# QES GROUP BERHAD ("QES")
# Registration No. 201401042911 (1119086-U)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE 12TH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT CORPORATE MEETINGS BY ENVIVO, GROUND FLOOR, LOBBY 1, CRYSTAL PLAZA, NO. 4, JALAN 51A/223, 46100 PETALING JAYA, SELANGOR ON FRIDAY, 26 JUNE 2026 AT 10.00 A.M.**

**Q1.** **The shareholder requested an update on the progress of the Group's previous five-year roadmap and enquired about the Group's strategic plans and key milestones for the period from 2026 to 2030.**

The Group Managing Director ("GMD") shared that, QES has delivered several milestones over the past 5 years although certain targets were not achieved to the level originally intended. Since the Company IPO in 2018, the Group had pursued growth plans focused on expanding its manufacturing business, with the objective of increasing manufacturing revenue contribution to approximately 30% to 35% of total revenue. The plan remains ongoing with meaningful progress made particularly in semiconductor-related manufacturing activities.

The Group continued to invest in facilities and capabilities, including the Shah Alam factory, where semiconductor equipment and related research and development activities are being carried out. The Batu Kawan factory, which was built at a cost of approximately RM40 million, is now operational. There are several projects on-going now at the Batu Kawan Plant, which is expected to support future projects for the Group and contribute to future returns overtime. These investments provide a foundation for Group's future revenue growth.

The Group currently operates through two main divisions, namely Manufacturing and Value Engineering. The former Distribution division has been renamed "Value Engineering" to better reflect the Group's role in adding value through automation, software integration and total solution offerings, rather than merely distributing equipment sourced from supplier in Japan, Europe, China and other markets.

QES Group continues to generate strong recurring income from its semiconductor business. He commented that the sustained recurring income was a testament to the strategic initiatives and foundations established by the Group over the past five years. It was highlighted that the IT Team has been digitalising operations and that the Group is exploring the adoption of AI-powered tools and technologies to enhance operational efficiency and optimise manpower requirements.

Looking ahead, the Group's strategic plans and key milestones for the five-year period from 2026 to 2030 are outlined below:

i) The Group will continue its global expansion and capatalise on opportunities arising from the AI super cycle. While the first wave of AI-related demand was driven by GPUs and high-bandwidth memory, ASEAN is expected to benefit more from subsequent waves involving CPUs, power modules, data centre requirements, connectors, hard drives and other related components. The Group's equipment design, research and development, value engineering, distribution product lines and automation capabilities are being aligned to capture opportunities in these areas over the next 3 to 5 years.

ii) The Group will continue to pursue opportunities in traditional industrial sectors such as cement, metal and automative, in addition to AI-related semiconductor opportunities.

iii) The Group has also entered into collaborations with public listed companies from China and had executed a memorandum of understanding ("MOU") with Ray Tech Singapore Pte. Ltd., a wholly owned subsidiary of Unicomp Technology (Group) Co., Ltd. ("Unicomp"), a China based company. The collaboration cover manufacturing activities in China, development of new X-ray products in Malaysia for global markets. The Group views collaboration with reputable and sizeable listed Chinese entities as a strategic way to access the China market, develop joint products and expand manufacturing opportunities. Other collaboration plans are currently being explore over the next 2 to 3 years which include the execution of further MOUs, which are expected to contribute to the Group's 5-years plans.

iv) The Group is also working on another ongoing project collaboration with a public listed company from China which will be going to utilise the space at the Company's Batu Kawan factory in Penang to manufacture advance packaging equipment.

v) The Group plan to scale its operations in India's emerging semiconductor market and potentially expanding its footprint into the India market in view of strong growth results in the semiconductor sector. This is expected to drive better returns over the next 2 to 3 years. The Group is also considering expanding its Medical Technology ("Medical Tech") business into Europe and United States markets.

