

# Pentamaster International Limited

## 檳傑科達國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1665)

# SOAR TO GREATER HEIGHTS

## INTERIM REPORT 2023





## Vision

“To be the leader and world class automation solutions provider in the global market”



## Mission

“We are committed to delivering high quality and cost-effective solutions with latest technology as well as providing value-added services to our customers and benefits to our vendors, employees and the community as a whole”

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## About The Cover

### SOAR TO GREATER HEIGHTS

Pentamaster International Limited inspires each and every of its subsidiaries and stakeholders to achieve greater heights, leveraging on each other's strength across the diversified ecosystem that has been in place, across the various industries that it serves, like a twilling upward momentum spiral.

“Think Automation, Think Pentamaster” – a strong enduring vision tagline that the Company believes truly in that will continue to serve and position the Group towards a sustainable growth in the years to come, capitalising on the technology growth trend to mark the Company's global footprint and recognition as it transitions into the new technology era.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Chuah Choon Bin (*Chairman*)  
Gan Pei Joo

#### Non-executive Director

Leng Kean Yong

#### Independent non-executive Directors

Chuah Jin Chong  
Chan May May  
Sim Seng Loong @ Tai Seng

### AUDIT COMMITTEE

Sim Seng Loong @ Tai Seng (*Chairman*)  
Chan May May  
Leng Kean Yong

### REMUNERATION COMMITTEE

Sim Seng Loong @ Tai Seng (*Chairman*)  
Chuah Jin Chong  
Leng Kean Yong

### NOMINATION COMMITTEE

Chuah Jin Chong (*Chairman*)  
Sim Seng Loong @ Tai Seng  
Chan May May

### AUDITOR

Grant Thornton Hong Kong Limited  
Certified Public Accountants  
11th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

### COMPANY SECRETARY

Tsui Sum Yi

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### REGISTERED OFFICE

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

### HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Plot 18 & 19, Technoplex  
Medan Bayan Lepas  
Taman Perindustrian Bayan Lepas  
Phase IV, 11900 Penang  
Malaysia

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Malayan Banking Berhad  
United Overseas Bank (Malaysia) Berhad  
AmBank (M) Berhad  
Public Bank Berhad

### COMPANY WEBSITE

[www.pentamaster.com.my](http://www.pentamaster.com.my)

### STOCK CODE

1665

The board (the “**Board**”) of directors (the “**Directors**”) of Pentamaster International Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, “**we**”, “**us**”, “**our**” or the “**Group**”) for the six months ended 30 June 2023 (“**1H2023**”), together with the comparative figures for the six months ended 30 June 2022 (“**1H2022**”) (*expressed in Ringgit Malaysia “MYR”*). Such information should be read in conjunction with the prospectus of the Company dated 29 December 2017 (the “**Prospectus**”) and the annual report of the Company for the financial year ended 31 December 2022 published on 27 April 2023 (the “**Annual Report**”).

## FINANCIAL HIGHLIGHTS

<b>For the six months ended 30 June</b>	<b>2023 (Unaudited) MYR'000</b>	2022 (Unaudited) MYR'000
Revenue	<b>342,128</b>	297,333
Gross profit	<b>100,521</b>	91,552
Profit for the period	<b>71,871</b>	64,286
Earnings per share (sen)		
Basic	<b>3.02</b>	2.69
Diluted	<b>3.01</b>	2.69

- Revenue of the Group was MYR342.1 million, representing an increase of 15.1% over the corresponding period last year.
- Profit for the period stood at MYR71.9 million, representing an increase of 11.8% over the corresponding period last year.
- Cash and cash equivalents of MYR355.5 million as at 30 June 2023 against MYR328.6 million as at 31 December 2022.
- The Board does not recommend any interim dividend in respect of the six months ended 30 June 2023.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Three Months and Six Months Ended 30 June 2023

	Notes	Individual Quarter		Cumulative Year	
		3 Months Ended		Financial Period Ended	
		30/6/2023 (Unaudited) MYR'000	30/6/2022 (Unaudited) MYR'000	30/6/2023 (Unaudited) MYR'000	30/6/2022 (Unaudited) MYR'000
<b>Revenue</b>	4	<b>176,825</b>	151,343	<b>342,128</b>	297,333
Cost of sales		<b>(123,726)</b>	(104,256)	<b>(241,607)</b>	(205,781)
<b>Gross profit</b>		<b>53,099</b>	47,087	<b>100,521</b>	91,552
Other income	5	<b>7,391</b>	6,743	<b>4,412</b>	10,130
Distribution costs		<b>(2,243)</b>	(1,985)	<b>(4,354)</b>	(5,268)
Administrative expenses		<b>(19,263)</b>	(19,680)	<b>(27,631)</b>	(29,802)
Other operating expenses		<b>(38)</b>	(69)	<b>(101)</b>	(163)
<b>Operating profit</b>		<b>38,946</b>	32,096	<b>72,847</b>	66,449
Finance costs		-	(20)	-	(41)
Share of results of associates		<b>(324)</b>	(246)	<b>727</b>	(460)
<b>Profit before taxation</b>	6	<b>38,622</b>	31,830	<b>73,574</b>	65,948
Taxation	7	<b>(1,074)</b>	(718)	<b>(1,703)</b>	(1,662)
<b>Profit for the period attributable to owners of the Company</b>		<b>37,548</b>	31,112	<b>71,871</b>	64,286

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

For the Three Months and Six Months Ended 30 June 2023

	<i>Notes</i>	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
		30/6/2023 (Unaudited) MYR'000	30/6/2022 (Unaudited) MYR'000	30/6/2023 (Unaudited) MYR'000	30/6/2022 (Unaudited) MYR'000
<b>Other comprehensive income, including reclassification adjustments</b>					
<b><i>Item that will be reclassified subsequently to profit or loss</i></b>					
Exchange loss on translation of financial statements of foreign operations		(35)	(25)	(23)	(26)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>37,513</b>	31,087	<b>71,848</b>	64,260
<b>Earnings per share attributable to owners of the Company (sen)</b>					
Basic	9	<b>1.58</b>	1.30	<b>3.02</b>	2.69
Diluted	9	<b>1.57</b>	1.30	<b>3.01</b>	2.69

The unaudited condensed consolidated statement of profit or loss and other comprehensive income for the three months and six months ended 30 June 2023 should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	<b>As at 30/6/2023 (Unaudited) MYR'000</b>	As at 31/12/2022 (Audited) MYR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>174,294</b>	134,645
Leasehold land		<b>35,208</b>	35,320
Goodwill		<b>4,495</b>	4,495
Intangible assets		<b>38,289</b>	35,653
Interests in associates		<b>20,798</b>	20,070
		<b>273,084</b>	230,183
<b>Current assets</b>			
Inventories		<b>169,437</b>	170,934
Trade receivables	<i>10</i>	<b>273,325</b>	237,926
Other receivables, deposits and prepayments	<i>11</i>	<b>32,864</b>	30,511
Amount due from ultimate holding company		–	6
Amount due from fellow subsidiaries		<b>1,145</b>	–
Derivative financial assets		–	489
Other investments		<b>156</b>	219
Tax recoverable		<b>1,539</b>	2,765
Cash and cash equivalents		<b>355,506</b>	328,628
		<b>833,972</b>	771,478
<b>Total assets</b>		<b>1,107,056</b>	1,001,661

