTBC Bank Co., Ltd – Ho Chi Minh City Branch (CTBC) and Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch (VCB) in relation to the change in the owner of ATSC;
 - (c) ATSC obtaining an original letter from AT Holdco Pte Ltd (formerly known as Allied Technologies Pte. Ltd. and Allied Technologies Ltd), confirming no claims against the Vendor and/or ATSC in relation to any amount paid by it in lieu of ATSC, Allied Electronics (Saigon) Co., Ltd and Allied Precision Plastic (Saigon) Co., Ltd in relation to payment of land rental for the land plots which are currently used by ATSC;

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (d) ATSC obtaining evidence of the first submission of amendment dossier of amending (a) the Land Use Right Certificate (“**LURC**”) No. BP 443130 dated 25 November 2013 for land Lot I-4 F02 to change the address of the land lot and of ATSC from “the District 9” to “Thu Duc City” or proper address as applicable or advised by competent authorities at the submission date; and (b) the LURC No. BA 881082 dated 8 February 2010 for land Lot I-4 F03 to state the origin of the land as “leasing from SHTP Management Board” or from equivalent competent authority at the time of submission instead of “land leased from the high park infrastructure developing enterprise”;
- (e) submission of all reports on supervision and assessment of investment to the competent authorities as statutorily required;
- (f) provision of valid decisions on appointment of Ms. Cao Thi Thanh Truyen as the chief accountant of ATSC;
- (g) completion of ATSC's notification to the Business Registration Office of Ho Chi Minh city (“**HCMC BRO**”) regarding (i) the change of the Vendor's authorised representative in ATSC to Mr. Tung Gee Khim; and (ii) the change of the chief accountant to Ms. Cao Thi Thanh Truyen and obtaining the confirmation of the HCMC BRO hereof;
- (h) correction of all labour noncompliance issues of ATSC, including (a) amendment of labour contracts to cover all mandatory contents as required by Vietnamese laws; (b) submission of the collective labour agreement to SHTP Management Board (or equivalent authority in charge); and (c) submission of the periodical reports on labour usage, foreign labour usage, occupational safety and hygiene, occupational accidents and occupational health from 2021 to 2024 to competent labour authorities in Vietnam;
- (i) evidence of the first submission of application for registration of amended internal labour rules to stipulate all mandatory contents as required by Vietnamese laws;
- (j) provision of approvals of the president and the director for all related party transactions of ATSC;
- (k) amendment to (a) the Principal Contract No. ALL-SGC/HDNT/2024 dated 1 January 2024, between ATSC and Saigon Steel Service and Processing Co., Ltd. to stipulate a prevailing language and a valid resolution body; (b) the Sale Contract No. KM-CT-ALL/2024-09 dated 18 June 2024 and the Sales Contract No. KM-CT-ALL/2024-09 dated 19 August 2024 both between ATSC, Cathaco., Ltd and Konica Minolta Business Technologies Manufacturing (HK) LTD to change the price denomination from USD into VND;
- (l) procurement of the letter of resignation and no claim against ATSC/ the Purchaser of Mr. Tung Gee Khim as the president, director cum legal representative of ATSC effective from the date of the enterprise registration certificate referred to in Section 4.2.1(a) below;
- (m) application with blank effective date to the account banks of ATSC on adding a signatory designated by the Purchaser for all of the bank accounts of ATSC with effect from the date of enterprise registration certificate referred to in Section 4.2.1(a) below;
- (n) ATSC shall obtain the Original Economic Concentration Approval from the Vietnam Competition Committee satisfactory to the Purchaser, if applicable;

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (o) obtaining the M&A Approval in favour of the Purchaser from SHTP Management Board or equivalent authority in charge;
 - (p) the Vendor entering into the Capital Transfer Agreement with the Purchaser substantially in the form attached in Appendix III of the Agreement;
- 2.1.8 termination of all non-trade transactions between any of the Target Companies and its holding company, or related parties of the Vendor unless otherwise agreed in writing by the Purchaser.
- 2.1.9 the Purchaser shall obtain the approval from BNM under Notice 3 of the Foreign Exchange Policy Notices issued by BNM.
- 2.1.10 the audited financial statements for FYE 31 December 2024 of the Target Companies will show a true and fair view of the state of affairs of the Target Companies.
- 2.2 Conditions waiver**

The Purchaser may waive any of the Conditions Precedent unless it is mandatorily required by laws.
- 2.3 Unconditional Date**

The Agreement shall become unconditional on the date when the Conditions Precedent have been fulfilled unless otherwise waived under Section 2.2 of this Appendix ("**Unconditional Date**").
- 3. Purchase Consideration and Payment**
 - 3.1 The total purchase consideration for 100% Equity Interest shall be USD38,000,000.00 ("**the Purchase Price**"), the details of breakdown are as stated in Section 2.1 of this Circular. The parties agree that the Purchase Price was derived on a willing buyer and willing seller basis but subject to adjustment of Purchase Price as stated in Sections 3.5 and 3.6 of this Appendix.
 - 3.2 All parties agree that the Purchase Price shall be settled entirely by way of cash, the breakdown details are as stated in Section 2.1 of this Circular.
 - 3.3 Upon the execution of the Agreement, the Purchaser shall pay the deposit of **USD1,000,000.00** to the Vendor ("**Deposit**") within ten (10) Business Days from the Agreement Date (as defined below) or such other date(s) as may be agreed between the parties in writing and it shall form part of the Purchase Price.
 - 3.4 On or before the Pre-Completion Date, the Purchaser shall deposit or cause to be deposited part of the remaining Purchase Price being **USD25,000,000.00** ("**Part Purchase Price**") with the Vendor's solicitors as stakeholders. The Vendor's Solicitors are hereby irrevocably authorised by both parties to release the Part Purchase Price and all interest accrued thereon (if any) to the Vendor on the Completion Date. The Vendor's Solicitor shall hold the Part Purchase Price as stakeholder and deal with the same in accordance with this Section 3.4 or Section 8 of this Appendix.

SALIENT TERMS OF THE AGREEMENT (CONT'D)

3.5 Both parties agree that the Purchaser shall retain the Retention Sum and shall be paid to the Vendor at the date which is three (3) months from the Completion Date ("**Retention Period**").

3.6 Both parties agree that the Purchaser shall further retain of the Security Amount as security for possible adjustment to the Purchase Price depending on the fulfilment of the Operational EBITDA Target (as defined in Section 3.7 of this Appendix) and shall be dealt with in the following manner:

(a) For the financial year from 1 April 2025 to 31 March 2026 ("**FYE 2026**")

If the aggregate audited Operational EBITDA of the Target Companies for the financial year from 1 April 2025 to 31 March 2026 ("**Operational EBITDA FYE 2026**") is equivalent or more than **USD4,000,000.00**, then **USD3,000,000.00** shall be released and paid by the Purchaser to the Vendor within fourteen (14) Business Days after the date on which the special audit on Operational EBITDA FYE 2026 ("**Operational EBITDA 2026 Audit**") prepared by the auditors of the Target Companies is accepted by the Purchaser and the Vendor in accordance with Section 3.8 below ("**Accepted Operational EBITDA 2026 Audit**") or determination by the Independent Third Party is made (as applicable). If Operational EBITDA is less than **USD4,000,000.00**, the sum equivalent to the Operational EBITDA FYE 2026 less USD1,000,000.00 shall be released to the Vendor within fourteen (14) Business Days after the date of the Accepted Operational EBITDA 2026 Audit or determination by the Independent Third Party (as applicable).

(b) For the financial year from 1 April 2026 to 31 March 2027 ("**FYE 2027**")

Notwithstanding Section 3.7.1 below, if the aggregate audited Operational EBITDA in Target Companies for the financial year from 1 April 2026 to 31 March 2027 ("**Operational EBITDA FYE 2027**") together with Operational EBITDA FYE 2026 ("**Total Target Operational EBITDA**") is equivalent or more than **USD8,000,000.00**, then the entire Security Amount which has yet to be released to the Vendor shall be released and paid by the Purchaser to the Vendor within fourteen (14) Business Days after the date on which the special audit on Operational EBITDA FYE 2027 ("**Operational EBITDA 2027 Audit**") prepared by the auditors of the Target Companies is accepted by the Purchaser and the Vendor in accordance with Section 3.8 below ("**Accepted Operational EBITDA 2027 Audit**") or determination by the Independent Third Party is made (as applicable).

If Total Target Operational EBITDA is less than **USD8,000,000.00**, the Security Amount in proportion to the said Total Target Operational EBITDA (less any amount earlier released to the Vendor under Section 3.6(a) above ("**Released Amount**")) will be released and paid to the Vendor within fourteen (14) Business Days after the date of the Accepted Operational EBITDA 2027 Audit or determination by the Independent Third Party (as applicable), and the remaining Security Amount shall be deemed to have adjusted lower on the Purchase Price. If Total Target Operational EBITDA is zero or negative after the Accepted Operational EBITDA 2027 Audit or determination by the Independent Third Party (as applicable), the Purchase Price shall be adjusted lower for the total amount of **USD8,000,000.00**. In such event, the Vendor shall refund the Released Amount and make an additional payment of USD2,000,000.00 to the Purchaser within fourteen (14) Business Days after the date of the Accepted Operational EBITDA 2027 Audit or determination by the Independent Third Party (as applicable).

(c) For the avoidance of doubt, the Purchaser shall bear in its entirety all the charges (including Sales and Services Tax ("**SST**")) of the auditors of the Target Companies in preparing the Operational EBITDA 2026 Audit and the Operational EBITDA 2027 Audit.

Please refer to Section 2.3 of this Circular for illustration of the mechanism governing the Purchase Price and release of the Security Amount as well as Operational EBITDA.

SALIENT TERMS OF THE AGREEMENT (CONT'D)

3.7 Operational EBITDA Target

- 3.7.1 The Vendor unconditionally and irrevocably guarantees and undertakes that the Operational EBITDA Target for the Target Period shall not be less than **USD8,000,000.00**.
- 3.7.2 In the event after completion, the date for the financial year ending under the Target Period is changed pursuant to any rules, guidelines, regulations or statute, the parties agree that the amount of Operational EBITDA FYE 2026 and Operational EBITDA FYE 2027 (as the case may be) shall be apportioned accordingly based on time apportionment certified by the (a) auditors of the Target Companies pursuant to a special audit conducted by the auditor of the Target Companies or (b) the Independent Third Party (as applicable).

3.8 Preparation of special audit for Operational EBITDA

- 3.8.1 The Purchaser shall deliver the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit to the Vendor within four (4) months from 31 March 2026 and 31 March 2027 respectively.
- 3.8.2 In the event the Vendor does not give notice in writing to the Purchaser within thirty (30) days from the date on which the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit is delivered to the Vendor that they disagree with the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit (as the case may be), such notice stating the reasons for the disagreement in reasonable detail (the "**Operational EBITDA Disagreement Notice**") and specifying the adjustments which, in the Vendor's opinion, should be made to the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit (as the case may be), the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit (as the case may be) shall then be final and binding on the Purchaser and the Vendor, save in the event of manifest error.
- 3.8.3 If the Vendor delivers an Operational EBITDA Disagreement Notice to the Purchaser in accordance with Section 3.8.2 above, the Purchaser and the Vendor shall attempt in good faith to reach an agreement in respect thereof and, if they are unable to do so within fourteen (14) days from the date of the Operational EBITDA Disagreement Notice, the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit (as the case may be) shall be referred to the Independent Third Party for determination by way of a notice jointly issued by the Vendor and the Purchaser.
- 3.8.4 The Independent Third Party shall be engaged jointly by the Purchaser and the Vendor on the terms set out in Section 3.8 of this Appendix.
- 3.8.5 Except to the extent that the Purchaser and Vendor agrees otherwise, the Independent Third Party shall determine their own procedure but:
- (a) apart from procedural matters and as otherwise set out in the Agreement, shall determine only:
 - (i) whether any of the alterations to the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit (as the case may be) put forward in the Operational EBITDA Disagreement Notice is correct; and
 - (ii) what alterations should be made to the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit (as the case may be) in order to correct the inaccuracies in the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit;
 - (b) shall make their determination pursuant to this Section 3.8 as soon as is reasonably practicable (the Purchaser and the Vendor shall notify the Independent Third Party on their engagement to use reasonable endeavours to provide such written determination within fourteen (14) days of the date of their engagement);

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (c) the procedure of the Independent Third Party shall:
 - (i) give the Purchaser and the Vendor a reasonable opportunity to make written and oral representations to the Independent Third Party;
 - (ii) require that each party supply the other party with a copy of any written representations at the same time as they are made to the Independent Third Party;
 - (iii) permit each party to be present while oral representations are being made by the other party to the Independent Third Party; and
 - (iv) for the avoidance of doubt, not entitle the Independent Third Party to determine the scope of their own jurisdiction.
- 3.8.6 The determination by the Independent Third Party pursuant to Section 3.8.5 above shall (a) be made in writing and made available by the Independent Third Party to both parties by way of email as soon as practicable after the determination is complete, and (b) unless otherwise agreed by the Purchaser and the Vendor, include reasons for each relevant determination.
- 3.8.7 The Independent Third Party shall act as experts and not as arbitrators and their determination of any matter falling within their jurisdiction shall be final and binding on the Purchaser and the Vendor save in the event of manifest error (whereupon the relevant part of their determination shall be void and the matter shall be remitted to the Independent Third Party for correction). In particular and without limitation, the Independent Third Party's determination shall be deemed to be incorporated into the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit (as the case may be), which shall then be final and binding on the Purchaser and the Vendor save in the event of manifest error.
- 3.8.8 The Purchaser shall bear fifty per cent (50%) of the charges (including SST) of the Independent Third Party and the Vendor shall jointly bear fifty per cent (50%) of the charges (including SST) of the Independent Third Party.
- 3.8.9 The Purchaser and the Vendor shall co-operate with the Independent Third Party and comply with their reasonable requests made in connection with the carrying out of their duties under the Agreement.
- 3.8.10 Nothing in Section 3.8 of this Appendix shall entitle a party or the Independent Third Party access to any information or document which is protected by legal professional privilege, or which has been prepared by the other party or their accountants and other professional advisers with a view to assessing the merits of any claim or argument.
- 3.8.11 Each of the Purchaser, the Vendor and the Independent Third Party shall, and shall procure that its accountants and other advisers shall, keep all information and documents provided to them pursuant to Section 3.8 of this Appendix confidential and shall not use the same for any purpose, except for disclosure or use in connection with the preparation of the Operational EBITDA 2026 Audit and Operational EBITDA 2027 Audit (as the case may be), the proceedings of the Independent Third Party or other matters arising out of the Agreement or in defending any claim or argument or alleged claim or argument relating to the Agreement or its subject matter.

SALIENT TERMS OF THE AGREEMENT (CONT'D)

4. Pre-Completion**4.1 Pre-Completion Matters for APM and APTM**

- 4.1.1 On or before the Pre-Completion Date, the Purchaser shall deliver to the Vendor the instrument of transfer (Form of Transfer of Securities pursuant to Section 105 of the Act) in respect of 14,000,000 ordinary shares in APM being all the issued shares in the capital of APM ("**APM Shares**") and 32,000,000 ordinary shares of APTM being all the issued shares in the capital of APM ("**APTM Shares**") duly executed by the Purchaser, whereupon the Vendor shall submit the form of transfer for assessment of stamp duty under the Stamps Assessment and Payment System (STAMPS);
- 4.1.2 The Purchaser undertakes to pay the stamp duty to the relevant Taxation Authority based on the notice of assessment issued by the relevant Taxation Authority ("**Notice of Assessment**") in relation to the transfer of the APM Shares and APTM Shares within three (3) days from the issuance of the Notice of Assessment; and
- 4.1.3 upon payment of the stamp duty by the Purchaser to the relevant Taxation Authority pursuant to Section 4.1.2 above, cause the company secretary of APM and APTM to issue new share certificates in respect of the APM Shares and APTM Shares in the name of the Purchaser.

4.2 Pre-Completion Matters for ATSC

- 4.2.1 On the Pre-Completion Date, the Vendor shall at its own costs and expenses arrange for the obtainment of the enterprise registration certificate of ATSC from HCMC BRO recording the Purchaser as the new owner of ATSC and new legal representative of ATSC being a person nominated by the Purchaser and thereafter:
- (a) successfully obtain the enterprise registration certificate of ATSC from HCMC BRO recording the Purchaser as the owner of ATSC and recording new legal representative of ATSC being a person nominated by the Purchaser; and
 - (b) successfully obtain the original confirmation document(s) from HCMC BRO on registration of (i) authorised representative(s) of the Purchaser in ATSC, and (ii) financial year starting from 1 April of a year to 31 March of the next year.

4.3 Pre-Completion Matters for APTC

- 4.3.1 On or before the Pre-Completion Date, the Purchaser shall deliver the original share transfer documents signed by the Purchaser and any other person(s) as transferee before one witness of each party in the form attached in Appendix IV of the Agreement to the Vendor;
- 4.3.2 On or within ten (10) Business Days from the Pre-Completion Date, the Vendor shall at its own costs and expenses arrange for, the following actions:
- (a) To procure the original share transfer documents to be signed by each of APTC's current shareholders as a transferor before one witness of such party in the share transfer documents delivered by the Purchaser in accordance with Section 4.3.1 of this Appendix;
 - (b) To update the register of shareholders book of APTC reflecting the completion of the Proposed Acquisition of APTC;
 - (c) To cancel existing share certificates issued to the current shareholders of APTC and to issue new share certificates to the Purchaser (including persons designated by the Purchaser);

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (d) To submit a new list of shareholders reflecting the completion of the Proposed Acquisition with respect to APTC to the DBD;
- (e) To arrange the applicable stamp duty to be affixed on the share transfer documents as specified under Section 4.3.2.(a) above with the relevant authority; and
- (f) Upon completion of the actions enumerated in Section 4.3.2 (a) to (e) above, to deliver to the Purchaser or any person designated by the Purchaser the certified documents in Section 4.3.2 (a) to (e) above.

5. Completion
5.1 Completion Matters for APM and APTM

- 5.1.1 On the Completion Date and provided that: (i) the Purchaser has paid the Deposit and deposited or caused to be deposited the Part Purchase Price with the Vendor's Solicitors as stakeholders; and (ii) the Vendor's Solicitors being authorised by the parties pursuant to Section 3.4 of this Appendix to release the Part Purchase Price to the Vendor, the Vendor shall deliver the following information/documents to the Purchaser or a person designated by the Purchaser:
- (a) such waivers, consents or other documents as stated in Section 2.1 above to give good title to the APM Shares and APTM Shares and to enable the Purchaser to become their registered holder;
 - (b) the original certificates in respect of the APM Shares and APTM Shares issued in the name of the Purchaser;
 - (c) the instrument of transfer (Form of Transfer of Securities pursuant to Section 105 of the Act) in respect of the APM Shares and APTM Shares duly executed by the Vendor in favour of the Purchaser, the Notice of Assessment and the stamp certificate in relation thereto;
 - (d) the certificates of incorporation, corporate seals (if any), cheque books, statutory books complete and up to date, and all the financial and accounting books and records of APM and APTM or alternatively, a confirmation from the relevant employee of APM and APTM designated by the Purchaser confirming the books and records which are in his/her possession;
 - (e) the letter issued by each of the directors in APM and APTM to resign and vacate his office as director of APM and APTM without any compensation for loss of office, such resignations to take effect on and from the Completion Date;
 - (f) the letter issued by the secretary of APM and APTM to resign and vacate his office as secretary of APM and APTM without any compensation for loss of office, such resignation to take effect on and from the Completion Date;
 - (g) certified true copies of the resolutions passed by the board of directors of APM and APTM:
 - (i) approving the transfer of the APM Shares and APTM Shares;
 - (ii) revoking all existing authorities to banks in respect of the operation of the bank accounts of APM and APTM and giving authority in favour of such persons as the Purchaser may nominate to operate such accounts; and

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (iii) effecting the appointment of such persons as the Purchaser may nominate as new directors and the company secretary, subject to their consent to act as directors and company secretary (as the case may be).

5.1.2 The Vendor undertakes to procure that a board meeting of APM and APTM be held or board circular resolution be duly signed for the transfer of APM Shares and APTM Shares in favour of the Purchaser, appointment of new directors to be nominated by the Purchaser and resignation of the existing directors and other matters as may be agreed by all parties.

5.2 Completion Matters for ATSC

5.2.1 The Vendor shall deliver the following documents to the Purchaser or a person designated by the Purchaser on the Completion Date:

- (a) original of documents evidencing completion of the conditions provided in Section 2.1.7 above and the pre-completion matters in Section 4.2 above; and
- (b) all corporate seals, cheque books, statutory books, and financial and accounting books and records of ATSC or alternatively, a confirmation from the relevant employee of ATSC designated by the Purchaser confirming the books and records which are in his/her possession.

5.3 Completion Matters for APTC

5.3.1 On the Completion Date, the Vendor shall deliver the following information/documents to the Purchaser or a person designated by the Purchaser:

- (a) a certified true copy of the Certificate of Condominium Ownership (หนังสือกรรมสิทธิ์ห้องชุด) evidencing the transfer of ownership in luxury apartment in Bangkok by APTC;
- (b) the original resolution of the board of directors of APTC as specified in Section 2.1.6(d)(vi) of this Appendix;
- (c) the original newspaper page on which the EGM Notice was published as specified in Section 2.1.6(d)(vii) of this Appendix;
- (d) the original receipt issued by Thailand post office for mailing of the EGM Notice to APTC's shareholders as specified in Section 2.1.6(d)(vii) of this Appendix;
- (e) the original resolution passed at the EGM of APTC approving, inter alia, the acknowledgment of the resignation of the current director and the appointment of new director(s) and, if/where applicable, amendment of the binding signatory power of the directors, with the effect on and from the Completion Date;
- (f) the original duly executed and stamped proxy forms to attend the EGM;
- (g) the original share transfer documents signed by each of APTC's current shareholders as a transferor and each of the Purchaser and any other person(s) as transferee before one witness of each party in the form attached hereto as Appendix IV of the Agreement;
- (h) the original register of shareholders book with rectified and updated particulars of share ownership and relevant dates;
- (i) the original duly signed, sealed and duty-stamped share certificates issued to the Purchaser (including persons designated by the Purchaser);

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (j) the log-in username and password to web portal of the DBD;
- (k) the log-in username and password to web portal of the Board of Investment of Thailand;
- (l) the original letter issued by the existing director to resign and vacate his office as director of APTC without any compensation for loss of office, with the effect on and from the Completion Date; and
- (m) the original set of application documents to amend the board of directors of APTC, and, if/where applicable, the binding signatory power of the directors, including required supporting documents, duly signed by the authorised director of APTC and affixed with APTC's company seal.

5.3.2 The Vendor shall arrange for, the following actions:

- (a) on the Completion Date, to submit the application to register the amendment of the board of directors of APTC and their binding signatory power; and
- (b) upon completion of the action in Section 5.3.2(a) above, to deliver the certified documents reflecting the amendment of the board of directors of APTC and their binding signatory power issued by the DBD to the Purchaser or any person designated by the Purchaser.

5.3.3 In the event the Target Companies enters into related party transactions and (a) incurs additional liabilities; or (b) makes additional advances, which are in addition to the liabilities and advances to related parties as set out in Appendix V of the Agreement, then:

- (i) in relation to additional liabilities incurred by the Target Companies:

subject to receipt of a notice by the Purchaser to the Vendor of the additional liabilities pertaining to related party transactions incurred by the Target Companies and the provision of indisputable proof of such additional liabilities ("**Notice of Additional Liabilities**"), the Vendor shall settle the additional liabilities in such manner as the Vendor shall decide, including but not limited to waiver, set-off or assignment of debt within thirty (30) days from the date of receipt of the Notice of Additional Liabilities;

- (ii) in relation to additional advances made by the Target Companies:

subject to receipt of a notice by the Purchaser to the Vendor of the additional advances made by the Target Companies to the Vendor and the provision of indisputable proof of such additional advances, the Vendor shall settle the additional advances in such manner as the Vendor shall decide.

5.4 Completion Date

Completion of the sale and purchase of the 100% Equity Interest shall deem to have taken place on the date the Vendor receives the Part Purchase Price in accordance with Section 3.4 of this Appendix.

5.5 Waiver rights

The Purchaser is entitled to waive any of the requirements in Sections 5.1, 5.2 and 5.3 of this Appendix.

SALIENT TERMS OF THE AGREEMENT (CONT'D)

5.6 Post Completion

Both parties agree that after Completion Date, the following shall take place:

- 5.6.1 The Target Companies shall follow the Purchaser's group policies after the Target Companies becomes the subsidiary of the Purchaser and shall also comply with the Listing Requirements.
- 5.6.2 The accounting reference date of the Target Companies shall be changed from 31 December to 31 March following the Purchaser's accounting reference date of 31 March.
- 5.6.3 The Target Companies shall change the auditors and company secretary of the Target Companies to the auditors and company secretary of the Purchaser, if requested by the Purchaser.
- 5.6.4 In relation to the manufacturing licence, APM and APTM shall notify MITI/MIDA on the disposal of APM Shares and APTM Shares respectively.
- 5.6.5 APTM shall notify Konica Minolta Business Technologies (M) Sdn Bhd on change of shareholder and director pursuant to the Proposed Acquisition of APTM.
- 5.6.6 In relation to the manufacturing warehouse licence, APM shall notify the Custom Officer within 14 days from change of board of directors.
- 5.6.7 The Purchaser shall use its best endeavours within four (4) months after the Completion Date (a) to procure the release of any personal guarantees provided by the existing directors of the Target Companies ("**Personal Guarantors**") and corporate guarantees by the Vendor respectively in the relevant banking facilities from Malayan Banking Berhad, Alliance Bank Malaysia Berhad, Bangkok Bank Public Company Limited, Kasikornbank Public Company Limited, CTBC Bank Co., Ltd. and Joint Stock Commercial Bank for Foreign Trade of Vietnam to be replaced with corporate guarantee by the Purchaser provided that the personal guarantees and/or corporate guarantees have yet to be uplifted. The Purchaser shall take all reasonable steps, including but not limited to engaging with the relevant financial institutions, providing substitute corporate guarantee required, and promptly providing all necessary information or documents to facilitate the release process. Pending such release, the Purchaser shall indemnify and keep the Personal Guarantors and the Vendor indemnified from and against any and all claims arising under and pursuant to such personal guarantees and corporate guarantees after the Completion Date.
- 5.6.8 ATSC, in coordination with the Vendor, shall proceed with amendment of its investment registration certificate to record the Purchaser as the investor instead of the Vendor.
- 5.6.9 The Purchaser shall have the right, post-completion, to terminate or cause the termination of any service contracts, employment agreements, consultancy agreements, or other similar arrangements with employees, directors, or consultants of the Target Companies, provided such termination complies with applicable laws, including statutory notice periods, severance entitlements, and other legal obligations and any related party transaction agreements with the Vendor and affiliate controlled by it from time to time ("**Vendor's Group**").
- 5.6.10 APTC shall report to the Board of Investment of Thailand with respect to the amendment of the shareholdings structure of APTC resulting from the Proposed Acquisition of APTC, as required under and in compliance with the conditions specified in the promotion certificate of the Board of Investment held by APTC (if any).

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- 5.6.11 ATSC shall obtain the amendment of (a) the Land Use Right Certificate (“**LURC**”) No. BP 443130 dated 25 November 2013 for land Lot I-4 F02 to change the address of the land lot and of ATSC from “the District 9” to “Thu Duc City” or proper address as applicable or advised by competent authorities; and (b) the LURC No. BA 881082 dated 8 February 2010 for land Lot I-4 F03 to state the origin of the land as “leasing from SHTP Management Board” or from equivalent competent authority instead of “land leased from the high park infrastructure developing enterprise”.
- 5.6.12 ATSC shall obtain the certification from SHTP Management Board (or equivalent authority in charge) on the amendment of internal labour rules to stipulate all mandatory contents as required by Vietnamese laws.

6. Warranties and Undertakings

- 6.1 The Vendor warrants to the Purchaser that:
- 6.1.1 The statements in clauses 2.1 and 2.2 of the Agreement (Recital) are true and accurate in all material respects as at the Agreement Date;
- 6.1.2 The Vendor has full power and authority to enter into and perform the Agreement, and the Agreement is valid and legally binding and constitutes (when executed) valid and legally binding obligations on it in accordance with its terms;
- 6.1.3 The execution, delivery and performance by the Vendor of the Agreement will not constitute a breach of any laws or regulations in any relevant jurisdiction or result in a breach of or constitute a default or otherwise be prohibited under (a) any provision of its constitution; (b) any order, judgment, decree or decision of any court or governmental authority in any jurisdiction; or (c) (save for the consents, waivers or approvals referred to in Section 2 of this Appendix (Conditions Precedent)) any agreement or instrument to which the Vendor is a party or by which it is bound;
- 6.1.4 All actions, conditions and things required to be taken, fulfilled or done (including the obtaining of any necessary consents if required) in order (a) to enable the Vendor to lawfully enter into, exercise its rights and, perform the transactions contemplated under the Agreement, save for the consents, waivers or approvals referred to in Section 2 of this Appendix (Conditions Precedent), and (b) to ensure that those obligations that are valid, legally binding and enforceable have been taken, fulfilled or done;
- 6.1.5 To the best of the Vendor’s knowledge, there are no pending or impending court proceedings instituted or which may be instituted against the Vendor, which the Vendor is aware of, at the time of the execution of the Agreement that may materially and adversely affect or impair or prevent the Vendor’s observation and performance of its obligations under the Agreement;
- 6.1.6 To the best of the Vendor’s knowledge, the Vendor is not subject to any winding up proceedings or petition and has not instituted or taken any steps towards voluntary winding up proceedings;
- 6.1.7 To the best of the Vendor’s knowledge, the ultimate shareholder, Low Si Ren, Kenneth has not committed any act of bankruptcy or liquidation as prescribed by law and there are no pending or impending court proceedings instituted or which may be instituted against him, which he is aware of, at the time of the execution of the Agreement that may adversely affect or impair or prevent the Vendor’s observation and performance of its obligations under the Agreement;
- 6.1.8 To the best of the Vendor’s knowledge, there is:
- (a) no encumbrance, sale, assignment, transfer, option or any other disposal or dealing over or affecting the 100% Equity Interest;

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (b) no agreement or arrangement to give or create or any circumstances which may give or create any such encumbrance, sale, assignment, transfer, option or other disposal or dealing;
 - (c) no claim by any person to be entitled to or under any such encumbrance, sale, assignment, transfer, option or other disposal or dealing or agreement or arrangement;
- 6.1.9 The statements in Schedule 3 of the Agreement (The Vendor's Warranties) are true and accurate in all material respects as at the date of the Agreement ("**Agreement Date**");
- 6.1.10 The Vendor shall on a best endeavours basis assist the Purchaser, and/or its solicitors, accountants and/or other agents or professional advisers in carrying out the due diligence review and a full and frank disclosure as regards to the Target Companies will be provided;
- 6.1.11 The Vendor will not, so long as the Agreement subsists, enter into any agreement, transaction or arrangement whatsoever (whether conditional or otherwise) to sell, dispose of, transfer, assign, convey or encumber the 100% Equity Interest or any part thereof;
- 6.1.12 To the best of the Vendor's knowledge, none of the Target Companies is involved in any civil, criminal or arbitration proceedings and no such proceedings are pending or threatened by or against any Target Companies or any such person and there are no facts or circumstances which might lead to any such proceedings ("**Proceedings**") as at the Agreement Date. Subject to Section 6.8 of this Appendix, the Vendor agrees and undertakes that it will keep the Purchaser fully indemnified against any losses, damages, claims, expenses, costs, fines and whatsoever arising from the Proceedings in respect of the matter(s) incurred prior to the Completion Date notwithstanding that the relevant Target Companies Company receives the notice of demands or claims or becomes aware of such liabilities, claims, damages, fine or whatsoever after the Completion Date;
- 6.1.13 To the best of the Vendor's knowledge, none of the Target Companies is in breach of any laws, rules or regulations in Malaysia, Thailand and Vietnam ("**Breach**") as at the Agreement Date. Subject to Section 6.8 of this Appendix, the Vendor agrees and undertakes that it will keep the Purchaser fully indemnified against any losses, damages, claims, expenses, costs, fines and whatsoever arising from the Breach in respect of the matter(s) incurred prior to the Completion Date notwithstanding that the relevant Target Companies Company receives the notice of demands or claims or becomes aware of such liabilities, claims, damages, fine or whatsoever after the Completion Date;
- 6.1.14 To the best of the Vendor's knowledge, the Target Companies has paid the relevant Tax to the Taxation Authority up-to-date and there is no outstanding tax liability or dispute with Taxation Authority as at the Agreement Date ("**Outstanding or Dispute Tax**"). Subject to Section 6.8 of this Appendix, the Vendor agrees and undertakes that it will keep the Purchaser fully indemnified against any losses, damages, claims, expenses, costs, fines and whatsoever arising from the Outstanding or Dispute Tax in respect of the matter(s) incurred prior to the Completion Date notwithstanding that the relevant Target Companies Company receives the notice of demands or claims or becomes aware of such liabilities, claims, damages, fine or whatsoever after the Completion Date;
- 6.1.15 To the best of the Vendor's knowledge, there are no other approvals from (a) Government Authorities; (b) financial institutions, or (c) any customers or suppliers of Target Companies required for the Proposed Acquisitions save as provided in Section 2.1 of this Appendix;

SALIENT TERMS OF THE AGREEMENT (CONT'D)

6.1.16 The Vendor undertakes to procure and ensure that from the Agreement Date until the Completion Date:

- (a) each and all the Target Companies shall:
 - (i) preserve and maintain in full force and effect its corporate existence;
 - (ii) carry on business only in the ordinary and usual course consistent with past practices and there will be no change in its business or operations;
 - (iii) preserve and maintain all of its properties and assets, owned or used in the conduct of its business, in reasonable working order and condition (ordinary wear and tear excepted);
 - (iv) comply with all relevant laws and regulations which otherwise might result in a material adverse effect to its business, operations, properties, assets, or financial condition;
 - (v) keep such books of record and accounts, in which full and in all respects correct entries shall be made of all its financial transactions, assets and business, in accordance with its present practice.
- (b) each Target Companies Company shall not without prior written consent of the Purchaser:
 - (i) acquire or dispose of, or create, have outstanding or amend any Encumbrance over, any material assets, or agree to any of the foregoing;
 - (ii) undertake any capital reduction, bonus issue, stock split or do such other acts in relation to its share capital, create, allot, issue, acquire, repay or redeem any shares or other securities, or grant any options or awards over shares or securities or issue any warrants or other forms of instruments or securities (howsoever called) convertible into shares in it or enter into any agreement or undertaking to do the same or do, or agree or permit to, or cause to be done, such acts which will dilute the interest of the Purchaser in it or vary the rights attaching to any of the 100% Equity Interest;
 - (iii) pass any shareholders' resolution otherwise than for purposes contemplated in the Agreement or any agreement pursuant to the Agreement;
 - (iv) modify or agree to terminate any material contract which will result in a material adverse effect to its business, operations, properties, assets, or financial condition;
 - (v) make, or agree to make, any capital expenditure on any individual item exceeding USD500 or any capital expenditure exceeding USD1,000 in total, or incur, or agree to incur, a commitment or commitments involving capital expenditure on any individual item exceeding USD500 or a commitment or commitments involving capital expenditure exceeding USD1,000 in total;
 - (vi) amend, or agree to amend, the material terms of its borrowing or indebtedness or create, incur, or agree to create or incur, borrowing or indebtedness in the nature of borrowing;
 - (vii) issue any bonds, debentures, loan stock, notes and/or other securities or instruments acknowledging, evidencing or creating indebtedness or grant any loan, advance, indemnity or guarantee of whatsoever nature to any person;

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- (viii) declare any dividends or make any other distributions to its shareholder save for the declaration of dividend of **USD400,000** (equivalent to RM1.8 million) under APTM;
- (ix) make, or agree to make, material alterations to the terms and conditions of employment of any of its directors, officers or employees;
- (x) start, defend, accelerate, delay, waive, settle or compromise any mediation, litigation, arbitration or other civil or criminal proceedings, or any other action, claim or dispute exceeding USD2,200, except debt collection in the ordinary and usual course of business;
- (xi) in relation to the properties occupied by it as at the Agreement Date, change its existing use, terminate, or give notice to terminate, any lease, tenancy or licence, in material aspects; and agree to any new rent or fee payable under any lease, tenancy or licence otherwise than for purposes contemplated in the Agreement or any agreement pursuant to the Agreement;
- (xii) fail to take any action to maintain in force any of its material insurance policies as at the Agreement Date or do anything to make such material insurance policies void or voidable or reduce the level of such material insurance cover provided;
- (xiii) become the legal or beneficial owner or holder of any share nor acquire any interest of any description in, or agree to merge, amalgamate or consolidate with, any other corporation;
- (xiv) make any change to its auditors, its financial year end or to its accounting principles, standards, practices or policies or amend its memorandum and articles of association or the constitution (as the case may be), unless required by laws;
- (xv) change its residence for tax purposes or make any tax election or settle or compromise any liability to tax or submit any tax return exceeding USD11,000 which is inconsistent with past practice or incur any liability for tax other than in the ordinary and usual course of business;
- (xvi) enter into any kind of insolvency process or any arrangement with its creditors generally;
- (xvii) enter into any related party transactions (except for the transactions on an arm's length basis or in the normal course of business); or
- (xviii) enter into any out of ordinary course of business transactions.

SALIENT TERMS OF THE AGREEMENT (CONT'D)

6.2 Purchaser's Warranties

The Purchaser acknowledges that the Vendor has entered into the Agreement in reliance upon the warranties given by it and represent and warrant to the Vendor that all the Purchaser's warranties given by the Purchaser below are true, accurate and not misleading as at the Agreement Date:

6.2.1 Transaction Warranties

- (a) All approvals, authorisations, consents, clearances, orders, registrations, qualifications, actions, conditions and things required to be taken, fulfilled and done in order:
 - (i) to enable the Purchaser to lawfully enter into, exercise its rights and perform and comply with its obligations under the Agreement; and
 - (ii) to ensure that those obligations are valid, legally binding and enforceable, have been taken, fulfilled and done and have been obtained and are in full force and effect.
- (b) No Proceedings is currently taking place or pending or, so far as the Purchaser is aware, threatened against or otherwise likely to involve the Purchaser or any of its assets which could reasonably be expected to:
 - (i) result in the issuance of an order restraining, enjoining or otherwise prohibiting or making illegal the performance by the Purchaser of its obligations under the Agreement; or
 - (ii) have the effect of delaying, frustrating or preventing the Purchaser from performing its obligations under the Agreement.

6.2.2 Sufficient Funds

The Purchaser will have sufficient funds to pay for the Deposit, Part Purchase Price and Security Amount in full when each is due and payable under the Agreement.

6.2.3 No Claim

The Purchaser is not aware of any fact, matter, event or circumstance which could reasonably be expected to result in any claim for breach of any of the Vendor's warranties.

6.3 Separate and independent

Each of the warranties is separate and independent and is without prejudice to any other warranty and (except where expressly stated otherwise) shall not be limited by reference to any clause, sub-clause, paragraph or sub-paragraph.

6.4 Making and repetition

All warranties shall be deemed made on the Agreement Date and shall be repeated on the Completion Date.

SALIENT TERMS OF THE AGREEMENT (CONT'D)

6.5 Disclosure of inconsistencies

The Vendor will promptly disclose in writing to the Purchaser any event or circumstances, which raises or becomes known to it after the Agreement Date and prior to the Completion Date, which is inconsistent with any of the warranties given by the Vendor to the Purchaser.

6.6 Rights and remedies

Subject to Sections 6.4 and 6.8 of this Appendix, the rights and remedies of the Purchaser in respect of any breach of the Vendor's warranties and any obligations of the Vendor remaining to be performed shall not be affected by completion.

6.7 Indemnity

Subject to Section 6.8 of this Appendix, the Vendor agrees and undertakes that it will indemnify the Purchaser of any liabilities (including but not limited to tax liabilities), claims, damages, fine or whatsoever against any Target Companies by reason of or in connection with any breach of the Vendor's warranties given by the Vendor under the Agreement notwithstanding that the said Target Companies receives the notice of demands or claims or becomes aware of such liabilities, claims, damages, fine or whatsoever arising from the breach of the Vendor's warranties after the Completion Date.

6.8 Limitation of Vendor's Liability

The provisions of Schedule 5 of the Agreement pertaining to limitation of Vendor's liability shall apply to all claims against the Vendor under the Agreement.