**Q2** **The shareholder noted that the Group's revenue had remained relatively flat, while its profit after tax had declined from 2021 to 2025, and enquired:**
**(a) How is the Group addressing these trends?**
**(b) When does the Group expect to achieve a recovery?**

The GMD responded that 2025 was a challenging year for the semiconductor industry, with softened demand in the electric vehicle ("EV") and automotive-related semiconductor sectors. This had affected the Group's order intake for automotive-focused IC manufacturing equipment supplied to semiconductor manufacturers serving the automotive segment.

He shared that the semiconductor industry is expected to enter a recovery phase in 2026, with demand and order intake showing signs of improvement. Consequently, the Group expects the manufacturing segment to deliver improved performance in FY2026.

With respect to the Medical Tech segment, he explained that the Group had made substantial investments in research and development as well as facility expansion in Penang over the past several years. Although the Medical Tech segment had incurred losses since 2021, it began showing encouraging progress towards the end of 2025. He added that the Group expects the Medical Tech to contribute positively to profitability in 2026, driven by new equipment shipments and stronger order intake. These developments represent the outcome of the Group's four-year strategic investment programme, which is expected to generate meaningful returns going forward.

The GMD further noted that the Value Engineering division continued to provide stable revenue and profitability, helping to mitigate the weaker performance of

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| | | the manufacturing segment. Overall, he expressed confidence that the Group's manufacturing and Medical Tech segments would improve in FY2026, supported by the recovery in semiconductor demand, increased equipment shipments and stronger order intake. |
| | **(c)** | **When is AETM be able to turn around?** |
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| | | Applied Engineering Technology (M) Sdn. Bhd. ("AETM") is an associate company of QES, in which the group holds a 30% equity interest. AETM is managed by the Company U.S. counterpart and is not operated by QES. Unfortunately, AETM's performance over the past five years has not met the Company expectations, as it has continued to record losses. QES is currently conducting a comprehensive strategic review of its investment in AETM. The Group is evaluating all available options, including a potential exit, to mitigate further financial exposure and ensure that capital is reallocated toward higher-yielding areas within the Group's core business. |
| **Q3** | **(a)** | **Is the Memorandum of Understanding ("MOU") entered into between QES and Ray Tech Singapore Pte. Ltd. ("Ray Tech") expected to be commercialised?** |
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| | | The MOU entered with Ray Tech is for project collaboration and it have not realised any revenue as it is just at the initial stage of signing the MOU. |
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| | **(b)** | **Is QES going to be a contract manufacturer?** |
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| | | It is more like a joint development project rather than a contract manufacturer. It may start up as a contract manufacturer but eventually it will become a joint product ownership. Similarly for the other collaboration project which are doing the advance packaging equipment, it will initially also be based on the contract manufacturing model before transitioning. |
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| | **(c)** | **Did QES bear the full construction cost of the Batu Kawan plant in Penang, or did the customer also contribute towards the construction cost?** |
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| | | The Batu Kawan plant was funded entirely by QES to support the Company manufacturing and Medical Tech expansion plans. Both the upcoming collaboration projects will utilise the space at the Batu Kawan Plant and QES expect to realise the Return of Investment ("ROI") over the long term through these project collaborations and the Company broader medical technology expansion. |
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**(d) What new products are being developed for GPU or advanced packaging inspection, and when will the prototypes be ready?**

The GPU products are highly exclusive tools currently concentrated in Taiwan, Korea, Japan and part of the United States. With Micron establishing a high-bandwidth memory presence in Singapore and the test and assembly facilities in Penang. Malaysia is now moving forward to advanced packaging rather than using the traditional methods of test and assembly.

To meet these demands, QES is developing product lines at the Company Shah Alam R&D facility focused on advanced packaging inspection that address some of the advanced packaging requirements and one of the products that produce is using a sensor that utilises face reflectometry and that is used to do vapor inspection in a very rapid mode. QES have soft-launched the product during the SEMICON Southeast Asia exhibition in May 2025. Besides, QES is also developing the automated product line for inspection.

QES is collaborating with Hitachi to develop a fully automated X-ray Fluorescence (XRF) coating thickness inspection system to meet customer demands for hands-free automation. We are also working with a partner in China to manufacture advanced packaging tools for production environments (such as diffusion plasma systems), making QES a pioneer in this specific tool segment to yield the group long-term returns.