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2023

	<i>Notes</i>	<b>As at 30/6/2023 (Unaudited) MYR'000</b>	As at 31/12/2022 (Audited) MYR'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		<b>12,340</b>	12,340
Reserves		<b>765,933</b>	724,373
<b>Total equity</b>		<b>778,273</b>	736,713
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>115,465</b>	121,528
Other payables, accruals and provisions	<i>13</i>	<b>25,039</b>	31,139
Dividend payable	<i>8</i>	<b>27,557</b>	–
Contract liabilities	<i>14</i>	<b>149,421</b>	100,581
Amount due to fellow subsidiaries		–	179
Derivative financial liabilities		<b>7,158</b>	6,847
Provision for taxation		<b>650</b>	912
		<b>325,290</b>	261,186
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>3,493</b>	3,762
		<b>3,493</b>	3,762
<b>Total liabilities</b>		<b>328,783</b>	264,948
<b>Total equity and liabilities</b>		<b>1,107,056</b>	1,001,661

The unaudited condensed consolidated statement of financial position as at 30 June 2023 should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2023

	Share capital MYR'000	Share premium MYR'000	Shares held for share award scheme MYR'000	Share award reserve MYR'000	Capital reserve MYR'000	Translation reserve MYR'000	Retained profits MYR'000	Proposed final dividend MYR'000	Total MYR'000
<b>As at 1 January 2023 (Audited)</b>	12,340	80,650	(11,478)	3,706	44,477	(80)	579,955	27,143	736,713
<b>Transactions with owners:</b>									
Purchase of shares for share award scheme	-	-	(5,675)	-	-	-	-	-	(5,675)
Equity-settled share award scheme expenses	-	-	-	2,944	-	-	-	-	2,944
Vesting of shares of share award scheme	-	-	2,678	(2,766)	-	-	88	-	-
	-	-	(2,997)	178	-	-	88	-	(2,731)
Profit for the period	-	-	-	-	-	-	71,871	-	71,871
Other comprehensive income	-	-	-	-	-	(23)	-	-	(23)
Total comprehensive income for the period	-	-	-	-	-	(23)	71,871	-	71,848
2022 final dividend declared	-	-	-	-	-	-	(414)	(27,143)	(27,557)
<b>As at 30 June 2023 (Unaudited)</b>	12,340	80,650	(14,475)	3,884	44,477	(103)	651,500	-	778,273
<b>As at 1 January 2022 (Audited)</b>	12,340	80,650	(4,269)	2,266	44,477	56	475,457	25,766	636,743
<b>Transactions with owners:</b>									
Purchase of shares for share award scheme	-	-	(12,715)	-	-	-	-	-	(12,715)
Equity-settled share award scheme expenses	-	-	-	2,606	-	-	-	-	2,606
Vesting of shares of share award scheme	-	-	3,378	(3,178)	-	-	(200)	-	-
	-	-	(9,337)	(572)	-	-	(200)	-	(10,109)
Profit for the period	-	-	-	-	-	-	64,286	-	64,286
Other comprehensive income	-	-	-	-	-	(26)	-	-	(26)
Total comprehensive income for the period	-	-	-	-	-	(26)	64,286	-	64,260
2021 final dividend declared	-	-	-	-	-	-	(1,138)	(25,766)	(26,904)
<b>As at 30 June 2022 (Unaudited)</b>	12,340	80,650	(13,606)	1,694	44,477	30	538,405	-	663,990

The unaudited condensed consolidated statement of changes in equity for the six months ended 30 June 2023 should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2023

	<b>6 Months ended 30/6/2023 (Unaudited) MYR'000</b>	6 Months ended 30/6/2022 (Unaudited) MYR'000
<b>Cash flows from operating activities</b>		
Profit before taxation	<b>73,574</b>	65,948
Adjustments for:		
Amortisation of intangible assets	<b>2,001</b>	1,573
Amortisation of leasehold land	<b>112</b>	73
Depreciation of property, plant and equipment	<b>4,839</b>	2,312
Gain on disposal of property, plant and equipment	<b>–</b>	(58)
Loss from changes in fair value of foreign currency forward contracts	<b>800</b>	11,572
Gain on disposal of other investments	<b>(17)</b>	(15)
Loss from changes in fair value of other investments	<b>2</b>	42
Interest expenses	<b>–</b>	41
Bank interest income	<b>(4,180)</b>	(2,169)
Inventory written down – addition	<b>388</b>	103
Inventory written down – reversal	<b>(18)</b>	(104)
Reversal of expected credit loss (“ECL”) allowance on trade receivables	<b>(1,075)</b>	(250)
Property, plant and equipment written off	<b>4</b>	–
Share of results of associates	<b>(727)</b>	460
Equity-settled share award scheme expenses	<b>2,944</b>	2,606
Unrealised gain on foreign exchange	<b>(12,171)</b>	(7,507)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the Six Months Ended 30 June 2023

	<b>6 Months ended 30/6/2023 (Unaudited) MYR'000</b>	6 Months ended 30/6/2022 (Unaudited) MYR'000
Operating profit before working capital changes	<b>66,476</b>	74,627
Decrease/(Increase) in inventories	<b>1,127</b>	(44,082)
Increase in trade and other receivables	<b>(23,835)</b>	(93,928)
(Decrease)/Increase in trade and other payables	<b>(15,180)</b>	46,442
Increase in contract liabilities	<b>48,840</b>	239
Net change in ultimate holding company balance	–	(28)
Net change in fellow subsidiaries' balances	<b>(1,324)</b>	2
Cash generated from/(used in) operations	<b>76,104</b>	(16,728)
Interests paid	–	(41)
Tax paid	<b>(1,077)</b>	(2,161)
Tax refunded	<b>61</b>	241
<i>Net cash from/(used in) operating activities</i>	<b>75,088</b>	(18,689)
<b>Cash flows from investing activities</b>		
Bank interest received	<b>4,180</b>	2,169
Purchase of intangible assets	<b>(4,635)</b>	(5,249)
Purchase of property, plant and equipment	<b>(44,493)</b>	(9,584)
Proceeds from disposal of other investments	<b>78</b>	292
Acquisition of other investments	–	(327)
<i>Net cash used in investing activities</i>	<b>(44,870)</b>	(12,699)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the Six Months Ended 30 June 2023

	<i>Note</i>	<b>6 Months ended 30/6/2023 (Unaudited) MYR'000</b>	6 Months ended 30/6/2022 (Unaudited) MYR'000
<b>Cash flows from financing activities</b>			
Advance from ultimate holding company		<b>6</b>	–
Repayment of bank borrowing		–	(211)
Purchase of shares for share award scheme	15	<b>(5,675)</b>	(12,715)
<i>Net cash used in financing activities</i>		<b>(5,669)</b>	(12,926)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		<b>24,549</b>	(44,314)
Effect of foreign exchange rate changes		<b>328,628</b>	349,959
		<b>2,329</b>	2,138
<b>Cash and cash equivalents at the end of the period</b>		<b>355,506</b>	307,783

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 June 2017 as an exempted company with limited liability under the Companies Act. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 January 2018 ("**Listing Date**").