7. Termination**7.1 Grounds**

Without prejudice to the Purchaser's or the Vendor's rights under the general or common law, the Purchaser or the Vendor may (but shall not be obliged to) at any time by notice to the other party to terminate the Agreement if:

- 7.1.1 any of the Conditions is not satisfied by the Last Condition Date; or
- 7.1.2 any of the approvals referred to in any of such Conditions are approved on terms and/or conditions which are not acceptable to either party by the Last Condition Date; or
- 7.1.3 at any time prior to completion, it appears that any of the warranties is or has become inaccurate or misleading (save as disclosed in the Agreement) and if such breach is capable of being remedied, the party in breach fails, refuses or neglects to remedy such breach within fourteen (14) days from notification date by the non-defaulting party providing particulars of the breach and requiring such breach to be remedied; or
- 7.1.4 at any time prior to Completion, save as provided in Section 7.1.4 of this Appendix, any material breach of a party's undertakings and obligations which could not be remedied by the party in breach or if such breach is capable of being remedied, the party in breach fails, refuses or neglects to remedy such breach within fourteen (14) days from notification date by the non-defaulting party providing particulars of the breach and requiring such breach to be remedied,

and on such notice being given, the provisions of Section 8 of this Appendix shall apply.

SALIENT TERMS OF THE AGREEMENT (CONT'D)

- 7.2 For the purposes of Section 7.1.4 above, a “**material breach**” by the Vendor means a breach which results in a material adverse effect, but excluding any adverse effect (actual, contingent or otherwise) arising from any item, matter or transaction as disclosed.

8. Termination consequences

If the Agreement is terminated in accordance with Section 7 of this Appendix:

- 8.1 the Purchaser shall deliver to the Vendor all original documents which were furnished by the Vendor to the Purchaser (including its representatives, officers, employees, agents, professional advisers and/or consultants) under the Agreement (if any) with the Vendor's interest in the 100% Equity Interest intact and the Vendor shall also deliver to the Purchaser all original documents which were furnished by the Purchaser under the Agreement (if any);
- 8.2 in the event the Vendor's Solicitors are holding the Part Purchase Price as stakeholders, the Vendor's Solicitors shall upon giving seven (7) days' prior written notice to the Vendor and subject to the Vendor not having provided notice to the Vendor's Solicitor that it disputes the termination of the Agreement in the aforementioned seven (7) day period, be irrevocably and unconditionally authorised to release the Part Purchase Price received under Section 3.4 above to the Purchaser;
- 8.3 in the event of termination pursuant to Sections 7.1.1 and 7.1.2 above, the Vendor shall refund the Deposit received under Section 3.3 to the Purchaser within fourteen (14) days from receiving the notice of termination from the Purchaser;
- 8.4 provided that there is no default by the Vendor and if the Purchaser is the defaulting party pursuant to Sections 7.1.3 and 7.1.4 above, the Vendor shall be entitled to forfeit and keep the Deposit as agreed liquidated and ascertained damages and compensation for breach of the Agreement upon giving the written notice of termination to the Purchaser. The parties shall forthwith return or cause to return the documents pursuant to Section 8.1 above. Thereafter, the Agreement shall be terminated and be of no further effect (other than the surviving provisions) and consequently the parties shall have no claim against the other party;
- 8.5 provided that there is no default by the Purchaser and if the Vendor is the defaulting party pursuant to Sections 7.1.3 and 7.1.4, the Vendor shall refund the Deposit received under Section 3.3 above to the Purchaser within seven (7) days from receiving the written notice of termination from the Purchaser. In addition, the Vendor shall, no later than seven (7) days from the date of termination, pay to the Purchaser an amount equivalent to the Deposit as agreed liquidated and ascertained damages and compensation for breach of the Agreement. The parties shall forthwith return or cause to return the documents pursuant to Section 8.1. Thereafter the Agreement shall be terminated and be of no further effect (other than the surviving provisions) and consequently the parties shall have no claim against the other party.
- 8.6 subject and without prejudice to Sections 8.1 to 8.5 above and to any claim which either party may have against the other in respect of any antecedent breach of the Agreement, the Agreement shall be of no further force and effect and neither party shall have any further claim against the other under or in respect of the Agreement or otherwise howsoever.

9. Law

The Agreement shall be governed by and construed in accordance with the laws of Malaysia.

BACKGROUND INFORMATION ON APTM

1. HISTORY AND BUSINESS

APTM was incorporated in Malaysia on 12 August 2016 as a private limited company under the Companies Act, 1965 (and deemed registered under the Act).

APTM commenced its business operations on 18 December 2017 and is principally involved in the toolmaking, manufacture of metal stamped parts and provision of value-added assembly services. The principal products of APTM are metal stamped photocopier machines parts while also providing secondary process capabilities such as spot welding, spinning/caulking, tapping and degreasing on metal stamped parts. APTM also provides in-house tooling maintenance and modification services to its customers. APTM's revenue is mainly generated from Malaysia, further details as follows:

Revenue by geographical markets	FYE 31 December					
	2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	131,433	99.52	115,681	99.62	134,565	99.71
Overseas						
Hong Kong	640	0.48	436	0.38	393	0.29
Total	132,073	100.00	116,117	100.00	134,958	100.00

The raw materials used by APTM are primarily sourced from local suppliers, whose supply may include local or imports.

The annual production capacity and production output of APTM for the past three (3) FYEs 31 December 2022 to 2024 are as follows:

	FYE 31 December		
	2022	2023	2024
Annual production capacity (million pieces)	⁽ⁱ⁾⁽ⁱⁱ⁾ 104.85	⁽ⁱ⁾⁽ⁱⁱ⁾ 85.84	⁽ⁱ⁾ 107.39
Annual production output (million pieces)	46.98	41.76	47.04

Notes:

- (i) APTM operated 49 units of stamping machine and 1 automated stamping line.
- (ii) The production capacity varies due to a shortage of packaging trays (which are used for organising, protecting, and facilitating the transportation of stamped parts) in FYEs 31 December 2022 and 31 December 2023.

2. SHARE CAPITAL

As at the LPD, the issued share capital of APTM is RM32,000,000 comprising 32,000,000 ordinary shares.

As at the LPD, APTM does not have any convertible securities.

BACKGROUND INFORMATION ON APTM (CONT'D)**3. DIRECTORS**

As at the LPD, the directors of APTM and their respective shareholdings in APTM are as follows:

Name	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Kenneth Low	Singaporean	Director	-	-	⁽ⁱ⁾ 32,000,000	100.00
Choo Weng Wah	Malaysian	Director	-	-	-	-

Note:

- (i) Deemed interest by virtue of his shareholding in ATH through AT Assets pursuant to Section 7(4)(a) of the SG CA.

4. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of APTM and their respective shareholdings in APTM are as follows:

Name	Nationality/ Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
ATH	Singapore	32,000,000	100.00	-	-
AT Assets	Singapore	-	-	⁽ⁱ⁾ 32,000,000	100.00
Kenneth Low	Singaporean	-	-	⁽ⁱⁱ⁾ 32,000,000	100.00

Notes:

- (i) Deemed interest by virtue of its shareholding in ATH pursuant to Section 7(4)(a) of the SG CA.
- (ii) Deemed interest by virtue of his shareholding in ATH through AT Assets pursuant to Section 7(4)(a) of the SG CA.

5. SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, APTM does not have any subsidiary or associated companies.

6. SUMMARY OF FINANCIAL INFORMATION

The summary of the financial information of APTM based on its audited financial statements for FYEs 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 is as follows:

	Audited			
	FYE 31 December			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Revenue	69,690	132,073	116,117	134,958
(LBT) / PBT	(5,430)	4,279	4,200	10,761
(LAT) / PAT	(5,454)	4,272	4,187	10,737
Share capital	32,000	32,000	32,000	32,000
No. of APTM shares in issue ('000)	32,000	32,000	32,000	32,000

BACKGROUND INFORMATION ON APTM (CONT'D)

	Audited			
	FYE 31 December			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Shareholders' funds/NA	11,354	15,626	19,813	30,550
Borrowings	24,960	20,801	19,329	17,253
(LPS) / EPS (RM)	(0.17)	0.13	0.13	0.34
NA per APTM share (RM)	0.35	0.49	0.62	0.95
Current ratio (times)	0.52	0.80	0.80	1.33
Gearing ratio (times)	2.20	1.33	0.98	0.56

There was no accounting policy adopted that is peculiar to APTM's business or the industry it is involved. There was no audit qualification in the audited financial statements of APTM for the FYEs 31 December 2021 to 31 December 2024.

Commentaries on financial performance:**FYE 31 December 2022 vs FYE 31 December 2021**

APTM's revenue increased by approximately RM62.38 million or 89.51% to approximately RM132.07 million for the FYE 31 December 2022 (FYE 31 December 2021: approximately RM69.69 million). This was mainly due to the increase in the sales of contract manufacturing assembly products (post COVID-19 recovery) to a major customer with presence in Malaysia and Hong Kong.

APTM recorded a PAT of approximately RM4.28 million for the FYE 31 December 2022 (FYE 31 December 2021 LAT: approximately RM5.45 million). This was mainly due to higher gross profit and higher scrap income. However, this was partially offset by higher unrealised loss on foreign exchange and higher costs related to hiring of foreign workers during the year.

FYE 31 December 2023 vs FYE 31 December 2022

APTM's revenue decreased by approximately RM15.96 million or 12.08% to approximately RM116.12 million for FYE 31 December 2023 (FYE 31 December 2022: approximately RM132.07 million). This was mainly due to the decrease in the sales of contract manufacturing assembly products to a major customer with presence in Malaysia and Hong Kong. This was mainly due to changes in the copier market, influenced by evolving workplace habits and the shift towards remote working.

APTM's PAT decreased by approximately RM0.85 million or 1.99% to approximately RM4.19 million for FYE 31 December 2023 (FYE 31 December 2022: approximately RM4.27 million). This was mainly due to higher realised loss on foreign exchange and higher property, plant and equipment written off. However, this was partially offset by higher gross profit, higher unrealised gain on foreign exchange and lower costs related to hiring of foreign workers during the year.

FYE 31 December 2024 vs FYE 31 December 2023

APTM's revenue increased by approximately RM18.84 million or 16.23% to approximately RM134.96 million for FYE 31 December 2024 (FYE 31 December 2023: approximately RM116.12 million). This was mainly due to increase in sales of contract manufacturing assembly products to a major customer with presence in Malaysia and Hong Kong.

APTM's PAT increased by approximately RM6.55 million or 156.44% to approximately RM10.74 million for FYE 31 December 2024 (FYE 31 December 2023: approximately RM4.19 million). This was mainly due to lower realised loss on foreign exchange, administrative expenses and finance costs.

BACKGROUND INFORMATION ON APTM (CONT'D)

7. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, APTM has not entered into any material contracts (not being contracts entered into in the ordinary course of business of APTM) within two (2) years immediately preceding the date of this Circular:

- (i) On 29 July 2024, APTM has entered into a sale & purchase agreement with D & C Success Realty Sdn Bhd for the disposal of all that piece of freehold vacant land held under GRN 69217, Lot 26538 situated in Mukim Tanjong Minyak, Daerah Melaka Tengah, Negeri Melaka measuring approximately 2.988 hectares in area and bearing postal address of PT 15712 - PT 15718, Jalan Nobat 2, Taman Perindustrian Bukit Rambai, 75250 Melaka and PT 15739 - PT15745, Jalan Nobat 3, Taman Perindustrian Bukit Rambai, 75250 Melaka for a cash consideration of RM12,382,587.14.

As at the LPD, the SPA has been completed.

8. MATERIAL LITIGATION

As at the LPD, APTM is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there are no proceedings pending or threatened against APTM or of any facts likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of APTM.

9. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by against APTM, which upon becoming enforceable may have a material effect on the business or financial position of APTM.

10. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by APTM, which upon becoming enforceable may have a material effect on the business or financial position of APTM.

11. TYPE OF ASSETS OWNED BY APTM

As at 31 December 2024, APTM has the following PPE:

Type of PPE	Audited NBV as at 31 December 2024 RM'000
Computers	4
Electrical installation	1
Factory building	18,803
Factory renovation	44
Freehold land	8,280
Furniture and fittings	2
Office equipment	21
Plant and machinery	744
Total	27,899

BACKGROUND INFORMATION ON APTM (CONT'D)

The details of the freehold land and buildings owned by APTM are as follows:

Location	Description and existing use of building	Approximate age of building	Approximate land area (sq m)	Approximate built-up area (sq m)
No. 1A, Jalan Nobat 7, Taman Perindustrian Bukit Rambai, 75250 Melaka	Description: A single storey detached factory with a double storey office and a lower ground canteen Existing use: Factory and warehouse	8 years	25,619	16,753

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BACKGROUND INFORMATION ON APTC

1. HISTORY AND BUSINESS

APTC was incorporated in Thailand on 10 March 2014 as a private limited company under the laws of Thailand.

APTC commenced its business operations on 10 March 2014 and is principally involved in the manufacturing and distribution of electronic components. The principal products of APTC are electronic stamping components. APTC's revenue is derived solely from Thailand.

The raw materials used by APTC are primarily sourced from local suppliers, whose supply may include local or imports.

The annual production capacity and production output of APTC for the past three (3) FYEs 31 December 2022 to 2024 are as follows:

	FYE 31 December		
	2022	2023	2024
Annual production capacity (million pieces)	⁽ⁱ⁾ 50.79	⁽ⁱ⁾ 50.79	⁽ⁱ⁾ 50.79
Annual production output (million pieces)	32.66	30.06	31.56

Note:

(i) APTC operated 16 units of stamping machine and 2 automated stamping lines.

2. SHARE CAPITAL

As at the LPD, the issued share capital of APTC is THB49,080,000 comprising 4,908,000 ordinary shares.

As at the LPD, APTC does not have any convertible securities.

3. DIRECTORS

As at the LPD, the director of APTC and his shareholding in APTC are as follows:

Name	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Perakiat Sirirueethaiwattana	Thai	Director	-	-	-	-

BACKGROUND INFORMATION ON APTC (CONT'D)

4. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of APTC and their respective shareholdings in APTC are as follows:

Name	Nationality/ Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
ATH	Singapore	4,900,000	99.84	-	-
Low Kok Hong	Singaporean	⁽ⁱ⁾ 4,000	0.08		
Choo Weng Wah	Malaysian	⁽ⁱ⁾ 4,000	0.08		
AT Assets	Singapore	-	-	⁽ⁱⁱ⁾ 4,908,000	100.00
Kenneth Low	Singaporean	-	-	⁽ⁱⁱⁱ⁾ 4,908,000	100.00

Notes:

(i) Held in trust for ATH.

(ii) Deemed interest by virtue of its shareholding in ATH pursuant to Section 7(4)(a) of the SG CA.

(iii) Deemed interest by virtue of his shareholding in ATH through AT Assets pursuant to Section 7(4)(a) of the SG CA.

5. SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, APTC does not have any subsidiary or associated companies.

6. SUMMARY OF FINANCIAL INFORMATION

The summary of the financial information of APTC based on its audited financial statements for FYEs 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 is as follows:

	Audited							
	FYE 31 December							
	2021		2022		2023		2024	
	THB'000	RM'000*	THB'000	RM'000*	THB'000	RM'000*	THB'000	RM'000*
Revenue	237,328	30,756	278,787	35,015	271,048	35,533	270,777	35,105
PBT	41,667	5,400	54,955	6,902	60,365	7,913	40,695	5,276
PAT	41,667	5,400	56,322	7,074	48,071	6,302	32,001	4,149
Share capital	49,080	6,119	49,080	6,243	49,080	6,592	49,080	6,413
No. of APTC shares in issue (‘000)	4,908	4,908	4,908	4,908	4,908	4,908	4,908	4,908
Shareholders’ funds/NA	134,511	16,771	151,896	19,321	158,300	21,261	85,908	11,225
Borrowings	-	-	-	-	68,179	9,157	90,212	11,787
EPS (THB/RM)	8.49	1.10	11.48	1.44	9.79	1.28	6.52	0.85

BACKGROUND INFORMATION ON APTC (CONT'D)

	Audited							
	FYE 31 December							
	2021		2022		2023		2024	
	THB'000	RM'000*	THB'000	RM'000*	THB'000	RM'000*	THB'000	RM'000*
NA per APTC share (THB/RM)	27.41	3.42	30.95	3.94	32.25	4.33	17.50	2.29
Current ratio (times)	4.50	4.50	4.65	4.65	1.11	1.11	1.53	1.53
Gearing ratio (times)	-	-	-	-	0.43	0.43	1.05	1.05

Notes:

* Converted based on the following exchange rates as extracted from BNM's website:

(i) income and expenses using the average rate for the financial years under review:

FYE	Exchange rate (THB100/RM)
31 December 2021	12.9592
31 December 2022	12.5596
31 December 2023	13.1094
31 December 2024	12.9647

(ii) assets and liabilities using the closing rate for the financial years under review:

FYE	Exchange rate (THB100/RM)
31 December 2021	12.4682
31 December 2022	12.7200
31 December 2023	13.4309
31 December 2024	13.0662

There was no accounting policy adopted that is peculiar to APTC's business or the industry it is involved. There was no audit qualification in the audited financial statements of APTC for FYEs 31 December 2021 to 31 December 2024.

Commentaries on financial performance:

FYE 31 December 2022 vs FYE 31 December 2021

APTC's revenue increased by approximately THB41.46 million or 17.47% to approximately THB278.79 million for the FYE 31 December 2022 (FYE 31 December 2021: approximately THB237.33 million). This was mainly due to the increase in sales of electronic stamping parts (post COVID-19 recovery) to a major customer in Thailand.

APTC's PAT increased by approximately THB14.66 million or 35.17% to approximately THB56.32 million for the FYE 31 December 2022 (FYE 31 December 2021: approximately THB41.67 million). This was mainly due to higher gross profit and higher gain on disposal of property, plant and equipment. However, this was partially offset by higher management fees charged and higher inventories written off during the year.

BACKGROUND INFORMATION ON APTC (CONT'D)

FYE 31 December 2023 vs FYE 31 December 2022

APTC's revenue decreased by approximately THB7.74 million or 2.78% to approximately THB271.05 million for FYE 31 December 2023 (FYE 31 December 2022: approximately THB278.79 million). This was mainly due to the decrease in sales of metal stamped parts to a major customer in Thailand arising from overstocking by the customer in FYE 31 December 2022.

APTC's PAT decreased by approximately THB8.25 million or 14.65% to approximately THB48.07 million for FYE 31 December 2023 (FYE 31 December 2022: approximately THB56.32 million). This was mainly due to decrease in scrap income, lower gain on disposal of property, plant and equipment and higher income tax expenses incurred during the year. However, this was partly offset by higher gross profit and interest income earned during the year.

FYE 31 December 2024 vs FYE 31 December 2023

APTC's revenue decreased by approximately THB0.27 million or 0.10% to approximately THB270.78 million for FYE 31 December 2024 (FYE 31 December 2023: approximately THB271.05 million). This was mainly due to the decrease in sales of copier products to a major customer with presence in Thailand during the financial year.

APTC's PAT decreased by approximately THB16.07 million or 33.43% to approximately THB32.00 million for FYE 31 December 2024 (FYE 31 December 2023: approximately THB48.07 million). This was mainly due to increase in financing cost and increase in administrative expenses incurred during the year. However, this was partly offset by lower income tax expenses and increase in other income earned during the year.

APTC's NA decreased by approximately THB72.39 million or 45.73% to approximately THB85.91 million as at 31 December 2024 (as at 31 December 2023: approximately THB158.30 million). This was mainly due to declaration and payment of dividend amounting to approximately THB176.76 million during the financial year.

7. MATERIAL CONTRACTS

As at the LPD, APTC has not entered into any material contract (not being a contract entered into in the ordinary course of business of APTC) within two (2) years immediately preceding the date of this Circular.

8. MATERIAL LITIGATION

As at the LPD, APTC is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there are no proceedings pending or threatened against APTC or of any facts likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of APTC.

9. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by against APTC, which upon becoming enforceable may have a material effect on the business or financial position of APTC.

BACKGROUND INFORMATION ON APTC (CONT'D)

10. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by APTC, which upon becoming enforceable may have a material effect on the business or financial position of APTC.

11. TYPE OF ASSETS OWNED BY APTC

As at 31 December 2024, APTC has the following PPE:

Type of PPE	Audited NBV as at 31 December 2024	
	THB'000	RM'000
Machinery and equipment	17,284	2,258
Furniture and office equipment	31	4
Vehicle	4,402	575
Total	21,717	2,837

APTC also leased the following property as its production facility:

Location	Description and existing use of building	Approximate land area (sq m)	Approximate built-up area (sq m)	Tenure	Monthly rent	
					THB'000	RM'000
No. 138/6. 4, Sra Phang Sub-district, Khao Yoi District, Phetchaburi Province 76140	Description: Single storey factory with office Existing use: Factory and administrative office	3,000	3,000	N/A ⁽ⁱ⁾	96	12

Note:

- (i) The rental of the property has no fixed end date and will be in force until a moving out notice is given by the landlord to APTC (subject to the prevailing rules and regulations of Thailand).

BACKGROUND INFORMATION ON APM

1. HISTORY AND BUSINESS

APM was incorporated in Malaysia on 8 October 1999 as a private limited company under the Companies Act, 1965 (and deemed registered under the Act).

APM commenced its business operations on 1 June 2000 and is principally involved in the toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services. The principal products of APM are metal stamped parts for printers, copiers and computers as well as automotive and medical segments while also providing secondary process capabilities such as welding, spinning/caulking, tapping, clinching and surface treatment on metal stamped parts. APM has also prototyping capabilities high-mix, low volume and provides in-house tooling maintenance and modification services to its customers. APM's revenue is mainly generated from Malaysia and Singapore, further details as follows:

Revenue by geographical markets	FYE 31 December					
	2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	38,293	74.52	26,823	63.55	28,633	62.78
Overseas						
Singapore	8,491	16.52	9,510	22.53	11,833	25.94
USA	600	1.17	2,023	4.79	2,632	5.77
Hong Kong	1,875	3.65	2,014	4.77	1,344	2.95
Europe	2,035	3.96	1,353	3.21	624	1.37
Others ⁽ⁱ⁾	91	0.18	486	1.15	542	1.19
	13,092	25.48	15,386	36.45	16,975	37.22
Total	51,385	100.00	42,209	100.00	45,608	100.00

Note:

(i) Comprising, among others, Thailand and China.

The raw materials used by APM are primarily sourced from local suppliers, whose supply may include local or imports.

The annual production capacity and production output of APM for the past three (3) FYEs 31 December 2022 to 2024 are as follows:

	FYE 31 December		
	2022	2023	2024
Annual production capacity (million pieces)	⁽ⁱ⁾ 70.23	⁽ⁱ⁾ 70.23	⁽ⁱ⁾ 70.23
Annual production output (million pieces)	26.47	24.09	27.63

Note:

(i) APM operated 41 units of stamping machine.

BACKGROUND INFORMATION ON APM (CONT'D)

2. SHARE CAPITAL

As at the LPD, the issued share capital of APM is RM14,000,000 comprising 14,000,000 ordinary shares.

As at the LPD, APM does not have any convertible securities.

3. DIRECTORS

As at the LPD, the directors of APM and their respective shareholdings in APM are as follows:

Name	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Kenneth Low	Singaporean	Director	-	-	⁽ⁱ⁾ 14,000,000	100.00
Choo Weng Wah	Malaysian	Director	-	-	-	-

Note:

- (i) Deemed interest by virtue of his shareholding in ATH through AT Assets pursuant to Section 7(4)(a) of the SG CA.

4. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of APM and their respective shareholdings in APM are as follows:

Name	Nationality/ Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
ATH	Singapore	14,000,000	100.00	-	-
AT Assets	Singapore	-	-	⁽ⁱ⁾ 14,000,000	100.00
Kenneth Low	Singaporean	-	-	⁽ⁱⁱ⁾ 14,000,000	100.00

Notes:

- (i) Deemed interest by virtue of its shareholding in ATH pursuant to Section 7(4)(a) of the SG CA.
- (ii) Deemed interest by virtue of his shareholding in ATH through AT Assets pursuant to Section 7(4)(a) of the SG CA.

5. SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, APM does not have any subsidiary or associated companies.

BACKGROUND INFORMATION ON APM (CONT'D)

6. SUMMARY OF FINANCIAL INFORMATION

The summary of the financial information of APM based on its audited financial statements for FYEs 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 is as follows:

	Audited			
	FYE 31 December			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Revenue	56,402	51,385	42,209	45,608
PBT / (LBT)	403	(3,650)	(1,435)	5,201
PAT / (LAT)	194	(3,639)	(1,445)	4,733
Share capital	14,000	14,000	14,000	14,000
No. of APM shares in issue ('000)	14,000	14,000	14,000	14,000
Shareholders' funds/NA	12,824	9,185	7,740	12,473
Borrowings	2,799	818	2,593	2,218
EPS / (LPS) (RM)	0.01	(0.26)	(0.10)	0.34
NA per APM share (RM)	0.92	0.66	0.55	0.89
Current ratio (times)	1.23	1.13	1.21	1.75
Gearing ratio (times)	0.22	0.09	0.34	0.18

There was no accounting policy adopted that is peculiar to APM's business or the industry it is involved. There was no audit qualification in the audited financial statements of APM for FYEs 31 December 2021 to 31 December 2024.

Commentaries on financial performance:

FYE 31 December 2022 vs FYE 31 December 2021

APM's revenue decreased by approximately RM5.02 million or 8.89% to approximately RM51.39 million for the FYE 31 December 2022 (FYE 31 December 2021: approximately RM56.40 million). This was mainly due to the decrease in sales of metal stamped parts to customers in Singapore and Netherlands.

APM recorded a LAT of approximately RM3.64 million for the FYE 31 December 2022 (FYE 31 December 2021 PAT: approximately RM0.19 million). This was mainly due to lower gross profit, higher unrealised loss on foreign exchange and higher costs related to hiring of foreign workers during the year. However, this was partially offset by higher scrap income and higher realised gain on foreign exchange.

BACKGROUND INFORMATION ON APM (CONT'D)

FYE 31 December 2023 vs FYE 31 December 2022

APM's revenue decreased by approximately RM9.18 million or 17.86% to approximately RM42.21 million for FYE 31 December 2023 (FYE 31 December 2022: approximately RM51.39 million). This was mainly due to the decrease in sales of metal stamped parts to customers in Malaysia. This was mainly due to changes in the copier market, influenced by evolving workplace habits and the shift towards remote working. However, this was partially offset by the increase in revenue from the medical segment.

Despite the decrease in the revenue, APM recorded a LAT of approximately RM1.45 million for FYE 31 December 2023 (FYE 31 December 2022: approximately RM3.64 million). This mainly due to higher gross profit, higher unrealised gain on foreign exchange and lower costs related to hiring of foreign workers during the year. However, this was partially offset by the increase in realised loss on foreign exchange.

FYE 31 December 2024 vs FYE 31 December 2023

APM's revenue increase by approximately RM3.40 million or 8.05% to approximately RM45.61 million for FYE 31 December 2024 (FYE 31 December 2023: approximately RM42.21 million). This was mainly due to the increase in sales of metal stamped parts to the copier segment in Malaysia.

APM recorded a PAT of approximately RM4.73 million for FYE 31 December 2024 (FYE 31 December 2023: LAT of approximately RM1.45 million). This mainly due to higher gross profit and lower expenses incurred during the year.

7. MATERIAL CONTRACTS

As at the LPD, APM has not entered into any material contract (not being a contract entered into in the ordinary course of business of APM) within two (2) years immediately preceding the date of this Circular.

8. MATERIAL LITIGATION

As at the LPD, APM is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there are no proceedings pending or threatened against APM or of any facts likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of APM.

9. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by against APM, which upon becoming enforceable may have a material effect on the business or financial position of APM.

10. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by APM, which upon becoming enforceable may have a material effect on the business or financial position of APM.

BACKGROUND INFORMATION ON APM (CONT'D)

11. TYPE OF ASSETS OWNED BY APM

As at 31 December 2024, APM has the following PPE:

Type of PPE	Audited NBV as at 31 December 2024 RM'000
Plant and machinery	2,260
Office equipment	34
Furniture and fittings	13
Renovation	5
Electrical installation	5
Computers	3
Total	2,320

APM also leased the following property as its production facility:

Location	Description and existing use of building	Approximate land area (sq m)	Approximate built-up area (sq m)	Tenure	Monthly rent RM'000
No.9, Jalan Bioteknologi 3, Kawasan Perindustrian SILC, 79200 Iskandar Puteri, Johor.	Description: A single storey factory with a double-storey office Existing use: Factory and administrative office	12,141	9,230	5 years (expiring on 30 September 2028)	140
No.9, Jalan Bioteknologi 2, Kawasan Perindustrian SILC, 79200 Iskandar Puteri, Johor.	Description: A single storey factory with a double-storey office Existing use: Warehouse and administrative office	12,167	5,556	3 years (expiring on 31 October 2028)	138

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BACKGROUND INFORMATION ON ATSC

1. HISTORY AND BUSINESS

ATSC was incorporated in Vietnam on 14 November 2003 as a wholly foreign invested company in the form of a one member limited liability company under the Law on Foreign Investment 1996.

ATSC commenced its business operations on 14 November 2003 and is principally involved in the toolmaking, manufacture of metal stamped parts, injection moulding and provision of value-added assembly services. The principal products of ATSC are metal stamped parts for printers, computers, peripherals, consumer electronics and other products. ATSC's revenue is mainly derived from Vietnam, Hong Kong and Malaysia, further details as follows:

Revenue by geographical markets	FYE 31 December					
	2022		2023		2024	
	RM'000	%	RM'000	%	RM'000	%
Vietnam	10,543	5.04	15,912	8.64	10,674	6.02
Overseas						
Hong Kong	186,088	88.93	156,175	84.77	153,178	86.46
Malaysia	10,637	5.08	9,388	5.09	9,298	5.25
Others ⁽ⁱ⁾	1,986	0.95	2,755	1.50	4,022	2.27
	198,711	94.96	168,318	91.36	166,498	93.98
Total	209,254	100.00	184,230	100.00	177,172	100.00

Note:

(i) Comprising, among others, Singapore, Thailand and Europe.

The raw materials used by ATSC are primarily sourced from local suppliers, whose supply may include local or imports.

The annual production capacity and production output of ATSC for the past three (3) FYEs 31 December 2022 to 2024 are as follows:

	FYE 31 December		
	2022	2023	2024
<u>Contract manufacturing assembly</u>			
Annual production capacity (thousand units)	330.17	288.55	324.12
Annual production output (thousand units)	305.75	266.13	271.66
<u>Stamping parts</u>			
Annual production capacity (million pieces)	⁽ⁱ⁾ 41.32	^{(i)(iv)} 33.35	^{(i)(iv)} 32.49
Annual production output (million pieces)	37.58	29.86	29.12
<u>Plastic parts</u>			
Annual production capacity (million pieces)	⁽ⁱⁱ⁾ 17.61	^{(ii)(v)} 12.47	^{(ii)(v)} 11.61
Annual production output (million pieces)	⁽ⁱⁱⁱ⁾ 20.74	9.75	9.65

BACKGROUND INFORMATION ON ATSC (CONT'D)

Notes:

- (i) ATSC operated 51 units of stamping machine.
- (ii) ATSC operated 22 units of plastic injection machine.
- (iii) There was overtime in certain months of FYE 2022 in order to cater to customers' orders.
- (iv) The production capacity varies as certain stamping machines were not operating in FYEs 31 December 2023 and 31 December 2024 due to maintenance and repair.
- (v) The production capacity varies as certain plastic injection machines were not operating in FYEs 31 December 2023 and 31 December 2024 due to maintenance and repair.

2. SHARE CAPITAL

As at the LPD, the registered charter capital* of ATSC is VND131,994,338,611.

As at the LPD, ATSC does not have any convertible securities.

* Vietnam does not have ordinary shares concept with respect to a limited liability company such as ATSC. Registered charter capital refers to the total capital contributed by, or total capital commitment by members or shareholders of the company at the time of registration with the authorities and recorded in enterprises registration certificate of the company from time to time.

3. DIRECTORS

As at the LPD, the director of ATSC and his shareholding in ATSC is as follows:

Name	Nationality	Designation	Direct		Indirect	
			Registered charter capital VND	%	Registered charter capital VND	%
Tung Gee Khim	Singaporean	Director	-	-	-	-

4. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of ATSC and their respective shareholdings in ATSC are as follows:

Name	Nationality/ Country of incorporation	Direct		Indirect	
		Registered charter capital VND	%	Registered charter capital VND	%
ATH	Singapore	131,994,338,611	100.00	-	-
AT Assets	Singapore	-	-	⁽ⁱ⁾ 131,994,338,611	100.00
Kenneth Low	Singaporean	-	-	⁽ⁱⁱ⁾ 131,994,338,611	100.00

Notes:

- (i) Deemed interest by virtue of its shareholding in ATH pursuant to Section 7(4)(a) of the SG CA.
- (ii) Deemed interest by virtue of his shareholding in ATH through AT Assets pursuant to Section 7(4)(a) of the SG CA.

BACKGROUND INFORMATION ON ATSC (CONT'D)

5. SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, ATSC does not have any subsidiary or associated companies.

6. SUMMARY OF FINANCIAL INFORMATION

The summary of the financial information of ATSC based on its audited financial statements for FYEs 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 is as follows:

	Audited							
	FYE 31 December							
	2021		2022		2023		2024	
	VND' million	RM'000*	VND' million	RM'000*	VND' million	RM'000*	VND' million	RM'000*
Revenue	871,408	157,725	1,113,055	209,254	964,554	184,230	973,475	177,172
PBT	17,349	3,140	38,132	7,169	5,534	1,057	34,248	6,233
PAT	15,309	2,771	32,696	6,147	3,665	700	29,128	5,301
Share capital	131,994	24,022	131,994	24,551	131,994	24,947	131,994	23,231
No. of ATSC shares in issue ('000)	-	-	-	-	-	-	-	-
Shareholders' funds/NA	57,870	10,532	90,566	16,845	94,211	17,806	123,339	21,708
Borrowings	86,259	15,699	72,197	13,429	47,351	8,949	212,777	37,449
EPS (VND/RM)	-	-	-	-	-	-	-	-
NA per ATSC share (VND/RM)	-	-	-	-	-	-	-	-
Current ratio (times)	0.99	0.99	1.04	1.04	0.99	0.99	1.06	1.06
Gearing ratio (times)	1.49	1.49	0.80	0.80	0.50	0.50	1.73	1.73

Notes:

* Converted based on the following exchange rates as extracted from BNM's website:

(i) income and expenses using the average rate for the financial years under review:

FYE	Exchange rate (VND100/RM)
31 December 2021	0.0181
31 December 2022	0.0188
31 December 2023	0.0191
31 December 2024	0.0182

BACKGROUND INFORMATION ON ATSC (CONT'D)

(ii) *assets and liabilities using the closing rate for the financial years under review:*

FYE	Exchange rate (VND100/RM)
31 December 2021	0.0182
31 December 2022	0.0186
31 December 2023	0.0189
31 December 2024	0.0176

There was no accounting policy adopted that is peculiar to ATSC's business or the industry it is involved. There was no audit qualification in the audited financial statements of ATSC for FYEs 31 December 2021 to 31 December 2024.

Commentaries on financial performance:

FYE 31 December 2022 vs FYE 31 December 2021

ATSC's revenue increased by approximately VND241.65 billion or 27.73% to approximately VND1,113.06 billion for the FYE 31 December 2022 (FYE 31 December 2021: approximately VND871.41 billion). This is as a result of the increase in sales of metal stamped parts (post COVID-19 recovery) to a major customer with presence in Malaysia and Hong Kong.

ATSC's PAT increased by approximately VND17.39 billion or 113.57% to approximately VND32.70 billion for the FYE 31 December 2022 (FYE 31 December 2021: approximately VND15.31 billion). This was mainly due to higher gross profit, a one-off gain on disposal of fixed assets, higher realised gain on foreign exchange as well as lower depreciation and other expenses during the year. However, this was partially offset by higher unrealised loss on foreign exchange.

FYE 31 December 2023 vs FYE 31 December 2022

ATSC's revenue decreased by approximately VND150.37 billion or 13.49% to approximately VND964.55 billion for FYE 31 December 2023 (FYE 31 December 2022: approximately VND1,114.92 billion). This was mainly due to the decrease in sales of metal stamped parts to a major customer with presence in Malaysia and Hong Kong. This was mainly due to changes in the office printer market, influenced by evolving workplace habits and the shift towards remote working.

ATSC's PAT decreased by approximately VND29.03 billion or 88.79% to approximately VND3.67 billion for FYE 31 December 2023 (FYE 31 December 2022: approximately VND32.70 billion). This was mainly due to: (i) lower gross profit of approximately VND35.12 billion (FYE 31 December 2022: VND72.10 billion) in line with the decrease in revenue; (ii) and higher realised loss from foreign exchange of approximately VND12.61 billion (FYE 31 December 2022: Nil) due to the weakening of VND against USD during the year. However, this was partially offset by higher unrealised gain on foreign exchange and lower management fee and expenses of outsourced services.

BACKGROUND INFORMATION ON ATSC (CONT'D)

FYE 31 December 2024 vs FYE 31 December 2023

ATSC's revenue increased by approximately VND8.92 billion or 0.92% to approximately VND973.47 billion for FYE 31 December 2024 (FYE 31 December 2023: approximately VND964.55 billion). This was mainly due to the increase in sales of copier products to a major customer which has presence in Hong Kong and Malaysia during the financial year.

ATSC's PAT increased by approximately VND25.46 billion or 694.79% to approximately VND29.13 billion for FYE 31 December 2024 (FYE 31 December 2023: approximately VND3.67 billion). This was mainly due to higher gross profit arising from the decrease in cost of sales (lower raw material cost due to the strengthening of USD against VND as a certain amount of these materials are paid in VND).

ATSC's NA increased by approximately VND29.13 billion or 30.92% to approximately VND123.34 billion as at 31 December 2024 (as at 31 December 2023: approximately VND94.21 billion). This was mainly due to profit generated for the financial year amounting to approximately VND29.13 billion.

ATSC's borrowings increased by approximately VND165.43 billion or 349.36% to approximately VND212.78 billion as at 31 December 2024 (as at 31 December 2023: approximately VND47.35 billion). This was mainly due to drawdown of term loan for working capital purposes during the financial year.

7. MATERIAL CONTRACTS

As at the LPD, ATSC has not entered into any material contract (not being a contract entered into in the ordinary course of business of ATSC) within two (2) years immediately preceding the date of this Circular.

8. MATERIAL LITIGATION

As at the LPD, ATSC is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there are no proceedings pending or threatened against ATSC or of any facts likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of ATSC.

9. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by against ATSC, which upon becoming enforceable may have a material effect on the business or financial position of ATSC.

10. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by ATSC, which upon becoming enforceable may have a material effect on the business or financial position of ATSC.

BACKGROUND INFORMATION ON ATSC (CONT'D)

11. TYPE OF ASSETS OWNED BY ATSC

As at 31 December 2024, ATSC has the following PPE:

Type of PPE	Audited NBV as at 31 December 2024	
	VND'million	RM'000
Buildings	74,685	13,145
Machinery and equipment	8,967	1,578
Office equipment	1,088	191
Total	84,740	14,914

The details of the leasehold land (where ATSC was granted land use rights) and buildings owned by ATSC are as follows:

Location	Description and existing use of building	Approximate age of building	Approximate land area (sq m)	Approximate built-up area (sq m)
Lot I-4, F01-F03, Street N3, Saigon Hi-Tech Park, Long Thanh My Ward, Thu Duc City (now being Tang Nhon Phu Ward), Ho Chi Minh City, Vietnam	Description: A single storey factory with a double-storey office on a leasehold industrial land with term up to 11 December 2053 Existing use: Factory and administrative office	21 years	78,571	43,623

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DIRECTORS' REPORT ON APTM

**ALLIED PRECISION TECHNOLOGIES (M) SDN BHD**

Company Reg No: 201601027135 (1198074-T)

NO. 1A, JALAN NOBAT 7, TAMAN PERINDUSTRIAN BUKIT RAMBAL,
75250 MELAKA.

Tel: (+60) 6 2801 888

Date: **13 NOV 2025**

The Board of Directors
YBS International Berhad
 170-09-01
 Livingston Tower
 Jalan Argyll
 10050 George Town
 Penang

Dear Sir/Madam,

PROPOSED ACQUISITIONS BY YBS INTERNATIONAL BERHAD OF 100% EQUITY INTERESTS IN ALLIED PRECISION TECHNOLOGIES (M) SDN BHD ("APT"), ALLIED PRECISION (THAILAND) COMPANY LIMITED ("APTC"), ALLIED PRECISION MANUFACTURING (M) SDN BHD ("APM") AND ALLIED TECHNOLOGIES (SAIGON) CO LTD ("ATSC") (COLLECTIVELY REFERRED TO AS "TARGET COMPANIES") FROM ALLIED TECHNOLOGIES HOLDINGS PTE LTD ("ATH" OR "VENDOR") FOR A TOTAL CASH CONSIDERATION OF UP TO USD38,000,000 (EQUIVALENT TO RM159,144,000) ("PROPOSED ACQUISITIONS")

On behalf of the board of directors of APTM ("Board"), we wish to report that after making due enquiries during the period from 31 December 2024, being the date on which the last audited financial statements of APTM have been made up, to the date of this letter, being a date not earlier than 14 days prior to the date of the circular to the shareholders of YBS International Berhad in relation to the Proposed Acquisitions, that:

- (i) the business of APTM, in the opinion of the Board, has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the date of the last audited financial statements of APTM that have adversely affected the trading or the carrying value of the assets of APTM;
- (iii) the current assets of APTM appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by APTM;
- (v) the Board is not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by APTM since the date of the last audited financial statements of APTM; and
- (vi) there has been no material change in the published reserves or any unusual factors affecting the financial performance of APTM since the date of the last audited financial statements of APTM.