**(e) Autoboot comprises 30% of the manufacturing division business and what is the Group's target for the manufacturing segment's contribution to revenue over the next three to five years?**

The Manufacturing division currently contributes approximately 30% of the Group's overall business mix. Looking ahead, the Group expects this contribution to increase to approximately 35% to 40% over the next three years, supported by continued growth in the Medical Tech sector, semiconductor manufacturing and advanced packaging industries.

The Board views Manufacturing as a key strategic growth pillar for the Group, as it provides greater opportunities to expand beyond the domestic market into international markets, including the United States, Europe and China. Developing proprietary manufacturing capabilities enables the Group to strengthen its global competitiveness and broaden its customer base.

Management further explained that the ongoing investment in the Manufacturing division forms a core component of the Group's five-year strategic roadmap. Subject to favourable market conditions and successful execution of its growth initiatives, the Group believes this strategy has the potential to deliver significant long-term value and increase the Group's revenue by approximately 2.5 times over the next five years.

**(f) Does QES have any tier-one semiconductor customers registered to purchase QES inspection equipment?**

Yes, QES have successfully supplied and installed some post-probing inspection equipment for some customers within the semiconductor industry, including leading industry participants. However, due to confidentiality and non-disclosure obligations, QES is unable to disclose the identities of these customers.

In addition to inspection equipment, QES also offers a comprehensive range of value-added engineering solutions, manufacturing services and related product lines that support customers' semiconductor manufacturing operations. QES will continue to work closely with its customers as a trusted engineering and manufacturing partner, providing customised solutions that enhance productivity and operational efficiency.

**(g) Does QES have any strategic plan to build and own proprietary Intellectual Property ("IP"), and what specific modes or mechanisms are being undertaken to secure these IP rights?**

Developing proprietary intellectual property within the semiconductor equipment industry is a highly specialised and capital-intensive undertaking. The development process involves sophisticated technologies, extensive engineering expertise and sustained long-term investment, rather than incremental short-term product enhancements.

Accordingly, the Group continues to invest consistently in its internal Research and Development ("R&D") activities to develop proprietary technologies, unique equipment designs and differentiated product capabilities that will strengthen its long-term competitive position.

The Group had previously manufactured specialised semiconductor equipment for a United States-based principal under a long-standing partnership spanning approximately 10 to 15 years. Although the principal has since retired and continues to own the underlying patents, the Group has established a pathway to potentially acquire the related intellectual property in the future. Such an acquisition would enable the Group to strengthen its proprietary technology portfolio and enhance the commercial value of its products.

Recognising the steep time-to-market curve of organic development, the Group will continue to evaluate strategic merger and acquisition ("M&A") opportunities as a means of accelerating its intellectual property development. Supported by the Group's healthy financial position and strong cash reserves, the Board believes that acquiring proven, revenue-generating technologies and IP portfolios would complement the Group's existing capabilities and support its long-term growth strategy.