The Company is an investment holding company and has not carried out any business since its incorporation. The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in (i) designing, development and manufacturing of standard and non-standard automated test equipment; (ii) designing, development and installation of integrated factory automation solutions and (iii) manufacturing and assembling of medical machines and manufacturing of die casting parts.

The Company's immediate holding company is Pentamaster Corporation Berhad ("**PCB**"), a company incorporated in Malaysia with its shares listed on the Main Market of Bursa Malaysia Securities Berhad. The Directors regard PCB as the ultimate holding company of the Company.

### 2. PRINCIPAL ACCOUNTING POLICIES

#### (a) Basis of preparation

These condensed consolidated financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022. The accounting policies and methods of computation adopted for the condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2022.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### (a) Basis of preparation *(continued)*

In the current year, the Group has applied for the first time the following amended IFRSs issued by the IASB, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

IFRS 17	Insurance Contracts and related amendments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the amended IFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

### (b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for derivative financial assets, other investments in equity securities and investment in redeemable convertible preference shares which are stated at fair values.

The consolidated financial statements are presented in Ringgit Malaysia ("**MYR**"), which is the functional currency of the Company and most of its subsidiaries, and all values are rounded to the nearest thousands ("**MYR'000**"), except when otherwise indicated.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### (c) Issued but not yet effective IFRSs

At the date of this report, the following new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective date not yet determined

The Group is in the process of making an assessment of the impact of these new and amended IFRSs upon initial application and anticipates that such application will have no material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

The Group has two operating segments which are involved in different activities and are managed by segment managers who report directly to the Group's executive Directors. The operating segments are as follows:

- |  |  |
|--|--|
| (i) Automated test equipment ("ATE"):      | Designing, development and manufacturing of standard and non-standard automated equipment. |
| (ii) Factory automation solutions ("FAS"): | Designing, development and installation of integrated factory automation solutions.        |

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

Investment holding and other activities are not considered as operating segment and the related financial information has been included under "Adjustment".

### 3. SEGMENT INFORMATION *(continued)*

The Group's executive Directors monitor the performance of the operating segments through regular discussions held with the segment managers and review of internal management reports. The performance of each operating segment is evaluated based on the segment's profit or loss.

An analysis of the Group's revenue and results by operating segment is as follows:

#### Unaudited results for the six months ended 30 June 2023

	Automated test equipment MYR'000	Factory automation solutions MYR'000	Adjustment MYR'000	Note	Total MYR'000
<b>Revenue</b>					
External customers	259,670	82,458			342,128
Inter-segment revenue	299	6,088	(6,387)	(i)	-
Total revenue	259,969	88,546			342,128
<b>Results</b>					
Segment results	66,438	9,309	(7,080)		68,667
Interest income	3,947	230	3		4,180
Share of results of associates	-	-	727		727
Profit before taxation	70,385	9,539			73,574
Taxation	(1,951)	(20)	268		(1,703)
Profit for the period	68,434	9,519			71,871

### 3. SEGMENT INFORMATION *(continued)*

Unaudited results for the six months ended 30 June 2022

	Automated test equipment MYR'000	Factory automation solutions MYR'000	Adjustment MYR'000	Note	Total MYR'000
<b>Revenue</b>					
External customers	224,346	72,987			297,333
Inter-segment revenue	385	2,114	(2,499)	(i)	-
<b>Total revenue</b>	<b>224,731</b>	<b>75,101</b>			<b>297,333</b>
<b>Results</b>					
Segment results	57,413	10,158	(3,291)		64,280
Interest income	2,025	143	1		2,169
Interest expense	(41)	-			(41)
Share of results of associates	-	-	(460)		(460)
<b>Profit before taxation</b>	<b>59,397</b>	<b>10,301</b>			<b>65,948</b>
<b>Taxation</b>	<b>(1,926)</b>	<b>(5)</b>	<b>269</b>		<b>(1,662)</b>
<b>Profit for the period</b>	<b>57,471</b>	<b>10,296</b>			<b>64,286</b>

*Note to segment information:*

- (i) Inter-segment revenues are eliminated on consolidation.

### 3. SEGMENT INFORMATION *(continued)*

#### Geographical information

- (i) Revenue breakdown based on the locations which purchase orders were derived from:

	For the six months ended 30 June			
	2023 (Unaudited) MYR'000		2022 (Unaudited) MYR'000	
		%		%
China	78,528	23.0	92,974	31.3
United States	73,431	21.5	32,674	11.0
Malaysia (Domicile)	56,749	16.6	66,013	22.2
Vietnam	49,976	14.6	23,091	7.8
Belize	20,836	6.1	24,786	8.3
Taiwan	16,618	4.9	7,872	2.6
Ireland	15,429	4.5	8,979	3.0
Japan	14,685	4.3	10,717	3.6
Singapore	9,555	2.8	18,328	6.2
Philippines	1,899	0.5	663	0.2
Others	4,422	1.2	11,236	3.8
	<b>342,128</b>	<b>100.0</b>	297,333	100.0

### 3. SEGMENT INFORMATION *(continued)*

#### Geographical information *(continued)*

(ii) Revenue breakdown based on the shipment destination:

	For the six months ended 30 June			
	2023 (Unaudited) MYR'000		2022 (Unaudited) MYR'000	
		%		%
Malaysia (Domicile)	122,421	35.8	92,246	31.0
China	115,578	33.8	136,274	45.8
Vietnam	51,458	15.0	23,091	7.8
Taiwan	16,618	4.9	7,881	2.7
Singapore	9,531	2.8	14,541	4.9
Japan	6,653	1.9	8,019	2.7
United States	6,261	1.8	2,696	0.9
Thailand	4,911	1.4	3,076	1.0
Philippines	3,825	1.1	663	0.2
India	1,767	0.5	2,552	0.9
Others	3,105	1.0	6,294	2.1
	<b>342,128</b>	<b>100.0</b>	297,333	100.0