Yours faithfully,
 For and on behalf of
Allied Precision Technologies (M) Sdn Bhd



 Low Si Ren, Kenneth
 Director

DIRECTORS' REPORT ON APTC



ALLIED PRECISION (THAILAND) CO., LTD.

Date: 13 NOV 2025

The Board of Directors
YBS International Berhad
170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Penang

Dear Sir/Madam,

PROPOSED ACQUISITIONS BY YBS INTERNATIONAL BERHAD OF 100% EQUITY INTERESTS IN ALLIED PRECISION TECHNOLOGIES (M) SDN BHD ("APTM"), ALLIED PRECISION (THAILAND) COMPANY LIMITED ("APTC"), ALLIED PRECISION MANUFACTURING (M) SDN BHD ("APM") AND ALLIED TECHNOLOGIES (SAIGON) CO LTD ("ATSC") (COLLECTIVELY REFERRED TO AS "TARGET COMPANIES") FROM ALLIED TECHNOLOGIES HOLDINGS PTE LTD ("ATH" OR "VENDOR") FOR A TOTAL CASH CONSIDERATION OF UP TO USD38,000,000 (EQUIVALENT TO RM159,144,000) ("PROPOSED ACQUISITIONS")

On behalf of the board of directors of APTC ("**Board**"), we wish to report that after making due enquiries during the period from 31 December 2024, being the date on which the last audited financial statements of APTC have been made up, to the date of this letter, being a date not earlier than 14 days prior to the date of the circular to the shareholders of YBS International Berhad in relation to the Proposed Acquisitions, that:

- (i) the business of APTC, in the opinion of the Board, has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the date of the last audited financial statements of APTC that have adversely affected the trading or the carrying value of the assets of APTC;
- (iii) the current assets of APTC appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by APTC;
- (v) the Board is not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by APTC since the date of the last audited financial statements of APTC; and
- (vi) there has been no material change in the published reserves or any unusual factors affecting the financial performance of APTC since the date of the last audited financial statements of APTC.

Yours faithfully,
For and on behalf of
Allied Precision (Thailand) Co., Ltd.

Perakiat Siriluethaiwattana
Director

DIRECTORS' REPORT ON APM



ALLIED PRECISION MANUFACTURING (M) SDN BHD
COMPANY NO. 199901020916 (495816-P)

Date: **13 NOV 2025**

The Board of Directors
YBS International Berhad
170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Penang

Dear Sir/Madam,

PROPOSED ACQUISITIONS BY YBS INTERNATIONAL BERHAD OF 100% EQUITY INTERESTS IN ALLIED PRECISION TECHNOLOGIES (M) SDN BHD ("APT"), ALLIED PRECISION (THAILAND) COMPANY LIMITED ("APTC"), ALLIED PRECISION MANUFACTURING (M) SDN BHD ("APM") AND ALLIED TECHNOLOGIES (SAIGON) CO LTD ("ATSC") (COLLECTIVELY REFERRED TO AS "TARGET COMPANIES") FROM ALLIED TECHNOLOGIES HOLDINGS PTE LTD ("ATH" OR "VENDOR") FOR A TOTAL CASH CONSIDERATION OF UP TO USD38,000,000 (EQUIVALENT TO RM159,144,000) ("PROPOSED ACQUISITIONS")

On behalf of the board of directors of APM ("Board"), we wish to report that after making due enquiries during the period from 31 December 2024, being the date on which the last audited financial statements of APM have been made up, to the date of this letter, being a date not earlier than 14 days prior to the date of the circular to the shareholders of YBS International Berhad in relation to the Proposed Acquisitions, that:

- (i) the business of APM, in the opinion of the Board, has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the date of the last audited financial statements of APM that have adversely affected the trading or the carrying value of the assets of APM;
- (iii) the current assets of APM appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by APM;
- (v) the Board is not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by APM since the date of the last audited financial statements of APM; and
- (vi) there has been no material change in the published reserves or any unusual factors affecting the financial performance of APM since the date of the last audited financial statements of APM.

Yours faithfully,
For and on behalf of
Allied Precision Manufacturing (M) Sdn Bhd

Low Si Ren, Kenneth
Director

No.9, Jalan Bioteknologi 3, Kawasan Perindustrian SiLC, 79200 Iskandar Puteri, Johor.

Tel: 607-585 7333

DIRECTORS' REPORT ON ATSC

**ALLIED TECHNOLOGIES SAIGON CO.,LTD**

Date: 13 NOV 2025

The Board of Directors
YBS International Berhad
 170-09-01, Livingston Tower
 Jalan Argyll
 10050 George Town
 Penang

Dear Sir/Madam,

PROPOSED ACQUISITIONS BY YBS INTERNATIONAL BERHAD OF 100% EQUITY INTERESTS IN ALLIED PRECISION TECHNOLOGIES (M) SDN BHD ("APT"), ALLIED PRECISION (THAILAND) COMPANY LIMITED ("APTC"), ALLIED PRECISION MANUFACTURING (M) SDN BHD ("APM") AND ALLIED TECHNOLOGIES (SAIGON) CO LTD ("ATSC") (COLLECTIVELY REFERRED TO AS "TARGET COMPANIES") FROM ALLIED TECHNOLOGIES HOLDINGS PTE LTD ("ATH" OR "VENDOR") FOR A TOTAL CASH CONSIDERATION OF UP TO USD38,000,000 (EQUIVALENT TO RM159,144,000) ("PROPOSED ACQUISITIONS")

On behalf of the board of directors of ATSC ("Board"), we wish to report that after making due enquiries during the period from 31 December 2024, being the date on which the last audited financial statements of ATSC have been made up, to the date of this letter, being a date not earlier than 14 days prior to the date of the circular to the shareholders of YBS International Berhad in relation to the Proposed Acquisitions, that:

- (i) the business of ATSC, in the opinion of the Board, has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the date of the last audited financial statements of ATSC that have adversely affected the trading or the carrying value of the assets of ATSC;
- (iii) the current assets of ATSC appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by ATSC;
- (v) the Board is not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by ATSC since the date of the last audited financial statements of ATSC; and
- (vi) there has been no material change in the published reserves or any unusual factors affecting the financial performance of ATSC since the date of the last audited financial statements of ATSC.

Yours faithfully,
 For and on behalf of
Allied Technologies (Saigon) Co Ltd

Tung Gee Khim
 Director

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS

YBS INTERNATIONAL BERHAD
Registration No. 200201014380 (582043-K)
(Incorporated in Malaysia)

**PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION**

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

YBS INTERNATIONAL BERHAD
Registration No. 200201014380 (582043-K)
(Incorporated in Malaysia)

APPROVAL BY BOARD OF DIRECTORS

The Pro Forma Consolidated Statements of Financial Position has been approved for issue in accordance with a resolution of the Board of Directors of YBS International Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:


.....
Yong Chan Cheah

Date: 10 November 2025


.....
Yong Li-Xiang

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)



**REPORTING ACCOUNTANTS' REPORT ON THE
COMPILATION OF PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION**
(Prepared for inclusion in the circular to shareholders)

Date: 10 November 2025

The Board of Directors
YBS International Berhad
No. 978 (also known as PT830)
Lorong Perindustrian Bukit Minyak 20
Taman Perindustrian Bukit Minyak
14100 Simpang Ampat
Penang

Dear Sirs,

YBS INTERNATIONAL BERHAD ("YBS" OR "THE COMPANY") AND ITS SUBSIDIARIES ("YBS GROUP" OR "THE GROUP")

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP IN CONNECTION WITH THE PROPOSED ACQUISITIONS OF 100% EQUITY INTERESTS IN ALLIED PRECISION MANUFACTURING (M) SDN. BHD. ("APM"), ALLIED PRECISION TECHNOLOGIES (M) SDN. BHD. ("APT"), ALLIED PRECISION (THAILAND) COMPANY LIMITED ("APTC") AND ALLIED TECHNOLOGIES (SAIGON) CO., LTD. ("ATSC") (COLLECTIVELY REFERRED TO AS "ALLIED GROUP") FOR A TOTAL CASH CONSIDERATION OF UP TO USD38,000,000 ("PROPOSED ACQUISITIONS")

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of the Group as at 31 March 2025, together with the accompanying notes thereon, for which we have stamped for the purpose of identification.

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are in accordance with the Chapter 10 of the ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad for inclusion in the circular to shareholders of YBS in connection with the Proposed Acquisitions and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Applicable Criteria") as described in Note 1 to the Pro Forma Consolidated Statements of Financial Position.

The Pro Forma Consolidated Statements of Financial Position as at 31 March 2025 has been compiled by the Directors to illustrate the impact of the Proposed Acquisitions, as set out in the accompanying notes, on the consolidated statements of financial position of the Group as at 31 March 2025, as if the Proposed Acquisitions had taken place on that date. As part of this process, information about the consolidated statements of financial position of the Group has been extracted by the Directors from the Group's audited financial statements for the financial year ended 31 March 2025, which were audited by us without any modification.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

Grant Thornton Malaysia PLT

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirement of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies 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 policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position as at 31 March 2025 has been compiled, in all material respects, by the Directors of the Company on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements 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 Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose 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 Consolidated 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 Consolidated Statements of Financial Position.

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

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has 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 Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted consolidated statements of financial position.

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

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

**Our Responsibilities (cont'd)**

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

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

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria.

Other Matter

This report has been prepared solely to the Board of Directors of YBS for the purpose of complying with Chapter 10 of the ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad in connection with the Proposed Acquisitions. As such, this report should not be used or relied upon for any other purpose without the prior written consent from us. 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,

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Penang

Teh Khang Xuen
No. 03805/12/2025 J
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

YBS INTERNATIONAL BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2025

The Pro Forma Consolidated Statements of Financial Position of YBS International Berhad ("YBS" or "the Company") and its subsidiaries ("YBS Group" or "the Group") as at 31 March 2025 as set out below are provided for illustrative purposes only to show the effects of the events and transactions as set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position, had the events and transactions took place on 31 March 2025, and should be read in conjunction with the accompanying notes.

		<u>Audited</u>		<u>Pro Forma</u>
		As at 31	Pro Forma	Proposed
	NOTE	March 2025	Adjustment	Acquisitions
		RM	In relation to	RM
			Proposed	
			Acquisitions	
			RM	
ASSETS				
Non-current assets				
Property, plant and equipment		53,747,725	47,971,157	101,718,882
Right-of-use assets		1,348,280	6,698,119	8,046,399
Investment properties		95,000,000	4,528,000	99,528,000
Goodwill		10,655,631	83,187,689	93,843,320
Trade and other receivables, deposits and prepayments		437,034	-	437,034
Deferred tax assets		450,695	79,413	530,108
		<u>161,639,365</u>		<u>304,103,743</u>
Current assets				
Inventories		15,152,919	38,111,081	53,264,000
Trade and other receivables, deposits and prepayments	4.1	25,786,798	126,063,034	151,849,832
Contract costs		-	2,033,796	2,033,796
Current tax assets		678,546	99,238	777,784
Other investments		423,654	-	423,654
Cash and bank balances	4.2	21,069,570	(3,860,571)	17,208,999
		<u>63,111,487</u>		<u>225,558,065</u>
TOTAL ASSETS		<u>224,750,852</u>		<u>529,661,808</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		64,237,782	-	64,237,782
Treasury shares		(1,772,164)	-	(1,772,164)
Reserves		55,238,013	-	55,238,013
Retained profits	4.3	18,464,147	(4,000,000)	14,464,147
Total equity		<u>136,167,778</u>		<u>132,167,778</u>
Non-current liabilities				
Retirement benefits obligations		-	329,786	329,786
Trade and other payables and accruals	4.4	-	12,564,000	12,564,000
Borrowings	4.5	41,075,241	125,449,362	166,524,603
Lease liabilities		964,642	4,129,224	5,093,866
Deferred tax liabilities		10,719,279	-	10,719,279
Deferred income		1,355,209	-	1,355,209
		<u>54,114,371</u>		<u>196,586,743</u>
Current liabilities				
Trade and other payables and accruals	4.4	21,527,389	106,164,465	127,691,854
Contract liabilities		-	1,991,055	1,991,055
Borrowings	4.5	12,226,757	54,659,102	66,885,859
Lease liabilities		714,557	2,418,288	3,132,845
Current tax liabilities		-	1,205,674	1,205,674
		<u>34,468,703</u>		<u>200,907,287</u>
Total liabilities		<u>88,583,074</u>		<u>397,494,030</u>
TOTAL EQUITY AND LIABILITIES		<u>224,750,852</u>		<u>529,661,808</u>
Issued ordinary shares, excluding treasury shares (Unit)		294,561,091		294,561,091
Net assets per share (RM)		0.46		0.45
Borrowings (RM)		53,301,998		233,410,462
Gearing ratio (Times) *		0.39		1.77

* Computed based on total borrowings of the Group over total equity attributable to owners of the Company.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

YBS INTERNATIONAL BERHAD NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2025

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of YBS International Berhad ("YBS" or "the Company") and its subsidiaries ("YBS Group" or "the Group") as at 31 March 2025, together with the notes thereon, for which the Directors of YBS is solely responsible, has been prepared for the purpose of illustration only in accordance with Chapter 10 of the ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad for inclusion in the circular to shareholders of YBS in connection with the proposed acquisitions of 100% equity interests in Allied Precision Manufacturing (M) Sdn. Bhd. ("APM"), Allied Precision Technologies (M) Sdn. Bhd. ("APT"), Allied Precision (Thailand) Company Limited ("APTC") and Allied Technologies (Saigon) Co., Ltd. ("ATSC") (collectively referred to "Allied Group") for a total cash consideration of up to USD38,000,000 ("Proposed Acquisitions").

The Pro Forma Consolidated Statements of Financial Position have been prepared in accordance with the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants and is based on Malaysian Financial Reporting Standards, IFRS Accounting Standards and in a manner consistent with the format of the audited consolidated financial statements and accounting policies of YBS Group for financial year ended 31 March 2025, except for the adoption of the additional accounting policies for contract costs, contract liabilities and retirement benefits obligations which will be adopted by YBS Group upon completion of the Proposed Acquisitions.

The Pro Forma Consolidated Statements of Financial Position has been prepared for illustrative purposes to show the impacts of the events and transactions as set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position had the events been occurred or the transactions been undertaken on 31 March 2025. The Pro Forma Consolidated Statements of Financial Position is not necessarily indicative of the financial position that would have been attained had the Proposed Acquisitions actually occurred on that date. Accordingly, such information, because of its nature, may not be reflective of the actual financial position of YBS Group and does not purport to predict the future financial position of YBS Group.

The auditors' report on the audited consolidated financial statements of the Group for the financial year ended 31 March 2025 and reporting accountants' report on the combined statements of financial position of Allied Group for the financial year ended 31 December 2024 used in the preparation of the Pro Forma Consolidated Statements of Financial Position were not subject to any audit qualification. No adjustments have been made to re-align the non-coterminous year ends.

For the purpose of the Pro Forma Consolidated Statements of Financial Position, the exchange rate of USD1:RM4.188, being the exchange rate prevailing on 31 October 2025, the latest practicable date prior to the printing of the circular to shareholders ("LPD"), has been applied for the translation of amounts denominated in USD into RM.

For the purpose of illustration in the Pro Forma Consolidated Statements of Financial Position, it is assumed that the acquisition date is 31 October 2025, being the LPD.

2. DETAILS OF PROPOSED ACQUISITIONS

2.1 The details of master sale and purchase agreement

On 28 May 2025, YBS entered into a master sale and purchase agreement ("MSPA") for the Proposed Acquisitions for a total purchase consideration of up to USD38,000,000 (equivalent to RM159,144,000) to be satisfied via cash based on the following milestones:

- (a) USD1,000,000 (equivalent to RM4,188,000) which was paid on 5 June 2025 for the execution of the MSPA;
- (b) USD25,000,000 (equivalent to RM104,700,000) payable on or before the date of completion of the Proposed Acquisitions;



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)
**YBS INTERNATIONAL BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2025**
2. DETAILS OF PROPOSED ACQUISITIONS (CONT'D)
2.1 The details of master sale and purchase agreement (cont'd)

- (c) USD6,000,000 (equivalent to RM25,128,000), being retention sum ("Retention Sum") payable 3 months after the completion date of the Proposed Acquisitions ("Retention Period"); and
- (d) up to USD6,000,000 (equivalent to RM25,128,000), being the sum withheld for possible adjustment to the purchase consideration depending on the fulfilment of the aggregate audited earnings before interest, taxes, depreciation and amortisation, gain/loss on derecognition of right-of-use-assets and lease liabilities, gain/loss on disposal of property, plant and equipment, gain/loss on foreign exchange and property, plant and equipment written off of Allied Group ("Operational EBITDA") for the period from 1 April 2025 to 31 March 2027 shall not be less than USD8,000,000 in aggregate ("Security Amount") and shall be dealt in the following manner:
- if the Operational EBITDA of Allied Group for the financial year from 1 April 2025 to 31 March 2026 ("FYE 2026") is equivalent or more than USD4,000,000, then USD3,000,000 shall be released and paid by the Company to the vendor. Conversely, if Operational EBITDA of Allied Group is less than USD4,000,000, the sum equivalent to the Operational EBITDA FYE 2026 less USD1,000,000 shall be released to the vendor ("First Security Amount"); and
 - if the Operational EBITDA of Allied Group for the financial year from 1 April 2026 to 31 March 2027 ("FYE 2027") together with the Operational EBITDA of Allied Group for the FYE 2026 is equivalent or more than USD8,000,000 ("Total Operational EBITDA Target"), then the balance of Security Amount shall be released and paid by the Company to the vendor ("Second Security Amount"). Conversely, if the Total Operational EBITDA Target of Allied Group is less than USD8,000,000, the Second Security Amount shall be released and paid to the vendor on a proportionate basis according to the Total Operational EBITDA Target achieved (less any amount earlier released to the vendor). Notwithstanding the foregoing, if the Total Operational EBITDA Target of Allied Group is zero or negative, the purchase consideration shall be adjusted lower for the total amount of USD8,000,000, and the vendor shall refund the First Security Amount and make an additional payment of USD2,000,000 to the Company.

The Proposed Acquisitions are illustrated and presented as a single transaction in the Pro Forma Statements of Financial Position.

2.2 Source of funding and payment milestones

The purchase consideration of USD38,000,000 (equivalent to RM159,144,000) will be satisfied fully in cash and will be funded via a combination of borrowings and internally generated funds of YBS Group, the proportions of which are as follows:

Source of funding	Amount		%
	USD	RM	
Borrowings	26,600,000	111,400,800	70.00
Internally generated funds	11,400,000	47,743,200	30.00
Total	38,000,000	159,144,000	100.00



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

YBS INTERNATIONAL BERHAD
 NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 31 MARCH 2025

2. DETAILS OF PROPOSED ACQUISITIONS (CONT'D)

2.2 Source of funding and payment milestones (cont'd)

2.2.1 Borrowings

Out of total purchase consideration of USD38,000,000 (equivalent to RM159,144,000), USD26,600,000 (equivalent to RM111,400,800) will be satisfied via borrowings. The borrowings are denominated in USD. The consideration shall be disbursed by the Company and the licensed financial institution in the following manner:

Disbursement timeline	The Company RM	Licensed financial institution RM	Total amount RM
Upon execution of the MSPA	4,188,000	-	4,188,000
Upon completion of the Proposed Acquisitions	17,589,600	87,110,400	104,700,000
3 months after the completion date of the Proposed Acquisitions	7,538,400	17,589,600	25,128,000
Upon fulfilment of Operational EBITDA for the financial period ended 31 March 2026	5,863,200	6,700,800	12,564,000
Upon fulfilment of Operational EBITDA for the financial period ended 31 March 2027	12,564,000	-	12,564,000
Total	47,743,200	111,400,800	159,144,000

The current and non-current portion of borrowings are segregated based on repayment term and interest rate stated in the bank's letter offer to the Company. The borrowings are assumed drawdown on LPD. Below is the effective interest rate per annum and maturities of the borrowings approved by a licensed financial institution:

	Effective interest rate per annum (%)	Total RM	Within one year RM	More than one year RM
Overseas investment financing-i	7.55	111,400,800	-	111,400,800

2.2.2 Internally generated funds

The portion of purchase consideration assumed to be paid via internally generated funds is USD11,400,000 (equivalent to RM47,743,200). Of this, RM4,188,000 has been paid upon execution of MSPA, while RM17,589,600 is to be paid on the date of completion of the Proposed Acquisitions. The remaining RM25,965,600 shall be payable based on the expected timing of realisation as shown below:

	Total RM	Within one year RM	More than one year RM
Balance purchase consideration payable via internally generated funds	25,965,600	13,401,600 ^(#)	12,564,000

^(#) Comprises the portion of Retention Sum payable and First Security Amount payable of RM7,538,400 and RM5,863,200 respectively



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

YBS INTERNATIONAL BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2025
3. PRO FORMA ADJUSTMENTS
3.1 Pro Forma: Proposed Acquisitions

The Pro Forma incorporates the effects of the Proposed Acquisitions, being fulfilment of all conditions precedent set out in the MSPA. For the purpose of illustration in the Pro Forma Consolidated Statements of Financial Position, the acquisitions have been accounted for as a business combination applying the acquisition method in accordance with *MFRS 3 Business Combinations*.

For the purpose of the Pro Forma Consolidated Statements of Financial Position, it is assumed that the Total Operational EBITDA of USD8,000,000 is achieved for the period from 1 April 2025 to 31 March 2027.

Pro Forma also includes the drawdown of borrowings and purchase consideration paid/payable to the vendor based on the payment milestones as set out in the MSPA.

The following illustrates the assets acquired and liabilities assumed arising from the consolidation of Allied Group:

	As at 31 December 2024 RM
ASSETS	
Non-current assets	
Property, plant and equipment	47,971,157
Right-of-use assets	6,698,119
Investment property	4,528,000
Deferred tax assets	79,413
	<u>59,276,689</u>
Current assets	
Inventories	38,111,081
Trade and other receivables	128,439,317
Contract costs	2,033,796
Current tax assets	99,238
Cash and cash equivalents	19,540,746
	<u>188,224,178</u>
TOTAL ASSETS	<u>247,500,867</u>
LIABILITIES	
Non-current liabilities	
Retirement benefits obligations	329,786
Borrowings	14,048,562
Lease liabilities	4,129,224
	<u>18,507,572</u>
Current liabilities	
Trade and other payables	92,762,865
Contract liabilities	1,991,055
Borrowings	54,659,102
Lease liabilities	2,418,288
Current tax liabilities	1,205,674
	<u>153,036,984</u>
TOTAL LIABILITIES	<u>171,544,556</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)
**YBS INTERNATIONAL BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2025**
3. PRO FORMA ADJUSTMENTS (CONT'D)
3.1 Pro Forma: Proposed Acquisitions (cont'd)

The goodwill arising from the Proposed Acquisitions is summarised below:

	USD	RM
Net assets of Allied Group as at 31 December 2024		75,956,311
Goodwill		83,187,689
Purchase consideration	38,000,000	159,144,000

The goodwill arising from the Proposed Acquisitions have been illustrated based on purchase consideration as per the MSPA and Allied Group's net assets extracted from the latest audited combined financial statements for the financial year ended 31 December 2024. It should be noted that the goodwill is solely for the purpose of preparation of the Pro Forma Consolidated Statements of Financial Position of YBS and for illustrative purposes only. The final goodwill or discount on acquisition will depend on exchange rate on the date of completion of the Proposed Acquisitions and the purchase price allocation to be conducted in accordance with the *MFRS 3 - Business Combinations*, whereby the fair value of the assets and liabilities of Allied Group acquired will ultimately be determined. Accordingly, the final determination of the purchase price, fair values and resulting goodwill or discount of the Proposed Acquisitions may differ significantly from what is reflected in the Pro Forma Consolidated Statements of Financial Position of YBS.

Acquisition related costs

The acquisition related costs, mainly comprising professional fees, fees payable to authorities and other expenses in relation to the Proposed Acquisitions, amounted to approximately RM4,000,000, out of which RM2,376,283 has been paid and recorded as prepayment of the Group as at 31 March 2025. The remaining balance of RM1,623,717 is assumed to be paid on the date of completion of the Proposed Acquisitions.

4. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
4.1 Trade and other receivables, deposits and prepayments

The movements of the trade and other receivables, deposits and prepayments under current assets are as follows:

	RM
As at 31 March 2025	25,786,798
Pursuant to Pro Forma Adjustment in relation to the Proposed Acquisitions	
- Pursuant to the Proposed Acquisitions (Note 3.1)	128,439,317
- Acquisition related costs charged out (Note 3.1)	(2,376,283)
As per Pro Forma - Proposed Acquisitions	151,849,832



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

YBS INTERNATIONAL BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2025

4. NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

4.2 Cash and bank balances

The movements of the cash and bank balances are as follows:

	RM
As at 31 March 2025	21,069,570
Pursuant to Pro Forma Adjustment in relation to the Proposed Acquisitions	
- Pursuant to the Proposed Acquisitions (Note 3.1)	19,540,746
- Partial payment of purchase consideration via internally generated funds (Note 2.2.2)	(21,777,600)
- Payment of acquisition related costs (Note 3.1)	(1,623,717)
As per Pro Forma - Proposed Acquisitions	<u>17,208,999</u>

4.3 Retained profits

The movements of the retained profits are as follows:

	RM
As at 31 March 2025	18,464,147
Pursuant to Pro Forma Adjustment in relation to the Proposed Acquisitions	
- Acquisition related costs (Note 3.1)	(4,000,000)
As per Pro Forma - Proposed Acquisitions	<u>14,464,147</u>

4.4 Trade and other payables and accruals

The movements of the trade and other payables and accruals are as follows:

	RM
Non-current liabilities	
As at 31 March 2025	-
Pursuant to Pro Forma Adjustment in relation to the Proposed Acquisitions	
- Portion of purchase consideration payable via internally generated funds (Note 2.2.2)	12,564,000
As per Pro Forma - Proposed Acquisitions	<u>12,564,000</u>
Current liabilities	
As at 31 March 2025	21,527,389
Pursuant to Pro Forma Adjustment in relation to the Proposed Acquisitions	
- Pursuant to the Proposed Acquisitions (Note 3.1)	92,762,865
- Portion of purchase consideration payable via internally generated funds (Note 2.2.2)	13,401,600
As per Pro Forma - Proposed Acquisitions	<u>127,691,854</u>



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YBS (CONT'D)

YBS INTERNATIONAL BERHAD
 NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 31 MARCH 2025

4. **NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

4.5 **Borrowings**

The movements of the borrowings are as follows:

	RM
Non-current liabilities	
As at 31 March 2025	41,075,241
Pursuant to Pro Forma Adjustment in relation to the Proposed Acquisitions	
- Pursuant to the Proposed Acquisitions (Note 3.1)	14,048,562
- Drawdown of borrowings for settlement of the portion of purchase consideration (Note 2.2.1)	<u>111,400,800</u>
As per Pro Forma - Proposed Acquisitions	<u>166,524,603</u>
Current liabilities	
As at 31 March 2025	12,226,757
Pursuant to Pro Forma Adjustment in relation to the Proposed Acquisitions	
- Pursuant to the Proposed Acquisitions (Note 3.1)	<u>54,659,102</u>
As per Pro Forma - Proposed Acquisitions	<u>66,885,859</u>



ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP

**ALLIED PRECISION TECHNOLOGIES (M) SDN. BHD.
ALLIED PRECISION MANUFACTURING (M) SDN. BHD.
ALLIED TECHNOLOGIES (SAIGON) CO., LTD.
ALLIED PRECISION (THAILAND) COMPANY LIMITED
(COLLECTIVELY KNOWN AS "ALLIED GROUP")**

**ACCOUNTANTS' REPORT ON THE
COMBINED FINANCIAL STATEMENTS**

**GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd.**

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)



Date: 10 November 2025

The Board of Directors
YBS International Berhad
 No. 978 (also known as PT830)
 Lorong Perindustrian Bukit Minyak 20
 Taman Perindustrian Bukit Minyak
 14100 Simpang Ampat
 Penang

Grant Thornton Malaysia PLT
 Level 5, Menara BHL
 51 Jalan Sultan Ahmad Shah
 10050 Penang
 Malaysia

Dear Sirs/Madam,

T +604 228 7828
 F +604 227 9828

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Allied Precision Technologies (M) Sdn. Bhd., Allied Precision Manufacturing (M) Sdn. Bhd., Allied Technologies (Saigon) Co., Ltd. and Allied Precision (Thailand) Company Limited (collectively known as "Allied Group") to the Shareholders of YBS International Berhad

Opinion

We have audited the combined financial statements of Allied Group, which comprise the combined statements of financial position as at 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and notes to the combined financial statements, including material accounting policy information, as set out on pages 4 to 59.

The combined financial statements of Allied Group have been prepared for inclusion in the circular to the shareholders of YBS International Berhad (the "Company") in connection with the proposed acquisitions of the entire equity interests in Allied Precision Technologies (M) Sdn. Bhd., Allied Precision Manufacturing (M) Sdn. Bhd., Allied Technologies (Saigon) Co., Ltd. and Allied Precision (Thailand) Company Limited ("Proposed Acquisitions") in compliance with Appendix 10B (Part G) (3) of the ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial position of Allied Group as at 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and of its combined financial performance and combined cash flows for the financial years ended 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 in accordance with Malaysian Financial Reporting Standards 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. 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.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

**Independence and Other Ethical Responsibilities**

We are independent of Allied 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.

Responsibilities of the Directors for the Combined Financial Statements

The directors of Allied Group are responsible for the preparation of combined financial statements of Allied Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards. The directors of Allied Group are also responsible for such internal control as the directors of Allied Group determine is necessary to enable the preparation of combined financial statements of Allied Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of Allied Group, the directors of Allied Group are responsible for assessing Allied Group's ability 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 Allied Group or to cease operations, or have no realistic alternative but to do so.

The directors of YBS International Berhad are responsible for the contents of this combined financial statements to be included in the circular to shareholders, and such information is prepared based on accounting policies materially consistent with those accounting policies of YBS International Berhad.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of Allied Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountants' 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 International Standards on Auditing 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 the combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements of Allied Group, 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.
- 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 Allied Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of Allied Group and whether the appropriate adjustments have been made by the directors of YBS International Berhad to ensure the accounting policies are materially consistent with those accounting policies of YBS International Berhad.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)


Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (cont'd)

- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors of Allied Group and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Allied Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the combined financial statements of Allied Group 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 Allied Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements of Allied Group, including the disclosures, and whether the combined financial statements of Allied Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within Allied Group as a basis for forming an opinion on the combined financial statements of Allied 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 of YBS International Berhad and Allied Group 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.

Restriction on Distribution and Use

This opinion is issued for the sole purpose of inclusion in the circular to shareholders of YBS International Berhad in connection with the Proposed Acquisitions and should not be relied on for any other purposes. Accordingly, we do not assume any liability or responsibility to any other party to whom our opinion is shown or into whose hands it may come.


 Grant Thornton Malaysia PLT
 AF: 0737
 201906003682 (LLP0022494-LCA)
 Chartered Accountants

Penang


 Teh Khang Xuen
 No. 03805/12/2025 J
 Chartered Accountant

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF FINANCIAL POSITION OF ALLIED GROUP AS AT 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021

	NOTE	2024 RM	2023 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	47,971,157	63,829,672	68,926,994	71,893,467
Right-of-use assets	5	6,698,119	9,041,329	11,721,424	12,825,320
Investment property	6	4,528,000	4,899,811	-	-
Intangible asset	7	-	-	-	1,517
Deferred tax assets	8	79,413	196,296	345,943	263,839
		<u>59,276,689</u>	<u>77,967,108</u>	<u>80,994,361</u>	<u>84,984,143</u>
Current assets					
Inventories	9	38,111,081	39,006,849	46,930,963	61,592,111
Trade and other receivables	10	128,439,317	103,115,270	116,462,393	66,116,652
Contract assets	11	-	-	-	301,397
Contract costs	12	2,033,796	858,120	439,023	515,551
Current tax assets		99,238	151,671	234,611	-
Fixed deposits with licensed banks	13	4,040,772	3,931,663	4,517,962	4,614,963
Cash and bank balances	14	15,499,974	8,324,016	2,313,412	15,611,338
		<u>188,224,178</u>	<u>155,387,589</u>	<u>170,898,364</u>	<u>148,752,012</u>
TOTAL ASSETS		<u>247,500,867</u>	<u>233,354,697</u>	<u>251,892,725</u>	<u>233,736,155</u>
EQUITY AND LIABILITIES					
Share capital	15	71,413,074	71,413,074	71,413,074	71,413,074
Reserves	16	4,543,237	(4,792,548)	(10,435,493)	(19,931,603)
Total equity		<u>75,956,311</u>	<u>66,620,526</u>	<u>60,977,581</u>	<u>51,481,471</u>
Non-current liabilities					
Retirement benefit obligations	17	329,786	318,335	285,983	267,379
Trade and other payables	18	-	-	4,709,737	6,682,868
Borrowings	19	14,048,562	15,052,522	14,817,925	16,989,329
Lease liabilities	5	4,129,224	6,232,714	8,892,965	10,612,977
		<u>18,507,572</u>	<u>21,603,571</u>	<u>28,706,610</u>	<u>34,552,553</u>
Current liabilities					
Trade and other payables	18	92,762,865	115,876,977	145,114,677	127,185,005
Contract liabilities	11	1,991,055	842,416	541,977	225,897
Borrowings	19	54,659,102	24,513,922	13,158,687	18,117,434
Lease liabilities	5	2,418,288	2,722,491	2,750,540	2,024,997
Current tax liabilities		1,205,674	1,174,794	642,653	148,798
		<u>153,036,984</u>	<u>145,130,600</u>	<u>162,208,534</u>	<u>147,702,131</u>
Total liabilities		<u>171,544,556</u>	<u>166,734,171</u>	<u>190,915,144</u>	<u>182,254,684</u>
TOTAL EQUITY AND LIABILITIES		<u>247,500,867</u>	<u>233,354,697</u>	<u>251,892,725</u>	<u>233,736,155</u>

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME OF ALLIED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021

	NOTE	2024 RM	2023 RM	2022 RM	2021 RM
Revenue	20	384,337,155	371,317,384	421,693,823	311,988,663
Cost of sales		<u>(341,146,513)</u>	<u>(339,839,627)</u>	<u>(385,455,193)</u>	<u>(292,026,809)</u>
Gross profit		43,190,642	31,477,757	36,238,630	19,961,854
Other income	21	5,253,761	12,875,206	9,918,107	6,093,036
Administrative expenses		(17,215,056)	(29,007,639)	(27,115,845)	(19,746,061)
(Addition)/Reversal of allowance for expected credit losses, net		<u>(263,823)</u>	<u>214,416</u>	<u>(818,210)</u>	<u>(233,185)</u>
Operating profit		30,965,524	15,559,740	18,222,682	6,075,644
Finance income	22	1,101,718	498,920	91,901	179,747
Finance costs	23	<u>(4,601,094)</u>	<u>(4,324,183)</u>	<u>(3,621,809)</u>	<u>(2,764,298)</u>
Profit before tax	24	27,466,148	11,734,477	14,692,774	3,491,093
Taxation	26	<u>(2,550,254)</u>	<u>(1,995,567)</u>	<u>(843,738)</u>	<u>(601,900)</u>
Profit for the financial year		24,915,894	9,738,910	13,849,036	2,889,193
Other comprehensive income, net of tax:					
Item that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		<u>(2,052,413)</u>	<u>1,364,502</u>	<u>541,685</u>	<u>285,994</u>
Total comprehensive income for the financial year		<u>22,863,481</u>	<u>11,103,412</u>	<u>14,390,721</u>	<u>3,175,187</u>

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF CHANGES IN EQUITY OF ALLIED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021

			---- Non-distributable ----			
	NOTE	Share Capital RM	Foreign Currency Translation Reserve RM	Legal Reserve RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
2024						
Balance at beginning		71,413,074	5,249,501	611,939	(10,653,988)	66,620,526
Total comprehensive income for the financial year		-	(2,052,413)	-	24,915,894	22,863,481
<i>Transaction with owner of the Company:</i>						
Dividends	27	-	-	-	(13,527,696)	(13,527,696)
Balance at end		<u>71,413,074</u>	<u>3,197,088</u>	<u>611,939</u>	<u>734,210</u>	<u>75,956,311</u>
2023						
Balance at beginning		71,413,074	3,884,999	611,939	(14,932,431)	60,977,581
Total comprehensive income for the financial year		-	1,364,502	-	9,738,910	11,103,412
<i>Transaction with owner of the Company:</i>						
Dividends	27	-	-	-	(5,460,467)	(5,460,467)
Balance at end		<u>71,413,074</u>	<u>5,249,501</u>	<u>611,939</u>	<u>(10,653,988)</u>	<u>66,620,526</u>

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF CHANGES IN EQUITY OF ALLIED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)

			---- Non-distributable ----			
	NOTE	Share Capital RM	Foreign Currency Translation Reserve RM	Legal Reserve RM	Accumulated Losses RM	Total Equity RM
2022						
Balance at beginning		71,413,074	3,343,314	611,939	(23,886,856)	51,481,471
Total comprehensive income for the financial year		-	541,685	-	13,849,036	14,390,721
<i>Transaction with owner of the Company:</i>						
Dividends	27	-	-	-	(4,894,611)	(4,894,611)
Balance at end		<u>71,413,074</u>	<u>3,884,999</u>	<u>611,939</u>	<u>(14,932,431)</u>	<u>60,977,581</u>
2021						
Balance at beginning		71,413,074	3,057,320	611,939	(23,474,227)	51,608,106
Total comprehensive income for the financial year		-	285,994	-	2,889,193	3,175,187
<i>Transaction with owner of the Company:</i>						
Dividends	27	-	-	-	(3,301,822)	(3,301,822)
Balance at end		<u>71,413,074</u>	<u>3,343,314</u>	<u>611,939</u>	<u>(23,886,856)</u>	<u>51,481,471</u>

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS OF ALLIED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021

	2024 RM	2023 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	27,466,148	11,734,477	14,692,774	3,491,093
Adjustments for:				
Accretion of interest on lease liabilities	419,039	565,954	656,385	741,367
Addition/(Reversal) of allowance for expected credit losses, net	263,823	(214,416)	818,210	233,185
Amortisation of an intangible asset	-	-	1,530	3,169
Defined benefit plan	129,069	32,758	24,015	4,206
Depreciation of:				
- property, plant and equipment	4,907,338	7,634,422	8,988,557	8,712,050
- right-of-use assets	2,601,357	2,775,859	2,373,222	2,160,290
- investment property	236,794	8,529	-	-
Gain on derecognition of right-of-use assets and lease liabilities	-	(196)	-	-
Gain on disposal of property, plant and equipment	(121,612)	(35,058)	(445,823)	(66,533)
Interest expenses	3,205,681	2,006,323	1,812,440	1,671,054
Interest income	(1,101,718)	(498,920)	(91,901)	(179,747)
Inventories written down:				
- addition	801,413	1,044,212	1,059,865	1,130,118
- reversal	(1,400,779)	(740,098)	(2,232,283)	(1,139,964)
Property, plant and equipment written off	-	601,570	10,323	831
Unrealised loss/(gain) on foreign exchange, net	528	(6,061,931)	3,829,894	999,523
Operating profit before working capital changes	37,407,081	18,853,485	31,497,208	17,760,642
Changes in:				
Inventories	1,495,134	7,620,000	15,833,566	(20,873,845)
Receivables	(15,333,077)	31,810,396	(55,031,998)	4,481,662
Payables	(16,763,463)	(2,974,842)	14,793,356	(1,483,537)
Contract costs	(1,175,676)	(419,097)	76,528	749,314
Contract assets	-	-	301,397	(301,397)
Contract liabilities	1,148,639	300,439	316,080	(223,235)
Related companies' balances	-	(355,462)	(738,614)	821,424
Cash generated from operations	6,778,638	54,834,919	7,047,523	931,028
Interest paid	(3,205,681)	(2,006,323)	(1,812,440)	(1,671,054)
Income tax paid	(2,360,084)	(1,223,479)	(661,483)	(914,169)
Retirement benefit obligations paid	(108,551)	(16,161)	(11,027)	-
Net cash from/(used in) operating activities/Balance carried forward	1,104,322	51,588,956	4,562,573	(1,654,195)

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS OF ALLIED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)