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| **Q5** | **(a)** | **The Group's revenue decreased by approximately RM11 million when comparing the third quarter of FY2025 with the first quarter of FY2026, yet net profit remained relatively stable at approximately RM3.7 million. Was this attributable to any major cost-cutting initiatives? In addition, which product categories generally generate higher profit margins compared to others?** |
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| | | The relatively stable profitability, despite lower revenue, was not the result of any significant cost-cutting initiatives. Rather, it reflected the nature of the Group's product mix and the varying gross profit margins associated with different products delivered during the respective quarters.<br><br>The Group offers a diverse range of products and engineering solutions, with profit margins varying according to product type, configuration and customer requirements shipped during a particular quarter. Consequently, a quarter with lower revenue may still generate comparable profits if a larger proportion of the products delivered comprise higher-margin offerings.<br><br>The Group operates through two main divisions; namely the Value Engineering division and the Manufacturing division.<br><br>Within the Value Engineering division, certain product lines generally command higher gross profit margins.<br><br>By comparison, the Manufacturing division includes legacy product lines that have been in the market for more than 20 to 25 years. These products continue to see demand, but their profit margins are relatively lower. Accordingly, when shipment volume for these lower-margin products is higher in a quarter, it can pull down the overall gross profit margin. Conversely, when the Company ships more higher-margin products, such as Spectro-related products, overall profitability can improve even if revenue is lower.<br><br>Therefore, the fluctuation in the Group's quarterly gross profit margin is mainly attributable to the mix of products shipped, differences in product configuration, and quarter-to-quarter changes in product cost, rather than a clear indication of a major cost-cutting initiative. The Board continues to focus on improving the overall product mix and expanding higher-value offerings to support sustainable profitability over the long term. |
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| | **(b)** | **The Group's fourth quarter results consistently reflect significantly higher profits compared to the first quarter, where profitability typically declines by almost half. Is this fluctuation mainly attributable to year-end accounting adjustments?** |
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| | | The variation in quarterly performance is not driven by year-end accounting adjustments but is primarily attributable to the Group's normal business operations and revenue recognition cycle.<br><br>The fourth quarter generally records stronger profitability as the financial year |

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| | | draws to a close. During this period, the operations and sales teams intensify their efforts to complete the delivery, installation, testing and commissioning of equipment, enabling the Group to recognise revenue before the financial year-end.<br>In contrast, the first quarter typically experiences a lower level of activity due to the shorter operational period arising from regional festive seasons, particularly the Lunar New Year and other public holidays across Asia. These holidays reduce the available time for equipment delivery, installation, customer acceptance testing and project completion, resulting in lower revenue recognition during the quarter.<br><br>Accordingly, the fluctuation in quarterly profits reflects the Group's normal operational cycle and timing of project execution rather than any accounting-related adjustments. |
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| | **(c)** | **Is there any possibility that the Company may undertake a selective capital reduction or privatisation exercise in the foreseeable future?** |
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| | | The Company currently has no plans or intention to undertake a selective capital reduction or privatisation exercise.<br><br>The Board believes that maintaining a strong cash position is essential to support the Group's long-term growth strategy, including investments in research and development, product innovation, business expansion and manufacturing capacity enhancement.<br><br>In addition, preserving a healthy liquidity position enables the Group to remain financially resilient and well-positioned to navigate uncertainties arising from global macroeconomic conditions and the cyclical nature of the semiconductor industry. |
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| | **(d)** | **The Group's principal business partners and key suppliers have traditionally been based in the United States, Germany and Japan. As the Group expands its presence in Mainland China and collaborates with Chinese suppliers, could this potentially create channel conflicts with its existing principals?** |
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| | | The Management does not foresee any channel conflicts arising from the Group's collaboration with suppliers in Mainland China.<br><br>China represents one of the largest semiconductor markets globally and remains an important market for many of the Group's existing principals from the United States, Germany and Japan. As such, these principals recognise the strategic importance of the China market and are generally supportive of the Group's efforts to strengthen its presence there.<br><br>Furthermore, the products sourced from Chinese suppliers are complementary to the Group's existing product portfolio and do not directly compete with those |

supplied by its existing principals. Accordingly, Management believes that these collaborations will enhance the Group's market offerings without adversely affecting its long-standing relationships with its principal suppliers.

**(e) The Group has capitalised approximately RM6.1 million of development costs as intangible assets. Upon completion of the respective development projects, will these amounts be reclassified as fixed assets?**

The capitalised development cost of approximately RM6.1 million primarily comprises manufacturing technology development costs and software development expenditures.

As these assets are non-monetary in nature and do not possess physical substance, they meet the accounting definition of intangible assets and will continue to be classified as such throughout their useful lives.

Upon completion of the development phase and commencement of commercialisation, these capitalised costs will not be reclassified as property, plant and equipment (fixed assets). Instead, the intangible assets will be amortised systematically over their estimated useful lives, with the amortisation expense recognised in accordance with the economic benefits expected to be derived from the commercial products developed.