#### 4. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>MYR'000</b>	MYR'000
Invoiced value of goods sold less returns and discounts	<b>336,308</b>	290,678
Service rendered	<b>5,820</b>	6,655
	<b>342,128</b>	297,333

#### 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>MYR'000</b>	MYR'000
Bank interest income	<b>4,180</b>	2,169
Net gain on foreign exchange	-	7,195
Gain on disposal of property, plant and equipment	-	58
Gain on disposal of other investments	<b>17</b>	15
Rental income	<b>58</b>	45
Others	<b>157</b>	648
	<b>4,412</b>	10,130

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>MYR'000</b>	MYR'000
Amortisation of intangible assets	<b>2,001</b>	1,573
Amortisation of leasehold land	<b>112</b>	73
Auditor's remuneration	<b>352</b>	276
Depreciation of property, plant and equipment	<b>4,839</b>	2,312
Reversal of ECL allowance on trade receivables	<b>(1,075)</b>	(250)
Loss from changes in fair value of foreign currency forward contracts	<b>800</b>	11,572
Gain on disposal of other investments	<b>(17)</b>	(15)
Gain on disposal of property, plant and equipment	<b>–</b>	(58)
Loss from changes in fair value of other investments	<b>2</b>	42
Property, plant and equipment written off	<b>4</b>	–
Inventories written down to net realisable value:		
– addition	<b>388</b>	103
– reversal	<b>(18)</b>	(104)
Net loss/(gain) on foreign exchange	<b>2,099</b>	(7,195)
Lease charges of short term leases:		
– Factory	<b>62</b>	63
– Hostel	<b>180</b>	182
– Office	<b>121</b>	58

## 7. TAXATION

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Malaysian income tax is calculated at the statutory tax rate of 24% on the estimated chargeable income arising in Malaysia for 1H2023 and 1H2022. Under the Law of the People's Republic of China on Enterprise Income Tax ("**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (1H2022: 25%). Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax for 1H2023 and 1H2022.

The effective tax rate is lower than the statutory tax rate as certain subsidiaries of the Group have been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority which exempts 100% of statutory income in relation to the production of certain products and solutions.

## 8. DIVIDENDS

The Board does not recommend any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil). At the Board meeting held on 23 February 2023, the Board proposed a final dividend of HK\$0.02 per share for the year ended 31 December 2022 (the "**2022 Final Dividend**"). The 2022 Final Dividend was approved at the annual general meeting of the Company held on 30 May 2023 (2022: HK\$0.02 per share). The 2022 Final Dividend amounting to HK\$48.0 million (equivalent to approximately MYR27.6 million) (2022: HK\$48.0 million (equivalent to approximately MYR26.9 million)) was paid to all shareholders of the Company on 7 July 2023.

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

- (a) Basic earnings per share attributable to owners of the Company

	<b>For the six months ended 30 June</b>	
	<b>2023 (Unaudited)</b>	2022 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company (MYR'000)	<b>71,871</b>	64,286
<b>Number of shares</b>		
Adjusted weighted average number of shares in issue	<b>2,382,782,040</b>	2,391,791,831
<b>Basic earnings per share (sen)</b>	<b>3.02</b>	2.69

- (b) Diluted earnings per share attributable to owners of the Company

	<b>For the six months ended 30 June</b>	
	<b>2023 (Unaudited)</b>	2022 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company (MYR'000)	<b>71,871</b>	64,286
<b>Number of shares</b>		
Adjusted weighted average number of shares in issue	<b>2,382,782,040</b>	2,391,791,831
Effect of shares awarded under Share Award Scheme	<b>4,974,483</b>	1,412,281
Adjusted weighted average number of shares in issue for the purpose of calculating diluted earnings per share	<b>2,387,756,523</b>	2,393,204,112
<b>Diluted earnings per share (sen)</b>	<b>3.01</b>	2.69

## 10. TRADE RECEIVABLES

The normal credit terms granted to trade receivables range from 0 to 120 days. Based on the invoice dates, the ageing analysis of the trade receivables, net of ECL allowance, was as follows:

	<b>30 June 2023 (Unaudited) MYR'000</b>	31 December 2022 (Audited) MYR'000
0-30 days	<b>80,743</b>	81,627
31-60 days	<b>39,118</b>	8,115
61-90 days	<b>20,910</b>	2,761
Over 90 days	<b>132,554</b>	145,423
	<b>273,325</b>	237,926

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30 June 2023 (Unaudited) MYR'000</b>	31 December 2022 (Audited) MYR'000
Other receivables	<b>354</b>	261
Refundable deposits	<b>2,527</b>	1,865
Non-refundable deposits ( <i>Note</i> )	<b>28,464</b>	27,680
Prepayments	<b>1,380</b>	610
VAT receivables	<b>139</b>	95
	<b>32,864</b>	30,511

*Note:* Non-refundable deposits are mainly deposits paid to suppliers for purchase of raw materials and machines.

## 12. TRADE PAYABLES

The normal credit terms granted by trade payables range from 30 to 180 days. Based on the invoice dates, the ageing analysis of trade payables was as follows:

	<b>30 June 2023 (Unaudited) MYR'000</b>	31 December 2022 (Audited) MYR'000
0-30 days	<b>55,829</b>	67,936
31-60 days	<b>16,098</b>	45,565
61-90 days	<b>11,140</b>	4,237
Over 90 days	<b>32,398</b>	3,790
	<b>115,465</b>	121,528

## 13. OTHER PAYABLES, ACCRUALS AND PROVISIONS

	<b>30 June 2023 (Unaudited) MYR'000</b>	31 December 2022 (Audited) MYR'000
Other payables	<b>4,815</b>	5,918
Consideration payables related to acquisition of a subsidiary ( <i>Note</i> )	–	2,123
Accruals	<b>18,709</b>	21,583
Provision for warranty	<b>1,515</b>	1,515
	<b>25,039</b>	31,139

*Note:* The consideration payable referred to the balance amount of the consideration payable to the outgoing vendors of a subsidiary, TP Concept Sdn. Bhd. ("**TP Concept**") acquired in 2019. The consideration payable is subject to achieving certain performance milestones of the subsidiary. During the year ended 31 December 2022, the performance milestones were achieved and become final, and the Company was liable to pay the former shareholders of the consideration payables. During the period, an amount of MYR2.1 million was settled to former shareholders.

## 14. CONTRACT LIABILITIES

	<b>30 June 2023 (Unaudited) MYR'000</b>	31 December 2022 (Audited) MYR'000
Contract liabilities arising from receiving deposits of manufacturing orders	<b>149,421</b>	100,581

## 15. SHARE AWARD SCHEME

On 1 April 2020, the Company adopted a share award scheme (the “**Scheme**” or the “**Share Award Scheme**”) in which the Group’s employees will be entitled to participate.