	NOTE	2024 RM	2023 RM	2022 RM	2021 RM
Net cash from/(used in) operating activities/ Balance brought forward		1,104,322	51,588,956	4,562,573	(1,654,195)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,101,718	498,920	91,901	179,747
Net change in fixed deposits pledged with licensed banks		(109,109)	586,299	97,001	440,264
Proceeds from disposal of property, plant and equipment		12,161,074	35,058	445,823	69,380
Purchase of an investment property		-	(4,648,742)	-	-
Purchase of property, plant and equipment	A	(1,839,080)	(2,744,484)	(4,492,639)	(3,584,126)
Net cash from/(used in) investing activities		11,314,603	(6,272,949)	(3,857,914)	(2,894,735)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(12,269,575)	(1,744,566)	(4,894,611)	(3,301,822)
Net change in short term borrowings	B	28,806,565	9,801,764	(5,844,195)	6,637,095
Drawdown of term loans	B	1,295,844	4,036,363	-	-
Repayment of:					
- term loans	B	(1,713,920)	(2,452,031)	(2,051,092)	(1,109,306)
- hire purchase	B	(494,692)	(378,647)	(324,309)	-
Payment of lease liabilities	B	(3,184,119)	(3,325,232)	(2,886,676)	(2,663,648)
Net change in related companies' balances	B	43,536	(3,748,335)	1,169,149	(1,043,728)
Net change in immediate holding company's balance	B	(26,568,983)	(33,490,428)	756,758	(241,596)
Net change in ultimate holding company's balance		9,401,630	(9,401,630)	-	-
Net cash used in financing activities		(4,683,714)	(40,702,742)	(14,074,976)	(1,723,005)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		7,735,211	4,613,265	(13,370,317)	(6,271,935)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(654,195)	893,897	72,391	(1,570,810)
BALANCE CARRIED FORWARD		7,081,016	5,507,162	(13,297,926)	(7,842,745)

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS OF ALLIED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)

	2024 RM	2023 RM	2022 RM	2021 RM
BALANCE BROUGHT FORWARD	7,081,016	5,507,162	(13,297,926)	(7,842,745)
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>7,820,574</u>	<u>2,313,412</u>	<u>15,611,338</u>	<u>23,454,083</u>
CASH AND CASH EQUIVALENTS AT END	<u>14,901,590</u>	<u>7,820,574</u>	<u>2,313,412</u>	<u>15,611,338</u>
Represented by:				
Fixed deposits with licensed banks	4,040,772	3,931,663	4,517,962	4,614,963
Cash and bank balances	15,499,974	8,324,016	2,313,412	15,611,338
Bank overdraft	<u>(598,384)</u>	<u>(503,442)</u>	<u>-</u>	<u>-</u>
	18,942,362	11,752,237	6,831,374	20,226,301
Less: Fixed deposits pledged with licensed banks	(1,125,532)	(1,005,616)	(990,344)	(735,000)
Less: Fixed deposits with maturity more than 3 months	<u>(2,915,240)</u>	<u>(2,926,047)</u>	<u>(3,527,618)</u>	<u>(3,879,963)</u>
	<u>14,901,590</u>	<u>7,820,574</u>	<u>2,313,412</u>	<u>15,611,338</u>

A. Purchase of property, plant and equipment

	NOTE	2024 RM	2023 RM	2022 RM	2021 RM
Total acquisition cost		2,270,734	2,744,484	5,635,039	3,584,126
Acquired under hire purchase	B	<u>(431,654)</u>	<u>-</u>	<u>(1,142,400)</u>	<u>-</u>
Total cash acquisition		<u>1,839,080</u>	<u>2,744,484</u>	<u>4,492,639</u>	<u>3,584,126</u>

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS OF ALLIED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)

B. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the combined statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Net cash flows RM	Others ¹ RM	Balance at end RM
2024				
Borrowings excluding bank overdraft	39,063,002	28,325,451	720,827	68,109,280
Lease liabilities	8,955,205	(3,184,119)	776,426	6,547,512
Amount due to related companies	1,894,447	43,536	-	1,937,983
Amount due to/(from) immediate holding company, net	15,263,773	(26,568,983)	(176,588)	(11,481,798)
Total liabilities arising from financing activities	65,176,427	(1,384,115)	1,320,665	65,112,977
2023				
Borrowings excluding bank overdraft	27,976,612	11,007,449	78,941	39,063,002
Lease liabilities	11,643,505	(3,325,232)	636,932	8,955,205
Amount due to related companies	5,450,038	(3,748,335)	192,744	1,894,447
Amount due to immediate holding company, net	53,619,091	(33,490,428)	(4,864,890)	15,263,773
Total liabilities arising from financing activities	98,689,246	(29,556,546)	(3,956,273)	65,176,427
2022				
Borrowings excluding bank overdraft	35,106,763	(7,077,196)	(52,955)	27,976,612
Lease liabilities	12,637,974	(2,886,676)	1,892,207	11,643,505
Amount due to related companies	4,086,814	1,169,149	194,075	5,450,038
Amount due to immediate holding company, net	50,375,178	756,758	2,487,155	53,619,091
Total liabilities arising from financing activities	102,206,729	(8,037,965)	4,520,482	98,689,246

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS OF ALLIED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2024, 31 DECEMBER 2023, 31 DECEMBER 2022 AND 31 DECEMBER 2021 (CONT'D)

B. Liabilities arising from financing activities (cont'd)

Reconciliation between the opening and closing balances in the combined statements of financial position for liabilities arising from financing activities is as follows: (cont'd)

	Balance at beginning RM	Net cash flows RM	Others ¹ RM	Balance at end RM
2021				
Borrowings excluding bank overdraft	29,482,069	5,527,789	96,905	35,106,763
Lease liabilities	14,546,615	(2,663,648)	755,007	12,637,974
Amount due to related companies	5,075,582	(1,043,728)	54,960	4,086,814
Amount due to immediate holding company, net	<u>49,852,492</u>	<u>(241,596)</u>	<u>764,282</u>	<u>50,375,178</u>
Total liabilities arising from financing activities	<u>98,956,758</u>	<u>1,578,817</u>	<u>1,671,154</u>	<u>102,206,729</u>

¹ Others consist of non-cash movements as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Accretion of interest on lease liabilities	419,039	565,954	656,385	741,367
Addition of lease liabilities	357,387	72,643	1,235,822	13,640
Derecognition of lease liabilities	-	(1,665)	-	-
Exchange differences	<u>544,239</u>	<u>(4,593,205)</u>	<u>2,628,275</u>	<u>916,147</u>
	<u>1,320,665</u>	<u>(3,956,273)</u>	<u>4,520,482</u>	<u>1,671,154</u>

The accompanying notes form an integral part of these combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP
1. GENERAL INFORMATION
1.1 Introduction

This report has been prepared solely for inclusion in the circular to the shareholders of YBS International Berhad in connection with the proposed acquisitions of the entire equity interests in Allied Precision Technologies (M) Sdn. Bhd., Allied Precision Manufacturing (M) Sdn. Bhd., Allied Technologies (Saigon) Co., Ltd. and Allied Precision (Thailand) Co. Ltd. ("Proposed Acquisitions") in compliance with Appendix 10B (Part G) (3) of the ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad and for no other purpose.

On 28 May 2025, YBS International Berhad has entered into a master sale and purchase agreement with Allied Technologies Holdings Pte. Ltd. to acquire the entire equity interests in Allied Precision Technologies (M) Sdn. Bhd., Allied Precision Manufacturing (M) Sdn. Bhd., Allied Technologies (Saigon) Co., Ltd. and Allied Precision (Thailand) Co. Ltd. for a total purchase consideration of up to USD38,000,000 in cash.

Allied Precision Technologies (M) Sdn. Bhd. ("APTSB"), Allied Precision Manufacturing (M) Sdn. Bhd. ("APMSB"), Allied Technologies (Saigon) Co., Ltd. ("ATSCS") and Allied Precision (Thailand) Co. Ltd. ("APTCL") (collectively known as "Allied Group") are wholly owned subsidiaries of Allied Technologies Holdings Pte. Ltd., which in turn is a wholly owned subsidiary of AT Assets Pte. Ltd. Both companies are incorporated and domiciled in the Republic of Singapore.

The directors regard AT Assets Pte. Ltd. as the ultimate holding company.

Basis of Preparation and Measurement

The combining entities are APTS, APMS, ATSCS and APTCL. As stated above, the combining entities are wholly-owned subsidiaries of Allied Technologies Holdings Pte. Ltd., who intends to dispose of its entire equity interest in the combining entities to YBS International Berhad through a master sale and purchase agreement entered into on 28 May 2025.

The accountants' report is prepared on the basis of combining the financial information of the respective combining entities to reflect these entities as a single economic entity at the beginning of the earliest comparative period presented since the Proposed Acquisitions are inter-conditional amongst each other.

The combined financial statements of Allied Group have been prepared in accordance with applicable Malaysian Financial Reporting Standards and IFRS Accounting Standards and based on the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants.

The combined financial statements of Allied Group are prepared under the historical cost convention.

This report is presented in Ringgit Malaysia ("RM"). RM is also the functional currency of APTS and APMS. ATSCS's functional currency is Vietnam Dong while APTCL's functional currency is Thai Baht.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

1. GENERAL INFORMATION (CONT'D)

1.2 Registered office and principal place of business

The registered office address and principal place of business of Allied Group are as follows:

Name of companies	Registered office address	Principal place of business
APTSB	48, Jalan Kota Laksamana 2/15, Taman Kota Laksamana, Seksyen 2, 75200 Melaka	No. 1A, Jalan Nobat 7, Taman Perindustrian Bukit Rambai, 75250 Melaka
APMSB	No. 29A, Jalan Sutera Tanjung 8/2, Taman Sutera Utama, 81300 Skudai, Johor	No. 9, Jalan Bioteknologi 3, Kawasan Perindustrian SILC, 79200, Iskandar Puteri, Johor Bahru
ATSCL	Lot I-4, F03, Road N3, Sai Gon Hi-Tech Park, Long Thanh My Ward, Thu Duc City, Ho Chi Minh City, Vietnam	Lot I-4, F03, Road N3, Sai Gon Hi-Tech Park, Long Thanh My Ward, Thu Duc City, Ho Chi Minh City, Vietnam
APTCL	138 Moo 4, Sa Phang, Khao Yoi, Phetchaburi	138 Moo 4, Sa Phang, Khao Yoi, Phetchaburi

1.3 Principal activities

The details of Allied Group are as follows:

Name of companies	Country of incorporation	Principal activities
APTSB	Malaysia	Manufacture of metal stamped parts, tools and dies and sub-assembly of mechanical components.
APMSB	Malaysia	Manufacture of metal stamped parts, tools and dies and sub-assembly of mechanical components.
ATSCL	Vietnam	Manufacture of metal stamped parts, tools and dies and sub-assembly precise plastic products and component for printers and electronic devices.
APTCL	Thailand	Manufacture of metal stamped parts, tools and dies and mechanical components.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

2. STANDARDS/AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The following are accounting standards/amendments that have been issued by the Malaysian Accounting Standards Board but are not yet effective for Allied Group:

Effective for annual period beginning on or after 1 January 2025

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Effective for annual periods beginning on or after 1 January 2026

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments

Annual Improvements to MFRS Accounting Standards - Volume 11

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Effective for annual periods beginning on or after 1 January 2027

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 19 Subsidiaries without Public Accountability: Disclosures

Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above new standards/amendments to MFRSs is not expected to have any material impact to the combined financial statements of Allied Group upon adoption, except for *MFRS 18 Presentation and Disclosure in Financial Statements*.

MFRS 18 introduces new requirements on presentation within the statements of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to *MFRS 107 Statement of Cash Flows* and *MFRS 134 Interim Financial Reporting*.

The amendments will have an impact on Allied Group's presentation of combined statements of comprehensive income, combined statements of cash flows and additional disclosures in the notes to the combined financial statements but not on the measurement or recognition of any items in Allied Group's combined financial statements.

Allied Group is currently assessing the impact of *MFRS 18* and plans to adopt the new standard on the required effective date.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of combined financial statements 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 estimate is revised and in any future periods affected.

3.1 Judgements made in applying accounting policies

In the process of applying Allied Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the combined financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

Allied Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Allied Group has several lease contracts that include extension and termination options. Allied Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, Allied Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Allied Group has included the extension option period as part of the lease term for lease of warehouse as it is reasonably certain that the extension options will be exercised in view of Allied Group would suffer a significant economic disincentive and alternative premise is not readily available. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Allied Group has not included the extension options period as part of the lease term for leases of land use rights, hostels and office equipment as the extension option is not available. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Inventories

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

The carrying amount of Allied Group's inventories as at the end of the reporting period is disclosed in Note 9 to the combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)
3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)
3.2 Key sources of estimation uncertainty (cont'd)
(ii) Provision for expected credit losses ("ECL") of receivables

Allied Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on Allied Group's historical observed default rates. Allied Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the technology sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast of economic conditions. Allied Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECL on Allied Group's trade receivables is disclosed in Note 30.3.1 to the combined financial statements.

(iii) Leases - Estimating the incremental borrowing rate ("IBR")

Allied Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that Allied Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what Allied Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). Allied Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP

4. PROPERTY, PLANT AND EQUIPMENT

2024

	Freehold land RM	Factory buildings RM	Plant and machinery RM	Office furniture, fittings and computer equipment RM	Factory renovation and electrical installation RM	Motor vehicles RM	Capital expenditure-in- progress RM	Total RM
At cost								
Balance at beginning	20,319,605	46,197,547	74,487,625	5,835,195	2,971,288	415,172	-	150,226,432
Additions	-	-	1,592,076	70,907	-	607,751	-	2,270,734
Disposal	(12,039,462)	-	-	-	-	-	-	(12,039,462)
Written offs	-	-	(117,836)	(14,227)	-	-	-	(132,063)
Exchange differences	-	(1,682,442)	(1,746,747)	(185,822)	(6,723)	(6,540)	-	(3,628,274)
Balance at end	8,280,143	44,515,105	74,215,118	5,706,053	2,964,565	1,016,383	-	136,697,367
Accumulated depreciation								
Balance at beginning	-	12,356,260	65,807,169	5,103,970	2,805,578	323,783	-	86,396,760
Current charge	-	904,288	3,500,779	266,027	110,745	125,499	-	4,907,338
Written offs	-	-	(117,836)	(14,227)	-	-	-	(132,063)
Exchange differences	-	(693,248)	(1,571,197)	(166,595)	(6,716)	(8,069)	-	(2,445,825)
Balance at end	-	12,567,300	67,618,915	5,189,175	2,909,607	441,213	-	88,726,210
Carrying amount	8,280,143	31,947,805	6,596,203	516,878	54,958	575,170	-	47,971,157

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2023

At cost

Balance at beginning	19,576,393	45,809,291	72,620,787	5,591,885	2,958,183	401,619	1,330,477	148,288,635
Additions	-	-	2,534,569	196,096	-	-	13,819	2,744,484
Disposal	-	-	(1,670,349)	-	-	-	-	(1,670,349)
Written offs	-	-	(1,096)	(11,312)	-	-	(601,084)	(613,492)
Reclassification	743,212	-	-	-	-	-	(743,212)	-
Exchange differences	-	388,256	1,003,714	58,526	13,105	13,553	-	1,477,154
Balance at end	20,319,605	46,197,547	74,487,625	5,835,195	2,971,288	415,172	-	150,226,432

Accumulated depreciation

Balance at beginning	-	11,265,838	60,910,982	4,634,176	2,278,754	271,891	-	79,361,641
Current charge	-	947,840	5,700,390	428,559	513,756	43,877	-	7,634,422
Disposal	-	-	(1,670,349)	-	-	-	-	(1,670,349)
Written offs	-	-	(610)	(11,312)	-	-	-	(11,922)
Exchange differences	-	142,582	866,756	52,547	13,068	8,015	-	1,082,968
Balance at end	-	12,356,260	65,807,169	5,103,970	2,805,578	323,783	-	86,396,760

Carrying amount

Balance at end	20,319,605	33,841,287	8,680,456	731,225	165,710	91,389	-	63,829,672
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ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2022

	Freehold land RM	Factory buildings RM	Plant and machinery RM	Office furniture, fittings and computer equipment RM	Factory renovation and electrical installation RM	Motor vehicles RM	Capital expenditure-in- progress RM	Total RM
At cost								
Balance at beginning	19,576,393	45,291,617	69,668,777	5,192,432	2,901,672	282,367	855,015	143,768,273
Additions	-	-	4,646,582	346,934	51,870	114,191	475,462	5,635,039
Disposal	-	-	(675,025)	-	-	-	-	(675,025)
Written offs	-	-	(1,674,620)	(3,338)	-	-	-	(1,677,958)
Exchange differences	-	517,674	655,073	55,857	4,641	5,061	-	1,238,306
Balance at end	19,576,393	45,809,291	72,620,787	5,591,885	2,958,183	401,619	1,330,477	148,288,635
Accumulated depreciation								
Balance at beginning	-	10,144,745	55,777,698	3,973,988	1,737,180	241,195	-	71,874,806
Current charge	-	938,442	6,867,435	618,798	536,958	26,924	-	8,988,557
Disposal	-	-	(675,025)	-	-	-	-	(675,025)
Written offs	-	-	(1,664,297)	(3,338)	-	-	-	(1,667,635)
Exchange differences	-	182,651	605,171	44,728	4,616	3,772	-	840,938
Balance at end	-	11,265,838	60,910,982	4,634,176	2,278,754	271,891	-	79,361,641
Carrying amount	19,576,393	34,543,453	11,709,805	957,709	679,429	129,728	1,330,477	68,926,994

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2021

At cost	Freehold land RM	Factory buildings RM	Plant and machinery RM	Office furniture, fittings and computer equipment RM	Factory renovation and electrical installation RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
Balance at beginning	19,576,393	44,256,268	67,628,420	4,747,074	2,919,077	286,936	810,407	140,224,575
Additions	-	-	3,065,365	474,153	-	-	44,608	3,584,126
Disposal	-	-	(385,838)	(19,821)	-	-	-	(405,659)
Written offs	-	-	(703,766)	(69,108)	-	-	-	(772,874)
Exchange differences	-	1,035,349	64,596	60,134	(17,405)	(4,569)	-	1,138,105
Balance at end	19,576,393	45,291,617	69,668,777	5,192,432	2,901,672	282,367	855,015	143,768,273
Accumulated depreciation								
Balance at beginning	-	8,868,745	50,232,219	3,368,339	1,218,507	224,659	-	63,912,469
Current charge	-	920,094	6,591,510	643,448	535,893	21,105	-	8,712,050
Disposal	-	-	(385,838)	(16,974)	-	-	-	(402,812)
Written offs	-	-	(703,766)	(68,277)	-	-	-	(772,043)
Exchange differences	-	355,906	43,573	47,452	(17,220)	(4,569)	-	425,142
Balance at end	-	10,144,745	55,777,698	3,973,988	1,737,180	241,195	-	71,874,806
Carrying amount	19,576,393	35,146,872	13,891,079	1,218,444	1,164,492	41,172	855,015	71,893,467

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (i) The carrying amount of property, plant and equipment which are pledged to licensed banks as securities for banking facilities granted to the combining entities as disclosed in Note 19 to the combined financial statements are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Freehold land	8,280,143	8,280,143	8,280,143	8,280,143
Factory buildings	31,947,807	33,841,287	34,543,453	35,146,872
Plant and machinery	2,321,768	-	-	-
	<u>42,549,718</u>	<u>42,121,430</u>	<u>42,823,596</u>	<u>43,427,015</u>

- (ii) The carrying amount of lease assets which are pledged as securities for the hire purchase as disclosed in Note 19 to the combined financial statements are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Plant and machinery	626,791	934,703	1,242,615	-
Motor vehicles	510,001	-	-	-
	<u>1,136,792</u>	<u>934,703</u>	<u>1,242,615</u>	<u>-</u>

- (iii) On 29 July 2024, APTSB entered into a Sale and Purchase Agreement with D & C Success Realty Sdn. Bhd. to dispose of the freehold land for a cash consideration of RM12,382,587. The transaction has been completed during the financial year ended 31 December 2024.

Material accounting policy information

All property, plant and equipment are initially measured at cost which includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to Allied Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Categories

Factory buildings	2%
Plant and machinery	20%
Office, furniture, fittings and computer equipment	20% - 33%
Factory renovation and electrical installation	20%
Motor vehicles	20%

Freehold land is not depreciated as it has an infinite life.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Material accounting policy information (cont'd)

Capital expenditure-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. Upon the disposal of an item of property, plant and equipment, the differences between the net disposal proceeds and its carrying amount is charged or credited to profit or loss.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

Allied Group has lease contracts for land use rights, hostels, warehouse and office equipment used in its operations that have lease terms between 2 to 50 years. The lease contracts restrict Allied Group from assigning and subleasing the leased assets.

Allied Group also has certain leases of hostels and motor vehicles with lease terms of 12 months or less and leases of office equipment with low value. Allied Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets and the movements during the financial year:

	Land use rights RM	Hostels RM	Warehouse RM	Office equipment RM	Total RM
2024					
At cost					
Balance at beginning	2,441,706	1,235,822	17,289,685	180,377	21,147,590
Additions	-	357,387	-	-	357,387
Exchange differences	(167,948)	-	-	-	(167,948)
Balance at end	<u>2,273,758</u>	<u>1,593,209</u>	<u>17,289,685</u>	<u>180,377</u>	<u>21,337,029</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Right-of-use assets (cont'd)

Set out below are the carrying amounts of right-of-use assets and the movements during the financial year (cont'd):

	Land use rights RM	Hostels RM	Warehouse RM	Office equipment RM	Total RM
Accumulated depreciation					
Balance at beginning	976,682	832,137	10,186,624	110,818	12,106,261
Current charge	47,004	448,358	2,088,739	17,256	2,601,357
Exchange differences	(68,708)	-	-	-	(68,708)
Balance at end	<u>954,978</u>	<u>1,280,495</u>	<u>12,275,363</u>	<u>128,074</u>	<u>14,638,910</u>
Carrying amount	<u>1,318,780</u>	<u>312,714</u>	<u>5,014,322</u>	<u>52,303</u>	<u>6,698,119</u>
2023					
At cost					
Balance at beginning	2,402,949	1,235,822	17,289,685	137,111	21,065,567
Additions	-	-	-	72,643	72,643
Derecognition	-	-	-	(29,377)	(29,377)
Exchange differences	38,757	-	-	-	38,757
Balance at end	<u>2,441,706</u>	<u>1,235,822</u>	<u>17,289,685</u>	<u>180,377</u>	<u>21,147,590</u>
Accumulated depreciation					
Balance at beginning	913,121	214,226	8,097,885	118,911	9,344,143
Depreciation	49,394	617,911	2,088,739	19,815	2,775,859
Derecognition	-	-	-	(27,908)	(27,908)
Exchange differences	14,167	-	-	-	14,167
Balance at end	<u>976,682</u>	<u>832,137</u>	<u>10,186,624</u>	<u>110,818</u>	<u>12,106,261</u>
Carrying amount	<u>1,465,024</u>	<u>403,685</u>	<u>7,103,061</u>	<u>69,559</u>	<u>9,041,329</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Right-of-use assets (cont'd)

Set out below are the carrying amounts of right-of-use assets and the movements during the financial year (cont'd):

	Land use rights RM	Hostels RM	Warehouse RM	Office equipment RM	Total RM
2022					
At cost					
Balance at beginning	2,351,272	-	17,289,685	137,111	19,778,068
Additions	-	1,235,822	-	-	1,235,822
Exchange differences	51,677	-	-	-	51,677
Balance at end	<u>2,402,949</u>	<u>1,235,822</u>	<u>17,289,685</u>	<u>137,111</u>	<u>21,065,567</u>
Accumulated depreciation					
Balance at beginning	846,458	-	6,009,146	97,144	6,952,748
Depreciation	48,490	214,226	2,088,739	21,767	2,373,222
Exchange differences	18,173	-	-	-	18,173
Balance at end	<u>913,121</u>	<u>214,226</u>	<u>8,097,885</u>	<u>118,911</u>	<u>9,344,143</u>
Carrying amount	<u>1,489,828</u>	<u>1,021,596</u>	<u>9,191,800</u>	<u>18,200</u>	<u>11,721,424</u>
2021					
At cost					
Balance at beginning	2,247,920	-	17,289,685	123,471	19,661,076
Additions	-	-	-	13,640	13,640
Exchange differences	103,352	-	-	-	103,352
Balance at end	<u>2,351,272</u>	<u>-</u>	<u>17,289,685</u>	<u>137,111</u>	<u>19,778,068</u>
Accumulated depreciation					
Balance at beginning	764,293	-	3,920,407	72,317	4,757,017
Depreciation	46,724	-	2,088,739	24,827	2,160,290
Exchange differences	35,441	-	-	-	35,441
Balance at end	<u>846,458</u>	<u>-</u>	<u>6,009,146</u>	<u>97,144</u>	<u>6,952,748</u>
Carrying amount	<u>1,504,814</u>	<u>-</u>	<u>11,280,539</u>	<u>39,967</u>	<u>12,825,320</u>

The entire carrying amount of land use rights is pledged to a licensed bank as securities for banking facilities as disclosed in Note 19 to the combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:

	2024 RM	2023 RM	2022 RM	2021 RM
Balance at beginning	8,955,205	11,643,505	12,637,974	14,546,615
Additions	357,387	72,643	1,235,822	13,640
Accretion of interest	419,039	565,954	656,385	741,367
Payments	(3,184,119)	(3,325,232)	(2,886,676)	(2,663,648)
Derecognition	-	(1,665)	-	-
Balance at end	<u>6,547,512</u>	<u>8,955,205</u>	<u>11,643,505</u>	<u>12,637,974</u>
Represented by:				
Non-current liabilities	4,129,224	6,232,714	8,892,965	10,612,977
Current liabilities	<u>2,418,288</u>	<u>2,722,491</u>	<u>2,750,540</u>	<u>2,024,997</u>
	<u>6,547,512</u>	<u>8,955,205</u>	<u>11,643,505</u>	<u>12,637,974</u>

The maturity analysis of lease liabilities is disclosed in Note 30.4 to the combined financial statements.

The following are the amounts recognised in profit or loss:

	2024 RM	2023 RM	2022 RM	2021 RM
Accretion of interest on lease liabilities	419,039	565,954	656,385	741,367
Depreciation of right-of-use assets	2,601,357	2,775,859	2,373,222	2,160,290
Expenses relating to leases of low-value assets	252,675	232,980	286,200	278,850
Expenses relating to short-term leases	820,740	934,419	917,459	1,340,902
Gain on derecognition of right-of-use assets and lease liabilities	-	(196)	-	-
Total amount recognised in profit or loss	<u>4,093,811</u>	<u>4,509,016</u>	<u>4,233,266</u>	<u>4,521,409</u>
Total cash outflows for leases	<u>4,257,534</u>	<u>4,492,631</u>	<u>4,090,335</u>	<u>4,283,400</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Material accounting policy information

Right-of-use assets

Allied Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets are available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

<u>Categories</u>	<u>Years</u>
Land use rights	50
Hostels	2
Warehouse	6 to 10
Office equipment	2 to 5

If ownership of the leased asset transfers to Allied Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Short-term leases and leases of low-value assets

Allied Group applies recognition exemption for short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

6. INVESTMENT PROPERTY

	2024 RM	Freehold condominium 2023 RM	2022 RM	2021 RM
At cost				
Balance at beginning	4,908,553	-	-	-
Additions	-	4,648,742	-	-
Exchange differences	(133,286)	259,811	-	-
Balance at end	<u>4,775,267</u>	<u>4,908,553</u>	<u>-</u>	<u>-</u>
Accumulated amortisation				
Balance at beginning	8,742	-	-	-
Current charge	236,794	8,529	-	-
Exchange differences	1,731	213	-	-
Balance at end	<u>247,267</u>	<u>8,742</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>4,528,000</u>	<u>4,899,811</u>	<u>-</u>	<u>-</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

6. INVESTMENT PROPERTY (CONT'D)

- (i) On 19 December 2023, one of the combining entities, APTCL, had acquired a freehold condominium for a total cash consideration of RM4,648,742.
- (ii) The freehold condominium is pledged to a licensed bank as securities for banking facilities granted to APTCL as disclosed in Note 19 to the combined financial statements.
- (iii) The fair value of the investment property for disclosure purposes is disclosed in Note 31.1 to the combined financial statements.

Material accounting policy information

Investment property is initially stated at cost, including transaction cost. Subsequent to initial recognition, the investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold condominium is depreciated on a straight-line basis over its estimated useful lives of 20 years.

7. INTANGIBLE ASSET

	2024 RM	Computer software		2021 RM
		2023 RM	2022 RM	
At cost				
Balance at beginning	16,894	16,000	15,683	16,871
Exchange differences	(458)	894	317	(1,188)
Balance at end	<u>16,436</u>	<u>16,894</u>	<u>16,000</u>	<u>15,683</u>
Accumulated amortisation				
Balance at beginning	16,894	16,000	14,166	11,948
Current charge	-	-	1,530	3,169
Exchange differences	(458)	894	304	(951)
Balance at end	<u>16,436</u>	<u>16,894</u>	<u>16,000</u>	<u>14,166</u>
Carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,517</u>

Material accounting policy information

Intangible asset is amortised on the straight-line method to write off the cost of each asset to its residual value over its estimated useful lives at the following annual rates:

Computer software 3 years

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

8. DEFERRED TAX ASSETS

	2024 RM	2023 RM	2022 RM	2021 RM
Balance at beginning	196,296	345,943	263,839	-
Recognised in profit or loss	(106,857)	(157,007)	76,989	347,504
Exchange differences	(10,026)	7,360	5,115	1,691
	<u>79,413</u>	<u>196,296</u>	<u>345,943</u>	<u>349,195</u>
Over provision in prior year	-	-	-	(85,356)
Balance at end	<u>79,413</u>	<u>196,296</u>	<u>345,943</u>	<u>263,839</u>

The deferred tax assets as at the end of the reporting period are made up of the temporary differences arising from:

	2024 RM	2023 RM	2022 RM	2021 RM
Provisions	<u>79,413</u>	<u>196,296</u>	<u>345,943</u>	<u>263,839</u>

The following deferred tax assets have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised. As at the end of the reporting period, Allied Group's deferred tax position is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Deferred tax recognised:				
Property, plant and equipment	1,953,364	3,072,996	2,481,413	3,239,419
Unabsorbed capital allowances	-	(3,072,996)	(2,481,413)	(3,239,419)
Unused tax losses	(664,877)	-	-	-
Other temporary differences	(1,288,487)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax assets not recognised:				
Unused tax losses	-	4,199,336	4,500,620	4,350,624
Unabsorbed capital allowances	-	3,164,889	6,854,771	13,650,318
Other temporary differences	<u>3,756,031</u>	<u>10,645,059</u>	<u>9,552,766</u>	<u>-</u>
	<u>3,756,031</u>	<u>18,009,284</u>	<u>20,908,157</u>	<u>18,000,942</u>

The gross amount and future availability of unused tax losses and unabsorbed capital allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Unused tax losses	664,877	4,199,336	4,500,620	4,350,624
Unabsorbed capital allowances	<u>-</u>	<u>6,237,885</u>	<u>9,336,184</u>	<u>16,889,737</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

8. DEFERRED TAX ASSETS (CONT'D)

In respect of the Malaysian subsidiaries, the unused tax losses can be carried forward for ten consecutive years of assessment ("YAs") immediately following that year of assessment ("YA") of which tax losses was incurred. However, unabsorbed capital allowances can be carried forward indefinitely.

In respect of the Thai subsidiary, the unused tax losses is allowed to be utilised for five consecutive YAs.

The unused tax losses will be disregarded in the following YAs:

	2024 RM	2023 RM	2022 RM	2021 RM
YA 2022	-	-	154,343	151,288
YA 2023	-	-	146,941	-
YA 2029	-	2,905,269	2,905,269	2,905,269
YA 2030	664,877	1,294,067	1,294,067	1,294,067
	<u>664,877</u>	<u>4,199,336</u>	<u>4,500,620</u>	<u>4,350,624</u>

9. INVENTORIES

	2024 RM	2023 RM	2022 RM	2021 RM
At cost				
Raw materials	20,241,240	21,226,643	26,050,233	36,387,237
Work-in-progress	2,985,029	3,664,822	3,543,978	4,592,790
Finished goods	14,884,812	14,115,384	17,336,752	20,612,084
	<u>38,111,081</u>	<u>39,006,849</u>	<u>46,930,963</u>	<u>61,592,111</u>
Cost of inventories recognised in profit or loss:				
Inventories recognised as cost of sales	341,745,879	339,535,513	386,627,611	292,036,655
Inventories written down				
- addition	801,413	1,044,212	1,059,865	1,130,118
- reversal	(1,400,779)	(740,098)	(2,232,283)	(1,139,964)

The reversal of inventories written down was made in the current financial year when the related inventories were sold above their carrying amounts.

Material accounting policy information

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods includes cost of materials, labour and an appropriate proportion of production overheads. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

10. TRADE AND OTHER RECEIVABLES

	2024 RM	2023 RM	2022 RM	2021 RM
Trade receivables				
Third parties	96,693,629	74,117,759	106,882,820	58,549,341
Less: Allowance for expected credit losses	<u>(1,338,118)</u>	<u>(1,102,022)</u>	<u>(1,304,762)</u>	<u>(480,403)</u>
	<u>95,355,511</u>	<u>73,015,737</u>	<u>105,578,058</u>	<u>58,068,938</u>
Other receivables				
Sundry receivables	309,081	1,456,410	410,213	502,347
Amount due from immediate holding company				
- interest bearing at 6.85% per annum	9,812,887	-	-	-
- non-interest bearing	13,555,788	5,640,978	-	-
Amount due from ultimate holding company				
- interest bearing at 6.85% per annum	-	9,752,875	-	-
Deposits	1,059,097	1,189,294	1,214,332	907,486
Prepayments	1,809,941	4,959,556	3,715,329	2,388,466
Value-added tax ("VAT") receivables	<u>6,537,012</u>	<u>7,100,420</u>	<u>5,544,461</u>	<u>4,249,415</u>
	<u>33,083,806</u>	<u>30,099,533</u>	<u>10,884,335</u>	<u>8,047,714</u>
Total trade and other receivables	<u>128,439,317</u>	<u>103,115,270</u>	<u>116,462,393</u>	<u>66,116,652</u>

The normal credit terms granted to trade receivables range from 30 to 120 days (2023: 30 to 120 days; 2022: 30 to 120 days; 2021: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amount due from immediate holding company and ultimate holding company are unsecured and classified based on expected timing of realisation.

The currency profile of trade and other receivables is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
United States Dollar	85,551,985	62,203,852	88,326,814	47,304,549
Thai Baht	22,003,237	28,612,845	18,034,186	10,140,899
Vietnam Dong	14,710,737	8,751,432	5,643,405	4,299,841
Ringgit Malaysia	2,856,760	2,626,615	4,081,997	3,306,616
Singapore Dollar	<u>3,316,598</u>	<u>920,526</u>	<u>375,991</u>	<u>1,064,747</u>
	<u>128,439,317</u>	<u>103,115,270</u>	<u>116,462,393</u>	<u>66,116,652</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

10. TRADE AND OTHER RECEIVABLES (CONT'D)

The movement of the allowance for expected credit losses is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Trade receivables				
Balance at beginning	1,102,022	1,304,762	480,403	250,445
Current year	3,066,635	862,201	1,273,237	384,268
Reversal	(2,802,812)	(1,076,617)	(455,027)	(151,083)
Exchange differences	(27,727)	11,676	6,149	(3,227)
Balance at end	<u>1,338,118</u>	<u>1,102,022</u>	<u>1,304,762</u>	<u>480,403</u>

11. CONTRACT ASSETS/(LIABILITIES)

	NOTE	2024 RM	2023 RM	2022 RM	2021 RM
Contract assets					
- Accrued billing in respect of tooling sales	11.1	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,397</u>
Contract liabilities					
- Deposits received from customers	11.2	<u>(1,991,055)</u>	<u>(842,416)</u>	<u>(541,977)</u>	<u>(225,897)</u>

11.1 Contract assets – accrued billing in respect of tooling sales

	2024 RM	2023 RM	2022 RM	2021 RM
Balance at beginning	-	-	301,397	-
Revenue recognised during the financial year	-	-	-	301,397
Billings during the financial year	<u>-</u>	<u>-</u>	<u>(301,397)</u>	<u>-</u>
Balance at end	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,397</u>

Contract assets primarily relate to Allied Group's rights to consideration for work completed but not yet billed at the end of the reporting period.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

11. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

11.2 Contract liabilities - deposits received from customers

	2024 RM	2023 RM	2022 RM	2021 RM
Balance at beginning	842,416	541,977	225,897	-
Deposits received during the financial year	3,374,616	4,035,907	3,023,954	2,834,345
Revenue recognised during the financial year	(2,225,977)	(3,735,468)	(2,707,874)	(2,608,448)
Balance at end	1,991,055	842,416	541,977	225,897

Contract liabilities primarily relate to Allied Group's obligation to transfer goods or services to customers for which Allied Group has received deposits from customers for the sales of tooling.

12. CONTRACT COSTS

Contract costs represent cost to fulfill a contract which in relation to the manufacturing of tools cost incurred to manufacture tools, which the related sales of tooling have yet to be recognised as revenue.

13. FIXED DEPOSITS WITH LICENSED BANKS

	2024 RM	2023 RM	2022 RM	2021 RM
Encumbered	1,125,532	1,005,616	990,344	735,000
Unencumbered	2,915,240	2,926,047	3,527,618	3,879,963
	4,040,772	3,931,663	4,517,962	4,614,963

The encumbered fixed deposits are pledged to licensed banks as securities for banking facilities granted to the combining entities as disclosed in Note 19 to the combined financial statements.

The effective interest rates per annum and maturities of the fixed deposits with licensed banks of Allied Group as at the end of the reporting period are as follows:

	2024	2023	2022	2021
Effective interest rates per annum (%)	1.15 to 2.90	1.15 to 3.10	1.15 to 2.60	1.15 to 3.35
Maturity period (months)	12	12	12	12

The currency profile of fixed deposits with licensed banks is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Ringgit Malaysia	3,774,760	3,661,047	4,262,618	4,365,599
Thai Baht	266,012	270,616	255,344	249,364
	4,040,772	3,931,663	4,517,962	4,614,963

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

14. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
United States Dollar	9,573,078	3,625,428	1,399,217	2,737,696
Thai Baht	1,503,460	2,324,692	224,632	2,079,269
Ringgit Malaysia	4,206,956	1,860,976	391,408	6,590,005
Vietnam Dong	216,480	512,920	298,155	4,204,368
	<u>15,499,974</u>	<u>8,324,016</u>	<u>2,313,412</u>	<u>15,611,338</u>

15. SHARE CAPITAL

	2024 RM	2023 RM	2022 RM	2021 RM
Issued and fully paid with no par value	<u>71,413,074</u>	<u>71,413,074</u>	<u>71,413,074</u>	<u>71,413,074</u>

The share capital is the aggregate of the share capital of the combining entities.

16. RESERVES

	NOTE	2024 RM	2023 RM	2022 RM	2021 RM
Non-distributable:					
Foreign currency translation reserve	16.1	3,197,088	5,249,501	3,884,999	3,343,314
Legal reserve	16.2	611,939	611,939	611,939	611,939
Retained profits/ (Accumulated losses)	16.3	<u>734,210</u>	<u>(10,653,988)</u>	<u>(14,932,431)</u>	<u>(23,886,856)</u>
		<u>4,543,237</u>	<u>(4,792,548)</u>	<u>(10,435,493)</u>	<u>(19,931,603)</u>

16.1 Foreign currency translation reserve

The foreign currency translation reserve represents foreign 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 this accountants' report.

16.2 Legal reserve

Legal reserve was set up in prior years upon payment of dividends by a subsidiary in Thailand. The amount transferred from retained profits to the legal reserve is fixed at 5% of the subsidiary's retained profits at each dividend payment date. This transfer is mandatory until the reserve reaches 10% of the subsidiary's issued and fully paid share capital.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

16. RESERVES (CONT'D)

16.3 Retained profits/(Accumulated losses)

	APTSB RM	APMSB RM	ATSCL RM	APTCL RM	Total RM
Balance at 1.1.2021	(15,192,119)	(1,369,998)	(15,561,329)	8,649,219	(23,474,227)
Total comprehensive income/(loss) for the financial year	(5,453,726)	193,741	2,768,389	5,380,789	2,889,193
Less: Dividend	-	-	-	(3,301,822)	(3,301,822)
Balance at 31.12.2021/ 1.1.2022	(20,645,845)	(1,176,257)	(12,792,940)	10,728,186	(23,886,856)
Total comprehensive income/(loss) for the financial year	4,271,888	(3,638,747)	6,135,942	7,079,953	13,849,036
Less: Dividend	-	-	-	(4,894,611)	(4,894,611)
Balance at 31.12.2022/ 1.1.2023	(16,373,957)	(4,815,004)	(6,656,998)	12,913,528	(14,932,431)
Total comprehensive income/(loss) for the financial year	4,187,272	(1,444,842)	696,776	6,299,704	9,738,910
Less: Dividend	-	-	-	(5,460,467)	(5,460,467)
Balance at 31.12.2023/ 1.1.2024	(12,186,685)	(6,259,846)	(5,960,222)	13,752,765	(10,653,988)
Total comprehensive income for the financial year	10,737,361	4,732,911	5,298,833	4,146,789	24,915,894
Less: Dividend	-	-	-	(13,527,696)	(13,527,696)
Balance at 31.12.2024	(1,449,324)	(1,526,935)	(661,389)	4,371,858	734,210

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

17. RETIREMENT BENEFIT OBLIGATIONS

Allied Group operates an unfunded, defined benefit plan – Retirement Benefit Scheme (“the Scheme”) for eligible employees in Thailand and Vietnam. Under the Scheme, eligible employees are entitled to retirement benefits upon attaining their retirement age.