**(f) The Group's total bank borrowings amounting to approximately RM60 million and are secured against various assets, including fixed deposits, freehold land, buildings and corporate/government guarantees. Given the volume of assets pledged, does the Board consider the Group to be over-collateralised, and are there plans to optimise its banking facilities?**

A significant portion of the Group's banking facilities is utilised to support its trade financing requirements, particularly through letters of credit ("LC"), trust receipts and other revolving trade facilities to manage the short-term working capital cycles.

As the Group supplies high-value semiconductor equipment, substantial financing support from its banking partners is required to facilitate the importation of equipment from overseas before payments are received from customers. These facilities operate on a revolving basis. The credit risk is highly mitigated because our primary customer base consists of established, creditworthy multinational corporations (MNCs). The banks fund the upfront importation, and the facilities are systematically liquidated upon receiving customer payments.

Aside from trade lines, part of the Group's bank borrowing relates to financing obtained for the construction of its factory, as the project was not funded entirely through internally generated funds. Utilising long-term debt instead of depleting internal cash preserves our liquidity buffer for operational growth.

Most of the Group's banking facilities are secured to support revolving trade facilities such as letters of credit, bank guarantees and trust receipts, which are utilised as part of the Group's normal business operations.

The finance team continually reviews the Group's banking arrangements and financing structure. Given the Group's long-standing banking relationships, consistent profitability and sound financial performance, the Management believes there is scope to negotiate for more favourable financing terms, higher credit limits, lower interest margins and improved collateral arrangements where appropriate moving forward.

**Q6** **The Group recorded a foreign exchange loss of approximately RM3.6 million for the financial year ended 2025. Given the recent movements in exchange rates, particularly the strengthening of the Ringgit against the US Dollar, does the Group anticipate a reversal of these foreign exchange losses going forward?**

The impact of foreign exchange movements depends largely on the nature and size of individual customer orders as well as the Group's overall foreign currency exposure.

For substantial orders denominated in foreign currencies, the Group adopts a prudent risk management approach by entering into forward exchange contracts to lock in exchange rates where appropriate. This allows the Group to secure its profit margins and minimise the impact of adverse currency fluctuations before committing to major business transactions.

The foreign exchange markets remain highly volatile and difficult to predict. While the US Dollar had recently weakened to approximately RM3.80 against the Ringgit, exchange rates are expected to fluctuate over time and may recover to higher levels. Given this uncertainty, the Group does not rely on currency movements for profitability but instead focuses on managing its exposure through appropriate hedging strategies.

The Group's finance team works closely with its banking partners to implement suitable foreign exchange risk management and natural hedging strategies, ensuring that currency risks are managed prudently while maintaining sufficient flexibility to support ongoing business operations.

**Q7** **Revenue generated from the Malaysia geographical segment declined significantly from approximately RM134 million to RM96 million during the financial year. What were the principal reasons for this decline, and what strategies has the Group put in place to restore growth?**

The decline in revenue from the Malaysian market was primarily attributable to the challenging conditions experienced by the semiconductor industry during 2025, particularly within the Outsourced Semiconductor Assembly and Test ("OSAT") sector.