The purpose of the Scheme is to recognise the contributions by certain employees and to incentivise them to achieve the Group’s long-term business goals and objectives. The Scheme also serves as part of the Group’s employee retention program in retaining its existing employees and to attract suitable personnel for further development of the Group.

For the six months ended 30 June 2023, a sum of approximately HK\$9.8 million (equivalent to approximately MYR5.7 million) (1H2022: HK\$23.7 million (equivalent to approximately MYR12.8 million) has been used to acquire 9,282,000 (1H2022: 22,280,000) shares of the Company (the “**Shares**”) from the open market by the trustee of the Scheme.

The Shares granted under the Share Award Scheme of the Company during the six months ended 30 June 2023 and 2022 are as follows:

Date of grant	At the beginning of period	Granted during the period	Vested during the period	Lapsed during the period	At the end of period	Vesting period
<b>For the six months ended 30 June 2023:</b>						
4 January 2021	4,735,694	-	(4,734,527)	(1,167)	-	4 January 2021 – 3 January 2023
1 July 2022	11,165,988	-	-	-	11,165,988	1 July 2022 – 1 July 2024
<b>For the six months ended 30 June 2022:</b>						
4 January 2021	10,882,611	-	(5,441,153)	(705,764)	4,735,694	4 January 2021 – 3 January 2023

## 15. SHARE AWARD SCHEME *(continued)*

During 1H2023, a total of 4,734,527 (1H2022: 5,441,153) awarded shares were vested. The cost and the fair value of the related vested shares were HK\$4.8 million (1H2022: HK\$6.2 million) (equivalent to approximately MYR2.7 million (1H2022: MYR3.3 million)) and HK\$5.4 million (1H2022: HK\$6.0 million) (equivalent to approximately MYR2.8 million (1H2022: MYR3.1 million)) respectively. The difference of MYR88,000 (1H2022: MYR200,000) was deducted in/charged to retained profits.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and financial review

As the Group closed its book for the first half of 2023, global economies were still reeling from unresolved conflicts, from geopolitical to energy security, Sino-US technology war and supply chain disruptions. These resulted in a vulnerable economic outlook for this year, which has also led to labour and resource shortages, and a run-off inflationary pressure across the world. While contending with multiple headwinds, the Group rose to the challenge and navigated the volatile operating environment with caution and vigilance. During the first half of the year, the Group continued to consistently focus on its supply chain management, business unit reorganisation, capacity planning and resources optimisation to maximise its operational efficiency, while capitalising on its technical expertise and capabilities in diversifying its product solutions across different geographical regions.

The Group was encouraged to report another set of outstanding numbers given the unprecedented challenges as witnessed globally. For the second quarter of 2023, the Group reported record quarterly revenue at MYR176.8 million, an increase of 7.0% from the preceding quarter and 16.8% from the second quarter of 2022. This brought the Group to close its first half of 2023 with a revenue of MYR342.1 million, representing an increase of 15.1% as compared to the same period last year. Both the ATE and FAS segments contributed approximately 75.9% and 24.1% respectively to the total Group's revenue for the reporting period.

## Business and financial review *(continued)*

The below outlined the performance of the respective operating segments for the first half of year 2023, which includes elements of the inter-segment transactions.

	For the six months ended 30 June		
	2023 (Unaudited) MYR'000	2022 (Unaudited) MYR'000	Fluctuation %
<b>ATE</b>			
External customers	259,670	224,346	
Inter-segment revenue	299	385	
Total revenue	259,969	224,731	15.7%
<b>FAS</b>			
External customers	82,458	72,987	
Inter-segment revenue	6,088	2,114	
Total revenue	88,546	75,101	17.9%

## ATE segment

The ATE segment continued to form the key revenue source for the Group at 75.9%. During the first half of 2023, total revenue from this segment grew by 15.7% from MYR224.7 million in 1H2022 to MYR260.0 million in 1H2023. The double-digit growth rate achieved was mainly attributed by the Group's strong presence and its broad product solutions in the automotive industry, particularly in the electric vehicles ("EV") market. In this context, the automotive segment continued to command majority of the ATE segment's revenue, at 74.4% in 1H2023. Such percentage demonstrated the automotive segment's substantial growth of 93.4% when compared to 1H2022. Specifically, the Group's wafer level burn-in tester for Silicon Carbide (SiC) and its back-end assembly and test solutions for the hybrid pack power modules continued to fuel the growth for the Group's automotive segment and the Group expects the momentum to remain robust for the rest of 2023.

Over the past year or so, global auto manufacturers have announced a collective commitment of more than US\$90.0 billion to electrify their respective fleets. Coupled with aggressive government's mandates and policy support, the Group remains optimistic for its automotive segment and will step up its efforts in further expanding its product portfolio and capabilities within this space to secure its market position in this rapidly growing segment.

The semiconductor segment formed the second largest revenue contributor for the ATE segment, at 17.9% in 1H2023, a moderate decline from 24.0% recorded in the same period last year. The semiconductor industry for the Group mainly comprised of legacy product portfolio in handling and testing of integrated chips, and is not an area of focus for the Group given its end market fragmentation and industry seasonality. Nevertheless, as integrated chips continue to advance with smaller nodes coupled with the integrated chips compound and circuitry advancements, the Group continues to expect a sustainable demand momentum for the rest of 2023.

Meanwhile, the Group's electro-optical industry contributed approximately 7.4% towards the ATE revenue pool in the first half of the year, a significant drop from 26.7% achieved in 1H2022. The overall subdued performance from the electro-optical segment was in line with the Group's expectations and the Group expects a continuing tepid contribution from this segment in the remaining quarters of the year given the ongoing sluggishness in the global smartphone market from the reduced levels of consumer spending habits and lack of major smartphone upgrades. While the Group is working on certain new prototypes for its customers in the electro-optical industry, the Group does not expect any meaningful contribution from this segment until probably second half of 2024.

## FAS segment

The second quarter of 2023 saw the revenue of the FAS segment contracted by 48.1% from the preceding quarter and 30.0% from the second quarter of 2022. However, overall revenue from the FAS segment in 1H2023 increased by approximately 17.9% to MYR88.5 million from MYR75.1 million recorded in 1H2022. Generally, the projects under the FAS segment have longer lead time and revenue from this segment may vary significantly on a quarter-on-quarter trendline given the timing of the project delivery and the Group's revenue recognition policy.

During the first half of the year, the FAS segment continued to be bolstered by the strong contributions from the medical devices industry with its dominance at 41.8% within the FAS segment, a jumped from 19.4% in the same period last year. Underpinned by the high prevalence of manufacturing automation in the medical sector, the Group has been experiencing a significant increase in demand for its fully automated i-ARMS (intelligent Automated Robotic Manufacturing System) by its medical customers with the aim to streamline the various manufacturing and assembly processes for better throughput, productivity and quality consistency. Aside from medical, the Group also witnessed its i-ARMS solution demand from the electro-optical and consumer and industrial products segment where revenue from these industry segments contributed 27.8% and 20.3% respectively towards the FAS business segment.