The movement of retirement benefit obligations during the financial year is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Balance at beginning	318,335	285,983	267,379	280,674
Recognised in profit or loss	129,069	32,758	24,015	4,206
Payment during the year	(108,551)	(16,161)	(11,027)	-
Exchange differences	(9,067)	15,755	5,616	(17,501)
Balance at end	<u>329,786</u>	<u>318,335</u>	<u>285,983</u>	<u>267,379</u>

The amounts recognised in the profit and loss are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Current service cost	<u>129,069</u>	<u>32,758</u>	<u>24,015</u>	<u>4,206</u>

The principal actuarial assumptions used in determining the defined benefit plan are as follows:

	2024	2023	2022	2021
Discount rate (%)	4.00	4.00	4.00	4.00
Current service cost (%)	<u>1.00 - 5.00</u>	<u>2.00 - 3.00</u>	<u>2.00 - 3.00</u>	<u>2.00 - 3.00</u>

The following table demonstrates the sensitivity analysis of Allied Group if significant actuarial assumptions at the end of the reporting period changed by one hundred (100) basis points with all other variables held constant:

	2024	
	%	RM
Discount rate increase	1	(9,647)
Discount rate decrease	(1)	52,665
Expected salary increment rate increase	1	3,166
Expected salary increment rate decrease	(1)	(3,166)
	2023	
	%	RM
Discount rate increase	1	(53,947)
Discount rate decrease	(1)	10,321
Expected salary increment rate increase	1	3,023
Expected salary increment rate decrease	(1)	(3,023)

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The following table demonstrates the sensitivity analysis of Allied Group if significant actuarial assumptions at the end of the reporting period changed by one hundred (100) basis points with all other variables held constant (cont'd):

	2022	
	%	RM
Discount rate increase	1	(40,331)
Discount rate decrease	(1)	23,134
Expected salary increment rate increase	1	2,647
Expected salary increment rate decrease	(1)	(2,647)
	2021	
	%	RM
Discount rate increase	1	(40,717)
Discount rate decrease	(1)	16,368
Expected salary increment rate increase	1	2,456
Expected salary increment rate decrease	(1)	(2,456)

The expected payments to the defined benefit plan in future years are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Within next 12 months	13,193	16,017	28,643	21,817
Between 2 to 5 years	7,123	7,408	7,408	15,002
Beyond 5 years	3,585,195	3,247,759	3,123,161	3,319,635
	<u>3,605,511</u>	<u>3,271,184</u>	<u>3,159,212</u>	<u>3,356,454</u>

18. TRADE AND OTHER PAYABLES

	2024 RM	2023 RM	2022 RM	2021 RM
Non-current liabilities				
Other payables				
Amount due to immediate holding company				
- interest bearing at 1.50% per annum	<u>-</u>	<u>-</u>	<u>4,709,737</u>	<u>6,682,868</u>
Current liabilities				
Trade payables				
Third parties	64,774,057	75,047,948	76,853,397	66,787,374
Amount due to related companies	<u>-</u>	<u>-</u>	<u>355,462</u>	<u>1,094,076</u>
	<u>64,774,057</u>	<u>75,047,948</u>	<u>77,208,859</u>	<u>67,881,450</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

18. TRADE AND OTHER PAYABLES (CONT'D)

	2024 RM	2023 RM	2022 RM	2021 RM
Other payables				
Sundry payables	3,787,694	4,848,560	5,301,498	6,587,799
Accruals	5,257,071	9,091,707	8,073,402	4,812,236
Deposits received	-	236,505	52,082	-
Amount due to immediate holding company				
- interest bearing ranging from 1.50% to 4.00% per annum	-	461,349	10,589,262	9,896,466
- non-interest bearing	11,886,877	20,443,402	38,320,092	33,795,844
Amount due to related companies				
- interest bearing at 4.00% per annum	-	-	822,800	822,800
- non-interest bearing	1,937,983	1,894,447	4,627,238	3,264,014
Dividend payable	4,974,022	3,715,901	-	-
VAT payables	145,161	137,158	119,444	124,396
	<u>27,988,808</u>	<u>40,829,029</u>	<u>67,905,818</u>	<u>59,303,555</u>
Total current trade and other payables	<u>92,762,865</u>	<u>115,876,977</u>	<u>145,114,677</u>	<u>127,185,005</u>
Total trade and other payables	<u>92,762,865</u>	<u>115,876,977</u>	<u>149,824,414</u>	<u>133,867,873</u>

Trade payables of Allied Group are non-interest bearing and normally settled within 14 to 120 days (2023: 14 to 120 days; 2022: 14 to 120 days; 2021: 14 to 120 days) credit terms.

The amount due to immediate holding company and related companies are unsecured and repayable on demand except for RM Nil (2023: RM Nil; 2022: RM4,709,737; 2021: RM6,682,868) which classified based on expected timing of realisation.

The currency profile of trade and other payables is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
United States Dollar	57,296,817	63,962,858	93,322,204	93,354,352
Vietnam Dong	19,213,416	27,710,677	26,086,813	17,043,975
Ringgit Malaysia	7,010,927	9,590,484	8,959,687	7,999,810
Thai Baht	8,366,167	7,828,011	3,791,669	3,384,759
Singapore Dollar	824,602	6,491,547	17,361,641	12,084,977
Japanese Yen	-	293,400	302,400	-
Euro	50,936	-	-	-
	<u>92,762,865</u>	<u>115,876,977</u>	<u>149,824,414</u>	<u>133,867,873</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

19. BORROWINGS

	2024 RM	2023 RM	2022 RM	2021 RM
Non-current liabilities				
Secured:				
<u>Hire purchase</u>				
Minimum payments:				
Within one year	128,184	420,768	420,792	-
More than one year and less than two years	93,142	35,066	420,768	-
More than two years and less than five years	209,570	-	35,066	-
	430,896	455,834	876,626	-
Future finance charges	(54,490)	(16,390)	(58,535)	-
	376,406	439,444	818,091	-
Amount due within one year included under current liabilities	(128,004)	(404,582)	(378,647)	-
	248,402	34,862	439,444	-
<u>Term loans</u>				
Total amount repayable	18,142,224	18,560,300	16,975,968	19,027,060
Amount due within one year included under current liabilities	(4,342,064)	(3,542,640)	(2,597,487)	(2,037,731)
	13,800,160	15,017,660	14,378,481	16,989,329
	14,048,562	15,052,522	14,817,925	16,989,329
Current liabilities				
Secured:				
Bank overdraft	598,384	503,442	-	-
Bankers' acceptance and short-term revolving credit	49,590,650	20,063,258	10,182,553	16,079,703
Hire purchase	128,004	404,582	378,647	-
Term loans	4,342,064	3,542,640	2,597,487	2,037,731
	54,659,102	24,513,922	13,158,687	18,117,434
Total borrowings	68,707,664	39,566,444	27,976,612	35,106,763

The borrowings are secured by way of:

- (i) Legal charges over freehold land and factory buildings as disclosed in Note 4 to the combined financial statements;
- (ii) Legal charges over land use rights as disclosed in Note 5 to the combined financial statements;
- (iii) Legal charges over freehold condominium as disclosed in Note 6 to the combined financial statements;
- (iv) Fixed deposits with licensed banks as disclosed in Note 13 to the combined financial statements;
- (v) Corporate guarantees of the immediate holding company and ultimate holding company;
- (vi) Personal guarantee of a director of a combining entity; and
- (vii) Leased assets as disclosed in Note 4 to the combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

19. BORROWINGS (CONT'D)

The currency profile of borrowings is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Ringgit Malaysia	19,471,503	21,921,469	21,619,059	27,759,060
Thai Baht	11,787,341	9,157,008	-	-
Vietnam Dong	17,149,352	4,756,752	-	-
United States Dollar	20,299,468	3,731,215	6,357,553	7,347,703
	<u>68,707,664</u>	<u>39,566,444</u>	<u>27,976,612</u>	<u>35,106,763</u>

A summary of the effective interest rates and maturities of the borrowings is as follows:

	Effective interest rates per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
2024						
Bank overdraft	7.65	598,384	598,384	-	-	-
Bankers' acceptance and short-term revolving credit	4.50 - 6.68	49,590,650	49,590,650	-	-	-
Hire purchase	6.60 - 7.00	376,406	128,004	77,745	170,657	-
Term loans	5.02 - 7.77	18,142,224	4,342,064	4,252,244	9,388,062	159,854
2023						
Bank overdraft	7.65	503,442	503,442	-	-	-
Bankers' acceptance and short-term revolving credit	4.63 - 7.75	20,063,258	20,063,258	-	-	-
Hire purchase	6.60	439,444	404,582	34,862	-	-
Term loans	4.47 - 6.28	18,560,300	3,542,640	3,394,957	11,206,467	416,236
2022						
Bankers' acceptance and short-term revolving credit	5.09 - 5.44	10,182,553	10,182,553	-	-	-
Hire purchase	6.60	818,091	378,647	404,558	34,886	-
Term loans	4.77	16,975,968	2,597,487	2,617,934	8,720,678	3,039,869
2021						
Bankers' acceptance and short-term revolving credit	3.15 - 3.99	16,079,703	16,079,703	-	-	-
Term loans	4.52	19,027,060	2,037,731	2,552,380	8,270,240	6,166,709

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

20. REVENUE

20.1 Disaggregated revenue information

	2024 RM	2023 RM	2022 RM	2021 RM
Type of goods				
Sales of stamping parts and components	272,090,311	274,193,494	311,453,492	251,080,367
Sales from sub-assembly of components	107,497,751	93,388,422	107,532,457	57,998,451
Sales of tooling	<u>4,749,093</u>	<u>3,735,468</u>	<u>2,707,874</u>	<u>2,909,845</u>
Total revenue from contracts with customers	<u>384,337,155</u>	<u>371,317,384</u>	<u>421,693,823</u>	<u>311,988,663</u>
By geographical markets				
Hong Kong	154,915,361	158,645,685	188,673,770	140,630,698
Malaysia	164,086,810	144,949,889	174,250,230	107,828,907
Thailand	36,155,395	36,109,967	35,044,785	30,648,205
Vietnam	10,593,207	16,073,472	10,523,106	11,740,417
Singapore	13,075,525	11,104,815	10,460,535	11,440,974
United States of America	2,631,935	2,023,278	600,190	487,709
Europe	1,670,465	2,080,318	2,034,562	9,077,793
Others	<u>1,208,457</u>	<u>329,960</u>	<u>106,645</u>	<u>133,960</u>
Total revenue from contracts with customers	<u>384,337,155</u>	<u>371,317,384</u>	<u>421,693,823</u>	<u>311,988,663</u>

20.2 Timing of revenue recognition

Revenue is recognised at a point in time upon satisfaction of performance obligation which is upon delivery of goods to customers.

20.3 Contract balances

	2024 RM	2023 RM	2022 RM	2021 RM
Trade receivables (Note 10)	95,355,511	73,015,737	105,578,058	58,068,938
Contract assets (Note 11)	-	-	-	301,397
Contract liabilities (Note 11)	<u>(1,991,055)</u>	<u>(842,416)</u>	<u>(541,977)</u>	<u>(225,897)</u>

20.4 Performance obligations

The performance obligations to recognise revenue are as follows:

Sales of stamping parts and components

Sales of stamping parts and components involves the manufacture of stamping parts, tools and dies and components for printers and other electronic equipment. Revenue is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods to the customer and upon its acceptance.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

20. REVENUE (CONT'D)

20.4 Performance obligations (cont'd)

The performance obligations to recognise revenue are as follows: (cont'd)

Sales from sub-assembly of components

Sales from sub-assembly of components involves the provision of sub-assembly of printer's parts and modules. Revenue is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods to the customer and upon its acceptance.

Sales of tooling

Revenue from sales of tooling is recognised at a point in time when control of the mould is transferred to the customer, generally on delivery of the mould and upon its acceptance.

21. OTHER INCOME

	2024 RM	2023 RM	2022 RM	2021 RM
Gain on derecognition of right-of-use assets and lease liabilities	-	196	-	-
Gain on disposal of property, plant and equipment	121,612	35,058	445,823	66,533
Gain on foreign exchange:				
- realised	834,133	3,293,079	3,641,598	765,362
- unrealised	124,782	6,061,931	21,665	18,180
Government hiring and wages subsidy	-	-	-	944,673
Miscellaneous income	1,157,324	254,283	567,670	295,836
Scrap income	3,015,910	3,230,659	5,241,351	4,002,452
	<u>5,253,761</u>	<u>12,875,206</u>	<u>9,918,107</u>	<u>6,093,036</u>

22. FINANCE INCOME

	2024 RM	2023 RM	2022 RM	2021 RM
Interest income from:				
- financial institutions	183,373	156,196	91,901	179,747
- loans to immediate holding company	584,686	-	-	-
- loans to ultimate holding company	333,659	342,724	-	-
	<u>1,101,718</u>	<u>498,920</u>	<u>91,901</u>	<u>179,747</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

23. FINANCE COSTS

	2024 RM	2023 RM	2022 RM	2021 RM
Accretion of interest on lease liabilities	419,039	565,954	656,385	741,367
Interest expenses on:				
- bankers' acceptance and short-term revolving credit	2,115,349	790,837	523,941	456,730
- hire purchase	35,465	42,145	61,417	-
- loans from immediate holding company	-	326,981	419,350	468,788
- loans from related companies	-	57,056	35,715	33,680
- term loans	1,054,867	789,304	772,017	711,856
Others	976,374	1,751,906	1,152,984	351,877
	<u>4,601,094</u>	<u>4,324,183</u>	<u>3,621,809</u>	<u>2,764,298</u>

24. PROFIT BEFORE TAX

This is arrived at:

	2024 RM	2023 RM	2022 RM	2021 RM
After charging:				
Amortisation of an intangible asset	-	-	1,530	3,169
Depreciation of:				
- property, plant and equipment	4,907,338	7,634,422	8,988,557	8,712,050
- right-of-use assets	2,601,357	2,775,859	2,373,222	2,160,290
- investment property	236,794	8,529	-	-
Directors' fee	-	52,500	120,000	120,000
Employee benefits expense (Note 25)	38,936,776	41,456,974	44,131,254	36,158,827
Expenses relating to leases of low-value assets	252,675	232,980	286,200	278,850
Expenses relating to short-term leases	820,740	934,419	917,459	1,340,902
Expenses for external services	873,669	1,257,599	1,268,112	1,477,178

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

24. PROFIT BEFORE TAX (CONT'D)

This is arrived at (cont'd):

	2024 RM	2023 RM	2022 RM	2021 RM
Inventories written down:				
- addition	801,413	1,044,212	1,059,865	1,130,118
- reversal	(1,400,779)	(740,098)	(2,232,283)	(1,139,964)
Loss on foreign exchange:				
- realised	938,967	7,160,175	2,916,652	871,084
- unrealised	125,310	-	3,851,559	1,017,703
Management fee	3,774,089	4,297,066	4,588,725	5,213,094
Property, plant and equipment written off	-	601,570	10,323	831
Recruitment fees	578,246	1,531,929	2,939,275	44,206
Technical fees	1,469,403	1,449,603	1,530,279	1,739,420

25. EMPLOYEE BENEFITS EXPENSE

	2024 RM	2023 RM	2022 RM	2021 RM
Salaries, bonus and allowances	35,305,724	37,657,866	40,311,911	32,781,904
Defined contribution plans ("EPF")	3,294,888	3,488,620	3,496,486	3,134,668
Social security contributions ("SOCSO") and employment insurance scheme ("EIS")	336,164	310,488	322,857	242,255
	<u>38,936,776</u>	<u>41,456,974</u>	<u>44,131,254</u>	<u>36,158,827</u>

Included in the employee benefits expense is directors' emoluments as shown below:

	2024 RM	2023 RM	2022 RM	2021 RM
Salaries and allowances	<u>78,334</u>	<u>13,105</u>	<u>32,474</u>	<u>76,407</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

26. TAXATION

	2024 RM	2023 RM	2022 RM	2021 RM
Based on results for the financial year				
- Current tax				
- Malaysian income tax	(490,100)	(23,318)	(17,607)	(214,000)
- Foreign income tax	(1,884,199)	(1,815,242)	(925,242)	(551,692)
- Deferred tax relating to the origination and reversal of temporary differences	(106,857)	(157,007)	76,989	347,504
	<u>(2,481,156)</u>	<u>(1,995,567)</u>	<u>(865,860)</u>	<u>(418,188)</u>
(Under)/Over provision in prior year				
- Current tax	(69,098)	-	22,122	(98,356)
- Deferred tax	-	-	-	(85,356)
	<u>(69,098)</u>	<u>-</u>	<u>22,122</u>	<u>(183,712)</u>
	<u>(2,550,254)</u>	<u>(1,995,567)</u>	<u>(843,738)</u>	<u>(601,900)</u>

The reconciliation of taxation of Allied Group is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Profit before tax	<u>27,466,148</u>	<u>11,734,477</u>	<u>14,692,774</u>	<u>3,491,093</u>
Income tax at Malaysian statutory tax rate of 24%	(6,591,875)	(2,816,274)	(3,526,265)	(837,862)
Different tax rates in other countries	1,083,187	464,532	1,822,039	654,445
Income not subject to tax	-	16,074	18,273	19,666
Expenses not deductible for tax purposes	(393,249)	(355,628)	(68,650)	(709,849)
Income under promotional privileges not subject to tax	-	-	1,586,475	1,328,996
Utilisation of previously unrecognised deferred tax assets	3,420,781	695,729	1,594,932	321,016
Deferred tax assets not recognised	-	-	(2,292,664)	(1,194,600)
	<u>(2,481,156)</u>	<u>(1,995,567)</u>	<u>(865,860)</u>	<u>(418,188)</u>
(Under)/Over provision in prior year	<u>(69,098)</u>	<u>-</u>	<u>22,122</u>	<u>(183,712)</u>
	<u>(2,550,254)</u>	<u>(1,995,567)</u>	<u>(843,738)</u>	<u>(601,900)</u>

APTCL has received promotional privileges from the Board of Investment of Thailand, granting a 100% tax exemption on taxable income for a period of 8 years starting from the commencement date of promoted operations (i.e. 9 December 2014), pursuant to the promotion certificate No. 1543(2)/2557 issued on 29 April 2014, for the manufacture of electronic components. Such promotional privileges ended on 8 December 2022.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

27. DIVIDENDS

	2024 RM	2023 RM	2022 RM	2021 RM
<u>Dividends paid/payable</u>				
<u>by APTCL:</u>				
In respect of the				
financial year ended				
31 December 2024:				
- Interim single tier dividend	13,527,696	-	-	-
In respect of the				
financial year ended				
31 December 2023:				
- Interim single tier dividend	-	5,460,467	-	-
In respect of the				
financial year ended				
31 December 2022:				
- Interim single tier dividend	-	-	4,894,611	-
In respect of the				
financial year ended				
31 December 2021:				
- Interim single tier dividend	-	-	-	3,301,822
	<u>13,527,696</u>	<u>5,460,467</u>	<u>4,894,611</u>	<u>3,301,822</u>

28. CAPITAL COMMITMENTS

	2024 RM	2023 RM	2022 RM	2021 RM
Contracted but not provided for:				
- Plant and machinery	-	-	3,347,222	2,811,555

29. RELATED PARTY DISCLOSURES

(i) Identity of related parties

Allied Group has related party relationship with its key management personnel and the following parties:

Related parties	Relationship
Allied Technologies Holdings Pte. Ltd.	Immediate holding company
AT Assets Pte. Ltd.	Ultimate holding company
Allied Tech (S) Pte. Ltd.	} Related companies by virtue of having the same immediate holding company
Suzhou Allied Tech Co., Ltd.	

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

29. RELATED PARTY DISCLOSURES (CONT'D)

(ii) Related company transactions

Related companies' transactions have been entered into at terms agreed between the parties during the financial year.

	2024 RM	2023 RM	2022 RM	2021 RM
Immediate holding company				
Loan interest received/receivable	584,686	-	-	-
Loan interest paid/payable	-	326,981	419,350	468,788
Repayment to/(Advance from)	8,894,940	33,015,378	(739,937)	558,533
Sales of goods	-	-	-	16,742
Maintenance fees paid/payable	188,364	183,719	168,442	165,860
Management fees paid/payable	<u>3,774,089</u>	<u>4,297,066</u>	<u>4,588,725</u>	<u>5,213,094</u>
Ultimate holding company				
Loan interest received/receivable	333,659	342,724	-	-
Loan given to	<u>-</u>	<u>9,401,630</u>	<u>-</u>	<u>-</u>
Related companies				
Loan interest paid/payable	-	57,056	35,715	33,680
Repayment to/(Advance from)	-	3,397,415	(916,363)	979,072
Sale of goods	9,436,808	7,226,331	5,242,025	3,122,002
Purchase of goods	9,461,626	10,436,724	6,533,277	4,161,919
Technical fees paid/payable	<u>1,469,403</u>	<u>1,449,603</u>	<u>1,530,279</u>	<u>1,739,420</u>

(iii) Compensation of key management personnel

Key management personnel are defined as those persons including directors having authority and responsibility for planning, directing and controlling the activities of Allied Group either directly or indirectly.

Allied Group has no other members of key management personnel apart from the Board of Directors which compensation has been disclosed in Note 25 to the combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Carrying amount RM	AC RM
2024		
Financial assets		
Trade and other receivables (excluding prepayments and VAT receivables)	120,092,364	120,092,364
Fixed deposits with licensed banks	4,040,772	4,040,772
Cash and bank balances	15,499,974	15,499,974
	<u>139,633,110</u>	<u>139,633,110</u>
Financial liabilities		
Trade and other payables (excluding dividend payable and VAT payables)	87,643,682	87,643,682
Borrowings	68,707,664	68,707,664
	<u>156,351,346</u>	<u>156,351,346</u>
2023		
Financial assets		
Trade and other receivables (excluding prepayments and VAT receivables)	91,055,294	91,055,294
Fixed deposits with licensed banks	3,931,663	3,931,663
Cash and bank balances	8,324,016	8,324,016
	<u>103,310,973</u>	<u>103,310,973</u>
Financial liabilities		
Trade and other payables (excluding dividend payable and VAT payables)	112,023,918	112,023,918
Borrowings	39,566,444	39,566,444
	<u>151,590,362</u>	<u>151,590,362</u>
2022		
Financial assets		
Trade and other receivables (excluding prepayments and VAT receivables)	107,202,603	107,202,603
Fixed deposits with licensed banks	4,517,962	4,517,962
Cash and bank balances	2,313,412	2,313,412
	<u>114,033,977</u>	<u>114,033,977</u>
Financial liabilities		
Trade and other payables (excluding VAT payables)	149,704,970	149,704,970
Borrowings	27,976,612	27,976,612
	<u>177,681,582</u>	<u>177,681,582</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").
(cont'd)

	Carrying amount RM	AC RM
2021		
Financial assets		
Trade and other receivables (excluding prepayments and VAT receivables)	59,478,771	59,478,771
Fixed deposits with licensed banks	4,614,963	4,614,963
Cash and bank balances	15,611,338	15,611,338
	<u>79,705,072</u>	<u>79,705,072</u>
Financial liabilities		
Trade and other payables (excluding VAT payables)	133,743,477	133,743,477
Borrowings	35,106,763	35,106,763
	<u>168,850,240</u>	<u>168,850,240</u>

30.2 Financial risk management

Allied Group is exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. Allied Group operates within clearly defined guidelines that are approved by the Board and Allied Group's policy is not to engage in speculative activities.

30.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Allied Group. Allied Group's exposure to credit risk arises principally from its trade and other receivables. Allied Group minimises credit risk by limiting its associations with business partners with high creditworthiness.

30.3.1 Trade receivables

Allied Group extends credit terms to customers that range between 30 to 120 days. In deciding whether credit shall be extended, Allied Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. Allied Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that Allied Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount as disclosed in Note 10 to the combined financial statements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 Credit risk (cont'd)

30.3.1 Trade receivables (cont'd)

The ageing analysis of trade receivables of Allied Group as at the end of the reporting period is as follows:

	Expected credit loss rates %	Gross RM	Allowance for expected credit losses RM	Net RM
2024				
Not past due	0.80 - 1.20	88,923,316	(944,086)	87,979,230
1 to 30 days past due	0.80 - 1.20	6,880,492	(177,845)	6,702,647
31 to 60 days past due	0.80 - 1.20	552,519	(6,630)	545,889
61 to 90 days past due	3.80 - 4.20	109,484	(4,599)	104,885
More than 90 days past due	3.80 - 4.20	23,862	(1,002)	22,860
		7,566,357	(190,076)	7,376,281
Impaired		203,956	(203,956)	-
Total		96,693,629	(1,338,118)	95,355,511
2023				
Not past due	0.80 - 1.20	68,762,526	(826,250)	67,936,276
1 to 30 days past due	0.80 - 1.20	3,712,883	(44,554)	3,668,329
31 to 60 days past due	0.80 - 1.20	1,391,151	(16,693)	1,374,458
61 to 90 days past due	3.80 - 4.20	17,341	(729)	16,612
More than 90 days past due	3.80 - 4.20	20,941	(879)	20,062
		5,142,316	(62,855)	5,079,461
Impaired		212,917	(212,917)	-
Total		74,117,759	(1,102,022)	73,015,737
2022				
Not past due	0.80 - 1.20	80,759,405	(985,237)	79,774,168
1 to 30 days past due	0.80 - 1.20	20,355,270	(244,263)	20,111,007
31 to 60 days past due	0.80 - 1.20	5,566,658	(66,800)	5,499,858
61 to 90 days past due	3.80 - 4.20	201,487	(8,462)	193,025
		26,123,415	(319,525)	25,803,890
Total		106,882,820	(1,304,762)	105,578,058
2021				
Not past due	0.80 - 1.20	51,909,756	(415,360)	51,494,396
1 to 30 days past due	0.80 - 1.20	5,013,964	(40,113)	4,973,851
31 to 60 days past due	0.80 - 1.20	1,228,112	(9,825)	1,218,287
61 to 90 days past due	3.80 - 4.20	37,441	(1,423)	36,018
More than 90 days past due	3.80 - 4.20	360,068	(13,682)	346,386
		6,639,585	(65,043)	6,574,542
Total		58,549,341	(480,403)	58,068,938

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 Credit risk (cont'd)

30.3.1 Trade receivables (cont'd)

The significant concentration of credit risk of Allied Group as at the end of the reporting period is as follows:

	2024	2023	2022	2021
Number of customers	3	3	3	3
Outstanding balance over total trade receivables	<u>89.3%</u>	<u>83.3%</u>	<u>87.1%</u>	<u>83.3%</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with Allied Group. None of Allied Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at the end of the reporting period, trade receivables of RM7,376,281 (2023: RM5,079,461; 2022: RM25,803,890; 2021: RM6,574,542) were past due but not impaired as the management is of the view that these debts will be collected in due course.

The allowance account in respect of trade receivables is used to record impairment losses. Unless Allied Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross RM	Allowance for expected credit losses RM	Net RM
Credit risk rating			
2024			
Low risk	96,489,673	(1,134,162)	95,355,511
Individually impaired	<u>203,956</u>	<u>(203,956)</u>	<u>-</u>
	<u>96,693,629</u>	<u>(1,338,118)</u>	<u>95,355,511</u>
2023			
Low risk	73,904,842	(889,105)	73,015,737
Individually impaired	<u>212,917</u>	<u>(212,917)</u>	<u>-</u>
	<u>74,117,759</u>	<u>(1,102,022)</u>	<u>73,015,737</u>
2022			
Low risk	<u>106,882,820</u>	<u>(1,304,762)</u>	<u>105,578,058</u>
2021			
Low risk	<u>58,549,341</u>	<u>(480,403)</u>	<u>58,068,938</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)
30. FINANCIAL INSTRUMENTS (CONT'D)
30.3 Credit risk (cont'd)
30.3.1 Trade receivables (cont'd)
Maximum exposure to credit risk (cont'd)

Based on management's past experience, the risk of default for individual customers with outstanding balance of more than 180 days is considered highly probable thus such customers are individually assessed and impaired.

In managing the credit risk of the trade receivables, Allied Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Allied Group measures the allowance for ECL of trade receivables based on a provision matrix, the expected loss rates are based on the payment profile for historical sales as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

Trade receivables are usually collectible and Allied Group does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to administrative matter.

30.3.2 Intercompany balances

Allied Group provides advances to its immediate holding company and ultimate holding company and monitor their results regularly.

The maximum exposure to credit risk is represented by the carrying amount as disclosed in Note 10 to the combined financial statements.

As at the end of the reporting period, there was no indication that the advances to the immediate holding company and ultimate holding company are not recoverable. The combining entities do not specifically monitor the ageing of these advances.

30.3.3 Other receivables

The maximum exposure to credit risk is represented by their carrying amount in Note 10 to the combined financial statements.

30.4 Liquidity risk

Liquidity risk is the risk that Allied Group will not be able to meet its financial obligations as and when they fall due. Allied Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, Allied Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Liquidity risk (cont'd)

The table below summarises the maturity profile of Allied Group's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM	More than five years RM
2024					
Non-derivative financial liabilities					
Trade and other payables (excluding dividend payable and VAT payables)	87,643,682	87,643,682	87,643,682	-	-
Borrowings	68,707,664	71,284,395	55,324,192	15,748,208	211,995
Lease liabilities	6,547,512	7,170,097	2,708,966	4,461,131	-
Total undiscounted financial liabilities	162,898,858	166,098,174	145,676,840	20,209,339	211,995
2023					
Non-derivative financial liabilities					
Trade and other payables (excluding dividend payable and VAT payables)	112,023,918	112,023,918	112,023,918	-	-
Borrowings	39,566,444	42,576,914	25,195,017	16,667,253	714,644
Lease liabilities	8,955,205	9,960,102	3,136,879	6,823,223	-
Total undiscounted financial liabilities	160,545,567	164,560,934	140,355,814	23,490,476	714,644
2022					
Non-derivative financial liabilities					
Trade and other payables (excluding VAT payables)	149,704,970	149,737,121	144,995,233	4,741,888	-
Borrowings	27,976,612	30,947,445	13,944,950	13,828,955	3,173,540
Lease liabilities	11,643,505	13,206,015	3,313,633	8,729,365	1,163,017
Total undiscounted financial liabilities	189,325,087	193,890,581	162,253,816	27,300,208	4,336,557

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Liquidity risk (cont'd)

The table below summarises the maturity profile of Allied Group's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments (cont'd):

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM	More than five years RM
2021					
Non-derivative financial liabilities					
Trade and other payables (excluding VAT payables)	133,743,477	134,323,287	127,572,362	6,750,925	-
Borrowings	35,106,763	38,741,078	18,861,238	13,534,854	6,344,986
Lease liabilities	12,637,974	14,785,891	2,660,147	9,412,039	2,713,705
Total undiscounted financial liabilities	181,488,214	187,850,256	149,093,747	29,697,818	9,058,691

30.5 Interest rate risk

Allied Group's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. Allied Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of Allied Group's interest-bearing financial instruments based on its carrying amounts as at the end of the reporting period is as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Fixed rate instruments				
Financial assets	13,853,659	13,684,538	4,517,962	4,614,963
Financial liabilities	49,967,056	20,964,051	27,122,443	33,481,837
Floating rate instruments				
Financial liabilities	18,740,608	19,063,742	16,975,968	19,027,060

Sensitivity analysis for fixed rate instruments

Allied Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and Allied Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.5 Interest rate risk (cont'd)

Sensitivity analysis for variable rate instruments

An increase of 10 basis point at the end of the reporting period would have decreased Allied Group's profit before tax and equity as follows:

	2024 RM	2023 RM	2022 RM	2021 RM
Decrease in profit before tax	18,741	19,064	16,976	19,027
Decrease in equity	<u>14,243</u>	<u>14,488</u>	<u>12,902</u>	<u>14,461</u>

30.6 Foreign currency risk

The objectives of Allied Group's foreign exchange policies are to allow Allied Group to manage exposures that arise from business activities effectively within a framework of controls that does not expose Allied Group to unnecessary foreign exchange risks.

Allied Group is exposed to foreign currency risk mainly on sales that are denominated in currencies other than the functional currency of the respective entities. Allied Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Japanese Yen ("JPY"), Singapore Dollar ("SGD"), Thai Baht ("THB") and Vietnam Dong ("VND").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of Allied Group's profit before tax and equity to a reasonably possible change in the various exchange rates against the respective functional currencies of Allied Group entities, with all other variables held constant.

		(Decrease)/Increase 2024	
		Equity RM	Profit before tax RM
USD/RM	- strengthened 10%	(1,019,120)	(1,340,947)
	- weakened 10%	1,019,120	1,340,947
SGD/RM	- strengthened 10%	(231,656)	(304,811)
	- weakened 10%	231,656	304,811
VND/RM	- strengthened 10%	2,170,768	-
	- weakened 10%	(2,170,768)	-
THB/RM	- strengthened 10%	1,122,485	-
	- weakened 10%	(1,122,485)	-
USD/VND	- strengthened 10%	(377,148)	(496,247)
	- weakened 10%	377,148	496,247
SGD/VND	- strengthened 10%	2,268	2,984
	- weakened 10%	(2,268)	(2,984)
RM/VND	- strengthened 10%	(1,297,994)	(1,707,887)
	- weakened 10%	1,297,994	1,707,887
USD/THB	- strengthened 10%	63,556	83,626
	- weakened 10%	(63,556)	(83,626)
SGD/THB	- strengthened 10%	39,997	52,627
	- weakened 10%	<u>(39,997)</u>	<u>(52,627)</u>

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.6 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

The following table demonstrates the sensitivity of Allied Group's profit before tax and equity to a reasonably possible change in the various exchange rates against the respective functional currencies of Allied Group entities, with all other variables held constant (cont'd).

		(Decrease)/Increase 2023	
		Equity RM	Profit before tax RM
USD/RM	- strengthened 10%	20,457	26,917
	- weakened 10%	(20,457)	(26,917)
SGD/RM	- strengthened 10%	405,723	533,846
	- weakened 10%	(405,723)	(533,846)
VND/RM	- strengthened 10%	1,780,592	-
	- weakened 10%	(1,780,592)	-
THB/RM	- strengthened 10%	2,126,113	-
	- weakened 10%	(2,126,113)	-
JPY/RM	- strengthened 10%	22,298	29,340
	- weakened 10%	(22,298)	(29,340)
USD/VND	- strengthened 10%	439,204	577,900
	- weakened 10%	(439,204)	(577,900)
SGD/VND	- strengthened 10%	1,561	2,054
	- weakened 10%	(1,561)	(2,054)
RM/VND	- strengthened 10%	(1,335)	(1,756)
	- weakened 10%	1,335	1,756
USD/THB	- strengthened 10%	43,576	57,337
	- weakened 10%	(43,576)	(57,337)
SGD/THB	- strengthened 10%	16,114	21,202
	- weakened 10%	(16,114)	(21,202)
		(Decrease)/Increase 2022	
		Equity RM	Profit before tax RM
USD/RM	- strengthened 10%	(176,188)	(231,826)
	- weakened 10%	176,188	231,826
SGD/RM	- strengthened 10%	1,258,368	1,655,748
	- weakened 10%	(1,258,368)	(1,655,748)
VND/RM	- strengthened 10%	1,684,535	-
	- weakened 10%	(1,684,535)	-
THB/RM	- strengthened 10%	1,932,122	-
	- weakened 10%	(1,932,122)	-
JPY/RM	- strengthened 10%	22,982	30,240
	- weakened 10%	(22,982)	(30,240)
USD/VND	- strengthened 10%	919,153	1,209,412
	- weakened 10%	(919,153)	(1,209,412)
SGD/VND	- strengthened 10%	2,301	3,028
	- weakened 10%	(2,301)	(3,028)
RM/VND	- strengthened 10%	(1,039)	(1,367)
	- weakened 10%	1,039	1,367

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.6 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

The following table demonstrates the sensitivity of Allied Group's profit before tax and equity to a reasonably possible change in the various exchange rates against the respective functional currencies of Allied Group entities, with all other variables held constant (cont'd).

		(Decrease)/Increase 2022	
		Equity RM	Profit before tax RM
USD/THB	- strengthened 10%	13,517	17,786
	- weakened 10%	(13,517)	(17,786)
SGD/THB	- strengthened 10%	30,240	39,789
	- weakened 10%	(30,240)	(39,789)
		(Decrease)/Increase 2021	
		Equity RM	Profit before tax RM
USD/RM	- strengthened 10%	811,343	1,067,556
	- weakened 10%	(811,343)	(1,067,556)
SGD/RM	- strengthened 10%	797,977	1,049,970
	- weakened 10%	(797,977)	(1,049,970)
VND/RM	- strengthened 10%	1,053,241	-
	- weakened 10%	(1,053,241)	-
THB/RM	- strengthened 10%	1,677,117	-
	- weakened 10%	(1,677,117)	-
USD/VND	- strengthened 10%	3,019,859	3,973,499
	- weakened 10%	(3,019,859)	(3,973,499)
SGD/VND	- strengthened 10%	1,503	1,978
	- weakened 10%	(1,503)	(1,978)
RM/VND	- strengthened 10%	(72,559)	(95,473)
	- weakened 10%	72,559	95,473
USD/THB	- strengthened 10%	18,944	24,926
	- weakened 10%	(18,944)	(24,926)
SGD/THB	- strengthened 10%	38,057	50,075
	- weakened 10%	(38,057)	(50,075)

31. FAIR VALUE MEASUREMENT

The carrying amounts of financial assets and financial liabilities as at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of the non-current portion of hire purchase is reasonable approximation of fair values due to insignificant impact of discounting.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

31. FAIR VALUE MEASUREMENT (CONT'D)

31.1 Non-financial assets that are measured at fair value (cont'd)

The directors determine the recurring fair value of Allied Group's investment property based on the current market values with reference to the selling prices of similar properties, using the market comparison method, being comparison of current price in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, size, present market trends and other differences.

Details of Allied Group's investment property and information about the fair value hierarchy are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2024					
Investment property	-	-	4,775,267	4,775,267	4,528,000
2023					
Investment property	-	-	4,908,553	4,908,553	4,899,811

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair value of investment property have been generally derived using the market comparison approach. Selling price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and 3 during the financial year.

32. CAPITAL MANAGEMENT

The primary objective of Allied Group's capital management policy is to maintain a strong capital base to support its business and to maximise shareholders' value.

Allied Group manages its capital structure and makes adjustments to it in light of changes in economic conditions or expansion of Allied Group. Allied Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial years.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

32. CAPITAL MANAGEMENT (CONT'D)

Allied Group considers its total equity and total borrowings to be the key components of its capital structure. Allied Group monitors capital using a debt-to-equity ratio, which is calculated as total borrowings divided by total equity as follows:

	2024	2023	2022	2021
Total borrowings (RM)	<u>68,707,664</u>	<u>39,566,444</u>	<u>27,976,612</u>	<u>35,106,763</u>
Total equity (RM)	<u>75,956,311</u>	<u>66,620,526</u>	<u>60,977,581</u>	<u>51,481,471</u>
Gearing ratio (times)	<u>0.90</u>	<u>0.59</u>	<u>0.46</u>	<u>0.68</u>

33. EVENT AFTER THE REPORTING PERIOD

On 2 April 2025, the United States of America ("US") government announced a reciprocal tariff on imported goods from all countries. The reciprocal tariff imposed a baseline of 10% tariff on all imports from countries worldwide effective 5 April 2025 whilst higher tariffs were imposed on specific countries whereby Malaysia, Thailand and Vietnam were imposed the following tariff rates which will take effect from 9 April 2025:

- i) Malaysia - 24%
- ii) Thailand - 24%
- iii) Vietnam - 36%

On the same day, the US government further announced a temporary suspension of the higher tariffs for a period of 90 days for all countries, except for China, though the 10% baseline tariff remains effective until 9 July 2025. As of date of the report, the US government announced tariff rates of 19% on goods imported from Malaysia and Thailand, while goods imported from Vietnam was imposed a tariff rate of 20%.