Demand from the automotive semiconductor market weakened considerably during the

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| | year, resulting in lower demand for automotive integrated circuits ("ICs") and related semiconductor equipment. As a significant portion of the Group's Manufacturing business serves equipment manufacturers supporting the electric vehicle ("EV") and automotive semiconductor industries, the slowdown had a direct impact on the Group's revenue generated from customers in Malaysia.<br>In addition, some multinational Tier-1 semiconductor customers deferred or freeze their planned capacity expansion projects throughout much of 2025. This resulted in a significant reduction in new order intake, affecting both the Manufacturing and Value Engineering divisions and contributing to the overall decline in Malaysian revenue compared with the previous financial year.<br><br>Looking ahead, Management expressed cautious optimism regarding the Group's outlook. The Group has begun to observe encouraging improvements in customer enquiries and order intake entering 2026, with January's order bookings showing positive year-on-year growth.<br><br>Management believes that the ongoing artificial intelligence ("AI")-driven semiconductor investment cycle is gradually extending beyond high-end semiconductor products into broader market segments, including power modules, integrated circuits and other semiconductor applications. In addition, demand from the automotive sector has shown signs of recovery compared with 2025.<br><br>Based on these improving market conditions, Management expects the Group's Malaysian operations to record healthier revenue growth in 2026 compared with 2025, supported by a gradual recovery in semiconductor demand and increased customer investment activities. |
| **Q8** | **The Group has increased its investment in QES (Hong Kong) Limited ("QHK") and what is the purpose of this additional injection of funds?** |
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| | The additional capital injection into QES (Hong Kong) Limited ("QHK") was primarily intended to support its operational requirements and long-term business expansion strategy in the greater China market.<br><br>The Board regards Hong Kong as a strategic gateway for the Group's expansion into Mainland China. Despite the challenges experienced over the past few years, the Group has remained committed to developing its presence in China, which continues to form an important component of its long-term semiconductor business roadmap.<br><br>Management acknowledged that the Group's financial performance in the China market over the past three years had been below expectations. Consequently, the additional investment was necessary to fund operating expenses, strengthen the Group's local presence and support business development activities while building a sustainable platform for future growth. The Board believes that these upfront investments are essential to establish a stronger market position and generate long-term returns.<br><br>Encouragingly, the Group has observed positive developments over the past two to three months, having secured several significant orders from customers in China. These early achievements provide confidence that the investments made in QHK, including the |

increase in its paid-up capital, are beginning to deliver positive results.

Unlike many Malaysian companies whose business opportunities in China are largely derived from existing multinational customers, the Group has successfully begun penetrating the domestic Chinese semiconductor market. The Group has secured orders from several local semiconductor manufacturers, representing an important milestone in establishing relationships with domestic Chinese customers.

To strengthen its presence in Mainland China, QHK has established a wholly owned subsidiary in Shanghai, which required additional funding to support its operations. QHK has appointed an experienced local Sales Manager to spearhead business development efforts and expand the Group's customer base within the domestic semiconductor industry.

Management shared that these initiatives have already resulted in several commercial breakthroughs, with additional projects currently under active discussion. Based on the encouraging pipeline of opportunities, the Group remains optimistic about its prospects in the China market.

While some shareholders had previously suggested that the Group reduce or discontinue its efforts in China due to the limited returns achieved in earlier years, the Board remains firmly of the view that China continues to represent one of the world's largest and most important semiconductor markets, offering significant long-term growth potential.

The Group has also established a collaboration with Unicomp, a publicly listed company in China, to further strengthen its market presence. Going forward, the Group intends to continue expanding its footprint in China by developing and supplying products that are designed and manufactured locally to better meet the needs of the domestic Chinese market.

In conclusion, the additional investment in QHK reflects the Group's long-term commitment to the China market and is expected to support sustainable business growth and value creation for shareholders over the coming years.

**Q9** **Advanced packaging has been identified as one of Malaysia's key strategic growth areas under the National Semiconductor Strategy ("NSS"). Given that the Group's current involvement in advanced packaging remains relatively modest, what are the Group's plans to expand in this segment? How does Management intend to improve profit margins from these products, and has the Group allocated any resources towards government grant initiatives?**

Advanced packaging represents a significant long-term growth opportunity for Malaysia's semiconductor industry and is an important area of focus under the Malaysian Government's National Semiconductor Strategy (NSS) and related industry initiatives. The Group views advanced packaging as an important growth pillar that will complement its existing semiconductor equipment and manufacturing businesses.

The Government has established several industry consortiums and collaborative platforms to accelerate the development of advanced packaging capabilities within the

country. QES is actively participating in a number of these initiatives, working alongside industry players, research institutions and strategic partners to support the development of the local semiconductor ecosystem. As these initiatives are still in their early stages, Management expects that meaningful commercial outcomes will take time to materialise.
One of the most notable developments in Malaysia's advanced packaging landscape is Intel's advanced packaging project in Penang. Although the project had previously been deferred, Intel has since resumed its implementation plans and is targeting to commence operations within an ambitious timeframe. As Intel is already an existing customer of the Group, QES believes this development presents potential opportunities to expand its business with Intel over time.