With automation reshaping and transforming the business dynamics of various sectors, paving the way for efficiency and scalability, the Group is witnessing the prevalence of such paradigm shift from its order book where businesses are seen implementing automated production lines in the current environment. Against this backdrop, the FAS segment of the Group will continue to grow and the revenue bookings from this segment is expected to show a stronger momentum in the second half of the year.

## FAS segment *(continued)*

The following table sets out revenue breakdown by customers' segment for both the ATE and FAS segments:

	For the six months ended 30 June			
	2023 (Unaudited) MYR'000	%	2022 (Unaudited) MYR'000	%
Automotive	196,711	57.5	103,008	34.6
Semiconductor	51,528	15.0	54,155	18.2
Electro-Optical	42,003	12.3	81,642	27.5
Medical devices	34,429	10.1	24,175	8.1
Consumer and industrial products	17,457	5.1	34,353	11.6
	<b>342,128</b>	<b>100.0</b>	297,333	100.0

## Gross margin

The Group achieved a gross margin of 30.0% for the second quarter and 29.4% for the first half of the year, as opposed to 31.1% and 30.8% for the second quarter and the first half of year 2022 respectively. While the gross margin showed a slight contraction given the labour and inflationary pressure, the Group managed its other cost efficiently to attain a gross profit of MYR100.5 million in 1H2023, an increase of 9.8% as compared to the corresponding period last year.

As discussed above in the current labour and resource shortages, coupled with a run-off inflationary pressure across the world, it is commendable for the Group in sustaining its gross margin whilst managing its other cost in achieving a better gross profit during the period. The Group undertook a necessary salary adjustment and additional bonus payment in the previous quarter in balancing its talent and resources pool while keeping a close lid on other cost. At present, it is paramount for the Group to reinvent and upskill its workforce for better productivity and operational excellence.

## Other income

Other income of the Group mainly comprised of the movement arising from foreign exchange, interest income and miscellaneous income. The amount recorded in the first half of 2023 was mainly contributed by bank interest income of MYR4.2 million and miscellaneous income of MYR0.2 million, as compared to MYR2.2 million and MYR0.6 million recorded respectively in 1H2022.

During the 1H2022, there were elements of gain on foreign exchange of approximately MYR7.2 million and such gain on foreign exchange was offset by a loss from changes in fair value of foreign currency forward contracts of MYR11.6 million recorded under the Group's administrative expenses, resulting in a net loss on foreign exchange of approximately MYR4.4 million for the same period. There were no such element of foreign exchange captured under other income during the first half of 2023.

## Administrative expenses

Administrative expenses of the Group mainly comprised of the movement arising from foreign exchange, professional fees and administrative staff cost. In 1H2023, the Group's administrative expenses decreased by MYR2.2 million from MYR29.8 million in 1H2022 to MYR27.6 million. This was mainly due to the following factors:

- (i) loss on foreign exchange of MYR2.1 million and loss from changes in fair value of foreign currency forward contracts ("**derivative loss**") of MYR0.8 million in the first half of 2023. This was compared against the derivative loss of MYR11.6 million in 1H2022.

The above decrease in administrative expenses arising from the movement in foreign exchange and derivative were partially offset by:

- (i) higher administrative staff cost of approximately MYR1.4 million in the first half of 2023 as compared to 1H2022 from the salary increment and higher amount of employee benefit expense; and
- (ii) incurrence of the research and development cost of the single-use medical devices amounting to MYR4.3 million.

## Profit for the period

In line with the revenue growth, the Group closed its first half of the year 2023 with a net profit of MYR71.9 million, indicating an increase of 11.8% from a net profit of MYR64.3 million recorded in 1H2022. Accordingly, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for the first half of 2023 stood at MYR80.5 million as compared to MYR69.9 million recorded in 1H2022, representing an increase of 15.1%. Basic earnings per share rose from 2.69 sen in 1H2022 to 3.02 sen in 1H2023.

## Liquidity and financial resources

The financial position of the Group remains healthy with its current ratio and gearing ratio as depicted in the following table:

	<b>As at 30 June 2023 (Unaudited) MYR'000</b>	As at 31 December 2022 (Audited) MYR'000	<i>Note</i>
Current assets	<b>833,972</b>	771,478	
Current liabilities	<b>325,290</b>	261,186	
Current ratio (times)	<b>2.56</b>	2.95	<i>(i)</i>
Gearing ratio (%)	<b>N/A</b>	N/A	

*Note:*

- (i) Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective period.

### **Liquidity and financial resources** *(continued)*

The Group's working capital remained fairly consistent at the level of MYR508.7 million as at 30 June 2023 (31 December 2022: MYR510.3 million). The first half of the year saw a positive net cash from operations of MYR75.1 million with cash and cash equivalents increased from MYR328.6 million as at 31 December 2022 to MYR355.5 million as at 30 June 2023. With the full repayment of the term loan made in the previous year, the Group had no bank borrowings as at 30 June 2023. Currently, the Group's banking facilities in the form of trade facilities are in the amount of MYR15.5 million and US\$6.0 million.

Overall, the Group's cash flow experienced a marked improvement from the collection of outstanding debts and project downpayment, besides the regular monitoring of its credit exposure and collection efficiency. The funds generated from business operations enabled the Group to allocate its funds towards the construction of its third plant where phase one of the manufacturing plant is targeted to be up by the end of 2023.

### **Contingent liabilities**

As at 30 June 2023, the Group had no material contingent liabilities.

### **Pledge of asset**

As at 30 June 2023, the Group's leasehold land of MYR4,618,000 (2022: MYR4,702,000) has been pledged for a bank loan. The leasehold land was subsequently released from the Register of Charges in July 2023 following the full repayment of the term loan by the Group in the previous year.

### **Foreign exchange exposure**

The Group is exposed to foreign currency risk as a result of its normal trading activities whereby sales and to a certain degree, purchases are principally transacted in U.S. dollar. The Group also holds other financial assets and liabilities denominated in foreign currencies. These are not the functional and reporting currencies of the Group to which the transactions relate.

As part of the Group's treasury policy to manage its foreign exchange exposure, the Group entered into foreign exchange forward contracts apart from maintaining U.S. dollar denominated bank accounts to minimise the effects of adverse exchange rate fluctuations on its financials.

## Prospect

The ongoing global macroeconomic headwinds persisted in the first half of 2023 and the escalating geopolitical tensions continued to dominate the business environment. With the interest rate hikes and the inflationary pressure coupled with the continuing manpower shortages and the looming threat of a recession, the global economic conditions on an overall basis remain volatile and challenging. While the fragility of the global macroeconomic variables looks set to persist throughout the second half of 2023, it is definitely another year for the Group to continue to demonstrate its resilience and agility as it navigates through these external challenges by focusing on its core business segments and leveraging on its competitive edge and experiences over the years.