Given that a portion of Allied Group's revenue is derived from exports to the US, these newly announced tariffs could potentially have an adverse effect on Allied Group's future sales, pricing strategy, and overall competitiveness in the US market. The directors and management of Allied Group are actively assessing the potential impacts and developing contingency measures, including supply chain diversification, customer engagement, and pricing strategies to mitigate any negative implications arising from these reciprocal tariffs.

The degree of the impacts will depend on how the situation evolves. Any financial impact, if any, will be reflected in Allied Group performance for the financial year ending 31 December 2025. At this juncture, the management is monitoring and assessing the potential financial impacts arising from this event due to the prevailing global uncertainties.

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS OF ALLIED GROUP (CONT'D)

ALLIED PRECISION TECHNOLOGIES (M) SDN. BHD.
ALLIED PRECISION MANUFACTURING (M) SDN. BHD.
ALLIED TECHNOLOGIES (SAIGON) CO., LTD.
ALLIED PRECISION (THAILAND) COMPANY LIMITED
(COLLECTIVELY KNOWN AS "ALLIED GROUP")

STATEMENT BY DIRECTOR

I, the undersigned, do hereby state that, in my opinion, the accompany combined financial statements set out on pages 4 to 59 are properly drawn up in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards so as to give a true and fair view of the combined financial position of the Allied Group as at 31 December 2024, 31 December 2023, 31 December 2022 and 31 December 2021 and of their combined financial performance and combined cash flows for the financial years then ended.

Signed in accordance with a resolution of the director:



.....
Low Si Ren, Kenneth

Date: 10 NOV 2025

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF THAILAND

**WATSON FARLEY
&
WILLIAMS**

BHRTHE BANGKOK BUAH FRANKFURT HAMBURG HONG KONG LONDON
MADRID MILAN MUNICH NEW YORK PARIS ROME SINGAPORE

By: Courler

YBS International Berhad

No. 978 (also known as PT830),

Lorong Perindustrian Bukit Minyak 20,

Taman Perindustrian Bukit Minyak,

14100 Simpang Ampat,

Pulau Pinang, Malaysia.

Our Reference LUIM1/42808.50000/BANGKOK/83821965v10

7 November 2025

Dear Sir / Madam,

Re: Legal opinion on the policies relating to foreign investment, taxation and repatriation of profits, ownership of title to securities or assets, enforceability of agreements, representations and undertakings given by foreign counterparties under the relevant laws of Thailand

1 BACKGROUND

YBS International Berhad (the "**Company**"), an entity registered under Malaysian law, is currently contemplating to acquire 100% of the shares in Allied Precision (Thailand) Company Limited (the "**Target**"), a private company limited registered under Thai law operating the business of manufacturing and distribution of electronic components (the "**Transaction**").

We were instructed to provide a legal opinion on the policies relating to foreign investment, taxation and repatriation of profits, ownership of title to securities or assets, enforceability of agreements, representations and undertakings given by foreign counterparties under the relevant laws of Thailand issued for the purpose of considering the Transaction.

2 SCOPE OF OPINION

2.1 Thai law only

This opinion letter is confined to matters of the laws of Thailand in force on the date of this opinion as currently applied and interpreted by the courts of Thailand. No opinion is expressed as to the laws of any other jurisdiction.

This opinion letter is not to be read as implying an opinion on any matter not covered by its express terms.

2.2 No updating

We assume no responsibility to update this opinion letter to take account of changes in law taking place after its date of issue.

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF THAILAND (CONT'D)

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3 OPINION

Statutory provisions which are relevant to our opinion are set out in Schedule 1 of this opinion letter.

3.1 Foreign Investment

In Thailand, foreign participation in business activities is governed by a range of laws and regulations. The primary legislation is the Foreign Business Act, B.E. 2542 (1999) (the "FBA"), along with specific laws applicable to certain business sectors.

(a) Restrictions on Foreign Participation in Business Activities in Thailand

(i) *Definition of Foreigners*

- Pursuant to Section 4 of the FBA, a "Foreigner" refers to a natural person or juristic entity (such as company or registered partnership) who does not hold Thai nationality. Companies are considered Foreigners if they are either not registered in Thailand or if they are registered in Thailand but at least half of their issued shares are owned by one or more Foreigners.

(ii) *Prohibited and Restricted Business Activities*

- The FBA reserves certain business activities for Thais. The reserved business activities under the FBA are listed into three lists as follows:
 - List One consists of business activities that are prohibited for foreigners for special reasons;
 - List Two consists of business activities that requires an approval from the Minister of Commerce, with the consent of the Cabinet. Furthermore, two-fifths (2/5) of the directors must be Thai, and Thai nationals must own at least 40% of the issued shares in the foreign juristic entity. The Minister of Commerce may change these requirements with a Cabinet resolution, however under no circumstances may the percentage of Thai shareholdings in List 2 be below 25%;
 - List Three consists of business activities, including all service businesses, if not exempted under the FBA, that require a foreign business license (the "FBL") to be approved by the Director-General of the Department of Business Development, subject to approval by the Foreign Business Committee.

The lists of reserved business activities under the FBA are provided in Schedule 1.

(iii) *Exemption*

Foreigners may be exempt from requirements imposed by the FBA under specific circumstances. For instance, Foreigners operating businesses in Thailand under the protection of international treaties to which Thailand is a signatory, such as the Treaty of Amity and Economic Relations Between the United States and Thailand, ASEAN Comprehensive Investment Agreement (ACIA), ASEAN Framework Agreement on Services (AFAS); where Malaysia is a signatory to both ACIA and AFAS, which grant privileges to a business operator of signatory jurisdiction that engages specific business activities stipulated under each of ACIA and AFAS on terms and conditions set forth thereunder, e.g. foreign shareholding ratios. In this respect, the business activities of the Target are not covered by these agreements.

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF THAILAND (CONT'D)

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Additionally, corporate Foreigners that receive investment promotion from the Board of Investment of Thailand (the "BOI") or a permission from the Industrial Estate Authority of Thailand (the "IEAT") will also be exempt from requiring an FBL for the promoted activity. However, Foreigners must notify the Department of Business Development, the Ministry of Commerce (the "DBD") and obtain a foreign business certificate (the "FBC") from the DBD.

(iv) Restrictions on Foreign Participation in Specific Sectors

In addition to the FBA, there are other regulations that impose specific requirements on foreign shareholding, investment, and permission of certain business activities. These laws shall supersede the provisions of the FBA. For example, the Life Insurance Act, B.E. 2535 (1992) governs the operation of life insurance businesses, which have distinct requirements for foreign participation. It is noted that in consideration of the Target's business of manufacturing and distribution of electronic components, there is no sector-specific regulation on foreign ownership which apply to the Target's businesses.

Similarly, the Land Code, B.E. 2497 (1954) (the "Land Code"), which imposes limitations on the ability of foreign nationals to own land in Thailand, defines that a company in which more than 49% of the total issued shares are held by one or more Foreigners, or in which more than half of the shareholders are foreign nationals, will be considered a foreign juristic person. For instance, a Thai-incorporated company in which one Thai national owns 60% of the total issued shares and two foreign nationals each own 20% of the total issued shares will be considered a foreign juristic person under the Land Code.

(v) Conditions Attached to an FBL

The Minister of Commerce, upon the recommendation of the Foreign Business Committee, is empowered to issue the ministerial regulations prescribing specific conditions on FBL holders. These conditions include:

- A limitation on debt-to-equity ratio;
- At least one director must have domicile in Thailand;
- A minimum registered capital, fully paid-up, and the periods to which they must be brought to Thailand;
- Requirement on technology transfer and/or contribution of assets; and
- Other necessary conditions, if any.

(vi) Penalties under the FBA

A foreigner who operates a business that is reserved under the FBA, without a required FBL or FBC, as the case may be, shall be liable to imprisonment for a term not exceeding 3 years, or a fine of THB 100,000 (approximately USD 3,125) to THB 1,000,000 (approximately USD 31,250), or both, and the court shall order termination of the business operation, or dissolution of the business. Any violation of a court order in this regard shall be subject to a daily fine of THB 10,000 (approximately USD 313) to THB 50,000 (approximately USD 1,563).

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF THAILAND (CONT'D)

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(b) Recommendation

It is worth noting that the Target's shares are currently 100% owned by foreigners, and we understand that as a result of the Transaction, the Target will remain 100% foreign-owned. Therefore, the Target will continue to be considered a Foreigner within the definition of the FBA.

Please be advised that business of manufacturing and distribution of electronic components are not restricted under the FBA, and therefore, are not subject to an FBL.

Moreover, if the Company intends to expand the Target's business activities in the future, it should first assess whether any of the proposed activities are reserved under the FBA. For example, activities such as toll manufacturing (i.e. made-to-order manufacturing), leasing space to third parties, lending money to third parties, or providing securities to secure obligations of other persons, etc., all of which require an FBL or FBC, as the case may be, prior to engaging in such business activity.

3.2 Taxation

Thailand current tax regime is principally based on the concept of self-assessment. Taxpayers are under general duty to declare income and pay tax to Thai Revenue Department ("TRD"). The income declared and taxes paid are presumed to be correct, although the assessments may be instigated by the TRD in certain cases, such as filing of false or inadequate tax returns.

Set out below are the summary of taxes that the Company would be subject to in the course of its business. The summary below is not exhaustive, and relates to the operation of normal manufacturing business activities only. Other activities may attract additional tax liabilities.

Corporate Income Tax

- (a) A company which is incorporated under Thai law carrying on a business in Thailand is subject to Thai corporate income tax ("CIT") on its worldwide income, derived from both domestic and foreign sources. CIT is imposed at the current rate of 20% of **net profits** (revenues – expenses).

Taxable income (revenues) includes all realised economic gains, irrespective of how frequent such gains arise, including, without limitation, income derived from business operation, dividend income received from investment in other companies, interest income, royalties, service fees, as well as capital gains realised from disposal of assets/properties. Deductible expenses and allowances are those expenditures that are incurred for the purpose of generating income or the purpose of business.

- (b) A computation of revenues and expenses for calculation of net profits for CIT purposes shall be based on an accrual basis, whereby all revenues arising from or in consequence of a business carried on in an accounting period and expenses incurred in generating such revenues in an accounting period shall be regarded as revenues and expenses of that same period, although no actual receipt of revenues or payment of expenses have been made in such period. The tax year for a company is its accounting period, which normally has duration of 12 months. A company can adopt a calendar year (1 January to 31 December) or a 12-month period, for example a 12-month commencing from 1 May to 30 April of the following year) as a fiscal year.

For some expenses and allowances, the deduction must comply with the rules prescribed in the Thai Revenue Code ("TRC"). Examples of which are as follows:

- (i) Depreciation Allowance

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The company may adopt any account method of depreciation for calculating the depreciation expenses per annum, but the depreciation rates cannot exceed the rates specified in the Royal Decree issued under the TRC. For example, for real property (e.g. land and building), the annual depreciation rate shall not exceed 5%.

(ii) Entertainment Expenses

Actual entertainment expenses may be deducted from gross incomes, but the total amount of such deduction, in an accounting period, shall not exceed 0.3% of total gross revenues or gross sales, or of the paid-up capital, whichever is greater. In any event, the total entertainment expenses allowed for deduction shall not exceed THB 10 million (approximately USD 312,500).

(c) In terms of filing of tax returns and payment of tax, juristic entities are required to file tax returns and pay CIT twice a year in the following manner below.

1st Filing: A half-year income tax returns must be filed within two months from the last day of the first six months of an accounting period. The amount of tax to be paid is computed either on one-half of the estimated net profits for the whole year or on the actual net profits for the first six months of an accounting period. If it elects to pay tax on the actual net profits, a financial statement, reviewed by a certified auditor, must be submitted together with the tax returns. The tax paid for a half-year is treated as a credit in the computation of the annual income tax liability.

2nd Filing: An annual income tax returns must be filed and tax must be paid within 150 days from the end of an accounting period. The tax returns must also be filed together with an audited balance sheet and profit and loss accounts.

Withholding Tax

As a general principle, a payer of income would be subject to Thai withholding tax ("WHT") obligation, at the time the payment is made/deemed made. WHT applies to various categories of income paid to entities/persons. The amount of tax to be withheld depends on the category of income and the tax status of the recipient.

In a case of service fee, WHT is levied at the rate of 3% of the service fee payable to a vendor/service provider. The amount of WHT withheld must be remitted to the local district office within 7 days from the last date of the month in which the payment is made. The tax withheld will then be credited against the final tax liability of the vendor/service provider.

Value Added Tax

A business operator (whether an individual or a juristic entity) carrying on business activities/transactions that are subject to VAT in Thailand, with annual revenue exceeding Baht 1,800,000 (approximately USD 56,250), is required to apply for VAT registration with the TRD. Under the current VAT regime, VAT is generally imposed at the rate of 7% on the sale of goods/provision of services in Thailand, and importation of goods into Thailand, unless otherwise exempted.

The VAT registrant is obligated to comply with the requirements imposed pursuant to the VAT regulations, including, *inter alia*, (i) issuing a tax invoice when the sale of goods/provision of services occurs; (ii) preparing VAT reports, (iii) filing of VAT returns, etc.

In relevance to the Target's business, it is important to note that a tax invoice for the sale of good shall be issued upon the occurrence of a "tax point", at which VAT liability arises.

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Generally, the tax point for the sale of good is the time of delivery of the good; unless any one of the following takes place prior to the delivery.

- (i) There is a legal transfer of ownership of the goods;
- (ii) A receipt of payment for the goods; or
- (iii) An issuance of a tax invoice for the goods.

In other words, if any one of the above events takes place before delivery of the goods, then the tax point is brought forward in time to when the earlier event happens, and the VAT registrant would be required to issue a tax invoice at such earlier time that the event happens.

3.3 Repatriation of Profits

In a context of Thai-incorporated company, profits are repatriated to its shareholders in a form of dividends, which can be declared by:

- (a) A resolution of shareholders at an annual general meeting of the shareholders held within 4 months of the end of an accounting period/fiscal year of a company. The amount of dividends declared will be assessed from the amount of net profit as appears in the audited financial statement. This is commonly referred to as 'annual dividend'; and/or
- (b) A resolution of the board of directors of a company (the "Board") which may be held at any time as the Board finds appropriate, having considered the profitability of the business operation. This is referred to as an 'interim dividend'.

Payment of dividend must be made to shareholders in accordance with their respective shareholding ratio or otherwise provided in the articles of association of the company¹, within 1 month from the date of resolution approving dividend distribution.

Payment of dividend is generally subject to 10% WHT, regardless of whether a receiving shareholder is a domestic or foreign person/company; *albeit* exemption is available for a qualified Thai-incorporated corporate shareholder. The amount of WHT deducted may be treated as a final tax, i.e. the amount of dividend needs not be included as income/revenue for computation of taxable income/net profit.

3.4 Ownership of Title to Securities and Assets

Under Thai law, there are certain restrictions imposed on foreign ownership of assets in Thailand, as well as limitations on providing securities to secure debts or obligations, as outlined below.

(a) Assets

(i) Land

Foreigners are generally restricted from owning land in Thailand. As outlined in Section 2.1 (a)(iv), under the Land Code, a juristic entity will be considered a foreign entity if more than 49% of its total shares are held by one or more foreigners, or if more than half of its shareholders are foreign national.

¹ Dividend rights may be specifically fixed for preferred (preference) shares. As the Target's issued shares only consist of ordinary shares, the dividend rights conferred to YBS (and/or its designated buyer of the shares) will be proportional to the shareholding ratio.

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Nevertheless, an exemption is available for the Foreigners whose businesses are promoted by the BOI or whose operations are located within designated industrial estates. These Foreigners are entitled to own land for the purpose of conducting their BOI promoted business or activities within the industrial estates, provided that an approval from the BOI or IEAT is obtained.

(ii) *Building*

Unlike land ownership, foreigners are not restricted from owning buildings in Thailand, provided they have the legal right to build buildings on the land and use the land. Foreigners can lease a land and build building(s) on the leased land, provided that a consent form the landlord is obtained.

In general, the evidence used to prove ownership of a building are as follows:

- The construction license is generally considered evidence of ownership of the building since the Building Control Act, B.E. 2522 (1979) provides that any person intending to construct, alter, or relocate a building must first obtain permission from the local authority.
- In the case of a building is transferred from a previous owner, a sale and purchase agreement of the building, which is registered with the Land Office, is typically used to prove the ownership. It is important to note that, under the Civil and Commercial Code (the "CCC"), the transfer of immovable property is not legally complete unless the transaction is made in writing and registered with the relevant authority.

(iii) *Movable Assets*

Under Thai law, the ownership of immovable property is transferred to a buyer upon the execution of a sale contract, unless the contract specifically provides or sets conditions relating to the transfer of title. Therefore, ownership of a movable property is principally determined by the terms of the contract, which may include documents such as invoices, purchase orders, receipts, as well as the actual delivery and acceptance of the goods.

(b) *Securities*

(i) *Types of Security Interests for Debt Obligation*

The types of security interests commonly used to secure debt obligations in Thailand are as follows:

• *Mortgage*

A mortgage contract is an agreement in which the mortgagor offers their own property as security for the performance of an obligation, either of the mortgagor themselves or a third-party debtor. Under Thai law, a mortgage must be registered with the relevant authority to be enforceable. The mortgage agreement must be executed in an official form specified by the relevant authority, which any supplementary documents attached as necessary.

A mortgage can be granted over immovable property, such as land or building, as well as certain types of registrable movable property, including ships weighing five tons or more, machinery.

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- **Pledge**

A pledge is a contract whereby a pledgor delivers a pledged property to the possession of a pledgee as a security for the performance of an obligation. A pledgor can either be a debtor itself or a third party. A pledge can be granted over a movable property, including certain right represented by an instrument.

A pledge is automatically released and discharged when (i) the obligation secured is extinguished, or (ii) when the pledgee allows the pledged property to return into the possession of the pledgor.

- **Guarantee**

A guarantee is a contractual right in *personam* given by a third party to secure the performance of an obligation of a debtor. In the event that the debtor defaults in the performance of its obligation under a separate underlying agreement, the guarantor has to assume the payment obligation of such debtor.

Even though a guarantee made verbally to the creditor is not considered void or invalid, in order to be enforceable in court, guarantee agreement must be made in writing and signed by the guarantor.

(ii) *Limitation to provide securities by a Foreigner*

According to a ruling issued by the DBD, the provision of securities to secure the obligation of another party is classified as a service business under the FBA if any activity occurs partially within Thailand. This includes entering into an agreement between a debtor and a creditor, receiving compensation or other benefits, or the performance or outcomes arising from the terms of the securities arrangement, including litigation or other related matter.

As a result, a foreign security provider must obtain an FBL before entering into any security agreement to secure the other party's obligations.

(c) Observation

We understand that the Target is currently operating at its business location under a lease agreement.

However, as the Target is a BOI-promoted company, the Target is entitled to own land with an approval from the BOI.

Furthermore, if, in the future, the Target plans to provide securities to secure another person's obligation in Thailand, it must first obtain an FBL for such activity to avoid the violation of the FBA.

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF THAILAND (CONT'D)

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3.5 Enforceability of Agreements, representations and undertakings given by foreign counterparties

Agreements, representations and undertakings ("**Obligations**") given by foreign counterparties are subject to the same legal rules and requirements as those given by Thai counterparties under Thai law. Thus, the validity and enforceability of Obligations of foreigners are no different than those applied to Thai counterparties.

However, the following elements commonly used in cross-border transactions may affect the enforceability of Obligations of foreigners.

(a) Choice of law/Governing law

It is not uncommon for parties in a cross-border transaction in which parties are based in different jurisdictions to agree on the law of a third, neutral country to govern the contractual relationship between them.

Pursuant to Sections 5 and 8 of the Conflict of Laws Act B.E. 2481 (1938), the choice of foreign law as the governing law will be upheld as a valid choice of law and given effect by the courts of Thailand for the enforcement of Obligations of foreign counterparties, provided that such law is proven to the satisfaction of the Court and is not contrary to the public order and good morals of Thailand.

(b) Choice of forum

(i) Choice of foreign court

Thai law is presently silent on the issue of the choice of forum. As a result, the status of the choice of foreign courts under Thai law as of the present time is still unclear and may, therefore, not be enforced as such by the Thai courts.

A final judgment obtained in a foreign court will not be directly enforced in Thailand by the Thai courts, but may, at the discretion of the Courts of Thailand, be admissible in evidence in any legal proceedings commenced in the Thai courts, who may re-try the entire case on its merits.

(ii) Arbitration

An arbitral award made in a foreign country will only be enforced by the Thai courts if it is subject to an international convention, treaty, or agreement to which Thailand is a party and the award is only applicable to the extent that Thailand has acceded to be bound by such international convention, treaty, or agreement. Thailand is one of the contracting states in the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention). Therefore, arbitral awards given in countries that are signatories to the New York Convention are generally recognised and enforceable in Thailand.

Please note that, in order to enforce an arbitral award in Thailand, the enforcing party is required to submit the application for the recognition and enforcement of award before the Thai Court within 3 years (from the date that the award could be enforceable). If the application is not opposed, the Court can consider the award and render the decision. However, if the application is opposed by the other party, the Court will set up a trial to take evidence from the parties before rendering its decision. The trial usually takes around 4 - 12 months before the Court renders a judgement on whether or not such award is recognised or enforceable.

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(c) Language and translations

There is no mandatory legal provision which requires the Obligations to be made in the Thai language. However, if a document is made in two or more languages and it is silent on which text prevails, Section 14 of the CCC stipulates that the Thai text shall prevail to the extent that the texts are inconsistent.

Further, pursuant to Section 46 of the Civil Procedure Code, the Thai translation of a document made in a foreign language must be submitted for such document to be admissible as evidence in proceedings in the Thai courts.

4 RELIANCE AND DISCLOSURE

4.1 Reliance

This opinion letter may be relied on only by the addressee (the "Reliance Party") and only for purposes directly connected with the Transaction.

4.2 Disclosure

Save as provided herein, this opinion letter is furnished only to the Reliance Party and shall not be quoted, nor shall a copy of which be given to any other person without our express prior written consent except for:

- (a) such disclosure as is required to be made by applicable laws and regulations or is requested by the relevant regulatory authorities or courts;
- (b) to any affiliate of a Reliance Party; and
- (c) to any professional adviser of a Reliance Party or its affiliates,

and any such disclosure to the parties referred to in (a), (b) or (c) above is subject to the condition that they may not rely upon this opinion letter.

5 GOVERNING LAW AND JURISDICTION

5.1 Governing law

This opinion letter, and all obligations (whether contractual or non-contractual) arising out of it, shall be governed by and construed in accordance with Thai laws.

5.2 Jurisdiction

The Thai courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this opinion letter.

Yours faithfully,

Watson Farley & Williams & Williams (Thailand) Ltd.



Ms Piyanuj Ratprasatporn

Partner

Attorney-at-Law License No. 2647/2533

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF THAILAND (CONT'D)

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Schedule 1

Relevant Legal Provisions

Statutes	Provisions
Arbitration Act B.E. 2545 (2002)	Section 41. Subject to Section 42, Section 43 and Section 44, an arbitral award, irrespective of the country in which it was made, shall be binding upon the parties to the dispute and, upon application to the competent Court, shall be enforced. In the case where the arbitral award was made in a foreign country, the competent Court may render judgment for enforcement of the award only when it is governed by a treaty, convention or international agreement to which Thailand is a party and this shall have effect only to the extent that Thailand agrees to be bound thereby. Section 43. The Court has the power to issue an order refusing enforcement of an arbitral award, irrespective of the country in which it was made, if the party against whom it is invoked furnishes proof that: (1) a party to the arbitration agreement was under some incapacity under the law applicable to that party; (2) the arbitration agreement is not binding under the law of the country to which the contractual parties have agreed or, in the case of no such agreement, under the law of the country where such award was made; (3) the party against whom the award is invoked was not given proper prior notice of the appointment of the arbitral tribunal or of the arbitral proceedings or was otherwise unable to present his case in the arbitral proceedings; (4) the award deals with a dispute not falling within the scope of the arbitration agreement or the award contains decisions on matters beyond the scope of the agreement for submission of the dispute to the arbitral tribunal, provided that, if the award which contains decisions on the matters beyond such scope can be separated from the part of the award which contains decisions on matters falling within the scope, the Court may enforce that part of the award which contains decisions on matters falling

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	within the scope of the arbitration agreement or of such agreement; (5) the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties to the dispute or, in the case where the parties to the dispute have not so agreed, was not in accordance with the law of the country where the award was made; or (6) the award has not yet become binding or has been set aside or suspended by the competent Court or under the law of the country where the award was made, save that during the pendency of an application made to the competent Court for setting aside or suspending an award, the Court may adjourn its hearings in the case in respect of which enforcement of the award is sought as it deems appropriate and may, upon the application of the party claiming enforcement of the award, order the party against whom the award is invoked to provide appropriate security. Section 44. The Court has the power to issue an order refusing enforcement of an arbitral award under Section 43 if it is apparent to the Court that the award deals with the subject-matter which is not capable of settlement by arbitration under the law or the enforcement of the award shall be contrary to public order or good morals.
Building Control Act, B.E. 2522 (1979)	Section 21. Whoever constructs, modifies or relocates a building shall get a permit from the local competent officer or notify the local competent officer according to Section 39 <i>bis</i> .
Conflict of Laws Act B.E. 2481 (1938)	Section 5. Whenever the law of a foreign country is to govern, it shall apply in so far as it is not contrary to the public order or good morals of Siam. Section 8. Whenever the law of a foreign country which is to govern is not proved to the satisfaction of the Court, the internal law of Siam shall apply.
Civil and Commercial Code	Section 14. Whenever a document is executed in multiple languages, one of which is Thai, regardless of whether such is contained in a single document or not, and there are discrepancies between the two versions, and it cannot be ascertained which text was intended to prevail, the Thai text shall prevail.

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	Section 680. Suretyship is a contract whereby a third person, called the surety, binds himself to a creditor to satisfy an obligation in the event that the debtor fails to perform it. A contract of suretyship is not enforceable by action unless there is some written evidence signed by the surety. Section 702. A mortgage is a contract whereby a person, called the mortgagor, assigns a property to another person, called the mortgagee, as security for the performance of an obligation, without delivering the property to the mortgagee. The mortgagee is entitled to be paid out of the mortgaged property in preference to ordinary creditors regardless as to whether or not the ownership of the property has been transferred to a third person. Section 703. The following movables can also be mortgaged provided they are registered according to law: (1) Ships of five tons and over (2) Floating houses (3) Beast of burden (4) Any other movables with regard to which the law may provide registration for that purpose. Section 747. A pledge is a contract whereby a person, called the pledger, delivers to another person, called the pledgee, a movable property as a security for the performance of an obligation. Section 1299. Subject to a provision of this Code or other laws, no acquisition by juristic act of immovable or of real right appertaining thereto is complete unless the juristic act is made in writing and the acquisition is registered by the competent official. Where immovable property or real right appertaining thereto is acquired otherwise than by juristic act, the acquirer's right cannot be dealt with through the register unless it has been registered, nor can it, without registration, be set against a third person who has, for value and in good faith, acquired it and registered his right.
Civil Procedure Code	Section 46. All proceedings conducted by the Court concerning trial and adjudication of civil cases shall be in the Thai language. All pleadings and documents or any papers whatsoever made by a party or the Court or court officer forming part of the file of the case shall be in Thai and written in ink, typewritten or printed. If there is any error, it shall not be erased, but rather it must be crossed out and rewritten, and the writer shall affix his or her

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	name in the margin of the paper and any word added, if any, must be signed or initialled by the person making it. If an original document or any paper whatsoever delivered to a court is made in a foreign language, the Court shall order the party delivering it to prepare and file the translation of the whole or of any material part thereof with certification for attaching to the original. If any party or person appearing in court does not understand the Thai language or is dumb or deaf and is unable to read or write, the party concerned shall procure an interpreter.
Foreign Business Act, B.E. 2542 (1999)	Section 4. In this Act, "foreigner" means: (1) a natural person who is not of Thai nationality; (2) a juristic person not registered in Thailand; (3) a juristic person registered in Thailand, being of the following descriptions: (a) being a juristic person at least one half of capital shares of which are held by persons under (1) or (2) or a juristic person in which investment has been placed by the persons under (1) or (2) in the amount at least equivalent to one half of the total capital thereof; (b) being a limited partnership or a registered ordinary partnership the managing partner or the manager of which is the person under (1); (4) a juristic person registered in Thailand at least one half of the capital shares of which are held by persons under (1), (2) or (3) or a juristic person in which investment has been placed by the persons under (1), (2) or (3) in the amount at least equivalent to one half of the total capital thereof; For the purpose of this definition, shares of a limited company represented by share certificates issued to bearers are deemed as shares held by foreigners, unless otherwise provided by the Ministerial Regulation. Section 8. Subject to Section 6, Section 7, Section 10 and Section 12: (1) no foreigner may operate such businesses <i>stricto sensu</i> not permissible to foreigners by special reason, as prescribed in List One;

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	(2) no foreigner may operate such businesses related to national safety or security, businesses having impacts on arts, culture, traditions, customs and folklore handicrafts or businesses having impacts on natural resources or the environment, as prescribed in List Two, unless upon obtaining permission from the Minister with the approval of the Council of Ministers; (3) no foreigner may operate such businesses in respect of which Thai nationals are not yet ready to compete with foreigners, as prescribed in List Three, unless upon obtaining permission from the Director-General with the approval of the Commission Section 10. The provisions of Section 5, Section 8, Section 15, Section 17 and Section 18 shall not apply to foreigners operating businesses specified in the Lists annexed hereto upon permission granted <i>pro tempore</i> by the Government of the Kingdom of Thailand. Foreigners operating businesses specified in the Lists annexed hereto by virtue of a treaty to which Thailand becomes a party or by which Thailand is bound in consequence of obligations therefrom shall be exempt from the application of the provisions of the sections specified in paragraph one and shall be governed by the provisions of and conditions set forth in such treaty, which may, <i>inter alia</i>, confer upon Thai nationals or Thai enterprises the right to operate businesses in the countries of nationality of such foreigners as a matter of reciprocity. Section 11. Foreigners under Section 10 who intend to operate businesses specified in the Lists annexed hereto shall notify the Director-General in accordance with the rules and procedures prescribed in the Ministerial Regulation in order to obtain certificates, and the Director-General shall issue certificates to such foreigners without delay but no later than thirty days as from the date of receipt of their written notification, unless the Director-General considers that the notification is not in accordance with the rules and procedures prescribed in the Ministerial Regulation or that it is not in accordance with Section 10, in which case the Director-General shall notify such foreigners thereof without delay but no later than thirty days as from the date of receipt of their written notification. The certificates shall also indicate conditions prescribed by the Government or prescribed in the treaty.

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	Section 12. In the case where the business of the foreigner who is promoted under the law on investment promotion or granted written permission for the operation of the industry or the operation of trade for export under the law on the Industrial Estate of Thailand or under other laws is the business specified in List Two or List Three annexed hereto, such foreigner shall notify the Director-General in order to obtain a certificate. When the Director-General or the entrusted competent official has examined validity of the investment promotion certificate or written permit, the Director-General shall issue a certificate without delay but no later than thirty days as from the date of receipt of the notification of the acquisition of the investment promotion certificate or written permit, as the case may be. In this case, such foreigner shall be exempt from the application of this Act, with the exception of Section 21, Section 22, Section 39, Section 40 and Section 42, throughout the period in which the business in question is under investment promotion or under permission for the operation of the industry or the operation of trade for export, as the case may be. The issuance of the certificate under paragraph one shall be in accordance with the rules and procedures as prescribed by the Director-General.
	Section 13. In the case where there exist other laws which govern shareholding, partnership or investment of foreigners, permission or prohibition of the operation of certain businesses vis-à-vis foreigners or which prescribe rules in connection with the operation of businesses of foreigners, such laws shall prevail, and the provisions of this Act shall not apply to matters insofar as they are specifically provided by other laws.
	Section 15. A foreigner which is a juristic person may operate any business specified in List Two only where not less than forty percent of its shares are held by Thai nationals or juristic persons which are not foreigners under this Act, save that, where there is a reasonable cause, the Minister with the approval of the Council of Ministers may reduce the proportion in this matter, provided that the required shareholding must not be less than twenty-five percent and that not less than two-fifths of the total number of its directors must be Thai nationals.
	Section 37. Any foreigner who operates a business in violation of Section 6, Section 7 or Section 8 shall be liable to imprisonment for a term not exceeding three years or to a fine of one hundred thousand Baht to one million Baht or to both, and the Court shall order the cessation of the business operation or the cessation of

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	the undertaking or order the cessation of shareholding or partnership, as the case may be. In the case of violation of the order of the Court, the violator shall be liable to a fine at the daily rate of ten thousand Baht to fifty thousand Baht throughout the period of the violation.
	LIST ONE BUSINESSES NOT PERMISSIBLE TO FOREIGNERS BY SPECIAL REASON
	(1) The Press, radio broadcasting station or radio and television station business
	(2) Rice farming, plantation or crop growing
	(3) Livestock farming
	(4) Forestry and timber processing from a natural forest
	(5) Fishery, only in respect of the catchment of aquatic animals in Thai waters and specific economic zones of Thailand
	(6) Extraction of Thai medicinal herbs
	(7) Trading and auction sale of antique objects of Thailand or objects of historical value of the country
	(8) Making or casting Buddha Images and monk alms-bowls
	(9) Land trading
	LIST TWO BUSINESSES RELATED TO NATIONAL SAFETY OR SECURITY OR HAVING IMPACTS ON ARTS, CULTURE, TRADITIONS, CUSTOMS AND FOLKLORE HANDICRAFTS OR NATURAL RESOURCES AND THE ENVIRONMENT
	<u>Chapter 1: Businesses related to National Safety or Security</u>
	(1) Production, distribution and maintenance of: (a) firearms, ammunition, gun powders and explosives; (b) components of firearms, ammunition and explosives; (c) armaments, ships, aircraft or vehicles for military use; (d) equipment or components of all types of war materials
	(2) Domestic transportation by land, water or air, including domestic aviation
	<u>Chapter 2: Businesses Having Impacts on Arts, Culture, Traditions, Customs and Folklore Handicrafts</u>

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	(1) Trading of antiques or artistic objects that are artistic works or handicrafts of Thailand (2) Production of wood carvings (3) Silkworm raising, production of Thai silk yarn, weaving of Thai silk or printing of Thai silk patterns (4) Production of Thai musical instruments (5) Production of goldware, silverware, nielloware, bronzeware or lacquerware (6) Production of crockery or porcelains representing Thai arts and culture <u>Chapter 3: Businesses Having Impacts on Natural Resources or the Environment</u> (1) Production of sugar from sugar cane (2) Salt farming, including non-sea salt farming (3) Production of rock salt (4) Mining, including rock blasting or rock crushing (5) Timber processing for production of furniture and utensils LIST THREE BUSINESSES IN RESPECT OF WHICH THAI NATIONALS ARE NOT READY TO COMPETE WITH FOREIGNERS (1) Rice milling and production of flour from rice and economic plants (2) Fishery only in respect of the hatching and raising of aquatic animals (3) Forestry from a grown forest (4) Production of plywood, veneer wood, chipboards or hardboards (5) Production of lime (6) Provision of accounting services (7) Provision of legal services

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	(8) Provision of architectural services
	(9) Provision of engineering services
	(10) Construction, with the exception of:
	(a) Construction of structures for delivery of infrastructure public services in the sphere of public utilities or transportation requiring the use of special apparatuses, machines, technology or expertise, with the minimum capital of five hundred million Baht or upwards from foreigners;
	(b) Construction of other types as prescribed in the Ministerial Regulation
	(11) Brokerage or agency businesses, with the exception of:
	(a) being a broker or an agent in the sale or purchase of securities or in services related to futures trading of agricultural commodities or financing instruments or securities;
	(b) being a broker or an agent in the sale, purchase or procurement of goods or services necessary for the production or the provision of services amongst affiliated enterprises;
	(c) being a broker or an agent in the sale or purchase, procurement, distribution or acquisition of domestic and foreign markets for the distribution of domestically manufactured or imported goods, which is in character the operation of international trade, with the minimum capital of one hundred million Baht or upwards from foreigners;
	(d) being a broker or an agent of other types as prescribed in the Ministerial Regulation
	(12) Sale by auction, with the exception of:
	(a) a sale by auction which, in character, involves international bidding of items other than antiques, objects of antiquity or artistic objects that are artistic works or handicrafts or objects of antiquity of Thailand or of historical value of the country;

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	(b) sales by auction of other types as prescribed in the Ministerial Regulation (13) Internal trade related to traditional agricultural products or produce not yet prohibited by law (14) Retail sale of goods of all types with the total minimum capital in the amount lower than one hundred million Baht or with the minimum capital of each store in the amount lower than twenty million Baht (15) Wholesale of all types with the minimum capital of each store in the amount lower than one hundred million Baht (16) Advertising business (17) Hotel business, with the exception of the hotel management service (18) Guided touring (19) Sale of food and beverages (20) Cultivation, propagation or development of plant varieties (21) Other service businesses, with the exception of service businesses as prescribed in the Ministerial Regulation
Industrial Estate Authority of Thailand Act of B.E. 2522 (1979)	Section 44. An industrial or commercial entrepreneur may be permitted to hold ownership of land in an industrial estate or in a free zone, as the case may be, for operation of business in an amount of area deemed appropriate by the Board, even though it may exceed the limit fixed under other laws. In the event of an industrial or commercial entrepreneur who is an alien having dissolved his business or having transferred his business to another person, the industrial or commercial entrepreneur shall sell the land whose ownership is permitted to hold and the land's component parts to IEAT or the transferee, as the case may be, within three years from the date of dissolution or transfer of business, otherwise the Director-General of the Department of Lands shall sell the land and its component parts to the IEAT or any other person under the Land Code.
Investment Promotion Act of B.E. 2520 (1977)	Section 27. A promoted person shall be permitted to own land in order to carry on the promoted activity to such an extent as the

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	Board deems appropriate, even in excess of the permissible limit under other laws. In the case where the promoted person who is a foreign national under the Land Code dissolves his promoted activity or transfers it to another person, he shall dispose of the land he has been permitted to own within one year of the date of dissolution or transfer, or the Director-General of the Land Department shall have the power to dispose of it under the Land Code.
Land Code, B.E. 2497 (1954)	Section 86. Aliens may acquire land by virtue of the provisions of a treaty giving the right to own immovable properties and subject to the provisions of this Code. Subject the Section 84 the aforesaid aliens may acquire land for residence, commerce, industry, agriculture, burial, public charity or religion under the conditions and procedures prescribed in Ministerial Regulations and with the permission of the Minister. Section 94. All the land which an alien has acquired unlawfully or without permission shall be disposed of by such alien within the time limit prescribed by the Director-General which shall not be less than one hundred eighty days nor more than one year. If the land is not disposed of within the time prescribed, the Director-General shall have the power to dispose of it. The provisions on the forced sale of land in CHAPTER 3 shall apply <i>mutatis mutandis</i>. Section 96 bis. The provisions prescribing the acquisition of land by foreigners by virtue of the provisions of a treaty under first paragraph of Section 86 shall not apply to the foreigners who bring in the capital for investment more than forty million Baht as prescribed in the Ministerial Regulation whereas the acquisition of land for purpose of residence shall not exceed one rai and shall be approved by the Minister. The acquisition of land by foreigners under paragraph one shall be in accordance with the rules, procedures, and conditions prescribed in the Ministerial Regulation. The essential issues shall be included in the Ministerial Regulation as follows. (1) The type of business in which the foreigners invest that economically and socially benefits the country or which is declared by the Board of Investment as eligible for the application of the investment promotion under the law thereon.

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	(2) The period of maintaining the investment shall not be less than three years. (3) The land that the foreigners may acquire shall be within the locality of Bangkok Metropolitan Administration, the City of Pattaya, Municipality, or the zone designated to be the residential area under the law on city planning. Section 97. The following juristic persons shall be entitled to the same rights as the foreigners. (1) Limited companies or the public limited companies with registered shares held by foreigners more than forty-nine percent of the registered capital or those in which foreign shareholders account for more than half of the total number of shareholders, as the case may be. For the purpose of this Chapter, any share certificate to bearer issued by the limited company shall be deemed as it is held by the foreigner. (2) Registered limited partnerships or the registered ordinary partnerships in which the foreigners invest their capital through shareholding greater than forty-nine percent of the total capital or those in which foreign shareholders account for more than half of the total number of shareholders, as the case may be. (3) Associations including the co-operatives in which the foreign members exceed one-half of the total number of members or those which operate particularly or mainly for the benefit of foreigners. (4) Foundations with objectives focusing particularly or mainly on the benefit of foreigners.