For certain newly developed equipment, engagement with Intel is coordinated through its headquarters in the United States, where procurement and technical approvals are centrally managed. Consequently, supplying equipment to Intel's Malaysian operations may require qualification through Intel's global procurement and evaluation process, which typically takes longer to complete.

In addition to Intel, Management highlighted several emerging domestic initiatives that are expected to contribute to the growth of Malaysia's advanced packaging industry. These include AP Fusion, a local advanced packaging venture supported by venture capital funding, in which QES is already collaborating to provide equipment solutions for projects expected to commence within the next nine to twelve months.

Silicon Connect, another Penang-based semiconductor company, is pursuing advanced packaging initiatives with support from various government funding programmes, including soft financing schemes. These projects are expected to create additional opportunities for equipment suppliers and technology partners such as QES.

With regard to improving profit margins, the Group's strategy is to deepen its participation in higher value-added equipment development and proprietary manufacturing solutions for the advanced packaging segment. As the market matures and commercial production ramps up, the Group expects that increased localisation, greater engineering content and stronger customer relationships will contribute to improved margins and long-term profitability.

QES has allocated funding for two grant-supported initiatives. The first initiative involves establishing an Advanced Packaging Team within QES Group, which will be led by an experienced specialist from the Group's Singapore operations. Through this initiative, the Group intends to leverage the technical expertise of its Singapore team to strengthen its advanced packaging capabilities. QES has developed a number of Value Engineering products that are applicable to the advanced packaging segment, with several already successfully commercialised. The Group will continue to invest in manufacturing capabilities for these products under its Advanced Packaging Group, with additional funding allocated to support these efforts.

The second initiative involves a collaboration with a China-based partner specialising in advanced packaging equipment. Both initiatives are being carried out through local industry platforms, including AP Fusion, to strengthen the Group's capabilities and

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| | participation in Malaysia's advanced packaging ecosystem while enhancing its engagement with multinational semiconductor companies.<br><br>In conclusion, advanced packaging market offers substantial long-term growth potential for the Group. Although the industry remains at an early stage of development and requires patience before meaningful commercial returns are realised, the Group's ongoing investments, industry collaborations and participation in key national initiatives position QES favourably to benefit from the anticipated expansion of Malaysia's advanced packaging ecosystem. |
| **Q10** | **The Group recorded a cash balance of approximately RM90 million for FYE 2025. Out of this balance, how much funds will be allocated for the Group's investments in China?** |
| | The Group is evaluating the feasibility of manufacturing products locally in China specifically to cater to the domestic Chinese market. As discussions are still at the preliminary stage and the Group has yet to finalise the investment structure, including the potential equity stake to be acquired, therefore no specific investment amount has been determined.<br><br>Funding allocation for QHK is ongoing to support its immediate operational requirements. QHK has incurred losses over the past years. To sustain operations, the Group recently injected capital of approximately RM1 million into the Company. Management expects this capital injection to bridge operations until current order books convert into sustained, profitable revenue.<br><br>The Group remains committed to establishing a profitable footprint in China through QHK. Management is closely monitoring performance to ensure the business achieves self-sustainability. Based on current market engagement and the sales pipeline, the Group anticipates a breakthrough in the Chinese market moving forward. |
| **Q11** | **(a) Is a shareholder allowed to cast his/her vote once the AGM commenced?** |
| | The shareholders are allowed to cast their votes after the AGM has commenced, provided they have completed their registration before the start of the meeting. Shareholders who need to leave the meeting early may seek assistance from the Poll Administrator/Share Registrar to cast their votes in advance, rather than waiting until the polling session at the conclusion of all agenda items. |
| | **(b) Can a shareholder vote in advance without appointing a proxy to vote on his/her behalf?** |
| | The shareholders are required to be present at the AGM in order to cast their votes personally. Shareholders who are unable to attend the meeting may appoint a proxy to attend and vote on their behalf in accordance with the Company's Constitution and the procedures set out in the Notice of AGM. |