While a higher degree of vigilance is required in the coming quarters amidst the uncertain and volatile business environment, the Group remains forward-looking with optimism in sustaining a steady momentum of business growth in the second half of 2023 with its encouraging order book strength. Within its order book, both the automotive and medical segment continue to provide a bright spot in the Group's order flow. The Group has come a long way in making inroads into the automotive segment and at present, the Group has built a strong market positioning in the automotive segment with its comprehensive range of product solutions to cater for this growth segment. The automotive segment will continue to take the pole position as the Group's leading revenue contributor for the coming years as the Group continues to make progressive breakthrough in its new product development and capabilities. Contributing to this sentiment is the growing market trends and policy efforts in supporting EV coupled with the recent emission regulations and electrification targets pushing long term EV production in regions like Europe and the United States. Riding on this current wave of development, the Group's latest establishment of its offshore presence in Germany is timely in enabling the Group to expand its market share and widen its customer base.

## Prospect *(continued)*

The Group has made remarkable progress in expanding its foothold and operations in the medical industry. The acquisition of TP Concept way back in 2019 has proven strategically value accretive and synergistic in enabling the Group to expand its exposure and capability in the medical manufacturing automation. In addition to this, such acquisition has also led the Group to embark further on the investment in medical technology through its subsidiary company, Pentamaster MediQ Sdn. Bhd. (“**PDSB**”). The first half of 2023 saw PDSB achieving a few key milestones in its single-use medical devices specifically the intravenous catheters (“**IVC**”). Besides obtaining the ISO13485 certification, PDSB has also successfully obtained the certificate of conformity for its IVC as well as the medical device registration certificate from the Medical Device Authority, Ministry of Health Malaysia (“**MDA**”). The next phase for PDSB is to submit the application of its IVC to the Notified Body for CE Mark registration. With the current MDA approval obtained, PDSB is expected to commence the manufacturing activity of its IVC for the local market in Malaysia before expanding its coverage in the ASEAN market.

As for the rest of the industry segments, the Group expects to continue to witness moderate demand especially from the electro-optical and consumer industrial and products segment in 2023. However, with the current geopolitical context precipitating the deglobalisation trend, many countries are seen bringing manufacturing activities closer to home and to a certain extent, building self-sufficiency in the semiconductor and electronics supply chain. Such onshoring initiatives fan out new manufacturing plants and expanded facilities, and the Group stands to benefit from these new establishments with the potential increase in demand for the Group’s products and solutions for these segments.

Operationally and fundamentally, the Group has strong foundations in place to explore and capitalise on any potential synergistic business opportunities throughout the year. The Group stays true and committed to its business trilogy of growth strategies in product diversification, segmental diversification and geographical diversification that have been serving the Group well with encouraging outcome over the years. As the Group taps into the growing segments of the industry, it is imperative for the Group to ensure it has sufficient manufacturing capacity and talent capability besides cultivating a resilient supply chain ecosystem to propel the Group to the next level. Within this context, the construction of the Group’s third plant is progressing as scheduled and by the end of 2023, phase one of the manufacturing facility is expected to be completed with phase two’s targeted completion in second half of 2024. Looking beyond 2023, the Group’s growth initiatives towards achieving its 2025 Grand Roadmap remain on track.

## USE OF PROCEEDS FROM THE LISTING

The Shares were successfully listed on the Main Board of the Stock Exchange on 19 January 2018 at the offer price of HK\$1.00 per share (“**Listing**”). The proceeds (net of listing expenses) from the Listing were approximately HK\$171.3 million (equivalent to approximately MYR92.6 million). In accordance with the proposed use of net proceeds as set out in the section headed “Future plans and use of proceeds” in the Prospectus, the net proceeds utilised by the Group from the Listing Date up to 30 June 2023 are as follows:

Use of net proceeds	Amount of net proceeds earmarked		Use of proceeds from the Listing Date up to 30 June 2023	Unutilised amount as at 1 January 2023	Unutilised amount as at 30 June 2023	Unutilised proportion as at 30 June 2023	
	HK\$'million	MYR'million	MYR'million	MYR'million	MYR'million	%	
Capital investment and costs in relation to the new production plant and the expansion of the existing production plant	84.8	45.8	45.8	-	-	-	
Business expansion into the Greater China region	38.1	20.6	20.6	-	-	-	
Establishment of an office in California, U.S.	28.2	15.3	13.2	3.8	2.1	13.7	<i>Note</i>
Marketing, branding and promotional activities	3.1	1.7	1.7	-	-	-	
Working capital	17.1	9.2	9.2	-	-	-	
<b>Total</b>	<b>171.3</b>	<b>92.6</b>	<b>90.5</b>	<b>3.8</b>	<b>2.1</b>	<b>2.3</b>	

*Note:* The remaining unutilised amount will be utilised by 18 January 2025.

The Directors are not aware of any material change to the proposed use of proceeds as at the date of this report. The unutilised net proceeds will be applied in the manner consistent with that mentioned in the Prospectus. The intended timeframe was based on the best estimation and assumption of future market conditions and industry development made by the Group as at the date of this report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

#### (i) Interest in the Company

Name of Director	Capacity	Number of Shares <sup>(Note 1)</sup>	Approximate percentage of shareholding
Mr. Chuah Choon Bin	Beneficial owner	26,611,200(L)	1.11%
Ms. Gan Pei Joo	Beneficial owner	8,103,544(L) <sup>(Note 2)</sup>	0.34%
Mr. Leng Kean Yong	Beneficial owner	250,000(L)	0.01%
Dr. Chuah Jin Chong	Beneficial owner	168,000(L)	0.01%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Includes Ms. Gan Pei Joo's entitlement to receive up to 166,667 Shares pursuant to the vesting of the award shares granted to her under the Scheme, subject to the conditions (including vesting conditions) of those award shares.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION** *(continued)*

**(ii) Interest in an associated corporation of the Company**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Number of shares<sup>(Note 1)</sup></b>	<b>Approximate percentage of shareholding</b>
Mr. Chuah Choon Bin	PCB	Beneficial owner	140,420,120(L)	19.71%
		Interest in spouse <sup>(Note 2)</sup>	138,510(L)	0.02%
Ms. Gan Pei Joo	PCB	Beneficial owner	50,486(L)	0.01%
Mr. Leng Kean Yong	PCB	Beneficial owner	40,000(L)	0.01%

*Notes:*

1. The letter "L" denotes the person's long position in the shares.
2. Mr. Chuah Choon Bin is deemed under the SFO to be interested in the 138,510 shares in PCB held by his spouse.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive or any of their spouses or children under 18 years of age, has any interest or short position in the Shares, underlying shares or debentures of the Company or any of its specified undertakings or other associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2023, the interests and short positions of the persons, other than the Directors or chief executive of the Company, in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares <sup>(Note 1)</sup>	Approximate percentage of shareholding
PCB	Beneficial owner	1,533,549,989(L)	63.90%
Pandanus Partners L.P.	Interest of controlled corporation	121,430,000(L) <sup>(Note 2)</sup>	5.06%
Pandanus Associates Inc.	Interest of controlled corporation	121,430,000(L) <sup>(Note 2)</sup>	5.06%
FIL Limited	Interest of controlled corporation	121,430,000(L) <sup>(Note 2)</sup>	5.06%

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any person who had an interest or short position in the Shares and the underlying shares of the Company which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Such 121,430,000 Shares belong to the same batch of Shares.