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Vision & Associates Legal

Attorneys at law

Công ty Luật TNHH Tâm nhìn và Liên danh

Private & Confidential

Our Ref: LW5779

Dated 7 November 2025

YBS International Berhad

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For the attention of: Board of Directors of YBS International Berhad

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BY EMAIL
(Pages: 16)

Re: **Legal opinion on the policies relating to foreign investment, taxation and repatriation of profits, ownership of title to securities or assets, enforceability of agreements, representations and undertakings given by foreign counter-parties under the relevant laws of Vietnam.**

Dear Sirs,

BACKGROUND

We, Vision & Associates Legal ("V&A Legal"), are lawyers licensed to practice in Vietnam and we have been requested to provide this legal opinion (the "Legal Opinion") with regard to certain legal aspects of the proposed acquisition by YBS International Berhad ("YBS" or the "Buyer"), of 100% capital contribution from the Allied Technologies Holdings Pte. Ltd. ("Allied Holding SG" or the "Seller") held in Allied Technologies (Saigon) Co., Ltd ("ATSC" or the "Company") (the "Proposed Transaction"), in accordance with the laws of Vietnam (the "Vietnamese Laws").

This Legal Opinion is given pursuant to the instructions of YBS, a company incorporated under the laws of Malaysia, based on the Engagement Letter by V&A Legal dated 19 September 2024 and subsequently countersigned by YBS to confirm its acceptance thereof. This Legal Opinion is for the ultimate purpose of the Proposed Transaction to be conducted by YBS.

For the purpose of this Legal Opinion, we have conducted a limited legal due diligence on the Company ("LDD"), on the basis of examining only the following (all together the "LO Documents"):

- (a) the copies of the documents provided by the Company from 24 October 2024 to 4 November 2024 ("Cut-off Date"), and listed in Schedule 5 of the LDD Report dated 14 February 2025 (the "DD Documents");
- (b) some statements and confirmations by the Company which were made available to us via emails and downloadable cloud database up to the Cut-off Date (the "Responses");
- (c) results of certain permissible public searches conducted by us as of the Cut-off Date (collectively, "Public Searches"), including:
 - (i) public search against the enterprise code of the Company at the Online Registration

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Portal operated by the National Registration Agency for Secured Transactions under the Ministry of Justice of Vietnam ("NRAST ORP") on a free-of-charge basis;

- (ii) public search against the enterprise code of the Company at the National Enterprise Registration Portal operated by the Ministry of Planning and Investment (now being the Ministry of Finance) of Vietnam ("NERP") on a free-of-charge basis;
- (iii) public search against the enterprise code of the Company at the Tax Payer Information Portal operated by the General Department of Taxation under the Ministry of Finance ("TPIP"), on a free-of-charge basis; and
- (iv) our general and public searches on the Internet against the name of the Company ("General Search"), on a free-of-charge basis.

For the avoidance of doubt, (1) no private checks, searches or investigations have been made by us to the Company and any person of the Company, and (2) we relied on the update, reliability, accuracy, completeness or adequacy of the LO Documents, the documents as referred to in the LO Documents, as well as the genuineness of all signatures on all LO Documents and their completeness, and conformity to original documents. We note that it is not possible in Vietnam to undertake any private checks, searches or investigations to the Company and any person of the Company that may be common in other jurisdictions.

SCOPE OF LEGAL OPINION

We have been requested to provide a written legal opinion with regard to the following matters:

- (a) The policies on foreign investment, taxation, repatriation of profits from Vietnamese law perspective;
- (b) Ownership of title to securities and assets of the Company; and
- (c) Enforceability of agreements, representations and undertakings given by the Seller and the Company in relation to the Proposed Transaction under Vietnamese Laws.

For avoidance of doubt, our assessment from legal perspective over some aspects of the Company and the Proposed Transaction has been separately provided in our LDD Report for the Buyer's consideration in the course of its decision making to proceed with the Proposed Transaction.

OUR OPINIONS

Based on only the LO Documents, we, as at the date hereof, are of the following opinions:

- I. Policies relating to foreign investment, taxation, repatriation of profits and the licensing roadmap for implementing the Proposed Transaction**
- 1. Policies on foreign investment and the licensing roadmap for implementation of the Proposed Transaction**

1.1 Legal basis

Under Vietnamese Laws, foreign investment activities are primarily governed by the Law No. 61/2020/QH14 on Investment adopted by the National Assembly on 17 June 2020, as amended from time to time ("Law on Investment" or "LOI") and its guiding legislation, including but not limited to Decree No. 31/2021/ND-CP dated 26 March 2021 of the Government on elaboration of some articles of the Law on Investment ("Decree 31").

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Additionally, the Law No. 59/2020/QH14 on Enterprises adopted by the National Assembly on 17 June 2020, as amended from time to time ("**Law on Enterprises**" or "**LOE**") and its guiding legislation (including but not limited to Decree No. 168/2025/ND-CP dated 30 June 2025 of the Government on Enterprises registration ("**Decree 168**") also regulate investment activities in the territory of Vietnam by addressing the corporate types permitted to operate in Vietnam, their establishment, governance, permitted activities, liability, and methods of operation.

In case the foreign investment activities are contemplated in some specific sectors, the foreign investors are also subject to the specialized laws and regulations in such relevant sectors, for example the Law on Credit Institutions, the Law on Petroleum, the Law on Publishing, etc. As current, the business activities of the Company are not subject to those specialized laws and regulations.

1.2 Foreign investors and Forms of foreign investment

According to the LOI¹, *foreign investor* is defined as an individual with foreign nationality or an organization established in accordance with foreign law conducting business investment activities in Vietnam. According to which, specific statutory requirements and procedures shall be applicable to the foreign investors for conducting their investment activities in Vietnam.

The foreign investors shall be entitled to conduct their investment activities in the following forms²:

- (a) Investment for incorporation of an economic organization;
- (b) Investment in the form of capital contribution, purchase of shares, or purchase of a capital contribution portion;
- (c) Implementation of an investment project;
- (d) Investment on the basis of a business cooperation contract; and
- (e) New investment forms and forms of economic organization as stipulated by the Government.

In particular, the foreign investor may purchase shares or a capital contribution portion (item b above) in the following forms³:

- (b.1) Purchase of shares in a shareholding company from such company or its shareholders;
- (b.2) Purchase of a portion of capital contributions of members of a limited liability company (LLC) to become a member of such LLC;
- (b.3) Purchase of a capital contribution portion of a capital contributing member of a partnership to become a capital contributing member of such partnership;
- (b.4) Purchase of a capital contribution portion of members of other economic organizations not covered by the above cases.

¹ Article 3.19 of the LOI.

² Article 21 of the LOI.

³ Article 25.2 of the LOI.

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Additionally, a foreign invested company incorporated under Vietnamese law must apply the same investment regime in terms of market access conditions and investment procedures as applicable to foreign investors upon investment in the form as prescribed in items a, b and d above if such company falls into any of the following cases:

- (i) More than 50% of its charter capital is held by foreign investor(s);
- (ii) More than 50% of its charter capital is held by economic organization(s) prescribed in sub-clause (i) above;
- (iii) More than 50% of its charter capital is held by foreign investor(s) and an economic organization(s) prescribed in sub-clause (i) above.

With respect to the Proposed Transaction, the Buyer, a company incorporated in Malaysia, or a Vietnam subsidiary held 100% by the Buyer or Buyer's offshore affiliate, which is a "foreign investor" under the LOI and its acquisition of the entire capital contribution held by the Seller in the Company (as a single member LLC) shall be determined as investment in the form of purchase of a capital contribution portion as listed in item b.2 above.

1.3 Conditions on market access for the foreign investors

Under the LOI⁴, foreign investors and domestic investors are treated equally with respect to the market access conditions, except for the sectors falling within the scope of Vietnam's Negative List for Market Access (including (i) prohibited sectors and (ii) restricted sectors applicable to the foreign investors). According to which, market access conditions applicable to foreign investors as stipulated in the Vietnam's Negative List for Market Access comprise of the following conditions:

- Ratio of ownership of charter capital of foreign investors in economic organizations;
- Forms of investment;
- Scope of investment operation;
- Capacity of investors and other parties participating in the investment activity.

With respect to the Proposed Transaction, from the DD Documents, the Company registered for the following business lines:

- (a) Manufacture of electronic components (VSIC 2610)
- (b) Other manufacturing not elsewhere classified (VSIC 3290)
Details: Manufacture of structural metal products; Manufacture of communication equipment; Manufacture of consumer electronics; Manufacture of electrical household appliances; Manufacture of plastics products; Manufacture of medical instruments and supplies
- (c) Trading of owned or rented property and land use rights (VSIC 6810)
Details: Office and factory rental

We note that as a foreign invested company, despite its registered business lines, the Company can only conduct business activities recorded in its Investment Registration

⁴ Article 9 of the LOI.

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Certificate (6th amendment) No. 2121592824 dated 07 July 2023, including:

- *Design and fabrication of high-tech shaving and whittling instruments and thread tools. Manufacturing of exact embossing parts. Assembling of metal spare parts for printers, computers, network machines, telecommunications devices, digital readers, and all mechanical electrical and electronic household appliances.*
- *Manufacturing of spare parts and elements by highly exact plastics; manufacturing of coloured plastic elements and parts using high-tech moulds; design and manufacturing of exact moulds; assembling of highly exact mechanical parts of printers, computers, network machines, telecommunications devices, DVD players, all mechanical, electrical and electronic household appliances, medical equipment, and office equipment.*
- *Manufacturing and assembling of computer product lines and products in printing and image, measurement devices, network and telecommunications system, computers, portable data storage devices, and medical instruments.*

Given the business lines of the Company, the market access conditions under relevant regulations applicable to YBS (as a foreign investor) shall be determined as follows:

- (i) Limitations on foreign ownership: YBS is permitted to hold up to 100% of the charter capital of the Company.
- (ii) Form of investment: YBS is permitted to carry out its investment in the form of purchase of capital contribution in a LLC (i.e. the Company) from its current owner (i.e. the Seller).
- (iii) Scope of investment operation: The Company's business lines do not fall within the prohibited sectors nor the restricted sectors under the Vietnam's Negative List for Market Access. Therefore, YBS is permitted to make investment in the Company with the above-mentioned business lines.
- (iv) Investor capacity: YBS must ensure its financial capacity for conducting its investment activities in Vietnam.

1.4 The licensing roadmap for implementing the Proposed Transaction

For the purpose of the Proposed Transaction, the parties must carry out mandatory administrative procedures and/or obtain governmental approvals as follows:

1.4.1 Notification of economic concentration prior to the Proposed Transaction

- (a) Pursuant to the Competition Law of Vietnam, share/ capital acquisition resulting in a company having direct or indirect control over another company⁵ is considered

⁵ Pursuant to Article 2.1 of Decree No. 35/2020/ND-CP of the Government dated 24 March 2020, detailing a number of articles of the Law on Competition, an enterprise will have control, govern another enterprise or a business activity of another enterprise if it falls into the following situations:

- a) The acquirer owns more than 50% of the acquiree's charter capital or more than 50% of the acquiree's total shares with voting right;
- b) The acquirer owns or has the right to use more than 50% of the acquiree's total assets in the entire or in a single business sector or industry of that acquiree;
- c) The acquirer has one of the following rights:
 - Directly or indirectly making decisions on appointment, dismissal or discharge from office of most or all of members of the board of directors, president of the board of directors, director or general director of the acquiree;
 - Making decisions on revision or modification of the acquiree's charter;

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as an economic concentration ("EC") transaction and must be notified to and obtain approval from the National Competition Commission (VCC) before the EC is conducted if any of the following notification thresholds is met:

- (i) The total assets value in the Vietnam market of the *enterprise or group of affiliated enterprises*⁶ of which such enterprise is a member in the fiscal year immediately preceding the year in which the EC is planned to be performed reaches VND 3,000 billion.
 - (ii) The total sales turnover or inward purchase turnover in the Vietnam market of the *enterprise or a group of affiliated enterprises of which such enterprise is a member* in the fiscal year immediately preceding the year in which the EC is planned to be performed reaches VND 3,000 billion;
 - (iii) The transaction value of the EC from VND 1,000 billion;
 - (iv) The combined market shares of the enterprises (of any sector) intending to carry out the EC reaches 20% or more of the relevant market in the fiscal year immediately preceding the year in which the EC is planned to be performed.
- (b) According to the above provisions, the acquisition by YBS of the entire capital contribution in ATSC will be subject to EC notification requirement if any threshold mentioned above is met.

If that is the case, all of the involved parties (including the Seller, Buyer and Company) are required to conduct EC notification before proceeding with the Proposed Transaction.

1.4.2 Obtaining M&A Approval from SHTP Management Board

Pursuant to the LOI⁷, in case the purchase of capital stake **results in the foreign investor holding more than 50% of the charter capital of the company**, such foreign investor will be required to obtain an approval for such acquisition from the investment registration agency ("M&A Approval").

As the acquisition of capital contribution in ATSC by YBS will result in YBS holding 100% of the charter capital of ATSC and therefore will subject YBS to the requirement of obtaining the M&A Approval from the Management Board of Saigon Hi-Tech Park ("SHTP Management Board").

1.4.3 Amendment of Enterprise Registration Certificate ("ERC") and Notification on change of authorized representatives at ATSC with SHTP Management Board⁸

- (a) Pursuant to the LOE and its guiding legislations⁹, the Company will need to register the change of its owner (from Allied Holding SG to YBS) with SHTP Management

⁶ - Making decisions on the acquiree's important business matters, including its form of business organization, its business activities, location, business form, changes in its business size and activities or industries; its forms and methods of mobilization, distribution and investment of its capital.

⁷ According to Decree 35/2020/ND-CP, group of enterprises having organizational or financial affiliation (referred to as affiliated companies) means a combination of companies under the same control or influence of one or more enterprises in the same group, or under the same management organ.

⁸ Article 26.2(b) of the LOI.

⁹ According to Article 20.1b of Decree 168, effective from 01 July 2025, the authority to register enterprises, branches, representative offices, and business locations in the high-tech park was transferred from the Business Registration Office of Ho Chi Minh City to the SHTP Management Board.

Article 30.2 of the LOE and Article 46.1 of Decree 168.

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Board. The result of this procedure will be an amended ERC issued by SHTP Management Board to the Company.

It is further noted that if the Proposed Transaction results in the change of other registered contents of the ERC (such as the change of legal representative), ATSC shall also be required to register such changes and obtain an amended ERC to reflect the changes.

- (b) According to Decree 168¹⁰, within 10 days from the change of the authorized representative(s) of the Company's owner at the Company (i.e. who will act as the Company President or members of Members' Council, as the case maybe), ATSC shall be required to notify such change with SHTP Management Board. A confirmation on the change of enterprise registration content (regarding change of information of authorized representatives) shall be issued by SHTP Management Board to ATSC.

1.4.4 Amendment of the Investment Registration Certificate ("IRC") to record the change of owner with SHTP Management Board

Pursuant to the LOI¹¹ and Decree 31¹², the Company will need to amend the IRC to record the change of its foreign investor (i.e. from Allied Holding SG to YBS) with the SHTP Management Board after the completion of ERC amendment above.

2. Policies on repatriation of profits

Under Vietnamese Laws, a foreign investor is permitted to remit abroad profits resulting from its investment activities in Vietnam. The profits to be remitted abroad (in cash or in kind) by the foreign investors are legitimate profits derived or earned from direct investment activities in Vietnam, after the foreign investors' fulfilment of all financial obligations, including tax obligations to the competent authorities¹³.

For the purpose of profits repatriation, a foreign investor and/or the foreign-invested enterprise in which the foreign investor invested ("FIE") shall be subject to the following conditions and requirements:

- (a) The foreign investor is permitted to remit their profits annually at the end of the fiscal year;
- (b) The foreign investor/FIE has fulfilled its tax and other financial obligations to the State of Vietnam;
- (c) FIE has submitted its audited financial statements and corporate income tax finalization declarations for the fiscal year to the relevant authorities;
- (d) FIE has no accumulated losses as recorded in the audited financial statements of the relevant fiscal year;
- (e) The foreign investor or the FIE (authorized by the foreign investor) is required to notify the tax authorities of the plan to remit profits at least 7 working days prior

¹⁰ Article 54.3 of Decree 168.

¹¹ Article 41 of the LOI.

¹² Article 47.2 of Decree 31.

¹³ Article 2 of Circular 186/2010/TT-BTC dated 18 November 2010 of the Ministry of Finance providing guidance on remittance abroad of profits earned by foreign organizations and individuals from their direct investment in Vietnam under the Law on Investment.

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to the scheduled remittance.

- (f) In terms of foreign exchange control, the profits remittance must be made via the direct investment capital account (DICA) of the FIE opened in a licenced credit institution in Vietnam¹⁴, except in cases where the profits are paid in kind or other alternative methods.

According to the Charter of ATSC, the owner of ATSC (i) shall decide on the use of profits after tax liabilities and other financial obligations of the Company have been fulfilled; (ii) must not withdraw profit when the Company is unable to fully pay its debts and liabilities when they are due; (iii) other matters related to profit distribution are carried out in accordance with provisions of law; and (iv) any loss of the Company in a fiscal year shall be carried forward to the next fiscal year to deduct from the next fiscal year's profit before distributing profits.

3. Policies on taxation

Generally, under Vietnamese Laws, all enterprises in Vietnam including domestic enterprises and FIE are subject to certain mandatory taxation regimes, which comprise of the corporate income tax ("CIT"), import tax, export tax, value-added tax ("VAT") and personal income tax ("PIT") for their employees. Subject to the specific business operations of the enterprise, some other taxes (e.g. natural resources tax, special consumption tax, and foreign contractor tax) may be applicable on a case by case basis.

The above-mentioned taxation shall be governed by the Law on Taxation in general and other specialized laws on each type of tax in particular (e.g. Law on CIT, Law on VAT, Law on PIT, etc.).

With respect to the Proposed Transaction, the change of ownership from Allied Holding SG to YBS shall not result in any changes to the taxation regime and tax incentives which are applicable to ATSC.

Below is summary of primary taxation regimes applicable to ATSC currently.

3.1 CIT

- (a) In general, CIT refers to the tax that is levied on the profits earned by an enterprise (or taxable income of that enterprise), which is equivalent to the gross revenue minus deductible expenses.
- (b) The standard CIT rate for both domestic enterprises and FIEs in Vietnam is 20% unless the enterprise is eligible for a lower tax incentive of CIT rate or the business operation of the enterprise is subject to a higher exception CIT rate (which may be ranging from 25% to 50%).
- (c) CIT shall be paid quarterly. Enterprises are required to make provisional CIT payment for each quarter based on estimates of business outcomes from previous years. At the end of each fiscal year, the enterprise must make CIT finalization with tax authority.
- (d) Eligible enterprises can fully enjoy CIT incentives, the specific scheme of which shall depend on the type of applicable incentives (i.e. location-based or industry-

¹⁴ Article 6.1(d) and Article 6.2(d) of Circular 06/2019/TT-NHNN dated 26 June 2019 of the State Bank of Vietnam providing guidance on the foreign exchange management for the foreign direct investment in Vietnam.

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based) for a set period. However, the CIT incentives shall not be applicable for certain types of income as prescribed by Vietnamese Laws¹⁵.

- (e) Based on the IRC (6th amendment) No. 2121592824 dated 07 July 2023 issued by SHTP Management Board to ATSC, ATSC is obliged to pay CIT to the competent authority with the tax incentives as follows:

- Incentive tax rate of 10%, for the duration of the entire project life
- Tax exemption (0% for 8 years) from the year the Company making profitable

Based on the audited financial statement for the fiscal year ended 31 December 2023 of ATSC, ATSC has been enjoying CIT rate of 10% since 2016 onwards (save for certain types of income for which CIT incentives are not applicable under Vietnamese laws, then, the normal CIT rate of 20% would apply)

3.2 *Export Tax and Import Tax*

(a) *Export Tax*

Under Vietnamese Laws, the typical rate 0% of export tax is applicable to most finished products and only certain commodities are liable for export tax (which is up to 45%). The export tax rates applicable to exported goods are specified for each item in the Export Tariff. Exemptions on export tax also include materials sold to Export Processing Zones for the production or export of goods and products exported under processing contracts with foreign parties.

(b) *Import Tax*

Under Vietnamese Laws, the import tax shall be imposed on almost every type of product that is imported into the territory of Vietnam. The import tax rates range depending on the type of product (e.g. consumer products are highly taxed while machinery and raw materials tend to receive lower taxes and even tax exemptions).

Tax rates applicable to imported goods include preferential tax rates, special preferential tax rates, and ordinary tax rates with respective scope of application as follows:

- Preferential tax rates apply to goods originating from countries/groups of countries/territories with the most favoured nation treatment in their trade relations with Vietnam.

¹⁵ Including:

1. Income from a capital transfer or transfer of the capital contribution right; income from a real estate transfer, except for income from investment and business in social residential housing prescribed in Article 12.2(s) of the Law on CIT; income from an investment project transfer (excluding the transfer of mineral processing projects) or transfer of the right to participate in an investment project or transfer of the mineral exploration, mining or processing right; and income from production and business activities outside Vietnam;
2. Income from activities of prospecting, exploring and mining petroleum or other rare and precious resources and income from mineral mining operations;
3. Income from business in services subject to special sales tax in accordance with the Law on Special Sales Tax;
4. Other income prescribed in Article 3.2 of the Law on CIT which does not relate to the activities of production and business entitled to the tax incentives (in respect of the cases satisfying the conditions for incentives for the sectors and trades prescribed in Articles 13 and 14 of the Law on CIT);
5. Income of enterprises from investment projects in the sectors of commercial business, or services arising outside an economic zone, high-tech zone, industrial zone or geographical area of tax incentives which does not apply the incentive CIT rates prescribed in Articles 4.1, 4.5, 13 and 14 of the Law on CIT.

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- Special preferential tax rates apply to goods originating from countries/groups of countries/territories with special preferences on import tax to Vietnam.
- Ordinary tax rates apply to goods originating from countries/groups of countries/territories that do not apply the most favoured nation treatment of special preferences on import tax to Vietnam.
- (c) Based on the ATSC's IRC (6th amendment) No. 2121592824 dated 07 July 2023 issued by SHTP Management Board, ATSC is exempted from import tax on imported goods to create fixed assets of subjects eligible for investment incentives.

3.3 VAT

- (a) VAT is a consumption-based tax assessed on the value of goods and services arising through the process of production, circulation, and consumption. VAT is applicable to the majority of goods and services bought and sold for use in Vietnam, except for specific exemption.
- (b) VAT is calculated based on the taxable price and the applicable rate, which is 10% (the common rate), 8% and 5% (for specific goods), or 0% for international transportation, exported goods, and construction in foreign countries or duty-free zones. The National Assembly of Vietnam may provide policies with respect to reduction of VAT rate to promote economic development from time to time. As a result of this policy¹⁶, the common VAT rate of 10% was reduced to 8% until 31 December 2026, save for several services such as financial and securities services, real estate trading services, telecommunication services etc..
- (c) Most of organizations and individuals conducting business and deriving incomes from goods and services in Vietnam are subject to VAT regardless of whether they have Vietnam-based commercial presence or not. Goods that are sold for export and services and sold to customers abroad are normally not subject to VAT.

3.4 PIT

- (a) Vietnamese Laws recognizes several different categories of personal income, with a host of different deductions, tax rates, and exceptions applying to each of them. PIT is the amount of money that must be deducted from a portion of business income and other income sources of the income earner to pay into the state budget after deductions.
- (b) PIT is applicable to 02 subjects, including Residents¹⁷ and Non-Residents¹⁸:
 - (i) Taxation for Residents:

A tax resident is defined as someone residing in Vietnam for 183 days or more in either the calendar year or a period of 12 consecutive months from the date of

¹⁶ Resolution No. 204/2023/QH13 of the National Assembly on 17/6/2023 and Decree No. 174/2023/ND-CP of the Government on 30/6/2023.

¹⁷ An individual is Vietnamese tax resident if meeting one of the following conditions:
(i) Presenting in Vietnam for more than 183 days in the calendar year or 12 consecutive months from first arrival date; or
(ii) Having a regular residence in Vietnam.

¹⁸ An individual is considered as a Vietnam tax non-resident if failing to meet any of the conditions to be considered as tax resident.

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arrival. Taxable income of a tax resident includes both domestic and international earnings, regardless of the payment location. For business income (including salary and wages), both expatriates and Vietnamese taxpayers, is taxed using partially progressive rates from 5% to 35% based on average monthly assessable income.

It is noted that residents who sign labour contracts for less than 3 months or do not sign labour contracts but have a total income payment of 2 million VND/time or more must deduct tax at a rate of 10% on income (deducted before payment).

(ii) **Taxation for Non-Residents:**

Non-residents are taxed on income earned within Vietnam, regardless of the payment location. For income from salaries, remuneration generated from Vietnam, non-Resident is taxed based on gross income at flat rate of 20%.

- (c) Under Vietnamese Laws, the Company is responsible to withhold PIT from the employees' salary before making the payment, then declare and pay such amount of PIT to the Government on monthly or quarterly basis.

3.5 Other matters on taxation

(a) **Tax on profits repatriation:**

Under Vietnamese Laws, no tax shall be imposed on profits remitted overseas by foreign investors except for the cases of a foreign individual shall be subject to the PIT at 5% save for a foreign individual being sole owner of a LLC or at other lower rate under a tax treaty.

(b) **Tax on income arisen from capital transfer (capital gain tax):**

Generally, according to the relevant taxation laws, the transferors (i.e. shareholders/ owners/members holding capital contribution in an enterprise) must declare and pay CIT/PIT arising from the capital transfer transactions to the tax authorities. In the event the transferors fail to make CIT/PIT declaration and payment arising from capital transfer, the enterprise or the Vietnam based institutional transferee, as the case may be, shall be responsible to declare and pay the CIT/PIT on behalf of the transferors¹⁹. In the event both the transferors and transferees are foreign-based, the enterprise shall be responsible to declare and pay capital gain tax in lieu of the foreign transferors²⁰.

With respect to the Proposed Transaction, Allied Holding SG (as the Seller) shall be subject to capital gain tax at the applicable rate of 20% on the gain generated from the Proposed Transaction. In this case, as Allied Holding SG and YBS are offshore entities, ATSC shall be required to declare and pay tax for and on behalf of Allied Holding SG within 10 days from the effective date of the capital transfer agreement between YBS and Allied Holding SG.

II. Ownership of title to securities and assets of the Company

1. Investment capital and Charter capital

According to the DD Documents, as at the Cut-off Date:

¹⁹ Article 31.3 of Decree 65/2013, amended by Decree 12/2015.

²⁰ Article 14 Circular 78/2014/TT-BTC.

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- (a) The registered investment capital of the Company is VND326,091,233,553 (equivalent to USD20,232,378) and charter capital of the Company is VND131,994,338,611 (equivalent to USD8,300,000) ("**Charter Capital**").
- (b) Allied Holding SG is duly recorded under the ERC as the sole owner of the Company holding 100% of the Company's charter capital of VND131,994,338,611 (equivalent to USD8,300,000).
- (c) According to the audited financial statements of the Company, the registered charter capital of the Company of VND131,994,338,611 (equivalent to USD8,300,000) has been fully paid up.
- (d) As per our Public Searches and the Responses, (i) there are no security rights (such as mortgage) created over the charter capital of the Company; (ii) the Company does not have any outstanding encumbrances or liens on charter capital; and (iii) the Company owner do not have its capital contribution amount in the Company mortgaged/pledged at any other third party.

2. Land and Properties attached to land

Under Vietnamese Laws²¹, private ownership of land is not permitted in Vietnam but collectively owned by people and administered by the government on their behalf. In doing so, property owners shall not have full and legal ownership of land but only be granted with land use rights permitted within the law. Land users shall typically receive a land use right certificate ("**LURC**") issued by the local competent authorities, which shows the land user's rights of land and properties on land.

2.1 Title to land

From the DD Documents, as at the Cut-off Date:

- (a) The Company is using 78,571 m² of land area located in Lot I-4 F01, I-4 F02, I-4 F03 of Saigon Hi-Tech Park ("**SHTP**"), Long Thanh My Ward, Thu Duc City, (now being Tang Nhon Phu Ward) Ho Chi Minh City, Vietnam²² ("**Project Land**"). The Project Land is leased from SHTP Management Board, with the land rental paid upfront for the whole land use term, for implementation of the Project.
- (b) The Company has been granted with three (03) LURCs for the entire Project Land as follows:

No.	LURC	Land Area & Location	Land use term
1.	LURC No. BP 443130 dated 25 November 2013 (" LURC BP 443130 ")	18,500 m ² at Lot I-4 F01	Up to 11 December 2053
2.	LURC No. BP 443129 dated 25 November 2013, as amended on 24 June	18,500 m ² at Lot I-4 F02	Up to 11 December 2053

²¹ Law No. 31/2024/QH15 on Land adopted by the National Assembly on 18 January 2024 ("**Land Law**").

²² The address was updated in accordance with Resolution No. 1685/NQ-UBTVQH15, dated 16 June 2025, of the Standing Committee of the National Assembly on the arrangement of commune-level administrative units in Ho Chi Minh City in 2025. For ease of tracking, we use the (old) address registered in the DD Documents.

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	2024 ("LURC BP 443129")		
3.	LURC No. BA 881082 dated 08 February 2010, as amended on 24 June 2024 ("LURC BA 881082")	41,571 m ² at Lot I-4 F03	Up to 11 December 2053
TOTAL		78,571 m²	

- (c) Given the granted LURCs, and with the land rental was paid upfront for the entire lease term, the Company can exercise all rights of the economic organizations with foreign invested capital using land in high tech areas such as right to own properties built on the land, right to transfer the land and properties attached to the land to other eligible transferees, right to mortgage the land and properties attached to the land to local credit institutions, etc.

2.2 Ownership of properties attached to land

- (a) As per the granted LURCs, the Company owned the following properties being construction works on the Project Land ("Project Construction Works"):

No.	LURC	Construction Works	Construction area (m ²)	Floor area (m ²)	Number of floor	Year of construction completion
1.	LURC BP 443130	Factory I-4 F01 (01 floor)	9,216	9,216	01	2004
		Office building (02 floors)	1,024	2,012	02	2004
2.	LURC BP 443129	Factory I-4 F02 (01 floor)	9,299.3	18,515.3	02	2004
		Office building (02 floors)	1,024	2,012	02	2004
3.	LURC BA 881082	Factory I-4 F03 (01 floor)	8,640	8,640	01	2004
		Office building (02 floors)	1,632	3,228	02	2004

- (b) From the DD Documents, it is viewed that the construction of the above-mentioned Project Construction Works is generally in compliance with relevant Vietnamese Laws and the construction permits granted by the competent authority for the Project Construction Works. The above Project Construction Works have been recorded in the respective LURCs.

2.3 Security

From the DD Documents, the Company has mortgaged the land use rights and properties on the Project Land to domestic banks to secure its obligations arising out of the credit facilities with those banks, particularly including:

- (a) With respect to the short-term credit facility with CTBC Bank²³, the mortgaged assets comprise of:

²³ Under the Facility Letter No. FL1-STVN891-19 dated 09 December 2019 of CTBC Bank for the revolving short-term facility of USD 3,000,000 with the tenor of one year revolving from the date of the Facility Letter.

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF VIETNAM (CONT'D)

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- Assets attached to land located on plot No. 301, map sheet No. 43, Department of Land Administration, Long Thanh My ward, District 9; and
 - Land use rights at land plot No. 301, map sheet No. 43, Department of Land Administration, Long Thanh My ward, District 9.
- (b) With respect to the short-term credit facility with Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Bank²⁴ ("VCB"), the mortgaged assets comprise of:
- Land use rights at land plot No. 303, map sheet No. 43, Long Thanh My ward, area 18,500m², the factory and office at Lot I-4 F02, and other related assets; and
 - Land use rights at plot No. 305, map sheet No. 42, 43 Long Thanh My ward, area 41,571m², the factory and office at Lot I-4 F03, and other related assets.

III. Enforceability of agreements, representations and undertakings given by the Seller and the Company in relation to the Proposed Transaction under Vietnamese Laws

Given the information on the Proposed Transaction as stated in the Background section and the LO Documents, we are of the opinion that:

1. As long as an EC Clearance (if applicable) and M&A Approval is obtained in favour of the Seller, the Seller will have power and authority under Vietnamese Laws to enter into the transaction agreements with respect to the Proposed Transaction (including but not limited to the memorandum of understanding, in-principle agreement, capital purchase agreement) and to make representations and undertakings in its own name in relation to the transaction agreements for the purpose of the Proposed Transaction; and
2. Once the transaction agreements have been duly signed by the Seller and Buyer and each of the Seller and the Buyer has obtained appropriate corporate approvals in line with its constitutions/ article of associations, or the charter, those transaction agreements shall be capable of enforceable under Vietnamese laws. Vietnamese laws recognize the freedom of contract principle and shall respect the representations and undertakings agreed by the Seller and Buyer in the transaction agreements.

ASSUMPTIONS

For the purposes of this Legal Opinion, we have assumed that:

- (a) The LO Documents are all current, truly and complete in all aspects, and there is no information after the date of preparation of the LO Documents which will have a material impact on the LO Documents;
- (b) There is nothing included in or omitted from the LO Documents that would be regarded as constituting conduct that is misleading or deceptive or is likely to mislead or deceive;

²⁴ Under (i) Line of Credit Loan Agreement No. 39/1349993/24-DN1/N-HM-01 dated 26 June 2024 between the Company and VCB for the maximum limit of credit of VND 300,000,000,000 from the effective date of the Agreement to 15 June 2025; and (ii) Credit Extension Agreement No. 39/1349993/24-DN1/N-CTD dated 26 June 2024 between the Company and VCB for the maximum limit of credit of VND 300,000,000,000 from the effective date of the Agreement to 15 June 2025.

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF VIETNAM (CONT'D)

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- (c) All copies of the LO Documents, including unexecuted copies, reviewed by us are complete and conform to their originals;
- (d) The authenticity of all signatures, seals and dates and of any notarization stamp (if applicable) or marking on all LO Documents and the validity and enforceability of all agreements, contracts and other arrangements;
- (e) All LO Documents executed, presented, disclosed by any persons were within their respective power and were validly authorized, executed and delivered;
- (f) The parties to the LO Documents, other than the Company, are still in existence, solvent and capable of completing their obligations, under the applicable laws; and
- (g) Save as expressly set out in this Legal Opinion, all authorizations required by any competent authority have been obtained and that there are no changes anticipated to any authorizations, approvals, permits or licenses unless expressly mentioned in this Legal Opinion.

QUALIFICATIONS

This Legal Opinion is issued subject to the following qualifications:

- (a) We cannot confirm the reliability, accuracy, completeness or adequacy of the LO Documents verbal confirmations and representations of the Company and/or the relevant Vietnamese government authorities and have assumed that they are all reliable, accurate, complete and adequate, except where we are aware of any fact or circumstance which would affect the correctness of this assumption;
- (b) We express no opinion on the details of any reports, enquiries, research, technical and other information in relation to the operations of the Company, if any, and have assumed that such information is true, correct, complete and reliable, except where we are aware of any fact or circumstance which would affect the correctness of this assumption;
- (c) In connection with the issuance of this Legal Opinion, no private checks, searches or investigations have been made by us to the Company and any person of the Company, which is not legally permitted in Vietnam, while a large number of information related to the matters hereof are not well available and reliable on the mass media;
- (d) This Legal Opinion relates only to Vietnamese Laws effective as at the date hereof and we express no opinion whatsoever on the laws of any other jurisdiction;
- (e) We have no responsibility or obligation to update this Legal Opinion, consider its applicability or correctness for any person or take into account changes of the law or facts or any other developments of which we may later become aware, after the date hereof; and

LEGAL OPINION AND EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF VIETNAM (CONT'D)

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ACKNOWLEDGMENTS

We acknowledge that this Legal Opinion will be only used and relied upon only by the parties addressed to in this opinion and may be inserted in the circular to shareholders of YBS for the purpose of the Proposed Transaction and limited to the matters stated herein and do not extend, and are not to be read as extending by implication, to matters not specifically stated herein. This Legal Opinion will not be relied upon otherwise or by any other person without our prior written consent.

Yours sincerely,
Vision & Associates Legal

Bà Quỳnh Anh

FAIRNESS OPINION REPORT

**Strategic Capital Advisory Sdn. Bhd.**

(Registration No. 199901003253 (478153-U))

**Investment Advisers – Corporate Finance (CMSL/A0124/2007)
(Licensed by Securities Commission)**

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Date: 7 November 2025

The Board of Directors,
YBS International Berhad
No 978 (also known as PT 830)
Lorong Perindustrian Bukit Minyak 20
Taman Perindustrian Bukit Minyak
14100 Simpang Ampat, Pulau Pinang

Strictly Private & Confidential

Dear Sirs,

FAIRNESS OPINION ON THE PROPOSED ACQUISITION BY YBS INTERNATIONAL BERHAD (“YBS” OR “COMPANY”) OF THE EQUITY INTEREST IN THE FOLLOWING COMPANIES:-

- (I) ALLIED PRECISION MANUFACTURING (M) SDN. BHD. (“APM”);
 - (II) ALLIED PRECISION TECHNOLOGIES (M) SDN. BHD. (“APTM”);
 - (III) ALLIED PRECISION (THAILAND) CO., LTD. (“APTC”); AND
 - (IV) ALLIED TECHNOLOGIES (SAIGON) CO., LTD. (“ATSC”)
- (COLLECTIVELY REFERRED TO AS THE “TARGET COMPANIES” (“EVALUATION”))**

This expert report (“**Letter**”) is prepared solely for the fairness on the total cash consideration up to USD38.00 million (“**Purchase Consideration**”) for the proposed acquisitions of the entire equity interests in the Target Companies (“**Proposed Acquisitions**”).

The Letter is prepared pursuant to Chapter 10, Part F of Appendix 10B of Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) ACE Market Listing Requirements and is for inclusion in the circular to shareholders of the Company in respect of the Proposed Acquisitions (“**Circular**”).

1. INTRODUCTION

Strategic Capital Advisory Sdn Bhd (“**SCA**”) has been appointed by the Board of Directors (“**Board**”) of the Company as an Expert to undertake the Evaluation and issuance of the Letter, which shall be included in the Circular. SCA confirms that SCA and its employees do not have any direct or indirect financial interests in the Company or its subsidiaries and is not in a position that may affect our objectivity in performing this engagement, therefore confirming our independence to act as the Expert undertaking the Evaluation.

The purpose of this Letter is to set out our opinion in relation to the Evaluation and is subject to the limitations of our role and evaluation as explained herein. Other than for this intended purpose, this Letter should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our express written consent.

Should any information and/or section of our Letter is to be extracted, quoted and/or referenced in any document, the relevant paragraphs and/or sections of the said document shall be reviewed and consented in writing by us prior to the release of the said document to any party for any purposes. We shall not be liable for any damage or loss sustained or suffered by any parties as a result of any unauthorised circulation, publication, reproduction or use of this Letter or any part hereof.

FAIRNESS OPINION REPORT (CONT'D)



2. BACKGROUND INFORMATION OF TARGET COMPANIES

APM

APM was incorporated in Malaysia on 8 October 1999 as a private limited company and is principally involved in the toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services. As at the date of this Letter, APM does not have any subsidiary or associated companies.

APTM

APTM was incorporated in Malaysia on 12 August 2016 as a private limited company and is principally involved in the toolmaking, manufacture of metal stamped parts and provision of value-added assembly services. As at the date of this Letter, APTM does not have any subsidiary or associated companies.

APTC

APTC was incorporated in Thailand on 10 March 2014 as a private limited company and is principally involved in the manufacturing and distribution of electronic components. As at the date of this Letter, APTC does not have any subsidiary or associated companies.

ATSC

ATSC was incorporated in Vietnam on 14 November 2003 as a wholly foreign invested company in the form of a one member limited liability company and is principally involved in the toolmaking, manufacture of metal stamped parts, injection moulding and provision of value-added assembly services. As at the date of this Letter, ATSC does not have any subsidiary or associated companies.

3. TERMS OF REFERENCE

The basis of our opinion is the fair market value which is defined as the arms' length price at which such asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, in an open and unrestricted market and both having reasonable knowledge of relevant facts.

The concept of market value means the cash equivalent price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the assets. The amount would not be considered market value if it was influenced by special motivations or characteristic of a typical buyer or seller.

Date of Opinion

The date of our opinion is 15 August 2025 (herein also referred to as the "Date of Opinion").

Sources of Information

The sources of information which we have used in our evaluation are as follows:

- (i) The Company's announcement on the Proposed Acquisitions;
- (ii) Master sale and purchase agreement dated 28 May 2025 entered into between the Company and Allied Technologies Holdings Pte Ltd ("Vendor") for the Proposed Acquisitions ("Agreement");
- (iii) Audited financial statements of the Target Companies for the financial years ended 31 December ("FYE") 2022, 2023 and 2024;
- (iv) Accountants' Report on the combined financial statements of the Target Companies prepared by Grant Thornton Malaysia PLT ("Accountants' Report");
- (v) Representation and explanation by the management of the Target Companies ("Management"); and
- (vi) Other publicly available information in respect of the industry that the Target Companies are involved in.