## SHARE AWARD SCHEME

The Company adopted a Share Award Scheme in which the Group's employees will be entitled to participate on 1 April 2020 (the "**Adoption Date**").

The purpose of the Scheme is to recognise the contributions by certain employees and to incentivise them to achieve the Group's long-term business goals and objectives. The Scheme also serves as part of the Group's employee retention program in retaining its existing employees and to attract suitable personnel for further development of the Group.

## SHARE AWARD SCHEME (continued)

The Scheme shall be subject to the administration of the Board and the trustee in accordance with the scheme rules and the trust deed of the Scheme. Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

The maximum number of Shares to be subscribed for and/or purchased by the trustee by applying the trust fund of the Scheme for each calendar year for the purpose of the Scheme shall not exceed 5% of the total number of issued Shares as at the beginning of such calendar year. The Directors shall not instruct the trustee to subscribe and/or purchase any shares for the purpose of the Scheme when such subscription and/or purchase will result in the said limit being exceeded. The maximum number of Shares which may be awarded to a selected employee under the Scheme shall not exceed 1% of the total number of issued Shares from time to time.

The number of Shares that may be issued in respect of award shares granted under the Scheme during the six months ended 30 June 2023 divided by the weighted average number of the Shares in issue for six months ended 30 June 2023 is nil as the award shares are satisfied by on-market purchase of existing Shares.

During the six months ended 30 June 2023, no award Shares were granted, and accordingly, the total number of award shares available for grant under the Scheme as at 1 January 2023 and 30 June 2023 were 84,897,000 Shares. Details of movement of Shares awarded to selected participants under the Scheme during the period were as follows:

Name of grantees of award shares	Date of Grant	Vesting Period	Purchase price	Number of award shares				Unvested award shares as at 30 June 2023	Closing price of Shares immediately before the grant during the period (HKD)	Fair value of awards at the date of grant during the period and the accounting standard and policy adopted (Note 3) (HKD)	Weighted average closing price of the Share immediately before the date of vesting during the period (HKD)
				Unvested award shares as at 1 January 2023	Granted during the period	Vested during the period	Cancelled/ lapsed during the period				
Ms. Gan Pei Joo (Executive Director)	4 January 2021	4 January 2021 to 3 January 2023 <sup>(Note 1)</sup>	Nil <sup>(Note 4)</sup>	75,000	-	75,000	-	-	-	0.7606	
	1 July 2022	1 July 2022 to 1 July 2024 <sup>(Note 2)</sup>	Nil <sup>(Note 4)</sup>	166,667	-	-	-	166,667	-	-	
Employees (in aggregate)	4 January 2021	4 January 2021 to 3 January 2023 <sup>(Note 1)</sup>	Nil <sup>(Note 4)</sup>	4,660,694	-	4,659,527	1,167	-	-	0.7606	
	1 July 2022	1 July 2022 to 1 July 2024 <sup>(Note 2)</sup>	Nil <sup>(Note 4)</sup>	10,999,321	-	-	-	10,999,321	-	-	
<b>Total</b>				<b>15,901,682</b>	<b>-</b>	<b>4,734,527</b>	<b>1,167</b>	<b>11,165,988</b>			

## SHARE AWARD SCHEME *(continued)*

### Notes:

- (1) The granted shares vest on three equal annual basis and at the beginning of the vesting period with the first vesting date on 4 January 2021.
- (2) The granted shares vest on three equal annual basis and at the beginning of the vesting period with the first vesting date on 1 July 2022.
- (3) The estimated fair values of the award shares granted on 4 January 2021 and 1 July 2022 are approximately HK\$1.70 and HK0.92 respectively. The fair value of the award shares granted were determined based on the market value of the Shares at the respective grant dates.
- (4) Pursuant to the Scheme, no amount is payable on application or acceptance of the award shares and no purchase price is payable for the award shares awarded, which is determined by the Board in its absolute discretion.

## EMPLOYEES AND REMUNERATION

The Group recognises its employees as one of the Group's most important assets. The Group strongly believes in hiring the right talent, nurturing and retaining these talented employees with competitive remuneration packages. Besides, the Group is committed to organising regular external and internal training programs to upgrade the employees' skill set, knowledge and job experience.

As at 30 June 2023, the total number of full time employees of the Group increased to 874 (31 December 2022: 782).

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET**

The Board has allocated a budget of up to MYR200.0 million for the construction of new manufacturing plant on a newly acquired land and will be funded via internally generated funds.

Save for those disclosed in this report, there were no significant investments held with a value of 5% or above of the Group's total assets, nor were there material acquisitions or disposals of subsidiaries during the six months ended 30 June 2023. Apart those disclosed in this report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 9,282,000 Shares at a total consideration of approximately HK\$9.8 million (equivalent to approximately MYR5.7 million) during the six months ended 30 June 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this report, there is no significant subsequent event undertaken by the Company or by the Group after 30 June 2023 and up to the date of this report.

## **CORPORATE GOVERNANCE**

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2023. Other than disclosed below, the Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

The CG code provision C.2.1 requires that the roles of chairman and chief executive be separated and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who manage the business. As detailed in the Annual Report, the Company currently has not appointed any chief executive. The day-to-day management of business has been properly delegated to different individuals by the Board. For further details, please refer to the section headed "Chairman and Chief Executive" in the Annual Report.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct for securities transactions of the Directors (the “**Securities Dealing Code**”). Specific enquiries have been made with all the Directors and all of them confirmed that they have complied with the Model Code and the Securities Dealing Code during the six months ended 30 June 2023 and up to the date of this report.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 19 December 2017 in compliance with the CG Code. As at the date of this report, the Audit Committee consists of two independent non-executive Directors namely Mr. Sim Seng Loong @ Tai Seng (being the chairman of the Audit Committee who has a professional qualification in accountancy) and Ms. Chan May May and one non-executive Director namely Mr. Leng Kean Yong. The Audit Committee is accountable to the Board and the primary duties of the Audit Committee include the review and supervision of the Group’s financial reporting process and internal controls.

## REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023, including the applicable accounting policies and accounting standards adopted by the Group, and the applicable Listing Rules.