FAIRNESS OPINION REPORT (CONT'D)



We have made all reasonable enquiries and conducted our own reviews, where possible, with regards to the information provided to us. We have also relied on the Management to exercise due care to ensure that all information and documents provided to us and that all relevant facts, information and representations necessary for our evaluation have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate.

Based on the reviews and enquiries made by us, we are satisfied that the information and documents provided by the Management to us are sufficient, reasonable and we have no reason to believe that any such information provided to us are untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this Letter.

The Board has, individually and collectively, accepted full responsibility that all material facts, financial and other information in this Letter, and for the accuracy of the information in respect of the Proposed Acquisitions (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading.

We have not undertaken an independent investigation into the business of the Company and the Target Companies. It should also be highlighted that the evaluation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions based upon in the relevant reports. As such, the adoption of such assumptions and projections does not imply that we warrant their validity or achievability. No representation or warranty, whether expressed or implied, is given by SCA that the information and documents provided will remain unaltered subsequent to the issuance of this Letter.

Scope and Limitation of Review

SCA was not involved in the formulation or any deliberation and negotiation on the terms and conditions of the Proposed Acquisitions or any corporate exercise intended to be undertaken by the Company. Our role as the Expert does not extend to us expressing an opinion on the commercial merits of the Proposed Acquisitions or any corporate exercise intended to be undertaken by the Company. The assessment of the commercial merits is solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposed Acquisitions.

Our work includes holding discussions with and making enquiries from the Management regarding representations made on the Target Companies. We rely on the Management's oral and written representations as well as third party sources as explained in the relevant sections of this Letter. Accordingly, we make no representations as to the accuracy or completeness of the information provided and in no event shall we, our partners, principals, directors, shareholders, agents or employees be liable for any misrepresentations by the Management.

However, should SCA become aware of any significant change affecting the information contained in this Letter; being informed of any material changes in the subject matters which may have an impact on SCA's opinion or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive or that there is a material omission in this Letter, we will immediately notify the Board. If circumstances require, a supplementary Letter will be issued to the Board.

The management of the Company have, individually and collectively, accepted full responsibility for all material facts, financial and other information essential to our evaluation have been disclosed to us and are as set out in this Letter, and for the accuracy of the information in respect of the Evaluation (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein incomplete, false and/or misleading.

FAIRNESS OPINION REPORT (CONT'D)



4. SUMMARY OF FINANCIAL INFORMATION

A summary of the combined financial information of the Target Companies based on the Accountants' Report for the FYE 2022 to FYE 2024 are set out below:-

	FYE 2022	Audited FYE 2023 RM'000	FYE 2024
Revenue	421,694	371,317	384,337
Profit before tax	14,693	11,734	27,466
Profit after tax ("PAT")	13,849	9,739	24,916
Share capital	71,413	71,413	71,413
Total equity	60,978	66,621	75,956
Total borrowings and lease liabilities	39,620	48,522	75,255
Earnings per share (RM)	0.19	0.14	0.35
Current ratio (times)	1.05	1.07	1.23
Gearing ratio (times)	0.65	0.73	0.99

The above combined financial statements of the Target Companies have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants. There were no exceptional and/or extraordinary items reported in the Accountants' Report. There have been no audit qualifications reported to the combined financial statements of the Target Companies during the financial years under review.

Commentary:

FYE 2023

Target Companies' revenue decreased by approximately RM50.38 million or 11.9% to approximately RM371.32 million for the FYE 2023 (FYE 2022: approximately RM421.69 million). This was mainly due to the decrease in the sales of contract manufacturing assembly products and metal stamped parts to a major customer with presence in Malaysia and Hong Kong, as well as changes in the copier and office printer market, influenced by evolving workplace habits and the shift towards remote working.

Target Companies recorded a PAT of approximately RM9.74 million for the FYE 2023 (FYE 2022: approximately RM13.85 million). This was mainly contributed from ATSC, which was due to lower gross profit and higher realised loss from foreign exchange during the year.

FYE 2024

Target Companies' revenue increased by approximately RM13.02 million or 3.5% to approximately RM384.34 million for the FYE 2024 (FYE 2023: approximately RM371.32 million). This was mainly due to the increase in the sales of contract manufacturing assembly products to a major customer with presence in Malaysia and Hong Kong.

Target Companies recorded a PAT of approximately RM24.92 million for the FYE 2024 (FYE 2023: approximately RM9.74 million). This was mainly contributed from APTM, APM and ATSC, which was mainly due to higher gross profit, lower realised loss on foreign exchange, administrative expenses and finance costs.

5. INDUSTRY OUTLOOK

Overview and outlook of Malaysia Economy

Below is the salient information from Quarterly Bulletin for the second quarter ("2Q") of 2025 published by the Bank Negara Malaysia ("BNM"):

- Gross Domestic Product of Malaysia grew by 4.4% in 2Q 2025. On a quarter-on-quarter seasonally-adjusted basis, the economy rose by 2.1%;
- The key factors supporting the growth in 2Q 2025 are:
 - o Higher growth in household spending supported by positive labour market conditions;
 - o Stronger private and public investment activities; and

FAIRNESS OPINION REPORT (CONT'D)



- Continued demand for electrical and electronics exports and robust tourism activity.
- The unemployment rate declined further to 3.0% in 2Q 2025 (1Q 2025: 3.1%) of the labour force. Employment improved to 16.85 million persons in 2Q 2025 (1Q 2025: 16.7 million) amid continued demand for labour. Labour supply remained forthcoming as the labour force participation rate increased further to 70.8% in 2Q 2025 (1Q 2025: 70.7%);
- Headline inflation continued to moderate to 1.3% while core inflation remained stable at 1.8%. Lower prices were observed during the quarter for fuel (RON97 and diesel) and food-related items. However, this was partly offset by a slower price decline for mobile communication services;
- In relation to the external sector development, continued growth in exports and imports is observed, whereby the gross exports grew by 3.4% and gross imports grew by 9.0%;
- In relation to domestic economic outlook, Malaysia's economy is expected to be supported by resilient domestic demand going forward. Continued household spending will be supported by employment and wage growth as well as income-related policy measures. Investment activity will be sustained by the progress of infrastructure projects, continued high realisation of approved private investments and implementation of national master plans. Export growth is expected to moderate, as tariffs take effect and global uncertainty lingers. However, the impact to Malaysia's export prospects would be partially cushioned by continued demand for electrical and electronic goods and inbound tourism. As a result, growth is projected to range between 4%-4.8% in 2025, lower than the earlier projected range of 4.5%-5.5%; and
- Both headline and core inflation are expected to remain moderate for the remainder of the year. Headline inflation is expected to average 1.5%-2.3% in 2025 due to contained global cost conditions and the absence of excessive demand pressures.

(Source: Quarterly Bulletin for the 2Q 2025, BNM)

Overview and outlook of Thailand Economy

The Thai economy in June softened from the previous month, as merchandise exports and manufacturing production declined following earlier acceleration. Tourism-related activities also contracted, in line with the decrease in both the number and revenue of foreign tourist. Private consumption declined across most categories, facing pressure from the continued deterioration in consumer confidence. Nevertheless, government expenditure expanded, supported by increased disbursements from the central government and investment by state-owned enterprises. Private investment also grew, driven by increased spending on machinery and equipment.

On the economic stability front, headline inflation became less negative compared to the previous month, primarily due to higher fresh food prices, particularly vegetables. Energy inflation also moderated, reflecting an increase in domestic retail oil prices in line with crude oil prices. Core inflation remained stable, with lower prices for cooking ingredients and prepared foods offset by higher prices for ready-to-eat meals. The current account balance returned to a surplus, mainly driven by a narrower deficit in the services, income, and transfers balance. While labour market conditions remained stable, the increasing proportion of unemployment benefit claimants relative to the total number of insured persons warrants close monitoring.

Government spending, excluding transfers, expanded compared to the same period last year, from both central government expenditures and state enterprise investment. Current expenditure by central government increased, following disbursements for pensions, employee compensation, and medical expenses for civil officers. Capital expenditure increased, particularly due to higher disbursements by transportation agencies. State owned enterprises capital expenditures also rose, mainly due to increased disbursements for railway infrastructure projects.

Overall business funding declined from the previous month, primarily through debt securities and net credit financing. Debt securities financing decreased across all business sectors, driven by financing in services and financial businesses, partly due to the decline in newly issued corporate bonds, which is lower than the volume of maturing bonds. Net credit financing also contracted across several sectors, including utilities, manufacturing, trade, and construction.

FAIRNESS OPINION REPORT (CONT'D)



However, equity market funding slightly increased, supported by capital raising in the services sector and the food and beverage manufacturing sector. Regarding the cost of financing in the bond market, both short-term and long-term Thai government bond yields declined on average during June through 24 July 2025 (data up to July 25, 2025), reflecting market expectations of a downward interest rate trend in Thailand, in line with subdued economic and inflationary conditions.

(Source: Press Release on the Economic and Monetary Conditions for March and Q2/2025, Bank of Thailand)

Overview and outlook of Vietnam Economy

Viet Nam's real GDP growth reached 7.1% in 2024, driven by a strong rebound in exports, outpacing most regional peers. External demand strongly rebounded in 2024 after a contraction in 2023. Final consumption and investment growth also accelerated in 2024 reaching 6.6% and 7.2%, respectively, supporting the growth momentum. However, private consumption remained a moderate driver of aggregate demand relative to the region (54% of GDP compared to a median of 61.7%, respectively) as household savings increased amid heightened uncertainty in recent years.

Trade strongly rebounded in 2024, driven by the global technology upcycle. Total exports grew 15.5% in 2024, in stark contrast to a -2.5% contraction in 2023. Merchandise export growth reached 14% by the end of 2024, driven by strong electronics exports - in particular computers. Merchandise exports grew strongly during January-August, before stabilizing over September-December 2024. Reflecting the high import content of Viet Nam's exports, import growth mirrored this rebound, reaching 16.5% by December 2024.

Manufacturing output accelerated in response to buoyant external demand. Manufacturing production in Viet Nam registered a 9.8% growth in 2024, up from 3% in 2023, with a sharp acceleration in the first six months. However, manufacturing growth softened in the second half of 2024 as external demand softened and typhoon Yagi disrupted production in the northern industrial zones and led to some supply chain and logistics delays in September. The electronics, motor vehicles, and machinery registered the largest increases in production.

Viet Nam's GDP growth is forecast to moderate to 6.8% in 2025 before settling at 6.5% in 2026. The rebound in exports in 2024 is expected to ease in 2025 and further into 2026 due to projected economic slowdown in China and the United States in the near-term - Viet Nam's largest trade partners - and uncertain global trade prospects from shifts in trade policy. Domestic activities and services are expected to continue to firm up in 2025 and into 2026 as the real estate market recovery gathers steam.

The outlook for Viet Nam remains positive but with heightened uncertainties. Given Viet Nam's openness to the global economy, the main uncertainty stems from slower-than-expected global growth and trade disruptions, particularly among major trading partners such as the United States, European Union, and China. Such developments, including heightened uncertainties from trade policy shifts and deepening trade fragmentation, could impact Viet Nam's manufacturing exports, industrial production, and growth. On the other hand, increased public investment could further support demand and contribute to growth. An accelerated recovery in the real estate market thanks to faster project clearance could further boost domestic demand.

(Source: Taking Stock March 2025, The World Bank)

Overview and outlook of Precision Engineering in Southeast Asia ("SEA")

Precision engineering has emerged as a lucrative investment opportunity in SEA, with robust growth, government initiatives, supply chain shifts, and emerging technologies driving its potential. The global precision engineering market is projected to reach USD304 billion by 2025, with Asian markets accounting for nearly half of the market volume, i.e. APAC is projected to sum up to USD 147.7 bn and grow at 10.8% in 2025. Industry analysts predict that this upward trajectory will continue, and Asian markets are expected to even outpace EMEA and Americas in annualized growth rates until 2025.

FAIRNESS OPINION REPORT (CONT'D)



One of the driving forces behind the growth is the region's expanding middle class and rising disposable incomes. This demographic shift has fuelled demand for high-precision components across various industries, such as aerospace, automotive, electronics, and medical devices. As consumer expectations for quality and performance increase, the demand for high-precision components will continue to grow.

In addition to the strong market demand, favourable government initiatives and policies have played a pivotal role in attracting investments to the precision engineering sector, specifically in SEA. Governments across the region are actively promoting precision engineering through incentives, tax breaks, and supportive policies. Furthermore, the ongoing risk mitigation regarding China and regional supply chain shifts have presented unique opportunities for precision engineering in SEA. Companies seeking to diversify their supply chains and reduce risks associated with over-reliance on a single market have turned to SEA as an alternative manufacturing hub. The region's strategic geographic location, well-established infrastructure, and skilled workforce have made it an attractive destination for precision engineering investments. Especially Vietnam, Malaysia and Thailand have benefitted from this move. Establishing regional trade agreements, such as the Regional Comprehensive Economic Partnership, creates further opportunities for increased market access and facilitates cross-border trade and investment. Investors can leverage these trade agreements to expand their reach and tap into larger markets.

In conclusion, precision engineering in SEA represents an exciting investment proposition with promising growth prospects. The region's expanding middle class, supportive government initiatives, risk mitigation regarding China, regional supply chain shifts, and the integration of advanced materials and technologies all contribute to the sector's growth and investment appeal.

(Source: *Precision Engineering in SEA*, Roland Berger, <https://www.rolandberger.com/en/Insights/Publications/Precision-engineering-in-Southeast-Asia-A-lucrative-investment-opportunity.html>)

6. VALUATION METHODOLOGY

Basis and Method Used to Form Our Fairness Opinion

In establishing our opinion on the fairness of the Purchase Consideration, SCA had considered various methodologies, which are commonly used for valuation of companies, taking into consideration the Target Companies' future earnings generating capabilities, projected future cash flows, its sustainability as well as various business consideration and risk factors affecting its businesses. Among the vast variety of valuation methodologies, SCA has selected the Relative Valuation Analysis ("RVA") as it is much more likely to reflect the current sentiment of the market, and the Comparable Transaction Analysis ("CTA") to assess the fairness of the Purchase Consideration as the methodology reflects a reasonable estimate of multiples or premiums that others have paid for similar companies in the past.

Further, SCA has also considered the discounted cash flow ("DCF") methodology and the revalued net asset valuation ("RNAV") methodology and concluded that both valuation methodologies are not suitable in the assessment of the fairness of the Purchase Consideration. We have not been provided with the financial forecast and projections of the Target Companies, as such we are unable to adopt the DCF methodology. On the other hand, RNAV method seeks to adjust the net assets of a company to take into consideration the valuation of assets of a company to determine the adjusted value of the firm's financial value. It should be noted that the underlying value of the Target Companies is more likely to be derived from its future business operations instead of its assets. Accordingly, we are of the view that RNAV may not accurately reflect the potential of the Target Companies.

FAIRNESS OPINION REPORT (CONT'D)

**RVA**

RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the RVA, reference was made to the valuation statistics of companies listed on Bursa Securities, The Stock Exchange of Thailand ("SET"), Ho Chi Minh Stock Exchange and Hanoi Stock Exchange with principal activities that we consider broadly comparable to the Target Companies ("Comparable Companies") to get an indication of the current market expectation as compared to the implied valuation statistics of the Target Companies based on the Purchase Consideration.

For the purposes of the RVA, SCA has attempted to search for public listed comparable companies in the stock exchanges as discussed in the paragraph above that are principally involved in precision engineering industry. Based on the above criteria, five (5) comparable companies listed on Bursa Securities and two (2) comparable companies listed on SET were identified and are set out below. However, no Comparable Companies were found on stock exchanges in Vietnam that are principally involved in the precision engineering industry.

Comparable Companies	Principal activities
<u>Bursa Securities</u>	
V.S. Industry Berhad ("VSI") - Main Market	Engages in the manufacturing, assembling and selling electronic and electrical products, and plastic molded components and parts. Offers electronics manufacturing services for office and household electrical and electronic products.
SKP Resources Berhad ("SKP") - Main Market	Manufactures and sells electrical and electronic plastic products primarily in Malaysia. The company offers design and engineering, tool and die fabrication, injection molding and cosmetic finishing, contract manufacturing and component assembly, logistics and fulfillment, and other manufacturing services.
Aurelius Technologies Berhad ("ATB") - Main Market	Offers electronic manufacturing services for industrial electronic products. It provides manufacturing services for printed circuit board assemblies, sub-assemblies, and box and system build products, as well as test development and testing, proto and NPI support, further processing, and lean manufacturing.
GE-Shen Corporation Berhad ("GCB") - Main Market	Primarily engages in the manufacture and trading business in Malaysia, Singapore, and Vietnam. It manufactures and trades in rubber products; plastic molded products, components, tools and die, and other related products, as well as provides assembly services; and manufactures fabricated metal products.
Kobay Technology Berhad ("Kobay") - Main Market	Engages in, amongst others, manufacturing precision plating and machined components; precision metal stamping, sheet metal, tooling and form dies, and die casting parts; aluminium extrusions, formations, and surface treatment solutions; precision moulds and parts; semiconductor assembly and testing equipment; metal works and structures, modules, and parts for oil and gas production and extraction equipment; and components and sub-assemblies for aerospace parts.
<u>SET</u>	
SVI Public Company Limited ("SVI")	Provides electronic manufacturing services in Thailand, Asia, Europe, and internationally. In addition, the company engages in the vertically integrated solutions, such as cable assembly, plastic injection moulding, metal stamping, sheet metal fabrication.
Muramoto (Thailand) Public Company Limited ("MEP")	Manufactures and sells metal and plastic parts for audio/visual equipment, and electronic equipment for automobiles and office automation appliances in Thailand, Japan, the United States, and internationally.

FAIRNESS OPINION REPORT (CONT'D)



One should also note that any comparisons made with respect to the Comparable Companies are merely to provide an indication and comparison to the implied valuation of the Target Companies and the selection of Comparable Companies and adjustments made are highly subjective and judgmental and the selected companies may not be entirely comparable due to various factors.

In our consideration of selecting the valuation multiple to be applied, we have considered, amongst others, the historical financial performance and financial position of the Target Companies. We have applied the Price-Earnings Multiple (“PE Multiple”) and the Enterprise Value (“EV”)/Earnings before interest, tax, depreciation and amortisation (“EBITDA”) multiple in our assessment of the implied trading multiple of the Target Companies.

We have also considered the Price to Book (“PB”) Multiple and have concluded that the PB Multiple is not suitable considering that PB Multiple values a company based on the value of its assets, net of all liabilities at a specific point in time and does not take into consideration the future income stream of a company.

The table below sets out the valuation statistics of the Comparable Companies based on the closing-market prices as at the Date of Opinion as extracted from S&P Capital IQ:-

Comparable Companies	Market Capitalisation ^[1] (RM million)	(A) Closing Share Price ^[1] (RM)	(B) Trailing twelve months earnings per share ^[1] (RM)	(C) PE Multiple ^{[1][2][3]} (times)	(D) EV ^[1] (RM million)	(E) Trailing twelve months EBITDA ^[1] (RM million)	(F) EV/EBITDA Multiple ^{[1][2][4]} (times)
VSI	2,970.77	0.77	0.0374	20.61	3,073.45	353.83	8.69
SKP	1,476.43	0.95	0.0753	12.62	1,325.04	178.93	7.41
ATB	1,352.60	1.04	0.0481	21.61	1,186.28	74.34	15.96
GCB	658.72	1.63	0.0356	45.76	769.33	35.60	21.61
Kobay	384.22	1.20	0.0446	26.90	477.21	27.13	17.59
SVI	1,670.11 ^[5]	0.7464 ^[5]	0.0437 ^[5]	17.09	1,685.01 ^[5]	127.61 ^[5]	13.19
MEP	602.22 ^[5]	28.8168 ^[5]	3.8906 ^[5]	7.41	272.01 ^[5]	202.21 ^[5]	1.34
			Median	20.61		Median	13.19
			Average	21.71		Average	12.26
			Minimum	7.41		Minimum	1.34
			Maximum	45.76		Maximum	21.61

Note:

[1] Extracted from S&P Capital IQ as at the Date of Opinion.

[2] The trading multiples of the Comparable Companies are perceived to be the value of a liquid minority stake as at the Date of Opinion. On the other hand, this Evaluation involves the entire equity interest in a private company, hence it is perceived to be illiquid but having a control premium. As such, we are of the opinion that for the purpose of this Evaluation, when the effect (if any) of the immediate-term illiquidity of the shares is considered in totality with the premium accorded by control, a net zero adjustment would be appropriate to reflect the implied equity value of the Target Companies.

[3] The result from dividing (A) with (B) may slightly differ from (C) due to rounding of decimal points.

[4] The result from dividing (D) with (E) may slightly differ from (F) due to rounding of decimal points.

[5] Translated into Malaysian Ringgit from Thai Baht as per S&P Capital IQ at the translation rate of RM0.1298/THB.

FAIRNESS OPINION REPORT (CONT'D)



The combined PAT and EBITDA of the Target Companies for the FYE 2023 and FYE 2024 based on the Accountants' Report are as follows:

EBITDA	FYE 2023 RM'000	FYE 2024 RM'000
Combined PAT of the Target Companies ^[1]	9,739	24,916
Add: Tax expenses ^[1]	1,996	2,550
Add: Depreciation expenses ^[1]	10,419	7,745
Add: Net finance expenses ^[1]	3,825	3,499
Combined EBITDA of the Target Companies	25,979	38,710

Note:

[1] Based on the Accountants' Report.

Based on the Purchase Consideration, the implied PE Multiple and the implied EV/EBITDA Multiple of the Proposed Acquisitions based on the FYE 2023 and FYE 2024 financials are as follows:

	FYE 2023 RM'000	FYE 2024 RM'000
Purchase Consideration ^[1]	160,151	160,151
Combined PAT of the Target Companies	9,739	24,916
Implied PE Multiple	16.44 times	6.43 times
Purchase Consideration ^[1]	160,151	160,151
Add: Combined borrowings and lease liabilities of the Target Companies ^[2]	48,522	75,255
Less: Combined cash and cash equivalents of the Target Companies ^[2]	(12,256)	(19,541)
Implied Enterprise Value of the Target Companies	196,417	215,865
Combined EBITDA of the Target Companies	25,979	38,710
Implied EV/EBITDA Multiple	7.56 times	5.58 times

Note:

[1] Translated based on the middle rate as at 5pm of the Date of Opinion as extracted from Bank Negara Malaysia, which is USD:RM4.2145.

[2] Based on the Accountants' Report.

Based on the table above, the followings are noted:

- The implied PE Multiple and EV/EBITDA Multiple of the Proposed Acquisitions based on the FYE 2023 financials are lower than the average and median, and within the range of PE Multiple and EV/EBITDA Multiple of the Comparable Companies;
- The implied PE Multiple of the Proposed Acquisitions based on the FYE 2024 financials are lower than the average and median as well as lower than the range of PE Multiple of the Comparable Companies; and
- The implied EV/EBITDA Multiple of the Proposed Acquisitions based on the FYE 2024 financials are lower than the average and median, and within the range of EV/EBITDA Multiple of the Comparable Companies.

Based on the Agreement, the vendor unconditionally and irrevocably guarantees and undertakes on the followings:

- The aggregate audited EBITDA of the Target Companies for the period from 1 April 2025 to 31 March 2027 ("Target Period") shall be at least USD8.00 million; and
- The aggregate audited EBITDA of the Target Companies for each year under the Target Period shall not be less than USD4.00 million.

("EBITDA Guarantee")

FAIRNESS OPINION REPORT (CONT'D)



Based on the EBITDA Guarantee, the implied multiple of the Target Companies are as follows:

	FYE 2023 RM'000	FYE 2024 RM'000
Purchase Consideration ^[1]	160,151	160,151
Add: Combined borrowings and lease liabilities of the Target Companies ^[2]	48,522	75,255
Less: Combined cash and cash equivalents of the Target Companies ^[2]	(12,256)	(19,541)
Implied Enterprise Value of the Target Companies	196,417	215,865
EBITDA Guarantee (per year) ^[1]	16,858	16,858
Implied EV/EBITDA Multiple	11.65 times	12.80 times

Note:

[1] Translated based on the middle rate as at 5pm of the Date of Opinion as extracted from Bank Negara Malaysia, which is USD: RM4.2145.

[2] Based on the Accountants' Report.

Based on the table above, the followings are noted:

- The implied EV/EBITDA Multiple of the Proposed Acquisitions based on the FYE 2023 financials and the EBITDA Guarantee is lower than the average and median, and within the range of EV/EBITDA Multiple of the Comparable Companies; and
- The implied EV/EBITDA Multiple of the Proposed Acquisitions based on the FYE 2024 financials and the EBITDA Guarantee is higher than the average, lower than the median and within the range of EV/EBITDA Multiple of the Comparable Companies.

Premised on the foregoing, we are of the opinion that the Purchase Consideration is fair, as it appears more attractive when benchmarked against the Comparable Companies, specifically, the investment amount paid per unit of earnings for the Target Companies is comparatively lower.

CTA

CTA is a valuation method whereby it seeks to compare and analyse the consideration paid for recent comparable transactions undertaken by companies that had entered into the acquisitions (controlling stake) of companies in Malaysia, Thailand and Vietnam that are principally in the precision engineering industry. In selecting the comparable transactions, we had extracted a list of completed acquisitions of controlling stake for the past four (4) years from the Date of Opinion, as extracted from S&P Capital IQ:

Date of Announcement (MM-YY)	Acquirer	Target	Equity Stake Acquired	Implied 100% equity value ^[1] (RM million) (A)	Target's PAT (RM million) (B)	PE Multiple (A)/(B)
May 2022	Xin Hwa Holdings Berhad (listed on the Main Market of Bursa Securities)	Micron Metal Engineering Sdn Bhd	79.0%	25.06	2.20	11.39
July 2022	Artroniq Berhad (listed on the ACE Market of Bursa Securities)	Fujim Digital Sdn Bhd	60.0%	15.00	0.62	24.27
Sep 2023	SAM Engineering & Equipment (M) Berhad (listed on the Main Market of Bursa Securities)	Aviatron (M) Sdn Bhd	100.0%	203.44	4.98	40.88
						Average
						Median
						Low
						High
						25.51
						24.27
						11.39
						40.88
						Implied PE Multiple based on FYE 2023 financials
						16.44
						Implied PE Multiple based on FYE 2024 financials
						6.43

FAIRNESS OPINION REPORT (CONT'D)

**Note:**

[1] Derived based on the purchase consideration paid for the equity stake acquired and grossed up to 100%.

Based on the table above, the followings are noted:

- The implied PE Multiple of the Proposed Acquisitions based on the FYE 2023 financials is lower than the average and median, and within the range of PE Multiple of recent comparable transactions; and
- The implied PE Multiple of the Proposed Acquisitions based on the FYE 2024 financials is lower than the average, median and the range of PE Multiple of recent comparable transactions.

Premised on the above, we are of the opinion that the Purchase Consideration is fair, as it appears more attractive when benchmarked against recent comparable transactions, specifically, the investment amount paid per unit of earnings for the Target Companies is comparatively lower.

7. LIMITATION

One should recognise that there is no publicly listed company which may be considered to be identical to the Target Companies in terms of, inter-alia, composition of business activities, scale of business operations, risk profile, accounting and tax policies, track record, future prospects, competitive environment, financial positions and that such business may have fundamentally different profitability objectives. One should also note that any comparisons made with respect to the Comparable Companies and comparable transactions are merely to provide a comparison to the implied valuation of the Target Companies and the selection of the Comparable Companies and comparable transactions and adjustments made are highly subjective and judgemental and the selected companies and transactions may not be entirely comparable due to various factors.

8. CONCLUSION

It should be recognised that the evaluation of any entity is always subject to a great deal of uncertainty and involves a high degree of subjectivity and element of judgement. Because of the susceptibility of valuations to inputs of the model applied, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook (whether in general or relating to the industry itself).

In establishing our opinion on the fairness of the Purchase Consideration, SCA has considered various valuation methodologies, which are commonly used for valuation, taking into consideration the Target Companies' future earnings generating capabilities, projected future cash flows and its sustainability as well as various business considerations and risk factors affecting its business.

SCA had adopted the RVA and the CTA as the valuation methodology to assess the fairness of the Purchase Consideration and has considered the following:-

- (i) Based on the RVA, the implied PE Multiple and EV/EBITDA Multiple of the Proposed Acquisitions based on the FYE 2023 financials are lower than the average and median, and within the range of PE Multiple and EV/EBITDA Multiple of the Comparable Companies;
- (ii) Based on the RVA, the implied EV/EBITDA Multiple of the Proposed Acquisitions based on the Purchase Consideration, the FYE 2023 financials and the EBITDA Guarantee is lower than the average and median, and within the range of EV/EBITDA Multiple of the Comparable Companies; and
- (iii) Based on the CTA, the implied PE Multiple of the Proposed Acquisitions based on the Purchase Consideration and the FYE 2023 financials is lower than the average and median, and within the range of PE Multiple of recent comparable transactions.

FAIRNESS OPINION REPORT (CONT'D)



Premised on the above, we are of the opinion that the Purchase Consideration is **FAIR**, as it appears more attractive when benchmarked against the Comparable Companies and recent comparable transactions, specifically, the investment amount paid per unit of earnings for the Target Companies is comparatively lower.

Following the availability of the combined financials of the Target Companies for FYE 2024, based on the RVA and the CTA, for information purposes:

- (i) Based on the RVA, the implied PE Multiple of the Proposed Acquisitions based on the FYE 2024 financials are lower than the average, median and the range of PE Multiple of the Comparable Companies;
- (ii) Based on the RVA, the implied EV/EBITDA Multiple of the Proposed Acquisitions based on the FYE 2024 financials are lower than the average and median, and within the range of EV/EBITDA Multiple of the Comparable Companies;
- (iii) Based on the RVA, the implied EV/EBITDA Multiple of the Proposed Acquisitions based on the FYE 2024 financials and the EBITDA Guarantee is higher than the average, lower than the median and within the range of EV/EBITDA Multiple of the Comparable Companies; and
- (iv) Based on the CTA, the implied PE Multiple of the Proposed Acquisitions based on the FYE 2024 financials is lower than the average, median and the range of PE Multiple of recent comparable transactions.

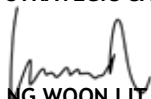
9. RESTRICTIONS

Save for the purpose stated herein, this Letter cannot be relied upon by any party other than the Company. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Letter, in whole or in part. We are not required to give testimony or to be in attendance in court with reference to the opinion herein provided.

Neither SCA nor any of its members or employees undertakes responsibilities arising in any way whatsoever to any person in respect of this Letter, including any error or omission therein, however caused, as a result of the unauthorised circulation, publication, reproduction or use of this Letter, or any part hereof.

Should SCA become aware of any significant change affecting the information contained in this Letter or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive or have reasonable grounds to believe that there is material omission in this Letter, we will immediately notify the Board of the Company.

Yours faithfully
for and on behalf of
STRATEGIC CAPITAL ADVISORY SDN BHD


NG WOON LIT
Director


TAN DAI LIANG, CFA
Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Circular, and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. The Board confirms that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

All information relating to the Target Companies as well as the Vendor are extracted from information provided by the directors/management of the Target Companies and information provided by the Vendor. As such, the responsibility of the Board is restricted to ensuring that such information had been accurately reproduced in this Circular.

2. CONSENTS AND DECLARATIONS OF CONFLICT OF INTEREST**2.1 Affin Hwang IB**

Affin Hwang IB, being the Principal Adviser for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Affin Hwang IB confirms that there is no conflict of interest that exists or likely to exist in relation to its role as the Principal Adviser for the Proposed Acquisitions.

2.2 SCA

SCA, being the expert for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

SCA confirms that there is no conflict of interest that exists or likely to exist in relation to its role as the expert for the Proposed Acquisitions.

2.3 Grant Thornton Malaysia PLT

Grant Thornton Malaysia PLT, being the Reporting Accountants for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Grant Thornton Malaysia PLT confirms that there is no conflict of interest that exists or likely to exist in relation to its role as the Reporting Accountants for the Proposed Acquisitions.

2.4 Watson Farley & Williams (Thailand) Ltd.

Watson Farley & Williams (Thailand) Ltd., being the Thailand legal counsel for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its legal opinion on ownership of title to securities or assets in Thailand, enforceability of agreements, representations and undertakings given by foreign counter-parties under the relevant laws of Thailand as well as its expert's report on policies on foreign investments, taxation and repatriation of profits of Thailand and all references thereto in the form and context in which they appear in this Circular.

FURTHER INFORMATION (CONT'D)

Watson Farley & Williams (Thailand) Ltd. confirms that there is no conflict of interest that exists or likely to exist in relation to its role as the Thailand legal counsel to provide the abovementioned legal opinion and expert's report in relation to the Proposed Acquisitions.

2.5 Vision & Associates Legal

Vision & Associates Legal, being the Vietnam legal counsel for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its legal opinion on ownership of title to securities or assets in Vietnam, enforceability of agreements, representations and undertakings given by foreign counter-parties under the relevant laws of Vietnam as well as its expert's report on policies on foreign investments, taxation and repatriation of profits of Vietnam and all references thereto in the form and context in which they appear in this Circular.

Vision & Associates Legal confirms that there is no conflict of interest that exists or likely to exist in relation to its role as the Vietnam legal counsel to provide the abovementioned legal opinion and expert's report in relation to the Proposed Acquisitions.

3. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, there are no other material commitments incurred or known to be incurred by YBS Group, which upon becoming enforceable may have a material effect on the business or financial position of YBS Group:

	RM'000
Capital expenditure in respect of PPE:	
• Approved but not contracted for	-
• Contracted but not provided for	*27,750
Total	27,750

* Comprising the balance payment for the Proposed Acquisition of Property (approximately RM21.15 million) and relevant renovation cost to the factory building upon completion of the Proposed Acquisition of Property (approximately RM6.60 million).

4. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by YBS Group, which upon becoming enforceable may have a material effect on the business or financial position of YBS Group.

FURTHER INFORMATION (CONT'D)

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM of the Company, at the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang:

- (i) the Constitution of the Company;
- (ii) the Constitution of APTM*, Articles of Association of APTC and Charter of ATSC;
 - * APM did not adopt a Constitution; hence, it is governed by the relevant provisions and rules as set out in the Act.
- (iii) the audited consolidated financial statements of YBS Group for the past two (2) FYEs 31 March 2024 and 2025 as well as the latest unaudited consolidated financial statements of YBS Group for the financial period ended 30 June 2025;
- (iv) the audited financial statements for each of the Target Companies for the past two (2) FYEs 31 December 2023 and 2024;
- (v) the Agreement as referred to in Appendix I of this Circular;
- (vi) the Variation Letter as referred to in Section 1 of this Circular;
- (vii) the Directors' reports on the Target Companies as referred to in Appendix III of this Circular;
- (viii) the pro forma consolidated statements of financial position of YBS as referred to in Appendix IV of this Circular;
- (ix) the Accountants' Report of the Target Companies as referred to in Appendix V of this Circular;
- (x) the legal opinion and expert's report on the policies relating to foreign investment, taxation and repatriation of profits, ownership of title to securities or assets, enforceability of agreements, representations and undertakings given by foreign counterparties under the relevant laws of Thailand as referred to in Appendix VI of this Circular;
- (xi) the legal opinion and expert's report on the policies relating to foreign investment, taxation and repatriation of profits, ownership of title to securities or assets, enforceability of agreements, representations and undertakings given by foreign counterparties under the relevant laws of Vietnam as referred to in Appendix VII of this Circular;
- (xii) the Fairness Opinion Report prepared by SCA as referred to in Appendix VIII of this Circular;
- (xiii) the material contract as referred to in Section 7 of Appendix II(A); and
- (xiv) the letters of consent as referred to in Section 2 of this Appendix.



YBS INTERNATIONAL BERHAD
(Registration No.: 200201014380 (582043-K))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of YBS International Berhad (“**YBS**” or “**Company**”) is scheduled to be held at Mertajam, Level 1, Holiday Inn & Suites Penang Prai, 1919, Menara Sentral, Jalan Juru Sentral, 14000 Bukit Mertajam, Pulau Pinang on Wednesday, 3 December 2025 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications of the following resolution:

ORDINARY RESOLUTION

PROPOSED ACQUISITIONS BY YBS INTERNATIONAL BERHAD (“YBS” OR “COMPANY”), OF 100.00% EQUITY INTERESTS IN ALLIED PRECISION TECHNOLOGIES (M) SDN BHD, ALLIED PRECISION (THAILAND) COMPANY LIMITED, ALLIED PRECISION MANUFACTURING (M) SDN BHD AND ALLIED TECHNOLOGIES (SAIGON) CO LTD FROM ALLIED TECHNOLOGIES HOLDINGS PTE LTD FOR A TOTAL CASH CONSIDERATION OF UP TO USD38,000,000 (EQUIVALENT TO RM159,144,000) (“PROPOSED ACQUISITIONS”)

“**THAT** subject to the approval and consent being obtained from all relevant authorities and/or parties (where applicable), approval be and is hereby given to the Company to acquire 100% equity interests in Allied Precision Technologies (M) Sdn Bhd, Allied Precision (Thailand) Company Limited, Allied Precision Manufacturing (M) Sdn Bhd and Allied Technologies (Saigon) Co Ltd from Allied Technologies Holdings Pte Ltd for a total cash consideration of up to USD38,000,000 (equivalent to RM159,144,000) based on the terms and conditions of the master sale and purchase agreement dated 28 May 2025 and the variation letter dated 30 October 2025 entered into between the Company and Allied Technologies Holdings Pte Ltd in relation to the Proposed Acquisitions;

AND THAT the board of directors of YBS (“**Board**”) be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the aforesaid Proposed Acquisitions, with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board to implement, finalise and give full effect to the Proposed Acquisitions.”

By Order of the Board

Ong Tze-En
MAICSA 7026537 | SSM PC NO. 202008003397
Company Secretary

Pulau Pinang, 18 November 2025

Notes:

- 1. A member entitled to attend, participate, speak and vote is entitled to appoint up to two (2) proxies to attend, participate, speak and vote instead of him/her. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. A proxy may but need not be a member.*
- 2. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- 3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation’s common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*

4. *For a proxy to be valid, the Proxy Form duly completed must be deposited at the Share Registrar's office, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or alternatively to lodge electronically via the portal at <https://www.equity.my/> or emailed to mega-sharereg@megacorp.com.my, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s). For those who have emailed the Proxy Form, please submit the original document at any time before the time appointed for holding the meeting or to the registration staff on the meeting day for the Company's records.*
5. *A member of the Company is permitted to give the Company notice of termination of a person's authority to act as proxy not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The notice of termination must be in writing and be deposited at the Registered Office of the Company, 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang.*
6. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("**ROD**") as at 26 November 2025 and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.*

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PROXY FORM

YBS INTERNATIONAL BERHAD Registration No. 200201014380 (582043-K) (Incorporated in Malaysia)	
No. of Shares held	CDS Account No.

I/We, _____
 (Full name in Block Letters and NRIC No./Passport No./Registration No.)

of _____ and _____
 (Address) (Tel. No./Email Address)

being a Member(s) of YBS INTERNATIONAL BERHAD (the "Company"), hereby appoint

Full Name (in Block Letters)	NRIC No./ Passport No.	No. of Shares
Address	Email Address	% Shareholding

*and/or failing him/her

Full Name (in Block Letters)	NRIC No./ Passport No.	No. of Shares
Address	Email Address	% Shareholding

or failing him/her, the CHAIRMAN OF THE MEETING, as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Extraordinary General Meeting ("**EGM**" or "**Meeting**") of the Company, to be convened and held at Mertajam, Level 1, Holiday Inn & Suites Penang Prai, 1919, Menara Sentral, Jalan Juru Sentral, 14000 Bukit Mertajam, Pulau Pinang on Wednesday, 3 December 2025 at 11.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) on how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Ordinary Resolution	For	Against
Proposed Acquisitions		

Dated this _____ day of _____ 2025.

 Signature of Shareholder(s)/ Common Seal

* Strike out whichever is not desired.

Notes:

1. A member entitled to attend, participate, speak and vote is entitled to appoint up to two (2) proxies to attend, participate, speak and vote instead of him/her. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. A proxy may but need not be a member.
2. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

4. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Share Registrar's office, Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or alternatively to lodge electronically via the portal at <https://www.equiti.my/> or emailed to mega-sharereg@megacorp.com.my, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s). For those who have emailed the Proxy Form, please submit the original document at any time before the time appointed for holding the meeting or to the registration staff on the meeting day for the Company's records.
5. A member of the Company is permitted to give the Company notice of termination of a person's authority to act as proxy not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The notice of termination must be in writing and be deposited at the Registered Office of the Company, 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang.
6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 26 November 2025 and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

Personal Data Privacy

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the EGM and any adjournment thereof.

Fold this flap for sealing

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**AFFIX
STAMP**

The Share Registrar
YBS INTERNATIONAL BERHAD (Registration No. 200201014380 (582043-K))

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

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